

# THE MANAGEMENT ACCOUNTANT

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OUR SMALL  
HANDS TO MAKE  
YOU  
**LARGE**



**CORPORATE MITRAS -**  
A New Architecture of  
Professional Support for  
**MSMEs**

*Journal of*



**ICMAI**  
THE INSTITUTE OF  
COST ACCOUNTANTS OF INDIA

भारतीय लागत लेखाकार संस्थान

Statutory Body under an Act of Parliament  
(Under the jurisdiction of Ministry of Corporate Affairs)

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- **THE INSTITUTE OF COST ACCOUNTANTS OF INDIA** (erstwhile The Institute of Cost and Works Accountants of India) was established in 1944 as a registered company under the Companies Act with the objects of promoting, regulating and developing the profession of Cost Accountancy.
- On 28 May 1959, the Institute was established by a special Act of Parliament, namely, the Cost and Works Accountants Act 1959 as a statutory professional body for the regulation of the profession of Cost & Management Accountancy.
- It has since been continuously contributing to the growth of the industrial and economic climate of the country.
- The Institute of Cost Accountants of India is the only recognized statutory professional organisation and licensing body in India specialising exclusively in Cost & Management Accountancy.

#### VISION STATEMENT

"The Institute of Cost Accountants of India would be the preferred source of resources and professionals for the financial leadership of enterprises globally."

#### MISSION STATEMENT

"The CMA Professionals would ethically drive enterprises globally by creating value to stakeholders in the socio-economic context through competencies drawn from the integration of strategy, management and accounting."

#### Institute Motto

असतोमा सद्गमय  
तमसोमा ज्योतिर् गमय  
मृत्योर्मांमृतं गमय  
ॐ शान्ति शान्ति शान्तिः

From ignorance, lead me to truth  
From darkness, lead me to light  
From death, lead me to immortality  
Peace, Peace, Peace

#### IDEALS THE INSTITUTE STANDS FOR

- to develop the Cost and Management Accountancy Profession
- to develop the body of members and properly equip them for functions
- to ensure sound professional ethics
- to keep abreast of new developments



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

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# From the EDITOR'S DESK

India's policy landscape is placing renewed emphasis on strengthening the Micro, Small and Medium Enterprises (MSME) sector. The Union Budget 2026–27 has reaffirmed the Government's commitment to positioning MSMEs as a central pillar of India's growth story through enhanced access to credit, support for technology adoption, digital transformation, skill development, and deeper integration into domestic and global value chains.

A significant highlight of the Budget is the introduction of the concept of **Corporate Mitras**, a novel institutional mechanism designed to provide decentralized and professional support to MSMEs. The initiative aims to create a network of trained para-professionals who can offer affordable, accessible, and locally available compliance and business support services to MSMEs. To align with the global observance of MSME Day- 27<sup>th</sup> June, we have chosen "*Our Small Hands to Make You Large: Corporate Mitras - A New Architecture of Professional Support for MSMEs*" as the theme of our June edition.

As India advances towards its vision of becoming a developed economy, the synergy between proactive public policy and committed Corporate Mitras can transform millions of small enterprises into engines of inclusive growth, ensuring that the "small hands" continue to build a larger, stronger, and more resilient economic future for the nation.

This issue features several thematic articles aligned with the journal's focus:

### *MSMEs in India: Role of Corporate Mitras towards Formalization and Business Ease*

This paper examines the progress made by MSMEs in India over the last decade through key government initiatives categorized under infrastructure development, technology and digitization, access to institutional credit, and policy reforms. It further explores the growth potential of MSMEs in Tier-II and Tier-III cities and highlights the role Corporate Mitras can play in supporting this next phase of sustainable development.

### *Corporate Mitras: A Framework for MSME Formalization and Inclusive Growth in India*

This article positions Corporate Mitras as critical intermediaries supporting MSME formalization, financial inclusion, and governance through a structured framework. It proposes the Corporate Mitra Ecosystem Model (CMEM), which analyses functional dimensions through a role matrix and highlights the strategic contribution of Cost and Management Accountants (CMAs).

### *Reimagining MSME Support In India: The Corporate Mitra Model in a Global Context*

This article explores the concept of Corporate Mitras introduced in the Union Budget 2026–27 to support MSMEs, particularly in Tier-II and Tier-III regions. It emphasizes how qualified para-professionals can

bridge gaps in compliance, financing, and awareness of government schemes, thereby enhancing ease of doing business and encouraging formalization.

### *Corporate Mitras as Catalysts for Formalization and Ease of Doing Business*

This article examines how the Corporate Mitra concept can serve as a transformative catalyst for MSME formalization and Ease of Doing Business (EoDB). It argues that formalization, supported by accessible para-professional assistance under the guidance of CMAs, is one of the most effective mechanisms for unlocking the full potential of India's MSME sector and advancing the vision of Viksit Bharat 2047.

### *Corporate Mitras: Strengthening MSMEs as the Backbone of India's Economic Future*

This article analyses the policy framework, eligibility criteria, service architecture, and economic significance of the Corporate Mitra initiative within the broader MSME ecosystem. It also discusses how Corporate Mitras can support MSMEs through compliance awareness, financial literacy, digital governance, and overall business development.

This issue also includes a special article titled *Financing the Green Supply Chain: How IREDA's IPO strengthens India's Renewable Energy Ecosystem*. The article examines how IREDA's post-listing access to capital markets can strengthen India's renewable energy value chain by facilitating financing for developers, manufacturers, EPC contractors, energy storage providers, and grid-linked infrastructure projects, while promoting greater discipline in appraisal, procurement, and project execution.

In addition to these thematic contributions, the issue presents a diverse range of articles covering several areas of professional and academic interest. We are honored to feature an exclusive interview with *CMA Anupam Lahiri, Additional Director General, NITI Aayog, New Delhi*, who shares valuable insights on contemporary financial governance, public policy, and strategic management practices. The issue also includes a thoughtful book review.

We hope this issue provides enriching insights, valuable knowledge, and an engaging reading experience for all our readers. We wish you a happy and rewarding journey of reading, learning, and professional growth.



# President's Communiqué

**CMA TCA Srinivasa Prasad**

President

The Institute of Cost Accountants of India

*“As a leader, it is important to not just see your success but focus on the success of others.”*

**-- Sundar Pichai**

My Dear Professional Colleagues,  
Namaskar!

**A**s all are aware, the Institute was established by a special Act of Parliament on 28<sup>th</sup> May 1959 as a statutory professional body for the regulation and development of the profession of Cost and Management Accountancy. On 28<sup>th</sup> May 2026, the Institute proudly celebrated the CMA Foundation Day at its Headquarters in New Delhi and at the Kolkata Office.

At the Headquarters, CMA Neeraj D. Joshi, Vice President, unfurled the CMA Flag at CMA Bhawan, New Delhi, in the presence of CMA Manoj Kumar Anand, Council Member, former Presidents, Regional Council Members of NIRC, members and employees of the Institute. The celebrations at Kolkata were attended by CMA Chittaranjan Chattopadhyay, Council Member, along with former Presidents, members and employees of the Institute.

The occasion served as a reminder of the Institute's distinguished journey and its continuing commitment to strengthening the profession in the service of the nation.

## **13<sup>th</sup> National Students' Convocation 2026**

The Institute organised its 13<sup>th</sup> National

Students' Convocation on 22<sup>nd</sup> May 2026 at the C. Subramaniam Convention Centre, NASC Complex, ICAR, New Delhi. The event brought together over 1,200 participants, including newly qualified CMA students, rank holders, academicians and industry leaders. The Convocation underscored the increasingly significant role of CMAs in India's economic transformation and nation-building efforts.

**Sardar Taranjit Singh Sandhu, Hon'ble Lieutenant Governor of Delhi**, graced the occasion as the **Chief Guest**, while **Dr. Sukanta Majumdar, Hon'ble Union Minister of State for Education and Development of North Eastern Region** and **Shri Satyanarayan Jatiya, former Union Minister**, attended as **Guests of Honour**.

In his address, the Chief Guest observed that the role of CMAs has expanded significantly in response to the evolving landscape of business and governance. He emphasised that CMAs are increasingly contributing to strategic decision-making and value creation within organisations. Highlighting the importance of ethics and professionalism, he remarked that credibility remains the true currency of the profession and encouraged the graduating students to combine professional competence with integrity.

Shri Sukanta Majumdar described the graduating students as *“financial yodhas of the Indian economy”* and observed that the CMA profession would play a vital role in India's aspiration to become the world's third-largest economy and realise the vision of Viksit Bharat 2047. He also acknowledged the Institute's

contribution towards strengthening financial discipline, transparency and cost efficiency across various sectors of the economy and encouraged students to embrace emerging technologies such as Artificial Intelligence, Big Data and Digital Transformation to remain future-ready.

Heartiest congratulations are extended to the Chairman and to the Convenor of the National Students' Convocation – 2026, respectively, CMA Vinayaranjan P and CMA Ashwin G. Dalwadi, Former President, for their exemplary leadership in organising the Convocation. Appreciation is also conveyed to all Council Members for their valuable guidance and support. Sincere thanks are placed on record for the employees of the Institute whose dedication, commitment and seamless coordination contributed significantly to the grand success of the event.

### CMA Campus Placement Programme

The Institute is pleased to share the successful conduct of the CMA Campus Placement Programme April–May 2026, organised by the Directorate of Career Counselling & Placement for newly qualified students of the December 2025 term at Chennai, Delhi, Kolkata, Mumbai, Ahmedabad and Vijayawada. The programme witnessed enthusiastic participation from leading corporates and organisations across diverse sectors, reaffirming the growing industry recognition and relevance of the CMA profession.

Participation by several reputed organisations, including Bharat Petroleum Corporation Limited (BPCL), NBCC (India) Limited, GAIL (India) Limited, Central Warehousing Corporation, Maharashtra Natural Gas Limited, Larsen & Toubro Limited, ITC Limited, Hindalco Industries Limited, Bharti Airtel, Vedanta Limited, ICICI Bank, Kalpataru Projects International Limited, Nestlé India Limited, Polyhose India Pvt. Ltd., Tata Motors, Sharp & Tannan Associates, Tax Connect, Cemindia Projects Limited, Saraswat Co-operative Bank Limited, Expound Technivo, CSC Global, RSM Astute Consulting Pvt. Ltd., Sterling Green Power Solutions Pvt. Ltd., Jaquar

Group, MAX Healthcare, BIMR Hospitals, Vasista Enterprise Solutions Pvt Ltd, TVS Electronics Ltd., Morde Foods Pvt. Ltd., Capgemini and many other esteemed organisations, is gratefully acknowledged.

The highest CTC offered during the placement programme stood at ₹24.83 lakh per annum, while the average CTC ranged between ₹10–12 lakh per annum. Close to 400 newly qualified students secured employment opportunities through Phase I of the programme, reflecting the increasing demand for CMA professionals across industries.

The Institute is also pleased to announce the conduct of Campus Placement Programme Phase II with the objective of providing wider employment opportunities to candidates and facilitating greater industry participation.

Heartiest congratulations are extended to all successful candidates. Sincere appreciation is also placed on record for all participating recruiters for their valuable support and continued association with the Institute.

### Meeting with dignitaries

1. The undersigned along with CMA M. Gopalakrishnan, Former President and CMA Rajesh Sai Iyer, Secretary, SIRC met Shri M. Jayakumar, Regional Director (SR), Ministry of Corporate Affairs at Chennai on 4<sup>th</sup> May 2026 to discuss the professional matters.
2. CMA Chittaranjan Chattopadhyay, Chairman, BFSIB along with CMA (Dr.) Kenchappa Balu, Former CGM, RBI and BFSIB Member, CMA (Dr.) Ashok Jain, BFSIB Member and CMA (Dr.) P. Siva Rama Prasad, Former AGM, SBI, met Shri Ajay Seth, Chairman, IRDAI at Hyderabad on 7<sup>th</sup> May 2026 and discussed a detailed roadmap for CMAs in the Insurance Sector.
3. CMA (Dr.) K Ch AVSN Murthy, Council Member and CMA Chittaranjan Chattopadhyay, Chairman, BFSIB felicitated Shri Rajay Kumar Sinha, Member (Finance and Investment), IRDAI at Hyderabad on 8<sup>th</sup> May 2026.

4. CMA Chittaranjan Chattopadhyay, Chairman, BFSIB and CMA (Dr.) K Ch AVSN Murthy, Council Member met Shri Rajay Kumar Sinha, Member (Finance and Investment), IRDAI at Hyderabad on 8<sup>th</sup> May 2026 and discussed the role of CMAs in the Insurance Sector.
5. The undersigned along with CMA Chittaranjan Chattopadhyay, Council Member and CMA (Dr.) Debaprosanna Nandy, Secretary (Officiating) felicitated the Hon'ble Speaker of the 18th West Bengal Legislative Assembly, Shri Rathindra Bose, Cost Accountant on 15<sup>th</sup> May 2026 at Kolkata.
6. The undersigned along with CMA Manoj Kumar Anand, Council Member and CMA (Dr.) S.K. Gupta, MD, ICAI RVO, called on Dr. R. Balasubramaniam, Member of NITI Aayog on 18<sup>th</sup> May 2026 at New Delhi.
7. CMA Manoj Kumar Anand, Council Member called on Shri Ansuman Pattnaik, IRS, Additional Secretary, MCA on 29<sup>th</sup> May 2026 at New Delhi and discussed the matters related to the CMA Profession.

### **AFA Council Meeting at Singapore**

Had the opportunity to participate in the 142<sup>nd</sup> Council Meeting of the ASEAN Federation of Accountants held at Singapore on 7<sup>th</sup> and 8<sup>th</sup> May 2026. The meeting facilitated meaningful interaction with international accounting bodies on recent developments in the accountancy profession worldwide and the AFA roadmap for the coming year.

The participation provided an important opportunity for the Institute to engage at the ASEAN platform and exchange views with professional counterparts from member countries on significant issues impacting the accountancy profession.

Further, CMA (Dr.) Ashish P Thatte, Chairman, International Affairs Committee and the Chairman of the SAFA Committee on Professional Accountants in Business (PAIB) chaired the SAFA PAIB Committee Meeting on 8<sup>th</sup> May 2026. One

very important and relevant decision taken during the Meeting is to begin a series of Webinars for the SAFA member bodies each quarter on matters and topics impacting the accountancy profession and professionals in the SAFA Region and also globally. The first webinar in this series has been planned to be organized on 18<sup>th</sup> June 2026.

### **CMA Sri Lanka launched Cost Accounting Standards of Sri Lanka**

It is a matter of pride that ICAI had the privilege of serving as the Knowledge Partner to the Institute of Certified Management Accountants of Sri Lanka (CMA Sri Lanka) in the development of the Cost Accounting Standards of Sri Lanka. The formal launch of the Standards, organised by CMA Sri Lanka, was held on 15<sup>th</sup> May 2026 in Sri Lanka, marking a significant milestone in strengthening the Cost and Management Accounting framework in the country.

The Institute was represented at the event by CMA Neeraj D. Joshi, Vice President, and CMA Suresh R. Gunjalli, Council Member. The occasion reflects the growing international recognition of the Institute's expertise in the field of Cost Accounting Standards and its continued commitment to advancing professional excellence and knowledge-sharing across borders.

### **National Seminar on Management Accounting**

The National Seminar on "Management Accounting: Driving Strategy, Performance and Sustainable Value" was organised by the Management Accounting Committee under the Chairmanship of CMA Suresh R. Gunjalli, Council Member, on 6<sup>th</sup> May 2026 at the KASSIA Auditorium, Bengaluru.

The undersigned participated in the Seminar, which served as a valuable platform for deliberations on the evolving role of management accounting in driving strategic decision-making, enhancing organisational performance and creating sustainable value. The programme witnessed insightful discussions by eminent professionals,

industry leaders and academicians on contemporary challenges and emerging opportunities in the field of management accounting.

### **N.K. Bose Memorial Lecture**

To commemorate the Birth Centenary of Late CMA N.K. Bose, Former President, ICMAI, the Institute organised the N.K. Bose Memorial Lecture on 15th May 2026 at the J.N. Bose Auditorium, Kolkata.

The event paid tribute to the enduring legacy of CMA N.K. Bose, a pioneer of the CMA profession in India, whose visionary contributions laid a strong foundation for transparency, efficiency and accountability in cost management. Eminent domain experts shared their insights on contemporary professional and economic issues, reflecting the values and ideals championed by Late CMA N.K. Bose and inspiring the professional community.

The programme was attended by the undersigned, Council Members, former Presidents, members of the profession and other distinguished guests, making it a fitting tribute to one of the stalwarts of the Institute and the CMA profession.

### **DGR-CAT Batches**

Moving forward with renewed enthusiasm under the DGR Training Calendar 2026–27, the Certificate in Accounting Technicians (CAT) Course of the Institute continues to expand its outreach among armed forces personnel across the country. The programme, being conducted in association with the Directorate General Resettlement (DGR), Ministry of Defence, Government of India, has witnessed significant growth and encouraging participation.

During the month of May 2026, new CAT batches were successfully inaugurated at the Bhiwani and Beawar Chapters on 11<sup>th</sup> May 2026, marking another important milestone in extending professional opportunities to our national heroes. The momentum further accelerated on 25<sup>th</sup> May 2026 with the simultaneous commencement of multiple batches across various Chapters of the Institute. From Visakhapatnam to Salem, Bengaluru

to Kolhapur and Kozhikode–Malappuram, defence personnel have enthusiastically joined the programme with the same spirit of discipline and commitment that they demonstrated while serving the nation. Through these initiatives, the Institute is contributing towards empowering armed forces personnel with employable accounting and financial skills, thereby supporting their smooth transition into second careers and enabling them to contribute meaningfully to India's economic development.

Further, two batches conducted under the DGR Training Calendar 2025–26 were successfully concluded during the month at Trivandrum on 16<sup>th</sup> May 2026 and at Coimbatore on 29<sup>th</sup> May 2026. The successful completion of these batches reflects the Institute's continued commitment towards skill development and rehabilitation initiatives for defence personnel.

### **MOU with National e-Governance Division (NeGD)**

ICMAI signed an MoU with National e-Governance Division (NeGD) at New Delhi on 18<sup>th</sup> May 2026. The MoU signing ceremony was attended by the undersigned, CMA Manoj Kumar Anand, Council Member, CMA (Dr.) Debaprosanna Nandy, Secretary (Officiating), ICMAI, Shri Nand Kumarum, IAS, President & CEO, NeGD and Shri Dinesh Didel, Director (Technology Management), NeGD. The MoU establishes a framework for collaboration between NeGD and ICMAI to facilitate the engagement of expert speakers and resource persons from the Institute for workshops, awareness programmes, capacity-building initiatives and other related activities on the Digital Personal Data Protection (DPDP) Act, 2023, organised by NeGD across the country.

### **MOU with Investor Education and Protection Fund Authority (IEPFA)**

ICMAI signed an MoU with the Investor Education and Protection Fund Authority (IEPFA) at New Delhi on 18<sup>th</sup> May 2026, to establish a framework for the engagement and deployment of qualified Young Professionals (YPs) and

Assistant Young Professionals (AYPs) to support the functional and operational requirements of IEPFA. The collaboration is designed to strengthen institutional capacity, enhance operational efficiency and provide professional support for the effective functioning of IEPFA.

### **MOU with National Institute of Banking Studies & Corporate Management (NIBSCOM)**

ICMAI signed an MoU with the National Institute of Banking Studies and Corporate Management (NIBSCOM) on 19<sup>th</sup> May 2026 at NIBSCOM's Noida office. The MoU aims to foster collaboration in the areas of professional education, training, research, capacity building and knowledge sharing for the Banking, Financial Services and Insurance (BFSI) sector. The MoU signing ceremony was attended by the undersigned, CMA Manoj Kumar Anand, Chairman, Professional Development Committee along with CMA Chittaranjan Chattopadhyay, Chairman, BFSIB, ICMAI. The MoU was signed on behalf of ICMAI by CMA (Dr.) Debaprosanna Nandy, Secretary (Officiating) and on behalf of NIBSCOM by CMA Punit Jain, Director, NIBSCOM. Office-bearers of the Noida and Ghaziabad Chapters of the Institute were also present on the occasion.

### **MOU with Taxobuddy AI and Astrazure E Ventures**

ICMAI signed an MOU with Taxobuddy AI Private Limited and Astrazure E Ventures Private Limited at New Delhi on 19<sup>th</sup> May 2026 in presence of CMA TCA Srinivasa Prasad, President, CMA Bibhuti Bhusan Nayak, Immediate Former President, CMA Manoj Kumar Anand, Council Member, CMA (Dr.) Debaprosanna Nandy, Secretary (Officiating), ICMAI, CMA Atul Kumar Gupta, Former Chairman, NIRC-ICMAI & Former President, ICAI and CMA Manoj Kapoor, Cofounder & CEO of Taxobuddy AI Private Limited and Astrazure E Ventures Private Limited. The collaboration aims to promote knowledge-sharing, professional development and the adoption of emerging technologies, including Artificial

Intelligence, in the areas of taxation, accounting and financial management.

### **National Chapters' Meet, 2026**

The National Chapters' Meet – 2026 was held on 26<sup>th</sup> May 2026 at Siliguri, West Bengal, bringing together representatives of Regional Councils and Chapters from across the country. Organised by the Regional Council and Chapters Coordination Committee under the Chairmanship of CMA Bibhuti Bhusan Nayak, Immediate Former President of the Institute, the Meet provided a valuable platform for deliberation on matters concerning the growth and effective functioning of Regional Councils and Chapters. The discussions were constructive and focused on enhancing collaboration, sharing best practices and identifying measures to further strengthen the Regional Council and Chapter network for the sustained growth and development of the Institute.

### **Opening Ceremony of the Varanasi Chapter**

The Opening Ceremony of the Varanasi Chapter was held on 17<sup>th</sup> May 2026 at Varanasi in the presence of the undersigned, Council Members and distinguished members of the profession. The inauguration of the Chapter marks another significant milestone in the Institute's ongoing efforts to strengthen its professional outreach and expand its institutional presence across the country.

### **CMA Foundation Day Celebration & N. P. Gopalakrishnan Memorial Talk Series**

The CMA Foundation Day Celebrations and the N. P. Gopalakrishnan Memorial Talk Series were organised by the Cochin Chapter on 30<sup>th</sup> May 2026 at CMA Bhawan, Cochin. The event was attended by the undersigned, members of the profession and other distinguished guests. A key highlight of the programme was the release of the inaugural edition of the Chapter's Annual Newsletter, "Tejas", reflecting the Chapter's commitment to knowledge sharing and professional engagement. The undersigned also delivered the Memorial Lecture on "DPDP Act and the Opportunities for

CMAs”, highlighting the emerging role of CMAs in the evolving data governance and compliance landscape.

### **SIRC Practitioners Meet at Visakhapatnam**

The undersigned attended the SIRC Practitioners Meet held at Visakhapatnam on 1<sup>st</sup> May 2026 in the presence of Regional Council Members of SIRC. The programme provided an opportunity for meaningful interaction with practising members and discussions on professional developments, opportunities and challenges facing the CMA profession.

### **Membership Initiatives**

During the month of May 2026, 292 new members were granted Associate Membership and 54 members were advanced to Fellowship. Members are reminded that 30<sup>th</sup> June 2026 is the last date for renewal of the Certificate of Practice (CoP) for FY 2026–27 without incurring restoration charges. Members are also encouraged to visit the ICMAI website and explore the newly introduced benefits available to CMA Members.

### **Participation in a Book Launch Event**

The undersigned participated as the Guest of Honour and addressed the gathering at the launch of the book “Quiet Excellence – 52 Reflections on Work, Faith & What Truly Matters” authored by CMA Rajneesh Jain, President & CFO, Reliance Jio Infocomm Limited on 31<sup>st</sup> May 2026 at the India International Centre, New Delhi. CMA Neeraj D. Joshi, Vice President, CMA Manoj Kumar Anand and CMA Navneet Kumar Jain, Council Members and CMA (Dr.) Debaprosanna Nandy, Secretary (Officiating), also participated in the event. Heartiest congratulations are extended to CMA Rajneesh Jain on this significant literary contribution, which is expected to inspire professionals and aspiring leaders across generations.

### **TOI Mission Admission 2026 – Higher Education Expo**

The Institute participated in Mission Admission 2026, a premier Higher Education Expo held on

31<sup>st</sup> May 2026 at India Habitat Centre, New Delhi. The event brought together leading Indian and international universities and attracted a large number of students, parents and young professionals exploring higher education and career opportunities.

The undersigned, CMA Neeraj D. Joshi, Vice President, CMA Manoj Kumar Anand, Council Member and CMA (Dr.) Debaprosanna Nandy, Secretary (Officiating), participated in the event. The Expo provided an effective platform to create awareness about the Cost and Management Accountancy profession and its diverse career prospects. Interactions with students and parents highlighted the growing role of CMAs in business, industry and nation-building, while reinforcing the Institute’s commitment to attracting and nurturing future professionals.

As the Institute continues its journey of professional excellence, capacity building and national service, heartfelt greetings and best wishes are extended to all members, students and stakeholders for continued success and growth.

Jai Hind!

With warm regards,



**CMA TCA Srinivasa Prasad**

1<sup>st</sup> June 2026

# BRIEF SUMMARY OF THE ACTIVITIES OF VARIOUS DEPARTMENTS/ COMMITTEES/ BOARDS OF THE INSTITUTE DURING THE MONTH OF MAY 2026

## **BANKING, FINANCIAL SERVICES AND INSURANCE BOARD (BFSI BOARD)**

### **1. Webinars -**

- i. The Board organized a webinar on 11<sup>th</sup> May, 2026 from 4 to 6 pm on the topic “RBI’s ECL Regime: A Paradigm Shift in Asset Classification & Provisioning of Indian Banks”. CMA (Dr.) Balu Kenchappa, Former CGM, RBI and Member of BFSIB, ICMAI and CMA (Dr.) P Siva Rama Prasad, Former Assistant General Manager, State Bank of India were the speakers.
- ii. The Board organized a webinar on 28<sup>th</sup> May, 2026 from 4 to 6 pm on the topic of “FATCA CRS - Role of professionals in BFSI sector”. CMA Sangeeta Basu Halabi, Finance Expert was the speaker.

### **2. Certificate Course on Project Financing**

- i. The 1<sup>st</sup> batch of the Certificate Course on Project Financing started from 2<sup>nd</sup> May, 2026 and Shri Rohit Rishi, Managing Director, India Infrastructure Finance Company Limited was the Chief Guest for the inaugural session.

### **3. Opportunities for CMAs**

- i. CMAs are eligible to apply for the recruitment of Assistant General Manager (Grade C) & Deputy General Manager (Grade D) in India Infrastructure Finance Company Limited (IIFCL). The last date for application is 08.06.2026.
- ii. CMAs are eligible to apply for the recruitment of Assistant Manager (Finance & Accounts) in National Industrial Corridor Development Corporation Limited.

### **4. Meeting with IRDAI and IIRM**

- i. On 6<sup>th</sup> May, 2026 CMA Chittaranjan Chattopadhyay, Chairman BFSIB, CMA

(Dr.) Sunder Ram Korivi, BFSI Board Member, CMA (Dr.) Latha Chari, BFSI Board Member and CMA (Dr.) Ashok Kumar Jain, BFSI Board Member along with CMA (Dr.) P. Siva Rama Prasad, Former AGM, SBI met at their Hyderabad Office. Shri Atanu Kumar Das, Director, IIRM along with their senior Officials were present to discuss various joint collaboration activities.

- ii. On that very day CMA Chittaranjan Chattopadhyay, Chairman BFSIB along with CMA (Dr.) Kenchappa Balu, BFSI Board Member, CMA (Dr.) Ashok Kumar Jain, BFSI Board Member along with CMA (Dr.) P. Siva Rama Prasad, Former AGM, SBI met Shri Ajay Seth, Chairman, IRDAI for representing for inclusion of CMAs for various opportunities in the insurance sector.
- iii. On 7<sup>th</sup> May CMA Chittaranjan Chattopadhyay, Chairman BFSIB along with CMA (Dr.) K Ch AVSN Murthy, Council Member, CMA (Dr.) Sunder Ram Korivi, BFSI Board Member, CMA P.N.Murthy, BFSI Board Member and CMA (Dr.) P. Siva Rama Prasad, Former AGM, SBI met Shri Rajay Kumar Sinha, Member, Finance and Investment, IRDAI to discuss various areas where CMAs can be included in the various regulations of the IRDAI.

### **5. 18<sup>th</sup> ICC Wealth & Capital Markets Summit**

ICMAI participated in the 18<sup>th</sup> ICC Wealth & Capital Markets Summit on May 23, 2026 at Kolkata as an associate partner. CMA Chittaranjan Chattopadhyay, Chairman BFSIB attended the event and met various dignitaries at the event.

### **BOARD OF ADVANCED STUDIES & RESEARCH**

The key updates and milestones achieved by the Board of Advanced Studies & Research (BoASR)

during the month of May 2026, as part of our continuous commitment to fostering specialized learning and professional excellence.

## **Capacity Building & Professional Development Initiatives**

### **1. Executive Workshop on Power BI with AI Applications:**

Recognizing the transformative role of technology in modern finance, the Board successfully organized an intensive online workshop on “Power BI with AI Applications for Finance Professionals” on May 23<sup>rd</sup> and 24<sup>th</sup>, 2026. To drive widespread awareness and foster robust capacity building within the fraternity, this workshop was offered free of cost and witnessed an overwhelming response with around 450 participants in attendance. The program delivered actionable insights into leveraging Artificial Intelligence tools alongside Power BI for sophisticated financial analysis, dynamic dashboard design, and data-driven corporate reporting.

### **2. Commencement of Advanced Certificate Course in Internal Audit:**

To further sharpen the strategic competencies of our professionals, classes for the Advanced Certificate Course in Internal Audit officially commenced on May 23<sup>rd</sup>, 2026. This comprehensive program is specifically tailored to enhance practical knowledge and bolster professional capabilities in contemporary internal audit and assurance methodologies.

## **Strategic Collaborations**

### **3. Launch of Classes for Diploma in Forensic Audit (DFA):**

In line with our joint initiative with the prestigious National Forensic Sciences University (NFSU), I am happy to report that classes for the Diploma in Forensic Audit successfully began on May 16<sup>th</sup>, 2026. The initial phase, comprising 30 instructional hours under the ICAI component, is currently underway, equipping participants with vital skills in financial forensics and investigative auditing.

## **Expansion of Specialized Academic Portfolio**

The Council of the Institute, in its 368<sup>th</sup> Meeting, has accorded its approval for the introduction of four new highly specialized professional certificate

courses under the aegis of BoASR. These regulatory and industry-focused courses are curated to provide members, students, and corporate finance experts with hands-on, domain-specific expertise:

1. Certificate Course on FOREX Management and FEMA
2. Certificate Course on Ind-AS and IFRS
3. Certificate Course on Mastering ROC Filings: A Practical Guide for Professionals
4. Certificate Course on Digital Personal Data Protection (DPDP) Compliance & Audit

These programs underscore our proactive approach to keeping our members at the forefront of emerging regulatory landscapes and specialized market demands. The professional community is encouraged to leverage these opportunities to upskill and add distinct value to their professional roles.

## **SUSTAINABILITY STANDARDS BOARD**

### **1. Webinars -**

#### **a. Vasudhaiva Kutumbakam Series**

- i. The Board organized the 57<sup>th</sup> Webinar of the Vasudhaiva Kutumbakam series held on 8<sup>th</sup> May 2026 from 4 pm to 5: 15 pm on the topic “ Capital Market and Sustainability in Kenya”. Mr. Edwin Ongera, Assistant Director, Issuer Governance and Sustainability, Capital Markets Authority ,Kenya was the speaker.
- ii. The Board organized the 58<sup>th</sup> Webinar of the Vasudhaiva Kutumbakam series held on 22<sup>nd</sup> May 2026 from 4 pm to 5: 15 pm on the topic “ Carbon Accounting- Role of CMA”. CMA Rakesh Shankar Ravisankar, Faculty Member, Department of Commerce, Dwaraka Doss Goverdhan Doss Vaishnav College, Chennai was the speaker.

#### **b. Parinayati Webinar Series**

The Board organized the 7<sup>th</sup> Parinayati Webinar series on the topic of ESG and Sustainability Reporting in Egypt. CMA (Dr.) Aditi Dasgupta, Joint Director, The Institute of Cost Accountants of India and CMA Arunabha Saha, Practising Cost Accountant were the speakers.

## 2. Monthly Newsletter - Sukhinobhavantu

The Board released Volume XXXIV which is the May 2026 edition of the monthly newsletter Sukhinobhavantu. The Download link is as follows: [https://icmai.in/CIntCourses/SSB\\_Newsletter\\_SUKHINO BHAVANTU](https://icmai.in/CIntCourses/SSB_Newsletter_SUKHINO BHAVANTU)

## 3. Certificate Course on ESG

The admission for the 7<sup>th</sup> batch of the Certificate Course on ESG has started and we request all members and students to enrol for the course for capacity enhancement and knowledge dissemination. The last date of admission is 15<sup>th</sup> June, 2026.

## TAX RESEARCH DEPARTMENT (TRD)

During the month under review, the Tax Research Department (TRD) of the Institute continued its proactive engagement with professionals, stakeholders, and government authorities through a series of impactful outreach programmes and technical sessions on the New Income Tax Act, 2025 and GST appellate mechanisms. The details of the programmes conducted are as follows:

### 7<sup>th</sup> May 2026 | Outreach Programme on Income Tax Act, 2025 – Tirunelveli

The ICMAI - Tax Research Department, in association with the Nellai Pearl City Chapter of The Institute of Cost Accountants of India, organized a comprehensive professional outreach programme on the “Income Tax Act 2025” at Hotel Aryaas, Tirunelveli. The full-day event featured Manoj Prakash S IRS (Joint Commissioner of Income Tax, Tirunelveli Range) as the Chief Guest and CMA Rakesh Shankar Ravisankar (Cost Accountant, Chennai) as the expert speaker.

### 8<sup>th</sup> May 2026 | Outreach Programme on Income Tax Act, 2025 – Puducherry

The Tax Research Department, in collaboration with the Income Tax Department and in association with the ICMAI Pondicherry Chapter, organized a professional outreach programme in Puducherry as an evening technical session to ensure maximum participation from practitioners and departmental officials. The programme witnessed participation from members, professionals, and industry representatives and served as an important

platform for discussions on the evolving direct tax framework.

The technical sessions featured:

- ⊙ **CMA Rakesh Shankar Ravisankar** on the topic “*Building Borders – Bridging Trust*”
- ⊙ **CMA Dr. T. Vigneshwaran** on the topic “*The Income Tax Act 2025 – Simplifying Structure, Enhancing Clarity, and Reducing Litigation*”

The Institute also facilitated coordination with the Income Tax Department for participation of a senior departmental official as Chief Guest for the programme, thereby strengthening institutional collaboration and stakeholder engagement.

### 14<sup>th</sup> May 2026 | Prarambh, 2026 by Income Tax Department on the topic “An Awareness Programme on Income Tax Act, 2025 & Income Tax Rules, 2026

The Institute associated with the Outreach Programme organized by the Office of the Principal Chief Commissioner of Income Tax, West Bengal & Sikkim at the Biswa Bangla Convention Centre, Kolkata. The programme aimed at familiarizing stakeholders with the key provisions, simplified structure, and transformational changes introduced under the New Income Tax Act, 2025 & Rules 2026.

The initiative provided an important platform for professionals and stakeholders to gain practical insights into the new legislative framework and its implications for taxpayers, practitioners, and industry.

### 25<sup>th</sup> May 2026 | Regional Outreach Programme on Income Tax Act, 2025 – Siliguri

The Institute, in collaboration with the Income Tax Department and in association with the Siliguri-Gangtok Chapter, organized a “Regional Outreach Programme on Income Tax Act, 2025” at The Teesta Hall, Mayfair Tea Resort, Siliguri. The programme was graced by **Shri Rajeev Kumar, IRS, Principal Commissioner of Income Tax** as the Chief Guest.

The programme featured comprehensive technical deliberations on various emerging areas under the new tax regime. The sessions included:

- ⊙ **CMA Avinash Kotni**  
*Overview of the Income Tax Act, 2025 along with Income Tax Forms & Rules, 2026*

### ⊙ CMA Mrityunjay Acharjee

*International Taxation Framework as per the newly enacted ITA, 2025*

### ⊙ CMA Avinash Kotni

*Regulatory Framework and Compliance under the DPDP Act, 2023*

The event further strengthened collaborative engagement between the Institute, the Income Tax Department, and the professional fraternity in disseminating awareness regarding the evolving taxation and regulatory framework.

### The Income Tax Series 2025:

#### 05<sup>th</sup> May 2026 | Demystifying Presumptive Taxation, Sec 58 of Income Tax Act, 2025

- ⊙ **Faculty:** CMA Ajith Sivasdas
- ⊙ **Overview:** The webinar provided detailed insights into the presumptive taxation framework under Section 58 of the Income Tax Act, 2025. The session focused on eligibility criteria, computation mechanisms, compliance requirements, and practical implications for small businesses and professionals under the simplified taxation regime.

#### 14<sup>th</sup> May 2026 | International Taxation under ITA, 2025

- ⊙ **Faculty:** CMA Mrityunjay Acharjee
- ⊙ **Overview:** The session comprehensively discussed the international taxation framework introduced under the Income Tax Act, 2025, including cross-border taxation principles, residential status implications, transfer pricing considerations, and taxation of global transactions under the new legislative regime.

#### 19<sup>th</sup> May 2026 | Inventory Valuation Under ITA 2025

- ⊙ **Faculty:** CMA (Dr) Gopal Krishna Raju
- ⊙ **Overview:** The session focused on the valuation principles and compliance requirements relating to inventory under the new Income Tax Act, 2025, while also discussing practical implications, reporting considerations, and the impact of revised provisions on businesses and tax professionals.

### 26<sup>th</sup> May 2026 | Capital Gains under ITA 2025

- ⊙ **Faculty:** CMA (Dr) Gopal Krishna Raju
- ⊙ **Overview:** The session provided practical insights into the taxation of capital gains under the new Income Tax Act, 2025, covering important aspects relating to computation, classification of assets, exemptions, and compliance requirements under the revised legal framework.

### Kar Kranti Series

#### 13<sup>th</sup> May 2026 | Digitising the Indirect Tax Journey: Compliance to Dispute Resolution

- ⊙ **Faculty:** CMA Bhogavalli Mallikarjunna Gupta
- ⊙ **Overview:** The webinar deliberated upon the increasing digitisation of the indirect tax ecosystem and its impact on compliance management, assessments, litigation, and dispute resolution under GST. The session highlighted technological advancements, evolving digital interfaces, and practical challenges faced by professionals and taxpayers in the modern GST compliance environment.

#### 27<sup>th</sup> May 2026 | Indirect Tax in Mergers and Acquisitions

- ⊙ **Faculty:** Shri Shrenik Mehta
- ⊙ **Overview:** The session provided insights into the GST and indirect tax implications arising from mergers, acquisitions, business restructuring, and transfer transactions, while also discussing compliance requirements, input tax credit considerations, and practical challenges involved in such corporate arrangements.

### ICMAI REGISTERED VALUERS' ORGANIZATION (RVO)

ICMAI RVO has successfully organised two (2) “50-Hour Training Programs” for securities or financial asset class and land and Building asset class, also organised eight (8) “online Professional Development Programs”. In its efforts to bring out relevant publications for the development of the valuation profession, the ICMAI RVO released its monthly journal, The Valuation Professional.

## ICMAI SOCIAL AUDITORS' ORGANISATION (SAO)

ICMAI SAO has successfully organised one (1) Preparatory Course for Social Auditors Examination and one (1) online Professional Development Program. ICMAI SAO also released its monthly journal, *The Social Impact Assessor*.

## INSOLVENCY PROFESSIONAL AGENCY OF THE INSTITUTE OF COST ACCOUNTANTS OF INDIA (IPA-ICMAI)

IPA-ICMAI in its endeavor to promote professional development and sharpen the skills of the professionals has undertaken several initiatives, during the month of May 2026.

- ⊙ IPA-ICMAI organised a Workshop on Amendments to IBBI Regulations (IBBI Discussion Paper dated 15<sup>th</sup> April 2026) held on 2<sup>nd</sup> May 2026, focusing on the proposed amendments under the IBBI Discussion Paper dated 15<sup>th</sup> April 2026. The session provided participants with practical insights into the evolving regulatory landscape and its implications for insolvency professionals and stakeholders.
- ⊙ IPA-ICMAI, jointly with Missing Bridge, successfully conducted the 4<sup>th</sup> Batch of the Hybrid Mediation Training Program from 4<sup>th</sup> to 10<sup>th</sup> May 2026. The programme comprised virtual sessions from 4<sup>th</sup> to 10<sup>th</sup> May 2026, followed by in-person sessions on 9<sup>th</sup> & 10<sup>th</sup> May 2026. The training programme focused on strengthening practical understanding of mediation practices, with special emphasis on IBC, Startups, and MSMEs under the Mediation Act, 2023. The sessions provided valuable insights into dispute resolution mechanisms, evolving mediation practices, and the growing role of mediation in commercial and insolvency-related matters.
- ⊙ IPA-ICMAI conducted a virtual Workshop on “Managing Labour, Criminal and Money Laundering Risks as an Insolvency Professional” on 10<sup>th</sup> May, 2026, to enhance the practical understanding of Insolvency Professionals in handling complex legal and regulatory challenges. The programme

provided valuable guidance on risk mitigation, compliance obligations, and safeguarding professional conduct under evolving insolvency and enforcement frameworks.

- ⊙ IPA-ICMAI organised a Two-day Certificate Training Program for Professionals under the IBC Ecosystem on 15<sup>th</sup> & 16<sup>th</sup> May 2026, with IP Foundation & In. Corp was conducted in Bengaluru. The programme provided valuable insights into the evolving Insolvency and Bankruptcy Code (IBC) framework, with a strong focus on practical aspects, procedural nuances, and recent regulatory developments. It witnessed active participation from professionals across the ecosystem, fostering knowledge exchange and enhancing capacity building within the insolvency domain.
- ⊙ IPA-ICMAI organised a Two-day Certificate Training Program for Professionals under the IBC Ecosystem on 16<sup>th</sup> & 17<sup>th</sup> May 2026, in Delhi-NCR. The programme focused on strengthening professional understanding of the evolving Insolvency and Bankruptcy Code (IBC) framework, covering key practical aspects, procedural developments, and recent regulatory changes.
- ⊙ A Two-Day Learning Session on “Resolution Process under IBC The Real Execution Strategy” was held on 23<sup>rd</sup> & 24<sup>th</sup> May 2026. The programme covered advanced The First 7 Days: Setting the Command Center, Information Memorandum, CoC Management, Handling Promoters, Attracting Resolution Applicants (RAs), Negotiation Phase, Drafting a Resolution Plan.
- ⊙ An Advanced Workshop on “Role of Authorised Representatives under IBC, 2016” was held on 29<sup>th</sup> May 2026, in online mode.
- ⊙ In its endeavour to promote the profession, encourage knowledge sharing, and enhance sensitisation of the insolvency ecosystem, IPA-ICMAI published Au-Courant (Daily Newsletter), a Weekly IBC Dossier, a Monthly e-Journal, a Quarterly Digest, and an Annual Publication, all of which are hosted on its website.



CMA TCA Srinivasa Prasad, President along with CMA Chittaranjan Chattopadhyay, Council Member and CMA (Dr.) D.P. Nandy, Secretary (Officiating) felicitated the Hon'ble Speaker of the 18<sup>th</sup> West Bengal Legislative Assembly, Shri Rathindra Bose, Cost Accountant on 15.05.2026 at Kolkata



CMA TCA Srinivasa Prasad, President along with CMA M. Gopalakrishnan, Former President and CMA Rajesh Sai Iyer, Secretary, SIRC met Shri M. Jayakumar, Regional Director (SR), Ministry of Corporate Affairs at Chennai on 4<sup>th</sup> May 2026 to discuss the professional matters



CMA TCA Srinivasa Prasad, President along with CMA Manoj Kumar Anand, Council Member, ICMAI and CMA (Dr.) S.K. Gupta, MD, ICMAI RVO, called on Dr. R. Balasubramaniam, Member of NITI Aayog on 18.05.2026 at New Delhi



NIRC's Residential Regional Conference-2026 held at Manali from 17<sup>th</sup> April 2026 to 19<sup>th</sup> April 2026



ICMAI signed an MoU with National e-Governance Division (NeGD) at New Delhi on 18.05.2026 in presence of CMA TCA Srinivasa Prasad, President, CMA M.K. Anand, Council Member, CMA (Dr.) Debaprosanna Nandy, Secretary (Officiating), ICMAI, Shri Nand Kumarum, IAS, President & CEO, NeGD and Shri Dinesh Didel, Director (Technology Management), NeGD



ICMAI signed an MoU with NIBSCOM at Noida on 19.05.2026 in presence of CMA TCA Srinivasa Prasad, President, CMA Chittaranjan Chattopadhyay, Chairman, BFSIB, CMA M.K. Anand, Council Member, CMA (Dr.) Debaprosanna Nandy, Secretary (Officiating), ICMAI and CMA Punit Jain, Director, NIBSCOM



ICMAI signed an MOU with Taxobuddy AI Private Limited and Astrazure E Ventures Private Limited at New Delhi on 19.05.2026 in presence of CMA TCA Srinivasa Prasad, President, CMA Bibhuti Bhusan Nayak, Immediate Former President, CMA M.K. Anand, Council Member, CMA (Dr.) Debaprosanna Nandy, Secretary (Officiating), ICMAI, CMA Atul Kumar Gupta, Former Chairman, NIRC-ICMAI & Former President, ICAI and CMA Manoj Kapoor, Cofounder & CEO of Taxobuddy AI Private Limited and Astrazure E Ventures Private Limited



CMA TCA Srinivasa Prasad, President along with CMA Neeraj D. Joshi, Vice President, CMA Manoj Kumar Anand and CMA Navneet Kumar Jain, Council Members and CMA (Dr.) Debaprosanna Nandy, Secretary (Officiating), participated in the launch of the book “Quiet Excellence – 52 Reflections on Work, Faith & What Truly Matters” authored by CMA Rajneesh Jain, President & CFO, Reliance Jio Infocomm Limited on 31<sup>st</sup> May 2026 at the India International Centre, New Delhi



CMA TCA Srinivasa Prasad, President, CMA (Dr.) Debaprosanna Nandy, Secretary (Officiating) and other officials at the ICMAI stall during the TOI Mission Admission 2026 – Higher Education Expo held on 31<sup>st</sup> May 2026 at India Habitat Centre, New Delhi



CMA TCA Srinivasa Prasad, President, ICMAI, addressed and interacted with defence personnel enrolled in the Certificate in Accounting Technicians (CAT) Course under DGR at Salem Chapter on 3<sup>rd</sup> June 2026



CMA Neeraj D. Joshi, Vice President unfurled the CMA flag on the auspicious occasion of the 67<sup>th</sup> CMA Foundation Day celebrated on 28<sup>th</sup> May 2026 at Headquarters, CMA Bhawan, New Delhi. CMA D.C. Bajaj, Former President; CMA Manoj Kumar Anand, Council Member; CMA Santosh Pant, RCM-NIRC; and CMA (Dr.) Debaprosanna Nandy, Secretary (Officiating), ICMAI were also present on the occasion



Glimpses of the 67<sup>th</sup> CMA Foundation Day celebrations held on 28<sup>th</sup> May 2026 at CMA Bhawan, Kolkata



CMA Vinayaranjan P, Council Member along with CMA Pandu Ranga Rao, RCM, SIRC-ICMAI met the Hon'ble Governor of Mizoram, General (Dr.) Vijay Kumar Singh, PVSM, AVSM, YSM (Retd.) on 16.05.2026 at New Delhi



CMA Vinayaranjan P, Council Member along with CMA Pandu Ranga Rao, RCM, SIRC-ICMAI met the Hon'ble Union Minister of Heavy Industries, Shri H. D. Kumaraswamy on 16.05.2026 at New Delhi



CMA Chittaranjan Chattopadhyay, Chairman, BFSIB along with CMA (Dr.) Kenchappa Balu, Former CGM, RBI and BFSIB Member, CMA (Dr.) Ashok Jain, BFSIB Member and CMA (Dr.) P. Siva Rama Prasad, Former AGM, SBI, met Shri Ajay Seth, Chairman, IRDAI at Hyderabad on 07.05.2026 and discussed a detailed roadmap for CMAs in the Insurance Sector



CMA Chittaranjan Chattopadhyay, Chairman, BFSIB and CMA (Dr.) K Ch AVSN Murthy, Council Member met Shri Rajay Kumar Sinha, Member (Finance and Investment), IRDAI at Hyderabad on 08.05.2026 and discussed the role of CMAs in the Insurance Sector



Northern Region State Conference-2026 organised by NIRC in association with Lucknow Chapter on 3<sup>rd</sup> May 2026 at Lucknow



CMA Navneet Kumar Jain, Council Member, ICMAI met CMA Som Dutt Sharma, Joint Secretary (Admin/Training), Department of Personnel and Training (DoPT), Government of India and discussed the role of CMA professionals in various initiatives of the Ministry



CMA Manoj Kumar Anand, Council Member, ICMAI congratulated and felicitated Shri Rajesh Kumar Agarwal on his selection as Director (Finance) of Power Finance Corporation Limited on 27<sup>th</sup> April 2026



CMA Manoj Kumar Anand, Council Member, ICMAI called on Shri Ansuman Pattnaik, IRS, Additional Secretary, MCA on 29.05.2026 at New Delhi and discussed the matters related to the CMA Profession



CMA Chittaranjan Chattopadhyay, Chairman, BFSIB, ICMAI presenting the publication on Aide Memoire on Infrastructure Financing (3<sup>rd</sup> and enlarged edition) to Shri Rohit Rishi, MD, IIFCL at New Delhi on 19.05.2026



Lt Col Neeraj Pathak graced the valedictory session of the CAT Course (under DGR) for Armed Forces personnel, held on 30<sup>th</sup> April 2026 at the Ranchi Chapter, along with CMA Bibhuti Bhusan Nayak, Immediate Former President, ICMAI; CMA Chittaranjan Chattopadhyay & CMA Avijit Goswami, Council Members, ICMAI; CMA Arati Ganguly, Chairperson, EIRC; CMA Bidyadhar Prasad, Treasurer, EIRC; CMA Meera Prasad, Chairperson, Ranchi Chapter; Managing Committee Members of the Ranchi Chapter and other dignitaries



CMA Navneet Kumar Jain, Chairman, Cooperative and NPO Development Board met Shri Rajiv Kumar Kadyan, Officiating Managing Director, Delhi State Co-operative Bank Ltd and apprised him of the activities of the Institute and various initiatives undertaken by the Co-operative & NPO Development Board



The Chairman of Agriculture Cost Management Board (ACMB), CMA Chittaranjan Chattopadhyay is honouring the Vice Chancellor of Bidhan Chandra Krishi Viswavidyalaya (BCKV), Dr. Ashok Kumar Patra at Mohanpur, W.B. on 18.05.2026. The Registrar and Head, Department of Agri Economics of BCKV are also seen



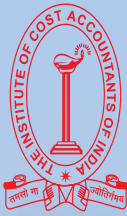
CMA Harshad Shamkant Deshpande, Council Member facilitating CMA Milind Date on National Seminar for International Management Accounting Day on 6<sup>th</sup> May 2026, KASSIA Bhawan, Bengaluru



ICMAI Hyderabad Chapter felicitated Shri Sanjay Kulshrestha, CMD, HUDCO and CMA Daljeet Singh Khatri, Director Finance, HUDCO at an Associates' Meet for Capital Gain Tax Exemption Bonds: Transforming Property Gains into Tax-Efficient Investments at Taj Deccan, Hyderabad on 8<sup>th</sup> May 2026 organized by Housing and Urban Development Corporation Ltd., a Navratna CPSE and an NBFC-IFC

CMA Chittaranjan Chattopadhyay and CMA (Dr.) K Ch A V S N Murthy, Council Members, ICMAI were among the eminent dignitaries attending the event





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**13<sup>th</sup>**

# NATIONAL STUDENTS' CONVOCATION 2026



**22<sup>nd</sup> MAY 2026 (FRIDAY)**



**C. Subramaniam Convention Centre**  
 ICAR, NASC Complex, New Delhi - 110 012

"Behind every successful business decision, there is always a CMA"

## 13<sup>th</sup> National Students' Convocation 2026 – A Celebration of Achievement and Inspiration

**T**he 13<sup>th</sup> National Students' Convocation 2026 was successfully held on **Friday, 22<sup>nd</sup> May 2026**, at the prestigious **C. Subramaniam Convention Centre**,

**ICAR–NASC Complex, New Delhi.** The event brought together nearly 1,200 participants from across the country, making it one of the most memorable event.

The ceremony was graced by **Dr. Sardar Taranjit Singh Sandhu, Hon'ble Lieutenant Governor of Delhi** as the **Chief Guest** and **Dr. Sukanta Majumdar, Hon'ble Union Minister of State for Education and Development of North Eastern Region** as the **Guest of Honour.**

The occasion was further dignified by the presence of several distinguished guests, including Shri Satyanarayan Jatia, Former Union Minister; Shri Inderdeep Singh Dhariwal, Additional Deputy Comptroller & Auditor General of India, CMA L.V.S. Sudhakar Babu, CMD, Sagarmala Finance Corporation Ltd along with many other

eminent personalities from government, industry, and academia.

Dr. Sardar Taranjit Singh Sandhu, Hon'ble Lieutenant Governor, Delhi emphasized the importance of integrity, ethical leadership, and professional excellence, urging young graduates to become responsible contributors to the nation's

economic and social development. His thought-provoking message left a lasting impression on the audience and motivated students to pursue their careers with purpose and commitment.

Dr. Sukanta Majumdar, Hon'ble Union Minister shared a visionary perspective on the evolving landscape of education and professional development. He encouraged students to embrace lifelong learning, innovation, and adaptability in order to thrive in a rapidly changing global environment. His address

served as a source of inspiration for the graduating students as they prepare to embark on the next phase of their professional journeys.

The convocation was marked by moments



of immense pride and celebration as students received their medals, prizes, and merit certificates in recognition of their hard work and academic accomplishments. A special highlight of this year's event was the Institute's decision to extend invitations to all qualified candidates, enabling every deserving student to experience the honour and joy of participating in a formal convocation ceremony.

The atmosphere throughout the event was vibrant and emotionally charged. The pride and happiness visible on the faces of students and their families created countless memorable moments. Parents, witnessing the culmination of years of dedication and perseverance, shared in the joy of their children's achievements, making the occasion truly special.

The Institute received overwhelming appreciation from students, parents, members, and guests for the excellent arrangements and seamless execution of the event. The positive feedback reflected the collective

efforts and meticulous planning that contributed to the success of the convocation.

The Institute places on record its sincere appreciation to **CMA TCA Srinivasa Prasad, President, ICAI; CMA Vinayaranjan P, Chairman, National Students' Convocation 2026, CMA Ashwin G. Dalwadi, Former President & Convener, National Students' Convocation 2026, the Council Members ICAI, Institute Staff members, Volunteers and students**, whose unwavering dedication and teamwork made the 13<sup>th</sup> National Students' Convocation a grand success and a cherished milestone in the Institute's journey.

The event will be remembered not only as a celebration of academic achievement but also as a source of inspiration, encouraging the next generation of professionals to pursue excellence, uphold ethical values, and contribute meaningfully to society and nation-building.



# SPECIAL ARTICLE

## FINANCING THE GREEN SUPPLY CHAIN

### *How IREDA's IPO Strengthens India's Renewable Energy Ecosystem*

#### Abstract

India's renewable energy transition is entering a more execution-intensive phase. Capacity additions remain strong, and the policy direction is clear; the next wave of growth will depend on whether domestic manufacturing, storage, transmission, project development and finance can move in sync. Supply-chain management in renewable energy is therefore no longer limited to equipment procurement. It now includes manufacturing readiness, vendor liquidity, EPC mobilization, storage procurement, transmission access, contract bankability and long-tenor capital. Against this backdrop, IREDA's IPO in November 2023 is significant because it strengthened a specialized green-finance platform at a time when India's renewable ecosystem is becoming larger, more integrated and more capital intensive. This article examines how IREDA's post-listing capital-market access can support the renewable supply chain through financing for developers, manufacturers, EPC contractors, storage providers and grid-linked infrastructure, while also improving discipline in appraisal, procurement and project execution.



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#### *From capacity addition to supply-chain readiness*

**I**ndia's renewable energy story has moved from aspiration to infrastructure scale. As of 30 April 2026, the country had 279.26 GW of renewable energy capacity and

288.04 GW of non-fossil capacity. The formal 2030 target of 500 GW non-fossil capacity therefore implies another large wave of generation, storage, transmission and manufacturing build-out over the rest of the decade.

The scale-up is already visible. India added 55.29 GW of non-fossil capacity in FY 2025-26, its highest annual addition so far. Solar crossed 150 GW and wind crossed 56 GW. Equally important, official government updates show that the supply chain behind this capacity is expanding: solar module manufacturing capacity rose from 2.3 GW in 2014 to about 172 GW by 31 March 2026, while wind-turbine manufacturing capacity reached about 24 GW.

These numbers change the nature of the discussion. Renewable energy supply-chain management is now a system-wide agenda. It covers upstream manufacturing of modules, cells, inverters, batteries,

electrolyzers and wind components; midstream EPC, logistics, warehousing and port movement; downstream offtake, grid integration and O&M; and the financial architecture that keeps each link moving. A delay in financing can affect equipment ordering; a change in technology cost can alter project viability; and a transmission timeline can influence the entire procurement schedule.

Government policy has also started reflecting this shift. The FY26 MNRE update pointed to supply-chain transparency and localization measures, including the Renewable Energy Equipment Import Monitoring System, import-duty support for battery-energy-storage-cell manufacturing, GST rationalization and Green Energy Corridor funding. These measures indicate that India is treating renewable energy not only as a generation target, but also as an industrial, manufacturing and logistics ecosystem that requires coordinated policy and finance support.

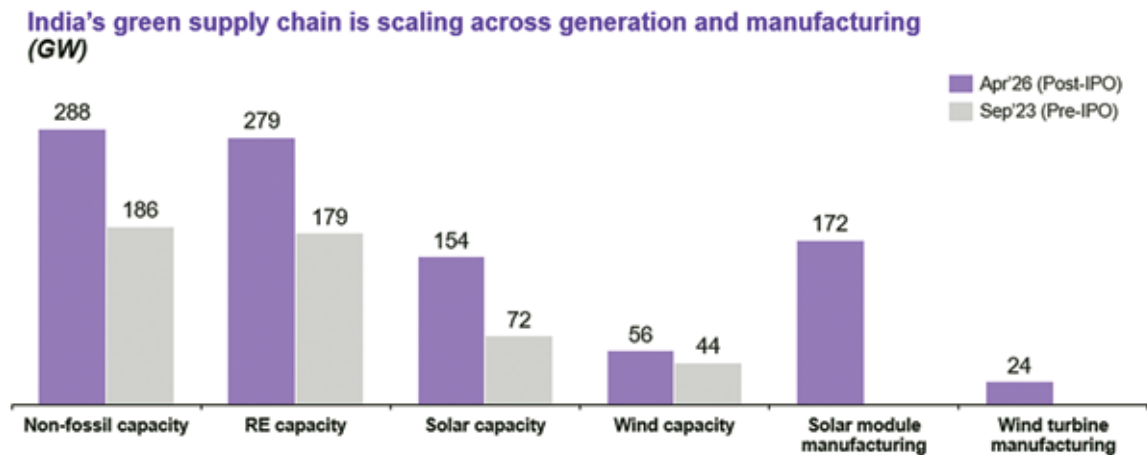


Figure 1: India's renewable transition has become a generation-and-manufacturing scale-up challenge

### Supply-chain readiness is now central to renewable growth

The earlier renewable supply chain was dominated by plain solar and wind projects with relatively standardized equipment, contracts and appraisal models. The next wave is more integrated. Hybrid projects, round-the-clock (RTC) renewable power, firm and dispatchable renewable energy (FDRE), battery storage (BESS), pumped storage (PSP), offshore wind and green Hydrogen-linked projects require more careful coordination between generation assets, storage systems, transmission capacity, offtake contracts, technology suppliers

and financing structures.

Recent market research corroborates this transition. IEEFA and JMK Research reported that India issued a record 73 GW of utility-scale renewable energy tenders in 2024, up from 58 GW in 2023. Nearly half of the capacity tendered in 2024 was no longer plain solar or wind, but hybrid or storage-linked. That is a fundamental supply-chain signal: offtakers are increasingly procuring reliability, firmness and flexibility, not only the cheapest unit of energy.

The same study also highlighted the conversion agenda that now requires policy and financing

attention. About 8.5 GW of tendered capacity in 2024 was undersubscribed, more than 40 GW of awarded capacity was awaiting power sale agreements, and 38.3 GW of capacity was cancelled during 2020-24. These figures are best read as focus areas for the next phase of market design: tender volumes are strong, but the sector must also ensure that awarded capacity is supported by offtake certainty, transmission readiness, financing closure and supplier confidence.

Storage is the clearest example of this evolution. The CEA's National Electricity Plan, cited by MNRE, projects India's storage requirement at 82.37 GWh in 2026-27 and 411.4 GWh by 2031-32. IEEFA and JMK's 2026 review of standalone BESS tenders noted that storage tendering has scaled rapidly, while tariff assumptions, financial closure, procurement timelines and commissioning schedules require careful lender scrutiny. This underlines the need for financing models that are

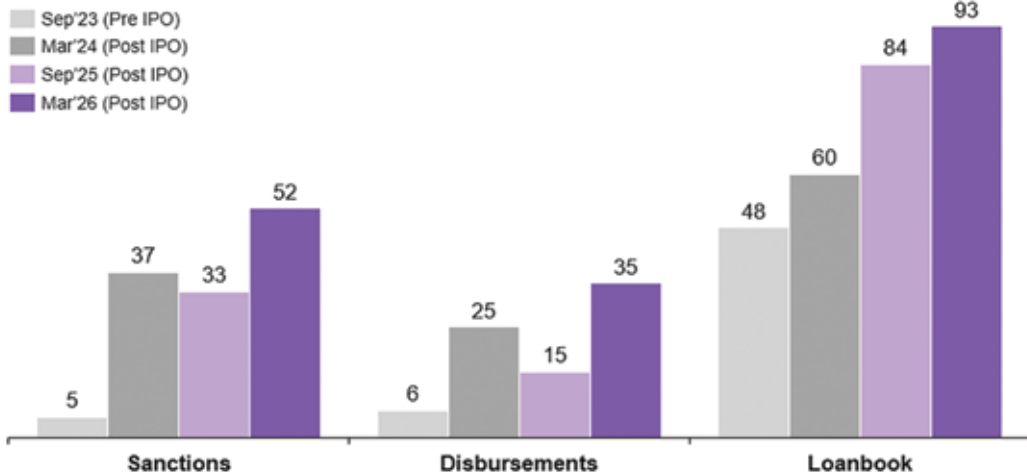
technology-specific rather than generic.

***IREDA's IPO and the financing backbone of the supply chain***

The significance of IREDA's IPO lies not only in the capital it raised, but in the timing of the listing. India's renewable energy sector is entering a phase where growth will depend on financing domestic manufacturing, storage, transmission, EPC execution and emerging technologies with the same urgency with which generation capacity was financed in the past decade.

The IPO brought IREDA into the discipline of public markets and widened its capital base. It was followed by further capital-market access, including a qualified institutions placement of Rs 2,005.90 crore in June 2025. By 31 March 2026, IREDA's loan book had reached Rs 93,075 crore, with FY26 sanctions of Rs 51,883 crore and disbursements of Rs 34,946 crore.

**IREDA's listed platform has greater financing reach (INR '000 Cr.)**



*Figure 2: IREDA's post-listing platform can support a wider renewable supply chain*

This scale matters because every rupee of long-tenor green finance can support a wider chain of developers, manufacturers, EPC contractors, storage integrators and grid-linked assets.

The timing is important. Recent market research indicates that the sector's focus areas have shifted from simple capacity demand to bankability, supply-chain confidence and execution readiness. A listed IREDA can help address these areas by combining capital access with sector-specialist appraisal, stronger disclosure discipline and the

ability to crowd in co-lenders and institutional investors.

***Finance as the operating capital of renewable supply chains***

In renewable energy, finance does not sit outside the supply chain. It is part of the operating architecture. Debt sanction affects module ordering. Working-capital lines affect EPC mobilisation. Guarantees influence tender participation. Payment-security structures affect supplier confidence.

Refinancing improves balance-sheet recycling. For capital-intensive projects, the flow of finance often determines the flow of equipment, people and contracts.

This is where the role of financiers is changing. The IEEFA-JMK tender work indicates that tender awards need supporting conditions to convert smoothly into projects. The BESS analysis points to tariff, procurement and commissioning assumptions that require careful financial appraisal. IEEFA’s work on critical minerals also notes the need for risk-sharing capital and midstream capex support. These independent assessments point to the same conclusion: financiers have to become supply-chain enablers, not merely providers of debt.

For IREDA, this means a broader role than funding completed project structures. The institution can support manufacturing capex, vendor liquidity, EPC working capital, receivable discounting, guarantee support, equipment procurement and blended-finance structures for early-stage technologies. These instruments can help reduce friction between tender award, procurement, financial closure and commissioning.

The critical-minerals issue reinforces this point. India is building resilience in battery-linked value chains, but lithium, cobalt, nickel and related midstream processing remain areas where global supply concentration can influence cost and delivery. Financing structures will be needed not only for solar and wind projects, but also for processing, recycling, inventory buffers, domestic component manufacturing and supplier-risk mitigation.

**Where financing changes supply-chain outcomes**

| Supply-chain pressure point    | Financing intervention   | Expected supply-chain effect                               |
|--------------------------------|--|--|
| Module / equipment procurement | Supplier credit, LC/BG support, milestone-linked debt                | Better ordering confidence and improved procurement timing |
| EPC and contractor liquidity   | Working-capital lines, receivable discounting, escrow-based payments | Faster mobilization and smoother payment cycles            |

|  |  |  |
|--|--|--|
| BESS / PSP / hybrid projects           | Technology-specific appraisal, blended finance, longer tenor | Improved financial-closure and commissioning confidence    |
| Domestic manufacturing                 | Capex finance, inventory finance, offtake-backed lending     | Local capacity creation and reduced import exposure        |
| Critical minerals and midstream assets | Risk-sharing capital, processing/ recycling finance          | Greater resilience for storage and EV-linked supply chains |
| Transmission-linked assets             | Long-tenor debt and payment-security structures              | Better grid-integration readiness and project bankability  |

*The evolving role of financiers*

The next phase of renewable financing will require a more specialised playbook. First, financiers will need to build technology-specific appraisal models. Plain solar and wind lending frameworks cannot simply be extended to BESS, pumped storage, green hydrogen, offshore wind or RE manufacturing. Each segment has different technology curves, degradation profiles, offtake structures, construction timelines and supplier dependencies.

Second, financiers will need to assess bankability before funding volume. The conversion agenda identified in recent tender studies shows that bid victory, PPA signing, PSA execution, transmission readiness and project procurement must be read together. A project that appears attractive on tariff alone may require additional assessment of storage sizing, supplier quality, logistics timelines, payment security and regulatory exposure.

Third, financiers will need to support the manufacturing and vendor ecosystem. Government policy is encouraging localisation, but domestic manufacturers and component suppliers require capital for technology, inventory, automation, certification, quality systems and working capital. Without such support, domestic capacity may grow more slowly than project demand.

Fourth, financiers can use covenants to improve supply-chain discipline. ESG-linked covenants,

supplier disclosure requirements, safety and quality standards, milestone-linked disbursements, insurance conditions and digital monitoring can help ensure that financed projects are not only viable on paper, but also better prepared for execution.

**Supply-chain finance priorities for IREDA**

IREDA is well placed to play this role because it combines sector focus, government ownership, public-market visibility and a growing balance sheet. The opportunity is not only to increase the volume of lending, but to deepen the quality and design of green-finance products for a more complex renewable ecosystem.

The first priority is a dedicated supply-chain finance window for renewable energy. This could cover approved manufacturers, EPC contractors, O&M providers, storage integrators

and transmission-linked suppliers.

The second priority is product innovation: vendor finance, capex loans for domestic manufacturing, green equipment lines, receivable discounting, bid-bond support and partial credit enhancement for emerging technologies.

The third priority is appraisal depth. IREDA can create sector playbooks for BESS, PSP, green hydrogen, offshore wind, smart meters and RE manufacturing. These playbooks should include technology benchmarks, supply-chain indicators, counterparty standards, offtake treatment and stress scenarios. The fourth priority is capital mobilisation. As a listed entity, IREDA can use its market credibility to crowd in institutional investors, multilateral institutions and global capital through co-lending, green bonds, ECBs and blended-finance structures.

**IREDA’s supply-chain finance toolkit**

| Segment                       | Need                               | Possible instrument                          | IREDA role                              |
|-------------------------------|------------------------------------|--|---|
| Manufacturers                 | Capex, automation, quality systems | Manufacturing capex loans; equipment finance | Finance localization and scale-up       |
| EPC contractors               | Working capital and payment timing | Receivable discounting; escrow-linked credit | Improve execution readiness             |
| Developers                    | Procurement and financial closure  | Project debt; LC/BG support; refinancing     | Improve bid-to-commissioning conversion |
| Storage providers             | Technology and tariff appraisal    | Blended finance; longer-tenor debt           | Build bankability for BESS / PSP        |
| Critical minerals / recycling | High capex and price exposure      | Risk-sharing capital; midstream loans        | Support upstream resilience             |
| Transmission / grid assets    | Long-tenor infrastructure capital  | Take-out finance; bond refinancing           | Improve evacuation readiness            |

**Focus areas and safeguards**

A stronger financing platform also calls for sharper safeguards. Global commodity cycles, concentrated mineral supply, transmission timelines, aggressive tender pricing, DISCOM offtake exposure and technology maturity will remain important factors in project appraisal. The purpose of green finance should therefore be to support growth while ensuring that capital is deployed into projects with sound contracts, credible suppliers and realistic execution assumptions.

This means capital should be supported by clear sector limits, risk-adjusted pricing, stronger due diligence and continuous monitoring. For emerging sectors, lenders will need to differentiate between policy ambition, commercial readiness and project-level bankability. This discipline will protect both financiers and the wider renewable ecosystem.

The real contribution of IREDA and other financiers will therefore be two-fold: expanding capital availability while improving the quality of capital allocation. The sector needs more financing,

but it also needs financing that strengthens the supply chain, improves project discipline and supports long-term resilience.

### **Conclusion: from project finance to supply-chain resilience**

IREDA's IPO marked an important shift in India's renewable energy financing architecture. It strengthened a specialised green-finance institution at a time when India's renewable ecosystem is moving from generation-led capacity creation to supply-chain-led execution. The IPO and subsequent capital-market access have improved IREDA's ability to support not only project developers, but also the wider ecosystem that enables renewable projects to be built, connected and operated.

Recent government updates and independent market studies point in the same direction. India's renewable supply chain is becoming larger, more complex and more finance-dependent. Tendering has scaled, domestic manufacturing is expanding, storage is moving into the mainstream, and critical-mineral resilience is becoming a strategic priority. Each of these developments requires financing that is timely, patient and technically informed.

In this context, IREDA's post-listing platform can be a meaningful enabler. By combining capital-market access with sector-specialist knowledge, IREDA can help convert renewable ambition into commissioned projects, domestic manufacturing capability and resilient supply chains. The larger implication of the IPO is therefore not only financial. It is institutional: India now has a listed, specialised green-finance platform that can help build the supply-chain depth required for the next phase of the energy transition. **MA**



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# MSMEs IN INDIA: ROLE OF CORPORATE MITRAS TOWARDS FORMALIZATION AND BUSINESS EASE

## Abstract

The paper presents the progress made by MSMEs in India during the last decade through the major initiatives launched by the Government classified into four different categories of support towards: infrastructure availability, technology and digitization, accessing institutional credit, and reforms and interventions with a target to achieve its missions. Then, it explores further prospects of MSMEs in Tier-II and Tier-III cities as another sustainable growth chapter with the support of Corporate Mitras.

## Introduction

**T**he Micro, Small and Medium Enterprises (MSMEs) form the backbone of global industrialization that account for 90% of global businesses and 50% of global GDP (IFC, 2025). India's MSME sector has also been developing fast. MSMEs in India have increased from million 63 in FY2014-15 to over 74 now to become the world's largest MSME sector (SIDBI, 2025). It provides employment to 62% of India's total workforce (McKinsey Report, 2024), and contributes 30% of its GDP (MSME, 2024-25). It is the world's third largest startup ecosystem of India (PIB, 2025). India's MSME sector accounts for 46% of the country's total exports (Table-1), showcasing their capability to adhere to international standards. India's Ease of Doing Business (EoDB) has improved from 142 in 2014 to 63 in 2021). However, 90% of India's MSMEs remain informal (NITI Aayog, 2025). High compliance costs and regulatory burdens deter them from formalization. Lack of formalization limits access to institutional



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credit, benefits of availing various govt. schemes, and connection with global value chains. In fact, only 19% of total MSME credit demand is met by formal institutional channel (NITI Aayog, 2025). They mostly rely on informal credit at high costs. To encourage MSMEs to go in for formalization and improve the EoDB, the government introduced a new scheme in its Union Budget 2026-27, "Corporate Mitra", a brand of accredited paraprofessionals who will work as support persons for MSMEs. This is similar to "Bank Mitra" introduced as part of the Jan Dhan Yojana, 2014, providing banking services to unbanked areas. These Corporate Mitras would be given necessary training by three professional Institutes (The Institute of Chartered Accountants of India, The Institute of Company Secretaries of India and The Institute of cost Accountants of India). Corporate Mitras are expected to prove themselves as catalysts towards formalization of MSMEs and improving the EoDB. Focus for this scheme will be on MSMEs located in Tier-II and Tier-III cities which account for 51% of the country's total MSMEs (Protium, 2025). The present paper first examines the various government of India initiatives that facilitate MSMEs growth and development as a reflection of its present scenario. Then it analyses the relevance and importance of engaging Corporate Mitras for the

benefits of the MSME sector. That will be towards meeting the target of formalisation of MSMEs and increasing the EoDB. The engagement of corporate Mitras will be in particular reference to Tier-II and III cities as another growth chapter of MSMEs in India.

**Table- 1: Current comparative view of MSMEs in India versus Global**  
(based on MSME and IFC Reports)

| MSME parameters   | India | Global |
|---|-------|--------|
| 1. No. of MSMEs (million)                                 | 74    | 400    |
| 2. MSMEs as percent of all businesses                     | 95    | 90     |
| 3. Percent of MICROS in MSMEs                             | 97    | 80     |
| 4. Country's workforce percent employed                   | 62    | 77@    |
| 5. Percent contribution to country's GDP                  | 30    | 50     |
| 6. Percent contribution to exports                        | 46    | 35     |
| 7. MSMEs productivity as percent that of large businesses | 26    | 50     |
| 8. Percent of scaled up companies                         | 11    | 17     |
| 9. Credit gap-percent of MSMEs                            | 83    | 40     |
| 10. Digitalization percent of MSMEs                       | 63    | 91-95  |

@ refers to emerging economies

### Present Indian MSME scenario: A Reflection

#### Visionary target settings:

India's phenomenal growth of the MSME sector in the last decade has started off with the visionary targets set by its great leaders. The "Make in India", Sept 2014 plans to transform India into a global manufacturing hub. The "Startup India", Jan 2016 plans to build still more centres of innovation. "Vikshit Bharat", Aug 15, 2025 envisions India as a fully developed nation by 2047. To augment the manufacturing sector, the "National Manufacturing Mission" was approved in the Union Budget 2025-26. Here the objective is to improve EoDB and facilitate the growth of the MSME sector. To move forward in the "Amrit Kaal" (as declared on Aug 15, 2021) towards Vikshit Bharat, India has launched

various schemes for MSMEs. These schemes broadly pertain to four areas:

- Development and maintenance of industrial infrastructure,
- Technology development and digitization,
- Availability of institutional credit facilities, and
- Reforms and interventions action plan.

#### Industrial infrastructure:

To achieve the growth of the MSMEs, various infrastructure projects have been taken up. It starts from availability of basic services for rural and urban development and developing non-metro cities. Building up common facility centres and industrial parks have been taken up to facilitate startups. National Logistics Policy was initiated to facilitate movement of goods and reduce cost. A snapshot of these initiatives along with their outcomes is presented in Table-2.

**Table-2: Major initiatives towards infrastructure availability supporting MSMEs**

| Schemes  | Outcomes   |
|--|--|
| 1. Smart Cities Mission- June 2015: Improving 100 non-metro cities                         | 18 improved in public transportation, waste management and governance as on Mar 2025             |
| 2. Atal Mission Rejuvenation & Urban Transform (AMRUT)- June 2015: Improve 500 cities      | During last ten years 14828 projects completed on water security, green areas, sewage system     |
| 3. Common Facility Centres (CFCs) and infrastructure development- May 2022                 | As on 31-3-2026, 606 projects approved; 364 projects completed                                   |
| 4. National Logistics Policy- Sept 2022: Upgrading infrastructure to reduce logistics cost | Unified Logistics Interface Platform in place securing API integration across 30 digital systems |
| 5. Urban Infrastructure Development for Tier II & III Cities- Union Budget 2026-27         | Rs. 5000 crores per City Economic Region over 5 years approved                                   |

|   |   |
|---|---|
| 6. Bharat Audyogik Vikas Yojna (BHAVYA)- Mar 2026: 100 plug-and-play industrial parks | Rs. 33660 crores have since been approved |
|---|---|

**Technology and digitization:**

On this front many technology centres and business incubators have been set up. Digital India program resulted in the introduction of Unified Payments Interface as the largest real-time payment system in the world. Udyam Portal takes the full credit for increased registration of MSMEs and formalization. The introduction of National Single Window System comes up as one-stop window for approvals and clearances. These major initiatives along with their outcomes towards is presented. in the Table-3.

**Table-3: Major initiatives towards Technology and Digitization supporting MSMEs**

| Schemes   | Outcomes   |
|---|--|
| 1. Technology Centre Systems Program including advanced manufacturing, Jan 2015                                     | 9 completed out 15 targeted as of Dec 2025   |
| 2. A Scheme for Prom. of Innov., Rural Industries and Entrepreneurship (ASPIRE)- Mar 2015                           | 109 Business Incubators since approved, 1,16,726 beneficiaries have been trained                             |
| 3. Digital India Program -July 2015: Provision of high-speed internet in rural & urban areas                        | 1.017 billion internet users, leads the world with 49% of global real-time digital payments                  |
| 4. Unified Payments Interface (UPI) -April 2016: providing instant interoperable payments                           | Largest real-time payment system in the world, integrated with GST Network since July 2023                   |
| 5. MSME Champions Scheme on tech upgrade, June 2020: innovation, sustainability (Zero Defect Zero Effect-ZED), Lean | ZED: 527139, Lean: 18609, Incubation ideas: 1418 for all states & UTs together (MSME Report on Mar 12, 2026) |

|  |  |
|--|--|
| 6. Udyam Portal incl. Udyam Assist Portal (UAP) integrated with CBDT and GSTN -July 2020 | Total MSMEs registered in Udyam and UAP crossed 4 crores on March 15, 2024 |
| 7. National Single Window System- Sept 2021  | 32 central departments and 29 States have since been integrated            |

**Institutional credit facilities:**

On this front, total bank credit to MSMEs crossed Rs.35.2 lakh crore by March 2025 as per SIDBI. The increased credit availability has been due to increased digital integration through Udyam platform and receivables discounting system. Jan Dhan Yojana for the unbanked paves the way for financial inclusion. The Self- Reliant India Fund operates through NSIC for equity infusion to MSMEs. 300 incubators have since been approved with the Startup Fund as per latest report (SISFS, 2026). The GIFT scheme under the RAMP was launched promoting green technology and sustainable business practices in MSMEs. A snapshot of major initiatives towards institutional credit access is presented in the Table-4.

**Table-4: Major initiatives towards institutional credit access for MSMEs**

| Schemes   | Pathways  |
|---|---|
| 1. Pradhan Mantri Jan Dhan Yojana (PMJDY)- Aug 2014: Banking for the unbanked | Over 56.16 crore bank accounts opened with deposits of Rs.2.67 crore as of mid-Aug 2025         |
| 2. PM Mudra Yojana for non-service area of regular banks, since April, 2015   | Collateral free loan to non-corporate, non-farm MSEs, doubled up to Rs. 20 lakhs since 2025     |
| 3. Production Linked Incentive (PLI) Scheme -April, 2020                      | As of mid-2025, total sales of PLI beneficiaries crossed Rs. 16.5 lakh crores in 14 key sectors |
| 4. Self-Reliant India (SRI) Fund since May 2020 for equity infusion in MSMEs  | Rs. 10979 crores invested till now, Rs.50000 crores in MSMEs for expansion                      |

|   |  |
|---|--|
| 5. Startup India Seed Fund Scheme (SISFS)- April 2021: Grant Rs5 crores per Incubator | Initial corpus fund Rs crores 945 increased to 10000 in April 2026   |
| 6. Raising and Accelerating MSME Performance (RAMP) since June 2022                   | Focus on: Green Investment and Sustainability for Export Development |

### Reforms and Interventions:

With introduction of e-filing, compliance burden has been eased out. Single-window clearances, and AI-assisted documentation have reduced considerable administrative load. Introduction of labour codes rationalized the labour laws. Over 42000 compliances have been removed, and 3700 provisions decriminalised since 2014 (Economic Times, 2025). MSME's revised classification and enhancing threshold limits encouraged MSMEs to move from local to global. Major initiatives towards reforms and interventions presented in the Table-5.

**Table-5: Major initiatives towards reforms & interventions supporting MSMEs**

| Schemes   | Pathways  |
|---|---|
| 1. Ministry of Corporate Affairs (MCA) introduced e-governance plan in the 21 <sup>st</sup> century (MCA21) in Feb 2006 | Version-1: Introduced e-filing; Version-2: Aligning with Companies Act, 2013; Version-3 (2023)- using predictive compliance |
| 2. Business Reform Action, Dec 2014; critical sectors, Oct 2024; Dist. Indust. Centres Oct 2025                         | Streamlined regulations, compliance burden reduced, EoDB improved   |
| 3. Unified Goods and Services Tax (GST) introduced in July 2017   | Eliminating need for multiple taxes by both central and state govts   |
| 4. Champions, real-time grievance redressal platform -May 2020: integrated with earlier                                 | One-stop platform connecting MSMEs with all concerned officials   |

|   |   |
|---|---|
| 5. MSME classification revised since July 1, 2020, from single to two criteria      | Investment & Turnover (Rs. crore): Micro- 1 & 5; Small- 10 & 50; Medium- 50 & 250     |
| 6. MSME threshold limits extended- April 2025: Enabling tech up-gradation/expansion | Max. limits increased for investment by 150% and turnover by 100%                     |
| 7. Modernize labour laws in Nov 2025 by introducing four new labour codes           | Labour codes replaced 29 previous laws, streamlining over 40 central & 100 state laws |

### Exploring growth of MSMEs in Tier-II & III cities with support from Corporate Mitras

India's MSME sector is the world's largest with 97% micros, compared to global average of 80% micros. Many initiatives like RAMP, PLI, SRI have been taken, even MSME threshold limits extended to encourage enterprises to expand. But still the percent of scaled up enterprises stands at 11% compared to global average of 17%. MSMEs, Micros in particular, are dependent on informal sources of finance in spite of various institutional credit facilities available (Table-4). In fact, only 16% of total credit has been disbursed to 97% micros during FY2024-25 (MSME Pulse Report 2025). There is a huge credit gap for MSMEs, 83% compared with the global average of 40% (Table-1). The question arises what makes MSMEs to continue to remain informal in spite of Udyam and even with Udyam Assist Platform (Table-3) and resort to informal source of financing at higher costs. Possibly, some at least need to be updated on the benefits of data-based decision making, taking the support of Corporate Mitras.

Though the pandemic accelerated the digital uptake, the majority of MSMEs still lack robust digital infrastructure (MSME Report 2024-25). They mostly operate in silos, managing customers in one tool, billing in another, communication elsewhere, leads to lower productivity compared with large companies, 26% as against global average of 50% (Table-1). The extent of digitalization of MSMEs in India is 63% in spite of many digitalization programs (Table-3) compared to global average of 90%. When the government is actively pursuing the Digital India

Program and the prowess of India's digital power is well known, possibly many entrepreneurs (who are not in IT area) would need skill-update or digital area.

It is good to note that the percent contribution of MSMEs to exports is 46% compared to global average of 35%. However, as per NITI Aayog (2024), only 0.3% of medium enterprises contribute to the extent of 40%. Logistics and global supply chains could be a constraint, but may also reflect a lack of exposure to international compliance standards, at least for some entrepreneurs.

Many legal and regulatory reforms have been initiated by the government (Table-5) but still a significant percentage of MSMEs find it difficult to navigate licensing, taxation, and statutory filings, often leading to non-compliance or stagnation (MSME EoDB Survey, 2023). Here also, the proposed Corporate Mitras would be a good support for those MSME entrepreneurs.

India's MSME sector contributes 30% to its GDP compared to global average 50%. In such a context, when India targets to reach US\$30 trillion mark for Viksit Bharat by 2047, country's entrepreneurs need to focus on Tier-II and III cities (having 1 to 5 and 0.1 to 1 million population respectively) as the next growth chapter (Protium Feb 12, 2025). These cities with lower operating costs, cheaper real estate, healthier life style, expanding consumer demand and government support-enhancing infrastructures (as in the Table-2) are likely to attract both entrepreneurs and investors. The Digital India Program now connects rural areas with broadband networks, so also MUDRA banks and various government schemes on credit access front. Even Non-Banking Financial Companies are now on the scene in Indian towns and villages. Silk hub of Mysore, textile hub of Coimbatore, AI data centre campus of Visakhapatnam (with \$15 billion reported investments) are becoming attractive for global capability centres in Tier-II and Tier-III cities. That reflects a great promise for another growth chapter of India's MSMEs and proves country's business-friendly environment in Tier II & III cities. The effectiveness of engaging Corporate Mitras with MSMEs in these cities is reflected in the positive feedback loop of future growth cycle (Figure-1).



## Conclusions

The focus of the government has rightly shifted from high-level rankings to granular reforms such as reducing compliance burdens through modification and unification of statutory and legal provisions. This will boost the extent of formalization of MSMEs and also reduce the hidden cost of entrepreneurs' time using Corporate Mitras as support persons. This will also open up new job opportunities for the paraprofessionals, particularly for new MSMEs growth areas of Tier-II and Tier-III cities. In addition to support areas like finance, accounting and legal front, MSMEs may also be supported on the strategic decision areas of infrastructure planning and digitization issues. That will be a great help to entrepreneurs to enable them to think anew in their own domain areas and innovate. That will enhance the role of the MSME entrepreneurs as drivers of sustainable growth in line with the UN's MSME Day theme. **MA**

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# CORPORATE MITRAS: A FRAMEWORK FOR MSME FORMALIZATION AND INCLUSIVE GROWTH IN INDIA

## Abstract

MSMEs contribute significantly to employment, exports and output of India's economic structure. But in spite of their contribution a large proportion of MSMEs operate informally thus their access to finance, technology and institutional support is limited. The concept of 'Corporate Mitras' has been introduced in this Union Budget 2026-27 which signifies a novel institutional mechanism to bridge this gap by providing decentralized and professional support to MSMEs. The basic aim of this article is to position Corporate Mitra as an intermediary which support for MSMEs formalization, financial inclusion and governance by developing a structured framework. This article further proposes CEM (Corporate Mitra ecosystem Model) which through role matrix analyses the functional dimensions and highlights the strategic role of Cost and Management Accountants (CMAs) as Corporate Mitras to operationalize the framework. The article also contributes to developing a roadmap for sustainable and inclusive growth by establishing discourse on MSMEs development by properly aligning and integrating institutional theory, policy perspective and their professional applicability.



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### Introduction

The MSME sector is a very key sector of Indian economy contributing nearly 30% of GDP \* hence creating substantial employment opportunities. But this sector faces consistent challenges such as limited access to formal credit facilities, informality, weak financial management and compliance burden.

It is observed that a significant portion of the

MSMEs operate outside the formal eco system which restricts their access to institutional finance, ability to scale as well as benefit from government schemes. This deficiency prompts an urgent need for structured support mechanism that will provide for more localized, professional assistance.

This is one of reasons which initiated the need for 'Corporate Mitras' in Budget 2026-27 to provide a transformative solution by creating a cadre of trained professionals who will act as a facilitators, advisors and enablers for MSMEs at grassroot level.

[\*Source: <https://www.pib.gov.in/Pressreleaseshare.aspx?PRID=2035073&reg=3&lang=2>]

### Concept of Corporate Mitras (with Budget Reference)

The concept of Corporate Mitras introduced in Budget 2026-27 highlights a significant milestone towards development of India's MSMEs sector. The main idea mooted in this initiative by the government points towards creation of network of professionals who will provide localized and affordable support to the MSMEs in areas of financial management,

business advisory and regulatory compliance.

The budget acknowledges that merely providing financial assistance to the MSMEs is not sufficient to develop the sector. It emphasizes the need for professional handholding and institutional support to MSMEs to integrate the enterprises into the formal economy. The Budget stressed upon the need for the MSMEs to collaborate with professional bodies like ICAI, ICAI and ICSI with the intention to provide and ensure standardized training, certification and quality assurance from Corporate Mitras.

This initiative of Government of India through the Budget hints towards shift in the credit centric approach to developing a more holistic and comprehensive Eco based model which aims towards integrating finance, compliance and capacity building.

In this evolving framework the Corporate Mitra are positioned as a critical intermediary that bridges the gap between MSMEs and the formal institutions thus facilitating financial inclusion, formalization and ease of doing business.

### Conceptual Framework and Theoretical perspective

The conceptualization of Corporate Mitras can be identified with multi theoretical framework which brings out their role as institutional intermediaries within the MSMEs ecosystem. They can be understood as the bridging agents that help to connect the MSMEs through structured informational flows, compliance support as well as advisory services.

Inadequate documentation and limited financial transparency results in MSMEs to face significant information asymmetry when it is engaging with financial institutions and regulatory authorities. This concept relates to Agency Theory where the Corporate Mitras helps to mitigate the asymmetry by providing standardized financial information by divulging reliable information hence reducing the perceived risk among the stakeholders.

The relevance and importance of Corporate Mitras is further strengthened by Institutional Theory where they act as institutional enablers guiding the MSMEs in an efficient manner so that they adhere to all the formal norms, regulatory requirements as well as structured business practices thus ensuring greater stability and legitimacy.

The Financial Inclusion Framework also highlights the role of Corporate Mitras to get accessibility to

formal credit for MSMEs by assisting it in credit linkage, documentation as well as compliance readiness to achieve the broader objective of integrating MSMEs into formal financial ecosystem.

It can be said from the above discussion that Corporate Mitras can be positioned as a critical facilitator of trust and coordination within MSMEs landscape thus providing a strong foundation for the proposed Corporate Mitra Ecosystem Model (CMEM) as discussed below.

### Corporate Mitra Ecosystem Model (CMEM)

The article proposes Corporate Mitra Ecosystem Model (CMEM) which is an integrated framework that positions Corporate Mitras as a core central intermediary within the MSME ecosystem. The model is depicted in Figure 1 below. The model tries to connect four key stakeholders, i.e. MSMEs, financial institutions, Digital Platforms and regulatory authorities through a continuous and well-coordinated flow of services and information.

The model recognizes the fact that the MSMEs work in a fragmented environment characterized by limited financial access, compliance complexity as well as informality. Corporate Mitras addresses these challenges by bridging the gap between the enterprise and the financial institutions. They will be supporting the MSMEs by performing several functions like organizing financial records, adopting digital tools as well as improving compliance practices thus resulting in a smoother integration into the formal economy.

One of the important features of the CMEM is the integration of digital platforms which has an important role to play in modern business operations. Corporate Mitras will help in the adoption of technologies like e-invoicing systems and accounting software which will enable the MSMEs to improve their efficiency and facilitate to migrate to data driven decision making.

One of the important challenges faced by the MSMEs is the limited accessibility to formal credit facilities from financial institutions. Corporate Mitras can act as a helping hand by standardizing financial information and improving documentation thereby reducing the perceived risk and information asymmetric for lenders. This enhances access to institutional credit for MSMEs

Corporate Mitras can also play a vital role in assisting MSMEs in properly navigating the complex statutory requirements by interpreting the regulations

and ensuring that there is timely compliance. This will also ensure transparency and thus will also reduce the chances of penalties being imposed due to non-compliance thus integrating into regulatory framework.

It can be observed from the figure that the model reflects bidirectional flow of information and value. Corporate Mitras are expected not only to transmit information but also to align and interpret information across the stakeholders. This not only helps to increase coordination and trust in the ecosystem but also to reduce transaction costs.

The model also indicates a shift from the traditional isolated advisory services to a holistic based approach for overall MSMEs development.

The model aims towards facilitating MSMEs formalization with enhanced financial inclusion and promoting inclusive growth by providing professional support in local context especially in Tier II and Tier III cities. Figure 1 is given below:

**Figure 1**

**Corporate Mitra Ecosystem Model (CMEM)**



**Source:** Author’s Conceptual Framework

**Functional Dimensions of Corporate Mitras**

The multidimensional functions of corporate Mitras include financial inclusions, compliance and governance, business advisory and digital enablement which increases the operational effectiveness of corporate Mitras.

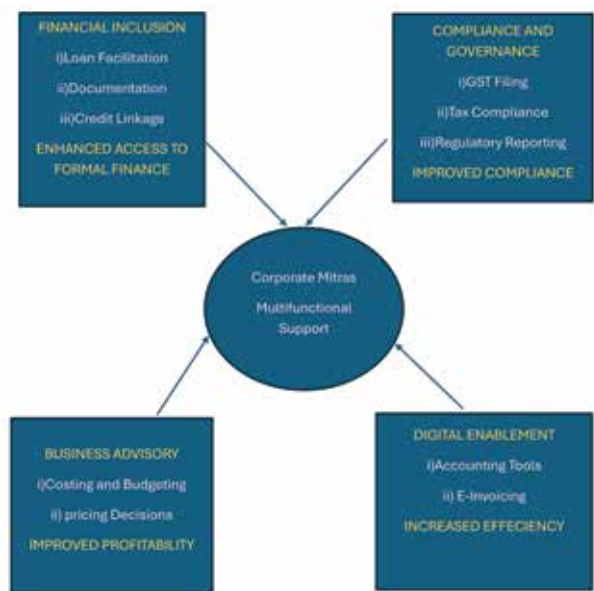
The various factors taken into consideration while developing the functional dimension of Corporate Mitras as conceptual synthesis (represented in Figure 2 below) includes the prevailing challenges faced by the MSMEs, evolving role of professional advisory services in India as well as recent policy developments.

Figure 2 below reflects the logical flow from specific activities undertaken within each functional area to the resulting outcomes like Financial Inclusion (through Loan facilitation, Documentation and Credit Linkage) resulting in Enhanced Access to Formal Finance. Similarly, Compliance and Governance (through GST filing, tax Compliance etc.) resulting in improved compliance.

Overall, these interconnected dimensions lay emphasis on the role of Corporate Mitras as integrated service providers helping in the growth and formalization of MSMEs sector. Figure 2 is given below:

**Figure 2**

**Functional Dimensions of Corporate Mitras**



**Source:** Author’s Conceptual Framework

**Implication for Inclusive Growth and Regional Development**

In tier II and III cities where the access to the professional advisory services is limited, Corporate Mitras framework can have important implications for economic growth. One of the reasons for decentralization of such services is that the model will enable MSMEs from smaller and rural areas to access structured and affordable services which is basically concentrated only on metropolitan cities.

This localized approach not only strengthens the MSMEs operation but also helps in balanced regional development. The Corporate Mitras can encourage entrepreneurship and generate employment opportunities by providing access to expertise and

institutional linkages. Along with this they also facilitate the gradual formalization of the informal enterprises by guiding them through the various regulatory requirements and compliance process hence increasing their credibility and growth potential.

Apart from the above, the Corporate Mitras can play a vital role in implementing digital adoption by assisting the MSMEs in using various tools like e-invoicing and accounting software. This will have a positive impact on the efficiency, transparency and competitiveness of MSMEs which will enable them to be more effective in domestic and global market.

Overall, we can say that the framework supports a more inclusive and resilient economic structure by integrating the local enterprises into a more formal and digital economy.

### Role of Cost and Management Accountants

The role of CMA (Cost and Management Accountants) within the Corporate Mitra Framework can be seen as a strategic enabler of MSMEs development rather than only compliance professionals. The strategic challenge and operational inefficiency faced by the MSMEs can be addressed by the CMAs due to expertise in cost management, financial planning and regulatory compliance.

CMAs can help the enterprises to increase their profitability and competitiveness by designing cost-effective production models, improving budgeting practices as well as enabling informed pricing decisions. They can not only act as an integrator of business ecosystems but also help in reducing informational gaps and improve coordination by providing a linkage between MSMEs and financial institution, digital platforms and regulatory bodies. Their expanded role will help in solving various immediate operational issues and guide the enterprises through growth, formalization and digital transition.

The Corporate Mitra framework opens a professional pathway for the CMAs, especially in Tier II and Tier III cities. Their role hints towards evolution of CMAs into Corporate Mitra framework which represents a shift from function centric role to value creating ecosystem-oriented profession which aims towards sustainable and inclusive growth.

### Conclusion

The introduction of the concept of 'Corporate Mitras' marks a paradigm shift towards a more inclusive eco system driven approach resulting in transformation

of India's MSME development strategy. Corporate Mitras help in bridging the gap between formal institutions and informal enterprises, therefore helping in formalization process thus resulting in financial inclusion and helps to strengthen the governance practices within the MSME sector.

The proposed Corporate Mitras Eco System Model in this paper helps to understand the importance of the coordinated interaction between the MSMEs, financial Institutions, digital platforms and regulatory authorities. In this context the role of Cost and Management Accountants adds significant practical relevance with their ability to integrate the financial, advisory, operation and compliance role into a unified advisory approach.

But it is to be understood that the success of the above framework will depend upon effective implementation, which must be supplemented by certificate mechanism, standardized training and strong institutional support.

If it is operationalized efficiently the Corporate Mitras will not only be able to improve the MSMEs performance but also contribute a lot to the employment generation, regional development and digital adoption. They will form a pillar in long run to help India emerge as India's inclusive and sustainable growth strategy that will reinforce a transition towards a more formal, resilient and transparent India's economic system. **MA**

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# REIMAGINING MSME SUPPORT IN INDIA: THE CORPORATE MITRA MODEL IN A GLOBAL CONTEXT

## Abstract

This article explores the idea of Corporate Mitras, which was introduced in India's Union Budget 2026–2027 to promote MSMEs, particularly in Tier-2 and Tier-3 regions. It emphasizes how qualified paraprofessionals can close gaps in compliance, financing, and knowledge of government programs, thereby making it easier to conduct business and encouraging formalization. While highlighting the model's complementary role within a layered ecosystem, the paper also discusses issues related to professional competitiveness. The study highlights important prospects, challenges, and policy lessons based on observations from international MSME support systems such as those in Germany, Japan, Singapore, Australia, Canada, South Korea, France and the UK. Overall, it makes the case that Corporate Mitras may boost India's MSME sector, create jobs, and promote inclusive growth if implemented well.



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### Corporate Mitras

**O**n February 1, 2026, the Honourable Finance Minister Smt. Nirmala Sitharaman unveiled India's Union Budget 2026–27, where she mentioned MSMEs six times in her budget speech, which included the “Corporate Mitras” project as a focused step to support the nation's sizable Micro, Small, and Medium Enterprises (MSME) sector. With an emphasis on Tier-2 and Tier-3 cities, this group of qualified paraprofessionals seeks

to offer reasonably priced compliance support, documentation, regulatory filings, and basic advisory services to MSMEs.

To certify these “business friends” (Mitras), professional organizations such as the Institute of Cost Accountants of India (ICMAI), the Institute of Chartered Accountants of India (ICAI), and the Institute of Company Secretaries of India (ICSI) will create short-term, modular courses and useful tools. MSMEs will benefit from the authorized paraprofessionals' assistance with standard duties, including bookkeeping, income tax returns, GST filing, and cheaper access to government programs.

### Understanding Corporate Mitras: Goals and Scope

Unlike large-scale physical projects like the PM MITRA industrial parks, Corporate Mitras offer MSMEs a viable approach to soft infrastructure. By democratizing access to professional services in smaller communities where full-fledged Cost and Management Accountants or Chartered Accountants may be costly or unavailable the

program emphasizes systems-based enablement rather than substantial subsidies. The primary goal of the Corporate Mitra scheme is to bridge the professional services gap faced by MSMEs (Prateek, 2026). Defining clear boundaries will help ensure that Mitras focus on facilitation and routine functions without overlapping into comprehensive professional services, supported by technology-driven tools.

This program aligns with broader budgetary objectives, such as liquidity measures for MSMEs and the drive to create “Champion MSMEs.” Early discussions highlight its potential to professionalize grassroots enterprises and generate employment for partially qualified youth. The initiative can also create jobs in small towns for commerce and management graduates who often face limited opportunities. In this way, it benefits both sides: it supports small businesses while providing employment (Banerjee, 2026).

### The MSMEs in Indian Context

One of the main pillars of the Indian economy is the MSME sector. According to recent data from the Economic Survey 2025-2026, published by the Press Information Bureau, MSMEs number about 7.47 crore businesses. They employ over 32.82 crore people, which is second only to agriculture, and contribute roughly 31.1% to GDP, 35.4% to manufacturing output, and nearly 48.58% to exports (Ministry of Finance, 2026).

Despite these advantages, many MSMEs, especially microbusinesses, continue to face several difficulties:

- ⦿ Formalization is discouraged by complicated regulations and high compliance costs.
- ⦿ Access to technology, finance, and professional services remains restricted.
- ⦿ Few businesses grow from micro to medium or larger sizes, creating a “missing middle” problem.
- ⦿ Information asymmetries prevent integration into global value chains.

Corporate Mitras directly address these issues by reducing compliance-related costs, improving the quality of documentation (which may lead to better lending conditions), and promoting the utilization of government schemes. A locally trained Mitra can bridge language barriers, cultural-context gaps, and trust deficits that remote metropolitan experts often cannot address in Tier-2 and Tier-3 cities, as well as in rural areas. This can result in greater business formalization, improved access to loans, increased employment opportunities (both for Mitras and within MSMEs), and the growth of rural and women-led enterprises. However, the success of the initiative will depend on effective training, the use of digital tools, and the avoidance of bureaucratic overlap.

### Core support functions delivered by Corporate Mitras for MSMEs: -

1. GST registration and amendments
2. Periodic GST return filing
3. GST compliance health checks
4. Preparation and filing of Income Tax Returns (ITR)
5. Reconciliation of Form 26AS and AIS
6. TDS/TCS compliance
7. Basic bookkeeping and accounting setup
8. Documentation support for credit and loans (e.g., CGTMSE and MUDRA schemes)
9. UDYAM registration and enrolment in MSME schemes
10. Basic FSSAI registration
11. Labour and statutory compliances, such as PF and ESIC
12. Identification and application support for government schemes (e.g., PMEGP, Credit Guarantee schemes, MSME Champions, Technology Upgradation Fund, and state-specific incentives)
13. Sector-specific compliances (e.g., FSSAI, PSARA, and DGFT)

## Competition Concerns and Institutional Safeguards

The proposed Corporate Mitra framework may generate concerns among professionals because Mitras may provide basic services such as GST filing, bookkeeping, registrations, and income tax return preparation at significantly lower costs, thereby attracting price-sensitive MSMEs. Since micro and small enterprises often constitute the entry-level client base for many practicing CAs, CSs, and CMAs, there is apprehension regarding client migration and increased competition. Concerns have also been raised that semi-trained para-professionals could gradually encroach upon specialized areas, potentially affecting professional standards and service quality.

However, the framework is designed with several institutional safeguards intended to prevent severe direct competition with qualified professionals. Corporate Mitras are expected to operate within a clearly defined and limited scope, restricted primarily to routine compliance and facilitation functions. Specialized assignments such as audits, tax planning, certifications, legal advisory, and strategic consultancy would continue to remain within the exclusive domain of qualified professionals. In addition, Mitras are likely to function under limited authority, short-term training structures, and institutional oversight by bodies such as ICAI, ICSI, and ICAI. By primarily focusing on underserved MSMEs in smaller towns and rural areas, the initiative may ultimately expand the professional services ecosystem rather than merely redistribute existing clients, with complex matters continuing to be referred to qualified experts.

### Opportunities for Professionals

- ⊙ Less routine work: Focus on high-value services like advisory and audits.
- ⊙ New income streams: Supervise, hire, or train Mitras.
- ⊙ More clients overall: Formalized MSMEs will need advanced services later.
- ⊙ Career option: Helps students or

semi-qualified candidates find roles.

### Key Risks

- ⊙ Scope misuse: Mitras doing complex work may affect quality.
- ⊙ Impact on small firms: Some pressure on basic compliance work.
- ⊙ Quality concerns: Needs strong training and monitoring.
- ⊙ Perception issues: May create confusion or resistance.

Indeed, there will be considerable competition, particularly for routine and basic compliance tasks among microbusinesses in smaller towns. However, it is unlikely to “kill” or drastically reduce the core practice areas of qualified CMAs, CSs, or CAs.

To better understand the potential effectiveness of the Corporate Mitra framework, it is useful to examine international MSME support models that have successfully integrated compliance assistance, advisory services, mentoring, and institutional coordination.

## Lessons from international MSME support models

### Germany

The Mittelstand ecosystem in Germany is renowned for its robust, family-run SMEs that prioritize long-term stability, exports, and innovation. Germany supports these businesses through a sophisticated structure of industry cooperation, funding, and consulting services rather than relying heavily on subsidies. Key programs include the Central Innovation Programme for SMEs (ZIM), which offers grants for research and development; the Mittelstand 4.0 Competence Centres, which assist companies in implementing digital technologies and streamlining operations; and financial assistance from KfW, which provides credit guarantees to facilitate lending.

**Lesson:** The most important lesson for India is to integrate Corporate Mitras with private sector networks and industry clusters. India should

prioritize strong business collaborations for sector-specific training and skill development, along with a long-term strategy for MSME growth rather than short-term gains.

### Japan

Japan supports more than 3.3 million SMEs through a robust institutional framework headed by METI. SMRJ offers customized guidance, professional assistance, training, and business matchmaking. Supported by a network of funded professionals, the SMEA and regional centres provide one-stop services for strategy, compliance, and international expansion.

**Lesson:** Corporate Mitras should follow a coordinated national-to-local approach. They should emphasize ongoing, need-based guidance rather than one-time assistance, while combining growth services such as digitalisation and exports with compliance support.

### Australia and Canada

Australia provides incentives for innovation and exports, government-backed advisory services, and initiatives like the Australian Small Business Advisory Services (ASBAS), which offers high-quality, reasonably priced advice to help SMEs adopt digital tools. With a focus on inclusive growth, Canada uses regional development organizations to deliver customized advice, financial guarantees, and mentorship.

**Lessons:** India should adopt evidence-based benchmarking to improve productivity and implement decentralized, needs-based delivery systems that account for geographic variations. This approach is highly relevant for India's diverse Tier-2 and Tier-3 contexts.

### Singapore

Singapore provides extensive SME support through grants (such as the Business Adaptation Grant for tariff response and digitalisation), the Enterprise Financing Scheme, and sector-specific digital roadmaps. It offers programs like SAGE for

sustainability-linked financing and pre-approved consultants for compliance and skill upgrading. This support includes financial, operational, and internationalisation assistance, often with substantial grant coverage of up to 50–70% of consulting fees.

**Lesson:** Strong integration of compliance support with digital tools, sustainability, and financing is key. Singapore demonstrates that accredited, subsidized advisors can make professional services accessible while helping MSMEs grow. Similarly, Corporate Mitras can go beyond routine tasks by linking compliance to growth areas such as exports and green practices.

### South Korea

South Korea supports SMEs through cost-sharing for certifications, strong linkages with large firms, and joint public-private efforts to simplify regulations. It also provides technical, export, and compliance support to enhance global competitiveness.

**Lesson:** Combining compliance support with supply chain integration helps MSMEs grow. India can adopt this model by linking Corporate Mitras with large companies for sector-specific training and standards.

### UK

The UK's Manufacturing Advisory Service (MAS) supports SMEs through regional centres by providing guidance and connecting them to experts in key business areas, thereby promoting efficiency and innovation.

**Lesson:** Corporate Mitras can act as facilitators, handling basic tasks while linking MSMEs to specialized expertise through practical, sector-focused support.

### France

France promotes SMEs through Bpifrance, which combines financing (such as guarantees and equity) with advisory services delivered via regional networks. In collaboration with regional

organizations, it provides mentoring, diagnostics, innovation support, and advice on digitisation, exports, and sustainability.

**Lesson:** Combining strong local presence with integrated financial and advisory support works effectively. Corporate Mitras can implement this by conducting basic business health assessments before offering growth or compliance assistance.

### Applying Global Lessons to Corporate Mitras: Prospects and Challenges

India can develop a hybrid system that includes digital backends, district-specific hubs, and national certification standards through the ICAI, ICSI, and ICMAI. This system should incorporate global best practices such as supply chain collaborations (Germany and Japan), standards focus (South Korea), brokerage models (Singapore), and diagnostic services (France).

**Prospects** for the Corporate Mitras model include sector-specific modules (e.g., manufacturing compliance inspired by the UK's MAS and South Korea), integration of digitalisation and sustainability (Singapore and France), and robust

monitoring frameworks (Australia).

**Challenges to Address:** Quality control and boundary enforcement, bureaucratic overlap with existing portals, limited penetration in rural and Tier-3 areas, and securing sustainable funding with private sector participation.

### Conclusion

A well-designed initiative can serve as a transformative bridge between policy and grassroots implementation. By adapting global best practices to India's unique context, Corporate Mitras can significantly enhance MSME compliance, competitiveness, and inclusive growth, especially in Tier-2 and Tier-3 regions. Lessons from international practices could greatly help India in shaping an effective Corporate Mitras framework

If implemented with clear boundaries, strong institutional coordination, and adaptive support, this model has the potential to revolutionize the MSME ecosystem by providing localized, accessible, and affordable professional services creating a win-win situation that empowers small enterprises and strengthens the overall professional ecosystem. **MA**

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# CORPORATE MITRAS AS CATALYSTS FOR FORMALIZATION AND EASE OF DOING BUSINESS

## Abstract

India's MSME sector contributes nearly 30% to GDP and employs over 28 crore people (2nd largest employer after agriculture), yet over 60% of micro-enterprises operate outside the formal regulatory perimeter, depriving them of credit, procurement opportunities, and institutional support. The Union Budget introduced the 'Corporate Mitra' as a trained para-professional intermediary to bridge the "last-mile professional access gap" in compliance, finance, and markets. This article examines how the Corporate Mitra concept introduced in the Union Budget 2025-26 can serve as a transformative catalyst for MSME formalization and Ease of Doing Business (EoDB). It analyses the formalization gap, the Corporate Mitra's operational role in bridging it, the multiplier effects on compliance, creditworthiness, and competitiveness, and the strategic positioning of CMAs within this ecosystem. The article argues that formalization, driven by accessible para-professional support under the supervision of CMAs, is the single most impactful lever for unlocking India's MSME potential towards Viksit Bharat 2047.

## Introduction

When the finance minister unveiled the Union Budget, the phrase 'Corporate Mitra' was relatively new to India's policy vocabulary, yet it addressed one of the oldest and most persistent structural weaknesses in the country's economic



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fabric: the formalization deficit of its MSME sector. The concept is deceptively simple. A Corporate Mitra is a trained para-professional who acts as an affordable, accessible, and locally embedded business advisor to micro and small enterprises, helping them navigate the maze of compliance, registration, and scheme access that currently keeps a significant share of India's 6.3 crore MSMEs outside full regulatory compliance (Ministry of Micro, Small & Medium Enterprises, MSME Day Statement, PIB, Press Note ID: 154772, June 2025).

India's Ease of Doing Business (EoDB) rank has improved dramatically from 142nd in 2014 to 63rd in 2020 on the World Bank's Doing Business Index. Yet these gains remain concentrated at the level of large enterprises and formal registrations. At the micro level, the reality is starkly different. A weaver in Chanderi, a potter in Khurja, or a leather goods maker in Agra faces a compliance environment that is no less complex than that facing a mid-sized corporation, but has none of the institutional support that larger businesses can access. The Corporate Mitra bridges this critical gap.

This article examines precisely how the Corporate

Mitra functions as a formalization catalyst, what operational mechanisms make this possible, and why CMAs are uniquely positioned to lead this initiative both as supervisors and as institutional architects.

### Understanding the MSME Formalization Gap

To appreciate the Corporate Mitra's role, one must first understand the depth of the formalization challenge. The MSME sector in India is structured like an inverted pyramid: a thin layer of formal, registered, and compliant enterprises at the top, and an enormous base of informal, unregistered micro-units at the bottom. According to data from the Ministry of MSME's official MSME Day Statement (PIB, Press Note ID: 154772, dated 27 June 2025), while approximately 5.70 crore MSMEs are registered on the Udyam Registration and Assist Platforms as of June 2025, the estimated universe of operational micro-enterprises in India exceeds 6.3 crore. This means that nearly 60 lakh enterprises remain unregistered even under the simplified Udyam framework and an even larger share remain non-compliant with GST, income tax, and labour laws.

The consequences are severe and compounding. An unregistered MSME cannot participate in government e-procurement through the Government e-Marketplace (GeM). It cannot access the Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE). It cannot claim GST input tax credits, a right restricted exclusively to GST-registered persons under Section 16(1) of the CGST Act, 2017, making it structurally less competitive than a formal enterprise. It is invisible to formal credit markets and must rely on high-cost informal finance. The EoDB reforms at the policy level mean nothing to this enterprise if it cannot access or navigate those reformed systems.

The primary reason for this informality is not ignorance or unwillingness, it is inaccessibility. Professional guidance is costly and geographically concentrated in urban areas. Government interfaces, however simplified, remain digitally demanding. The Corporate Mitra is the missing human infrastructure layer that makes the policy reforms

real at the ground level.

### The Corporate Mitra: A Formalization Engine

The Corporate Mitra's formalization role operates across four interconnected channels, each of which reinforces the others in a virtuous cycle:

#### 1. Registration and Identity Creation

The foundational act of formalization is registration. A Corporate Mitra assists the MSME owner in obtaining Udyam registration, GST registration (where applicable), opening of a current bank account in the enterprise's name, and sector-specific licensing such as FSSAI for food businesses or BIS certification for manufacturing units. These acts transform an invisible economic unit into a legal person capable of entering contracts, accessing schemes, and building a verifiable business history.

Critically, the Corporate Mitra handles this not as a form-filling exercise but as a business advisory intervention. The Mitra helps the MSME owner understand what each registration unlocks, creating informed consent rather than mere mechanical compliance. This attitudinal shift from compliance as burden to compliance as competitive advantage is the most durable outcome of the Mitra's engagement.

#### 2. Compliance Continuity

Registration without sustained compliance is incomplete formalization. Many MSMEs that register under GST subsequently become non-filers within 6-12 months, often because they lack the capacity to maintain monthly return filing. The Corporate Mitra provides this continuity, assisting with GSTR-3B and GSTR-1 filings, income tax returns under the presumptive taxation scheme, and periodic renewal of licences. This transforms formalization from a one-time event into a sustained institutional condition.

#### 3. Scheme Access and Credit Facilitation

A formalized MSME becomes eligible for the full range of government support schemes. The Corporate Mitra serves as a navigator of this ecosystem, identifying applicable schemes, preparing documentation, and facilitating bank

linkage. Table 1 illustrates the principal schemes accessible to a formalized MSME that remain inaccessible to an informal one:

**Table 1: Key MSME Schemes and Formalization Requirements**

| Scheme / Platform | Benefit                                   | Formalization Required          |
|-------------------|---|---------------------------------|
| CGTMSE            | Collateral-free credit up to ₹5 crore     | Udyam Registration + GST        |
| PM Mudra Yojana   | Working capital loans ₹50K–₹10L           | Bank Account + KYC              |
| GeM Portal        | Government procurement access             | Udyam Registration + PAN        |
| TReDS Platform    | Invoice discounting / receivables finance | GST Registration + Bank Account |
| PMEGP             | Subsidy for new enterprise set-up         | Udyam + Project Report          |
| PLI Scheme (MSME) | Production-linked incentive payouts       | GST + Udyam + Audited Accounts  |
| Export Promotion  | RoDTEP benefits                           | IEC + GST + Bank Account        |

#### 4. Financial Literacy and Record-Keeping

The Corporate Mitra introduces basic financial hygiene to the MSME: separating personal and business finances, maintaining a simple cash book or digital ledger, understanding the difference between revenue and profit, and grasping how GST input credits reduce effective tax burden. These seemingly basic interventions have outsized impact, a business owner who understands their own cost structure is equipped to price competitively, negotiate better with buyers, and approach a bank with a credible case for credit.

#### Impact on Ease of Doing Business: The Multiplier Effect

The Corporate Mitra's impact on EoDB is not additive, it is multiplicative. Each formalization action the Mitra facilitates does not merely help one enterprise in one area; it unlocks cascading benefits across compliance, finance, markets, and employment. This multiplier effect can be understood across three dimensions:

*“Formalization is not a bureaucratic goal — it is an economic passport. A formalized MSME can access credit, win government tenders, export legally, and attract investment. Corporate Mitras are the passport agents for India’s missing middle”.*

#### The Compliance Multiplier

When Corporate Mitras drive MSME GST compliance, three outcomes compound simultaneously. First, the MSME's own compliance cost falls counterintuitively because the Mitra's fee is far lower than the cost of a tax notice, penalty, or litigation arising from non-compliance. Second, the GST revenue base expands without enforcement pressure, contributing to fiscal consolidation at the national level. Third, the MSME builds a GST return history that banks and NBFCs can use as a proxy credit score, dramatically improving formal credit access. GST return history has emerged as a key proxy for MSME creditworthiness in formal credit assessments — a data trail that most informal, unregistered enterprises are structurally unable to build, further deepening their exclusion from institutional finance.

#### The Credit Multiplier

The most transformative EoDB impact of Corporate Mitras may be in the credit ecosystem. India's formal credit gap for MSMEs was estimated at ₹20-25 lakh crore by Expert Committee constituted by the Reserve Bank of India (RBI) in 2019 segment (*Report of the Expert Committee on MSMEs* (Chairman: Shri U.K. Sinha)-RBI June'2019), with micro-enterprises accounting for the largest share of the unserved segment. The primary reason banks decline MSME credit is the absence of documented financials, not the absence

of business viability. A Corporate Mitra who helps an MSME maintain two years of clean GST records, a simple audited statement, and an organized bank account effectively transforms that enterprise's creditworthiness from 'unserviceable' to 'bankable' without any change in the underlying business fundamentals.

### The Market Access Multiplier

Formalized MSMEs gain access to markets that are explicitly closed to informal enterprises. GeM procurement which handled transactions worth over ₹4 lakh crore in FY 2024-25 requires Udyam registration (Ministry of Commerce & Industry, Press Release ID: 2095901, PIB, 24 January 2025). Export incentive schemes require IEC and GST registration. Large corporate buyers increasingly mandate GST-compliant invoices from their vendors as a condition for payment, meaning an informal MSME supplier loses business to a compliant competitor. Corporate Mitras directly address this market exclusion by bringing MSMEs within the formal supply chain ecosystem.

### An Illustrative Case: The Handloom Cluster of Pochampally, Telangana

Consider an illustrative scenario grounded in publicly available cluster data. The Pochampally handloom cluster, situated in Yadadri Bhongir district of Telangana and renowned globally for its Ikat weaving tradition, comprises approximately 10,000 weaver households and ancillary units, of which an estimated 35% are fully compliant with GST, Udyam, and labour laws, while the remaining 65% operate in varying degrees of informality. These informal units face a consistent disadvantage: they cannot supply to organised retail chains and export houses that demand GST-compliant invoices, cannot access TReDS for invoice discounting, and are excluded from the cluster's collective CGTMSE-backed credit facility severely limiting their ability to compete in national and international handloom markets.

A deployment of 30 Corporate Mitras across the cluster, each serving approximately 200 units, structured along the following model, could realistically achieve the outcomes in Table 2 within

a 24-month period:

**Table 2: Illustrative Formalization Impact — Pochampally Handloom Cluster, Telangana**

| Formalization Metric      | Baseline (Year 0) | Post-Mitra (Year 2) | Change                |
|---------------------------|-------------------|---------------------|-----------------------|
| GST Registration Rate     | 35%               | 80%                 | +45 percentage points |
| Active GST Filing Rate    | 28%               | 72%                 | +44 percentage points |
| Udyam Registration        | 50%               | 95%                 | +45 percentage points |
| Bank-Linked Enterprises   | 40%               | 82%                 | +42 percentage points |
| GeM-Registered Units      | 8%                | 35%                 | +27 percentage points |
| CGTMSE Loan Beneficiaries | 5%                | 22%                 | +17 percentage points |
| TReDS Platform Users      | 2%                | 15%                 | +13 percentage points |

The incremental GST revenue from the 4,500 newly compliant weaver units and ancillary enterprises at an average turnover of ₹15 lakh and an effective GST liability of 3% post-ITC would amount to approximately ₹20 crore annually. The cost of 30 Corporate Mitras at a fully-loaded annual cost of ₹4 lakh each is ₹1.2 crore. The illustrative fiscal return on investment exceeds 16x in Year 1 alone (₹20 crores/₹1.2 crores) from the aforesaid data before accounting for the multiplier effects on credit access, employment, and export earnings from Pochampally's globally recognised Ikat textiles. The programme, in other words, is self-financing from a government revenue perspective.

### The CMA's Role: From Supervisor to System Architect

The Corporate Mitra initiative creates a significant

opportunity for ICAI to position the CMA profession as a key institutional partner in India's MSME formalization architecture.

CMAs bring four competencies that are particularly relevant in the Corporate Mitra ecosystem:

- ⦿ **Cost Accounting Expertise:** Unlike general compliance professionals, CMAs can introduce MSMEs to cost-based pricing, marginal costing principles, and break-even analysis. An MSME that understands its cost of production is formalization-ready, it can prepare a credible project report, negotiate better with banks, and compete on price intelligently.
- ⦿ **Statutory Knowledge:** CMAs' deep familiarity with the GST framework, the Companies Act, cost audit requirements, and MSME Act provisions makes them ideal curriculum designers and quality supervisors for the Corporate Mitra training programme.
- ⦿ **Institutional Credibility:** A Corporate Mitra operating under the supervision of a CMA carries the institutional credibility of ICAI's professional standards. Banks, government agencies, and MSME buyers are more likely to accept financial statements and declarations prepared under CMA oversight.
- ⦿ **Geographic Reach:** With over 100 chapters and regional councils spanning Tier-I to Tier-III towns, ICAI has the physical infrastructure to operationalise Corporate Mitra training, certification, and supervision at scale, reaching precisely the geographies where formalization deficits are most acute.

Specifically, ICAI is well-placed to play the following roles, enabling ICAI to contribute meaningfully to policy discourse on MSME economics: as the primary Curriculum Design Authority—developing a standardized, NSQF-aligned training curriculum; as the Certification Body—administering a credible examination and issuing Corporate Mitra certificates; as the Supervisory Anchor—mandating that each Corporate Mitra operate under a licensed CMA member; and as the Data Aggregator—compiling

MSME financial and compliance data generated through Corporate Mitra engagements into policy-relevant research that enabling ICAI to contribute meaningfully to MSME policy discourse.

### Barriers and the Way Forward

Realizing the Corporate Mitra's formalization potential requires confronting three structural barriers head-on:

#### Regulatory Clarity

The most urgent need is a clear regulatory framework that delineates what a Corporate Mitra can and cannot do. Activities that require a licensed professional's signature tax audits, cost audits, attestation of statutory documents must remain exclusively within the domain of CMAs, CAs, and CSs. Within that boundary, however, a Corporate Mitra can legally assist with registration, filing non-attested returns, scheme documentation, and financial literacy training. ICAI and ICAI must jointly engage the Ministry of Corporate Affairs to define this boundary in a legally clear and operationally workable manner.

#### Incentive Alignment

For Corporate Mitras to function sustainably, their income must be both certain and adequate. A blended revenue model is proposed: a government-funded retainer for scheme-linkage and registration activities (funded from the MSME Development Fund), supplemented by market-rate fees from MSMEs for compliance services. Technology platforms that enable a single Mitra to serve more enterprises through semi-automated workflows will be critical for income adequacy without a proportionate increase in workload.

#### Digital Infrastructure

The Corporate Mitra's effectiveness is contingent on digital access. In areas with poor broadband connectivity, e-filing and portal-based services remain impractical. The programme must be accompanied by investments in Common Service Centres, BharatNet broadband rollout, and the development of offline-capable compliance tools that synchronize when connectivity is available.

## Conclusion

The Corporate Mitra initiative represents a rare alignment of economic necessity, policy intent, and professional opportunity. It addresses the most critical formalization gap in India's economic architecture, the inaccessibility of professional support for micro-enterprises through a model that is locally embedded, cost-effective, and scalable.

Formalization, when driven by accessible and trustworthy para-professional support rather than enforcement pressure, generates a self-reinforcing cycle: registered enterprises access credit, compliant enterprises access markets, financially literate enterprises make better decisions, and growing enterprises create employment and tax revenue. The Corporate Mitra is the trigger for this cycle.

For the CMA profession, this initiative presents a meaningful opportunity to demonstrate the practical value of cost and management accounting at the grassroots level. CMAs who engage in training, supervising, and mentoring Corporate Mitras can meaningfully extend professional support to one of India's most dynamic and underserved economic segments. Such engagement would align the CMA profession's contribution with the broader national objective of inclusive economic growth under *Viksit Bharat 2047*. **MA**

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## Congratulations!!!



**CMA Sanjeev  
Awasthi**

**H**eariest Congratulations to CMA Sanjeev Awasthi on his promotion as General Manager, Madhyanchal Vidyut Vitaran Nigam Ltd (MVVNL).

As a senior member of the Institute, his dedication, leadership, professional excellence and contribution to the organization truly earned this well-deserved recognition for the entire CMA fraternity. His journey continues to inspire young professionals and members of the profession to strive for excellence with integrity and commitment.

We wish CMA Sanjeev Awasthi the very best for all his future endeavours.

# CORPORATE MITRAS: STRENGTHENING MSMEs AS THE BACKBONE OF INDIA'S ECONOMIC FUTURE

## Abstract

Micro, Small and Medium Enterprises (MSMEs) are the backbone of the Indian economy and contributes significantly to GDP, exports, employment generation, regional development and entrepreneurship. Despite their strategic importance, MSMEs continue to face persistent compliance challenges, particularly in Tier-II and Tier-III cities where access to professional services are limited. To address this gap, the Union Budget 2026-27 introduced the concept of "Corporate Mitras" - trained para-professionals designed to provide basis compliance and facilitation support to MSMEs.

In the proposed framework, Corporate Mitras are trained through short-term modular programmes developed by the Institute of Cost Accountants of India (ICMAI) or by other professional bodies .i.e. ICAI and ICSI. The initiative aims to make easy access to compliance services, help MSMEs become more formalized, improve credit availability and create employment opportunities for graduates who do not have professional qualifications.

This article examines the policy framework, eligibility criteria, service architecture and economic significance of the Corporate Mitra initiative within the broader context of India's MSME ecosystem. It also discusses how Corporate Mitras can help MSMEs with compliance awareness, financial literacy, digital governance and overall business growth.



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## Introduction: The Professional Services Gap in India's MSME Ecosystem

India's MSME sector, with more than 6.3 crore registered enterprises, contributes around 30% to the India's GDP and over 45 per cent of exports. It is also one of the largest sources of non-agricultural employment in India. Despite their economic importance, many MSMEs, especially those located in Tier-2 and Tier-3 towns, still struggle to access affordable professional compliance support. Over the years, compliance requirements relating to GST, income tax and ROC filings have increased significantly. However, qualified professionals such as Chartered Accountants, Cost Accountants and Company Secretaries are largely concentrated in urban areas, making professional services costly and difficult to access for small businesses.

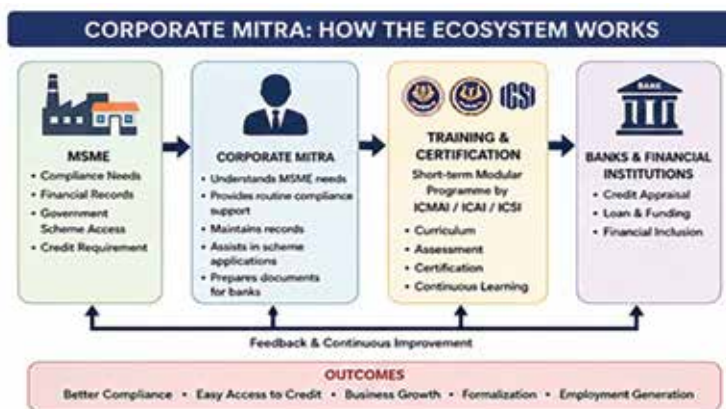
To address this gap, the Union Budget 2026-27 introduced the Corporate Mitra initiative. The objective of the initiative is to create trained para-professionals who can provide affordable and locally available compliance assistance to MSMEs. The programme is being developed by the Institute of Cost Accountants of India (ICMAI) or by other professional bodies .i.e. ICAI and ICSI by combining expertise in accounting, taxation, corporate compliance and cost accounting. Beyond

compliance support, the initiative is also help MSMEs to become more formalized, improve credit availability and create employment opportunities across the country.

**The Union Budget 2026-27: Policy Genesis and Framework**

In the Union Budget 2026-27, Finance Minister Mrs. Nirmala Sitharaman announced the Corporate Mitra initiative as part of the Government’s broader MSME support framework. The primary objective of this initiative is to help MSMEs manage increasing compliance requirements such as GST, income tax and ROC filings etc, particularly in Tier-2 and Tier-3 cities where access to professional support is very limited. Corporate Mitras are expected to provide affordable compliance assistance at the small towns. To support the initiative, ICAI, ICAI and ICSI have been entrusted with developing short-term modular certification programmes to train para-professionals with practical compliance skills. These training programmes are expected to create a large pool of Corporate Mitras who can be deployed quickly across the country.

The Corporate Mitra initiative is also connected with other MSME reforms announced in Budget 2026-27, particularly the establishment of the ₹10,000 crore SME Growth Fund. The Fund aims to improve the credit-readiness of MSMEs and facilitate easier access to formal financial support. Corporate Mitras can support this process by helping enterprises maintain books of account, comply with GST and ROC requirements and keep proper financial records. MSMEs that maintain good compliance practices generally have better chances of obtaining formal credit and institutional funding. While Corporate Mitras assist MSMEs in meeting compliance requirements, the SME Growth Fund helps them to obtain the financial assistance for business expansion and growth.



| Budget Initiative               | Purpose                         | Role of Corporate Mitras                                |
|---------------------------------|---------------------------------|---|
| Corporate Mitra Programme       | Compliance support for MSMEs    | Main initiative   |
| SME Growth Fund (₹10,000 crore) | Financial support for MSMEs     | Helps MSMEs become eligible for loans and funding       |
| Certification Programme         | Training by ICAI, ICAI and ICSI | Provides skills and certification to Corporate Mitras   |
| Udyam Registration Drive        | Registration of MSME            | Assists MSMEs in Udyam registration                     |
| Focus on Tier-2 & Tier-3 Cities | Support for underserved areas   | Improves access to compliance services in smaller towns |

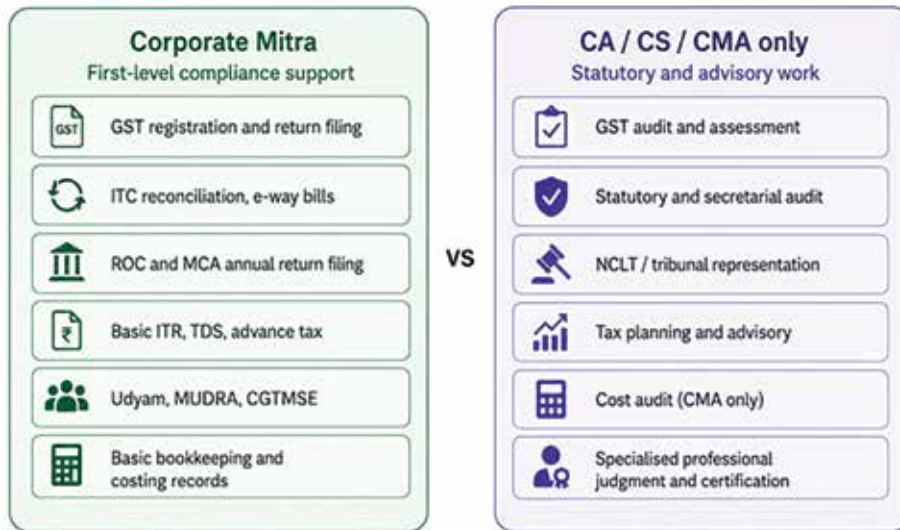
**Understanding the Corporate Mitra: Scope, Role and Boundaries**

The role of a Corporate Mitra is designed to provide first-level compliance support system for MSMEs. The objective is to reduce the day-to-day compliance difficulties faced by small businesses in the areas of maintenance of books, GST, ROC, income tax and access to Government schemes. Most MSMEs struggle not because of complex legal issues, but because of difficulties in basic compliance execution such as proper and timely filing GST returns, maintenance of records, or completing documentation requirements. Corporate Mitras are trained to address these operational challenges in an affordable and easy manner. Their responsibilities include assistance with GST compliance such as GST registration, GSTR-1 and GSTR-3B returns filing, reconciliation of ITC, e-way bill generation. They also help in maintaining ROC and LLP

records, filing annual MCA returns etc. In the area of income tax, Corporate Mitras support preparation of financial statements, TDS filing, advance tax computation and payment and filing of non-tax audit returns. They additionally assist MSMEs in availing Government schemes such as Udyam Registration, CGTMSE, MUDRA and PM Vishwakarma, while also helping enterprises maintain basic bookkeeping records, costing records and financial information required for banks.

The Corporate Mitra framework also defines its own boundaries. Corporate Mitras are intended to function as front-end facilitators and compliance support personnel, not as substitutes for qualified professionals such as Chartered Accountants, Cost Accountants, or Company Secretaries.

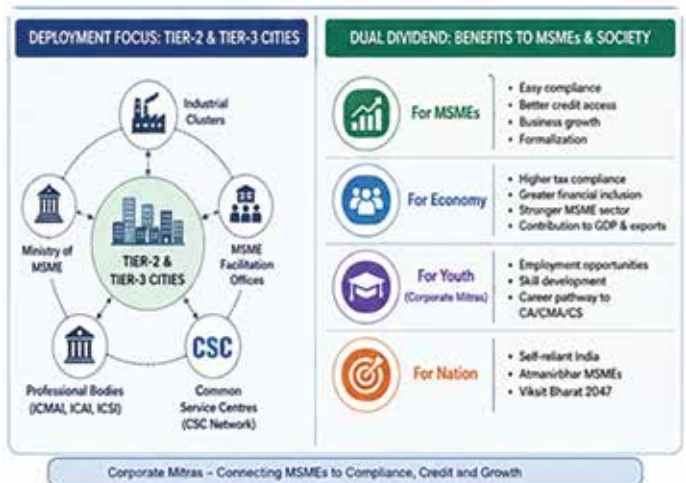
Activities requiring statutory authority, professional certification, advanced advisory services, legal representation, or specialised professional judgment remain within the exclusive domain of qualified professionals.



**Deployment Focus: Tier-2 and Tier-3 Cities**

The Budget mainly focus on the deployment of Corporate Mitras in Tier-2 and Tier-3 cities. Businesses in large cities usually have easier access to tax practitioners, GST consultants and CA/CMA/CS firms. But, enterprises in smaller towns are still facing shortage of easy and affordable professional support.

On the other hand, Government initiatives such as PLI schemes, PM Gati Shakti yojana projects and industrial corridor development are encouraging new business activity in these rural and semi-urban area. As more enterprises are established, the demand for compliance support is also increasing. Corporate Mitras can help meet this requirement by assisting MSMEs in maintaining records and complying



with regulatory requirements.

For effective implementation, professional bodies such as ICAI, ICAI and ICSI need work in coordination with the Ministry of MSME to identify MSME clusters where Corporate Mitras are mostly required. The existing Common Service Centre (CSC) network, which has more than 5 lakh centres across the country, can also be used to provide services in rural and semi-urban areas. In addition, MSME Development and Facilitation Offices (MDFOs) can also help in identification of local compliance gaps and support the deployment of Corporate Mitras in those regions.

### Employment Generation: A Dual Dividend

▢ The Corporate Mitra initiative is expected to create around 20-25 lakh direct employment opportunities over the period. It can open up new job opportunities for graduates with knowledge in the areas of accounting, taxation, corporate law and business compliance etc.

▢ The programme can benefit commerce, accounting and management graduates, particularly those living in Tier-2 and Tier-3 cities. It may provide a career option for those who are unable to complete professional courses like CA, CMA and CS.

▢ Corporate Mitras can improve MSMEs ability to obtain bank loans and other institutional funding. This may support business expansion and growth.

▢ Better compliance and access to finance can also help MSMEs make greater use of Government schemes and formal credit facilities, contributing to business growth.

▢ 'Corporate Mitra' certification may also encourage to pursue higher professional qualifications in the future. If suitable exemptions or credits are provided, it can serve as a pathway towards CA, CMA and CS.

### Implementation Challenges and Policy Recommendations

▢ The successful implementation of the Corporate Mitra framework requires strong coordination among ICAI, ICAI and ICSI for a common curriculum and standards.

▢ Cost and Affordability remains a key concern for small business; therefore, a tiered fee model with possible Government support for MSMEs may be necessary to ensure large-scale adoption of Corporate

Mitra.

▢ Delivery of quality service over a period is essential. This can be achieved through annual re-certification, grievance redressal mechanisms and periodic audits.

▢ Awareness and trust regarding Corporate Mitra services may be low. Therefore, efforts are needed to create awareness and build confidence.

▢ Collaboration with industrial associations, MSME facilitation channels and the Common Service Centre (CSC) network can improve awareness, availability and trust in Corporate Mitra services.

### Conclusion: Corporate Mitras and the Viksit Bharat Vision

The Corporate Mitra initiative is a significant reform for MSME sector. It recognises that financial support and regulatory changes alone are not enough. Small businesses also need easy access to professional support for day-to-day regulatory compliance. Corporate Mitras are meant to fill this gap by connecting MSMEs with the compliance system. The involvement of ICAI, ICAI and ICSI is particularly noteworthy. It brings together knowledge of accounting, taxation, company law and cost management in to a unified support structure for MSME. At the same time, Corporate Mitras are will not to replace but complement qualified professionals like CAs, CMAs and CSs. Clear boundaries between Corporate Mitras role and that of qualified professionals are important to protect both MSMEs and professional standards. The success of this initiative will depend on the quality of implementation, certification standards, effective quality checks and affordable services for small businesses. As India works toward its Viksit Bharat 2047 goal, the Corporate Mitra programme can play an vital role in helping MSMEs become more formal, more compliant and more sustainable. **MA**

### References

1. *Union Budget 2026-27.*
2. *MSME Annual Report.*
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# BOOK REVIEW

NAME OF THE BOOK:

## CLARITY COMPETES

WHY THE FUTURE BELONGS TO LEADERS WHO  
ALIGN COST, CULTURE, AND INNOVATION

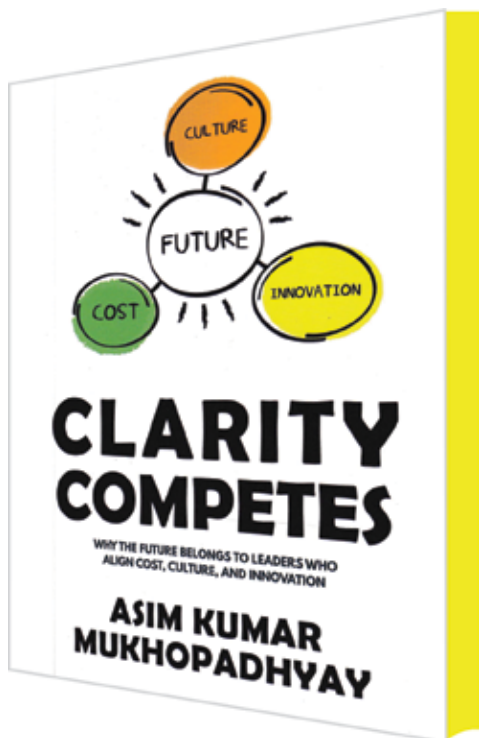
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*Former CEO & MD, TML Smart City Mobility Solutions Ltd.*

**Published by:** Stardom Books

**Price:** ₹495/- (176 Pages)



In an era characterised by technological disruption, economic uncertainty, and increasing organisational complexity, leaders are constantly searching for frameworks that can help them navigate ambiguity while maintaining competitive advantage. Clarity Competes by Asim Kumar

Mukhopadhyay addresses this challenge with a compelling and timely argument: the greatest threat to organisational performance is not cost, competition, or resource scarcity, but confusion and misalignment. Through a systems-oriented approach, the author presents clarity as the foundation upon which sustainable competitiveness is built.

The central thesis of the book is both simple and profound. Mukhopadhyay argues that organizations often underperform not because they lack talent, resources, or ambition, but because their people, processes, technologies, and priorities are not aligned. Drawing on decades of professional experience, he demonstrates how confusion manifests in

everyday organizational life through delayed decisions, duplicated efforts, inconsistent customer experiences, and weakened innovation capabilities. These hidden costs of misalignment, he contends, are often more damaging than visible financial inefficiencies.

One of the book's greatest strengths lies in its integrated treatment of key managerial concepts. Rather than examining cost management, innovation, organizational culture, technology adoption, and strategy as separate domains, Mukhopadhyay weaves them together into a coherent framework. He challenges conventional wisdom by reframing cost not merely as an accounting concern but as a strategic capability. Similarly,

technology is presented not as a solution in itself but as a tool whose value depends on organizational clarity and purpose. This holistic perspective distinguishes the book from many contemporary management texts that often focus narrowly on individual functions or fashionable business trends.

The endorsements and foreword included in the volume reinforce the significance of the author's message. Senior industry leaders highlight the practical relevance of the ideas presented. Their observations emphasize that organizational success increasingly depends on coherence rather than isolated excellence. These endorsements also underscore the book's credibility and its grounding in real-world leadership challenges rather than abstract theorizing.

Another notable contribution of *Clarity Competes* is its strong relevance to the Indian business environment. Mukhopadhyay recognizes that leadership challenges in India are shaped by unique factors such as resource constraints, demographic diversity, rapid economic transformation, and evolving policy landscapes. Instead of relying heavily on Western management prescriptions, the author develops a framework that reflects Indian organizational realities. This contextual sensitivity makes the book especially valuable for Indian managers, entrepreneurs, policymakers, and scholars seeking management insights that resonate with local conditions while remaining globally applicable.

The writing style is accessible, direct, and reflective. The author avoids excessive jargon and presents his ideas through practical observations and managerial insights. The introduction effectively captures the reader's attention by describing familiar organizational situations where capable individuals and teams fail to achieve desired outcomes because they operate without a shared understanding of priorities and objectives. This emphasis on practical applicability enhances the book's appeal to both experienced executives and

emerging leaders.

A particularly valuable aspect of the book is its emphasis on leadership responsibility. Mukhopadhyay argues that most business challenges eventually become leadership challenges and that leadership failures often stem from a lack of clarity. This perspective shifts attention away from functional silos and encourages leaders to view organizations as interconnected systems. Such an approach is especially relevant in today's environment, where cross-functional collaboration and adaptability are critical for long-term success.

Despite its strengths, the book appears to focus more on conceptual frameworks and leadership philosophy than on detailed empirical evidence. Readers seeking rigorous academic analysis or extensive quantitative validation may find the approach more reflective and practitioner-oriented than scholarly. However, this does not diminish its value; rather, it positions the book as a practical guide for leadership thinking and organizational transformation.

Overall, *Clarity Competes* is a thoughtful and insightful contribution to contemporary management literature. Its central message—that clarity is a strategic advantage and a prerequisite for organizational resilience—resonates strongly in a world characterized by complexity and rapid change. By integrating cost discipline, culture, innovation, technology, and leadership into a unified framework, Mukhopadhyay offers readers a powerful lens through which to understand and improve organizational performance. The book is highly recommended for business leaders, managers, entrepreneurs, management students, and policymakers seeking practical guidance on building coherent, adaptive, and future-ready organizations. **MA**

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# Interview



## **CMA Anupam Lahiri**

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*CMA Anupam Lahiri is a distinguished officer of the Indian Statistical Service (ISS), 1998 batch, having secured the top rank in his batch. Currently serving as Additional Director General at NITI Aayog, he oversees the Law Vertical and the Mines & Minerals Vertical, contributing significantly to policy formulation and governance.*

*He brings extensive domain expertise across all verticals of large-scale sample surveys, encompassing field work management, data processing, and statistical analysis. His professional journey reflects a diverse and distinguished career spanning key institutions of national importance.*

*He has served in the Food Corporation of India (FCI), the Ministry of Coal, and as Secretary of the National Company Law Tribunal (NCLT)—the busiest tribunal in India—demonstrating his versatility across regulatory, administrative, and quasi-judicial domains.*

*A man of multifaceted professional accomplishments, he is an Associate Member of the Institute of Cost Accountants of India and has cleared the Final examination of the Institute of Company Secretaries of India (ICSI). He is a Member of Institute of Rail Transport, after clearing the Diploma in Transport Economics and Management. He is also a prolific contributor of articles on diverse legal subjects, reflecting his keen interest and scholarly engagement with the legal domain.*

***Q1. NITI Aayog plays a pivotal role in shaping India's development agenda. In your view, how can CMAs contribute more effectively to evidence-based policymaking, outcome measurement, and resource optimization in Government programs?***

**Ans:** CMAs bring a unique skill set that blends financial rigor with strategic analysis — qualities that are essential for evidence-based policymaking. Their expertise in cost analysis, performance measurement, and management accounting enables them to translate complex data into actionable insights for policymakers.

In the context of government programs, CMAs contribute by developing robust cost estimation in different Plan Schemes of the Government of India and also evaluating its impact through robust mechanisms. By applying value chain analysis and cost-benefit frameworks, they help identify where resources are being utilized sub-optimally and suggest course corrections.

At NITI Aayog, the importance of data-driven decision-making is well recognized, and professionals with management accounting expertise are employed in various capacities like Young Professionals and Consultants. In policy formulation in all sectors of India along with their monitoring, they play a significant role. The CMA professionals must actively engage with government institutions, think tanks as well as the regulatory bodies to demonstrate and institutionalize this contribution.

***Q2. India's vision of becoming a developed nation by 2047 requires efficient utilization of public resources. What role do you see for the CMA profession in strengthening public financial management, expenditure efficiency, and accountability across government institutions?***

**Ans:** The journey toward Viksit Bharat @ 2047 demands a fundamental transformation in how public funds are to be deployed, managed, monitored, and accounted for. In each sector of the economy, there is a growing role of value analysis which is the forte of the Cost & Management Accountants.

CMAs are trained to go beyond cost audit—they focus on efficiency, economy, and effectiveness of resource use. In terms of the strategy for Viksit Bharat @2047, this translates into better budget

formulation, lifecycle cost analysis of public assets, and performance-linked financial reporting. ***Their expertise in internal controls and cost auditing ensures that public resources are deployed with integrity and accountability.***

As India scales up its capital expenditure and social sector programs, the need for professionals who can rigorously evaluate cost structures, detect inefficiencies, and recommend improvements becomes critical. CMAs are well-positioned to work in finance ministries, planning bodies, and independent audit institutions to build a culture of expenditure discipline and accountability. Since long time, the Officers of Indian Cost Accounts Service (ICoAS) are giving yeomen service towards this goal.

***Q3. With increasing emphasis on data-driven governance and performance monitoring, how can management accounting principles support better policy evaluation, impact assessment, and decision-making within the public sector?***

**Ans:** Management accounting principles provide a structured methodology for converting raw data into meaningful performance intelligence—a capability that is increasingly vital for modern governance. Tools such as Key Performance Indicators (KPIs), Balanced Scorecards, Activity-Based Costing, and variance analysis are widely adapted for the public sector for enabling objective program evaluation and impact assessment.

Furthermore, impact assessment in the public sector has now become a mandatory part in each scheme. Attribution of proper costing is of paramount importance for effective evaluation. CMAs are professionals who are eligible to become Monitoring & Evaluation Experts for which professional agencies have come up. CMAs having wider maturity in financial aspects of any project should explore these newer areas with full vigour.

***Q4. Sustainability and ESG considerations are becoming integral to both corporate and public-sector governance. What opportunities do you foresee for CMAs in advancing sustainability reporting, climate-related financial planning, and responsible resource management?***

**Ans:** Sustainability and ESG are now central to

long-term governance and economic resilience. For CMAs, this represents a significant and growing area of professional opportunity and responsibility.

Environmental Reporting, Sustainability Reporting are now central to any business model. CMAs, with their grounding in cost structures and financial modeling, can contribute meaningfully to developing such frameworks. Their professional role will be critical as India moves toward internationally aligned disclosure standards.

Moreover, responsible resource management—encompassing energy efficiency, water conservation, and waste reduction—requires cost accounting expertise to make the business and policy case.

**Q5. Artificial Intelligence, data analytics, and digital technologies are transforming governance systems. How should the CMA profession prepare itself to remain relevant and contribute meaningfully in this rapidly evolving environment?**

**Ans:** The digital transformation of governance is accelerating throughout the world, and virtually every sector is going to be affected. CMA profession must evolve in tandem to remain relevant and impactful. The integration of Artificial Intelligence, machine learning, and advanced data analytics into financial management and policymaking processes is not a desirable, but mandatory skill required for almost every professional.

For CMAs, this means embracing continuous learning and upskilling in digital tools. Familiarity with data visualization platforms, ERP systems, AI-driven forecasting models, and digital audit tools is increasingly becoming a baseline expectation rather than a differentiator. The Institute of Cost Accountants of India (ICMAI) has a vital role in updating curricula and offering specialized certification programs that bridge management accounting expertise with digital competencies.

At the same time, CMAs must recognize that technology amplifies human judgment — it does not replace it. The ability to interpret AI-generated outputs, question algorithmic assumptions, and apply ethical and contextual reasoning remains a distinctly human skill. CMAs who combine domain expertise in cost and management accounting with digital literacy will be uniquely positioned to lead in

an era of data-driven governance and technology-enabled financial management.

**Q6. Young professionals often aspire to build impactful careers in both the corporate and public sectors. What advice would you offer CMA students and young members who wish to contribute to nation-building through leadership roles in government, policy institutions, and regulatory bodies?**

**Ans:** Government of India constituted Indian Cost Accounts Service (ICoAS) (Group A Service) to bring professional cadre of officers to advice the Government in the matter of comprehensive analysis of policy decisions. CMAs are eligible for this service. UPSC conducts separate Competitive Exams for recruitment of Officers for this Service.

My advice to young CMA professionals who aspire to serve in government, policy institutions, or regulatory bodies should diligently strive for joining this Service.

In addition to this, there is a growth of Policy Think Tanks- both under private sector as well as quasi-public sectors. These organisations are actively involved in policy discourse with various Ministries to bring out transformation of India.

CMAs are having a strong grounding in finance together with managerial and legal acumen. As a professional the CMAs can engage in public policy in respect of sectors which have direct bearing with the profession- for example, taxation, corporate regulatory aspects, technical efficiency of technical operations, cost management, etc.

The list is not exhaustive. CMAs should explore newer areas beyond the traditional cost audit and accounting cum tax practice.

**Q7. Ethics, transparency, and accountability are foundational to good governance. What message would you like to share with the CMA fraternity regarding professional integrity and its role in strengthening public trust and institutional credibility?**

**Ans:** Ethics, transparency and accountability are the bedrock of any profession including the CMA profession. In the context of governance, the professional commitment to ethics becomes even

more impactful, as our work directly or indirectly impacts public resources and citizen welfare.

I would urge every member of the CMA fraternity to view professional integrity as a core professional identity. Transparency in financial reporting, honesty in cost assessments, and impartiality in audit opinions are not just technical obligations—they are acts of public trust.

Institutional credibility—whether of a corporate entity, a regulatory body, or a government department—is built over years and can be eroded swiftly by lapses in professional conduct. CMAs, as custodians of financial integrity, bear a special responsibility in this regard. I would encourage every CMA professional to ask themselves: *Does my work make institutions more accountable? Does it help resources reach where they are intended? If the answer is yes, then we are fulfilling the highest purpose of our profession.*

**Q8. Finally, what is your vision for the future role of the Cost and Management Accounting profession in supporting India's governance framework, sustainable development goals, economic resilience, and Viksit Bharat 2047 mission?**

**Ans:** In my considered view, the future role of CMA Profession is very much bright. More

and more progressive corporate bodies are hiring professionals including CMAs for carrying out work which transcends beyond the traditional roles. For making Viksit Bharat @2047 a resounding success, the CMA Profession as well as the Institute needs proactive role.

My vision for the CMA profession is one of strategic centrality—as a core driver of India's governance and economic transformation. The Institute of Costs & Management Accountants of India (ICMAI) should actively engage in transforming the training methodology including updation of the syllabus for producing future-ready professionals.

The emerging subjects like Sustainability Reporting, Value Engineering and Cost Management, Predictive Analysis of Corporate Behavior, Strategic Decision Making- Data Driven and under Uncertainty, etc should be progressively included in the syllabus of CMA at various levels.

Given the strong foundation of students, active participation of a growing number of Members in the field of Digital Technology and finally the deep experience of Members in the Industry should be harnessed in furthering the Viksit Bharat @2047 initiatives. **MA**

## NOTES FOR AUTHORS

Referencing is a crucial aspect of writing a journal article to avoid plagiarism. 'Plagiarism' refers to the act of using someone else's work or ideas without giving proper credit to the original source. To avoid plagiarism in your writing, you must properly reference all the sources that you use in your research.

- ⊙ **Choose a referencing style:** There are many different referencing styles, such as APA, MLA, Chicago, and Harvard, each with its own specific format and rules. Choose the style that is most appropriate for your field and stick to it consistently throughout your paper.
- ⊙ **Cite your sources:** Cite the sources of information you use in your text by giving the author's name, publication date, and page number(s) for direct quotes or paraphrased material.
- ⊙ **Use a reference list:** At the end of your paper, include a reference list that lists all the sources you have used in alphabetical order. This will give your readers a complete list of the sources you consulted in your research.
- ⊙ **Be accurate:** Ensure that the information you provide in your references is accurate and complete. This includes the author's name, publication date, title, and source of the information.
- ⊙ **Paraphrase carefully:** When paraphrasing, make sure to put the information into your own words, but still give proper credit to the original source.

By following these tips, you can effectively reference your sources in your journal article and avoid plagiarism. Remember that proper referencing is not only important for avoiding plagiarism, but it also helps to support your arguments and show the depth of your research.

# DOES FINANCIAL DISTRESS INCREASE THE COST OF RUNNING A FIRM?

## A MULTI-DIMENSIONAL REVIEW



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### Introduction

A firm is in financial distress if it is unable to meet its financial obligations due to inadequate cash flow, decreasing profitability, or deteriorating operational performance. Financial difficulty has traditionally been associated with high debt in capital structures. The more the debt, the greater the burden of fixed interest payments and the

### Abstract

Financial distress is viewed as a consequence of excessive debt, weak cash flows, or declining profitability. However, beyond its financial implications, distress also increases the overall operating cost of firms. This article examines how financially distressed firms incur higher costs across multiple dimensions compared to financially stable firms. After reviewing the existing literature, the study analyses the impact of financial distress on labour costs, supplier credit terms, borrowing costs, and overhead expenses. The findings indicate that employees demand wage premiums, suppliers tighten trade credit conditions, lenders impose higher borrowing costs through distress premiums, and firms incur substantial legal, advisory, and restructuring expenses during distress. These factors, when taken together, create a self-reinforcing cycle in which rising costs further deepen financial instability. The study finds that financial distress extends beyond a purely financial phenomenon, acting as a catalyst for higher operational costs and significantly increasing firms' overall economic burden.

greater the likelihood of default. But high leverage is not the sole cause of financial distress. Other elements that might cause a firm to be in distress include (but are not restricted to) continuous loss of revenue, decreasing market demand, operational

inefficiencies, severe economic conditions, poor management decisions, misappropriation of funds, and interruptions in the supply chain or competitive positioning.

One of the most prevalent causes of financial distress is a large drop in revenue, as smaller cash inflows make it more difficult for a company to pay its fixed and variable costs. This might gradually drain liquidity and put pressure on the firm’s working capital position. Also, financial crisis frequently brings with it some extra indirect costs (e.g., legal expenses) which are higher than those of non-distressed firms. Stakeholders perceive more risk in transacting with distressed firms, and these raise their operating and financing expenses. For instance, suppliers may shorten credit periods or demand advance payments, customers may be reluctant to do business with financially weak firms or may ask for an extended credit period, and employees may seek higher wages due to

employment uncertainty. Likewise, lenders might place tighter loan terms or increase interest rates. These factors can further raise the working capital requirements as well as financing costs of the firm, even if its sales are falling. Hence, financially distressed firms are often trapped in a vicious cycle, where decreasing financial performance results in greater operational and transaction expenses, which in turn exacerbate liquidity constraints and undermine financial stability.

In the Indian context, the Insolvency and Bankruptcy Code (IBC), 2016 has brought a momentous change in the corporate insolvency framework by introducing a time-bound resolution process and strengthening creditor rights. The Code also increased the importance of timely debt resolution and highlighted the need for firms to maintain stronger financial stability to avoid insolvency proceedings.

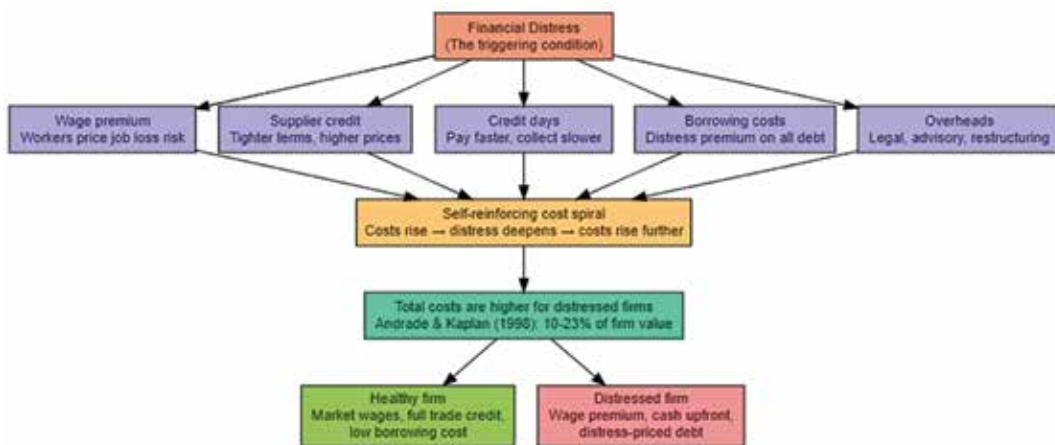


Figure:1

The above flowchart shows the overall framework of this paper and the relationship between financial distress and the increase in its operating cost. It demonstrates the impact of financial distress on several aspects of a firm’s cost structure simultaneously, such as labour costs, supplier credit, borrowing costs, and overhead costs. These combined cost burdens generate a self-reinforcing cost spiral that worsens financial distress. The framework explains why financially distressed firms have higher total costs than financially stable firms.

**Wage Premium and Financial Distress**

There is a type of hidden labour costs that firms

facing high financial distress risk must incur, i.e., the wage premium. If employees believe the firm is more likely to go bankrupt, they will demand higher pay to compensate for reduced certainty about their future earnings, job security, and career prospects. This wage premium is not a voluntary cost but a structurally incorporated cost that increases automatically with the distress risk of a firm. Financial distress affects not only investors and creditors but also employees. Employees working for financially weak companies are not sure about their salaries, job security, promotions, and their future career prospects. This can lead to higher wages or a wage premium in risky firms or industries.

This idea is well supported by Graham et al., (2023) in their study. They explored almost 234,000 workers in the U.S. companies that went bankrupt and observed employee’s income drops after a corporate bankruptcy. Annual earnings of these workers were estimated to 13-14 % less a year after bankruptcy. The present value of the total loss in earnings over six years was about 87 percent of annual pre-bankruptcy earnings. The authors argue that workers anticipate these risks and thus demand higher wages to compensate for the potential loss of future earnings. This wage premium represents an extra indirect cost of financial distress for the firm. The paper finds that more leveraged and lower credit rated firms also pay significantly higher wage premia to employees. For instance, the wage premium for firms with BBB rating is 3.04% of firm value while the wage premium for firms with AA rating is 1.05%.

Berk et al. (2010) show that the capital structure of distressed firms plays a significant role in the determination of human cost, specifically, the risks faced by employees in distressed firms. The model predicts that firms with more risk-averse employees or higher labor risk will optimally choose lower leverage firms and that higher wages are associated with higher firm leverage.

When taken as a whole, these two studies demonstrate that the wage premium represents a structurally embedded cost that rises automatically as distress deepens, directly linking the firm’s financial condition to its labour cost. The following diagram explains how the distressed firms pay a wage premium.

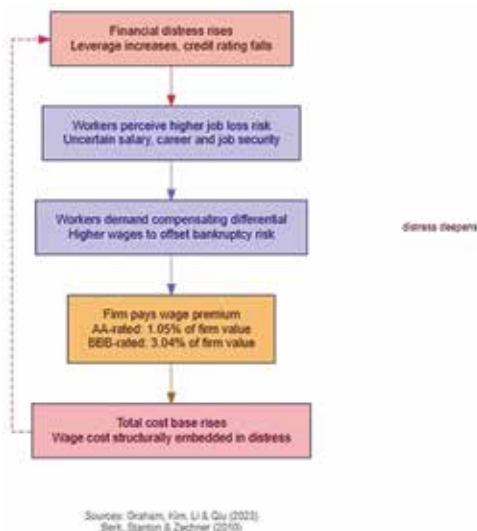


Figure:2

### Supplier Credit and Procurement Costs

The fundamental argument is developed by Petersen and Rajan (1997), who establish a direct correlation between supplier credit terms and buyer creditworthiness. The paper states that the last group is distressed firms, for whom low profits lower the credit offered by suppliers. Financially weaker firms with lower incomes are given shorter credit terms and must pay higher effective prices that include a risk premium. As suppliers perceive the higher likelihood of default, the implicit cost of trade credit increases significantly for distressed firms. They find that the availability of trade credit is closely related to the creditworthiness and financial status of the firm. The financially distressed firms are provided with shorter credit terms and lower supplier financing as suppliers perceive them as riskier borrowers.

Wilner (2000) in his study observed that suppliers may initially assist financially distressed firms in order to keep the business relationship going. However, the overall balance of power fluctuates when the buyer becomes extremely dependent. Because the troubled company has few options, suppliers may then demand advance cash payments, restrict credit availability, or raise pricing. The company’s cost of goods sold increases due to higher input costs. Suppliers see distressed firms as more likely to default and therefore shorten credit periods, demand fast payments, or demand advance payment terms to protect themselves from the risk of non-payment in the future. The author also finds that suppliers change their trade credit relationships in times of financial distress.

Suppliers are informal lenders, and they change trade credit strategically based on the financial position of the borrower (Cuñat, 2007). The author also finds that suppliers are using trade credit strategically to hedge against their risk exposure and to keep their commercial relations with their buyers. Financial distress affects not only supplier relationships but also customer payment behavior. Customers dealing with financially weak firms may delay payments, reduce purchase commitments, or negotiate longer credit periods because they perceive the distressed firm to be in a weaker bargaining position. As a result, cash inflows decrease while suppliers simultaneously demand faster payments or advance cash terms. This creates

a working capital squeeze where cash leaves the firm more quickly than it enters. Therefore, distressed firms face increased cash outflows and decreased cash inflows, thereby leading to working capital imbalance, intensifying liquidity pressures, and operational instability.

Together, these papers indicate that financially distressed firms face worsening trade credit conditions. As a firm’s financial health deteriorates, customers delay payments, suppliers reduce credit periods, demand stricter payment terms, and charge higher implicit costs to compensate for default risk.

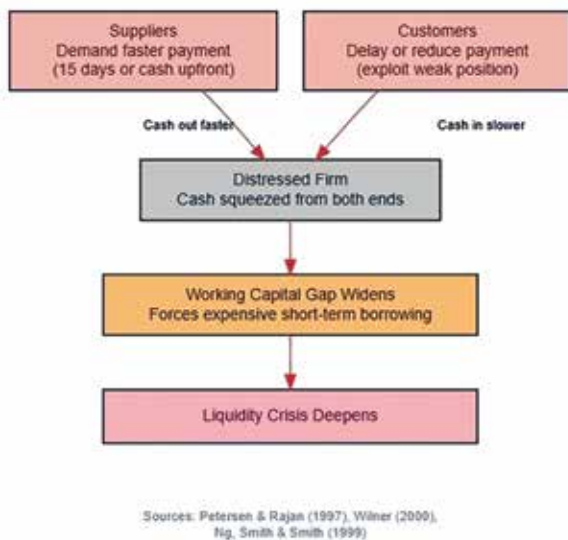


Figure:3

**Cost of Borrowed Capital — The Distress Premium on Debt**

The study by Andrade and Kaplan (1998) indicates that financially distressed firms have significantly higher borrowing costs as lenders require further compensation for the risk of distress. Their findings show a sharp increase in credit spreads with an increasing chance of default during times of financial instability. They found that the difference in corporate and government bond spreads is too broad to be explained purely by the predicted default losses, indicating a high-risk premium associated with debt pricing. Thus, distressed enterprises must pay higher interest rates not only because of the possibility of default but also because investors need to be compensated for systematic risk, uncertainty, and recovery values that are predicted to be lower. The authors also find that the market spreads-based risk-adjusted default

probabilities are much greater than the default probabilities based on historical default data. For example, the estimated historical 10-year default probability for BBB-rated enterprises is 5.22%, but the market-implied risk-adjusted likelihood is 20.88%, implying that lenders price debt in terms of forward-looking views of distress risk. As a firm’s financial state worsens, the risk perceived by creditors increases, resulting in wider spreads and much higher refinancing costs. The study also finds that the shift from safer credit ratings such as AA to riskier ratings such as BBB substantially increases distress-related costs, with the rise in risk-adjusted distress costs estimated at 2.7% of firm value. Overall, the study finds that credit spreads include a “distress premium” where lenders want higher yields to compensate for predicted default losses, uncertainty about recovery, and systematic economic risk, which raises the effective cost of borrowed capital for distressed firms.

The study firmly establishes that financial distress increases both default and recovery risk, which raises the cost of borrowed capital. Hence, the argument that financial distress leads to a “distress premium” on debt, increasing the effective cost of external financing, is justified.

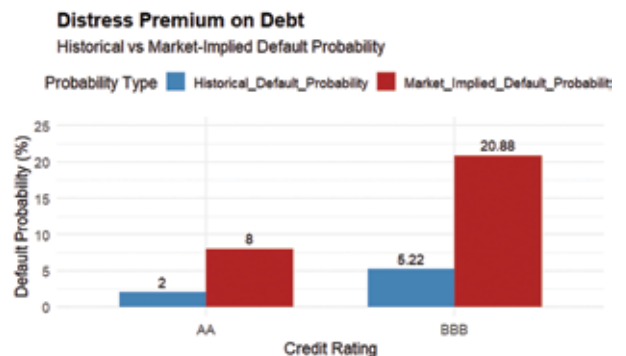


Figure:4

**Overhead Costs and Indirect Burdens**

There are certain costs that are incurred by financially distressed firms and not by financially stable firms. These costs arise directly from the distress situation itself and include legal and advisory fees, consultancy charges, costs of bankruptcy administration and the managerial burden of negotiating with creditors under financial pressure. As firms fall into distress, organizational resources are increasingly diverted

from productive operations to activities for survival and restructuring. Ben Branch (2002), in his study, argues that the economic costs of financial distress extend far beyond formal bankruptcy expenses. He finds that there are several expenses like professional fees, internal staff resource allocation, creditor-monitoring expenses, and transaction costs related to restructuring and distressed asset sales that distress firms incur. He further estimates that direct costs borne by firms that are related to bankruptcy may be in the range of 4.5%–6.3% of firm value, with claimholders also facing additional monitoring and marketability costs. The study emphasizes that indirect distress costs are often considerably larger than direct accounting costs. These include operational inefficiencies, lower market share, weakened supplier and customer relationships, tighter financing conditions and the abandonment of long-term strategic investments in favour of short-term survival decisions. Firms in distress may also be forced to sell assets at fire-sales, leading to additional economic losses. The paper estimates that the combined direct and indirect costs, to be between 12% and 20% of the value of the firm, showing the large overhead burden imposed by financial distress.

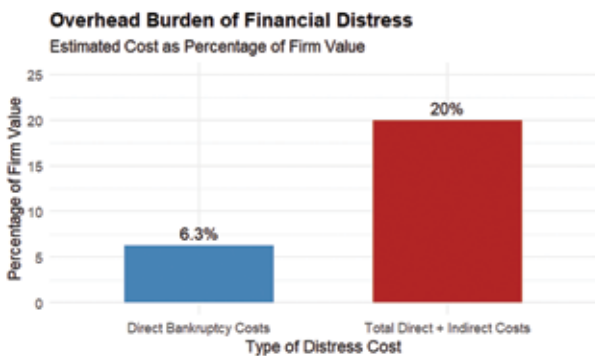


Figure:5

**Conclusion**

The findings across all cost dimensions clearly indicate that financially distressed firms incur

significantly higher overall operating costs than financially stable firms. Financial distress does not merely represent a shortage of liquidity or inability to meet obligations; rather, it creates a structural increase in the total cost of running the firm.

The evidence reviewed in this paper shows that distress affects nearly every component of the firm’s cost structure. Employees demand wage premiums to compensate for job insecurity and the risk of bankruptcy. Suppliers shorten credit periods, impose stricter payment conditions, and charge higher implicit prices due to the increased likelihood of default. Customers tend to increase the credit period due to the lower negotiating power of the distressed firms. Lenders incorporate a distress premium into borrowing costs, resulting in higher interest rates and broader credit spreads for financially distressed firms. At the same time, distressed firms incur additional overhead and indirect costs like legal fees, restructuring expenses, monitoring costs, managerial distraction, and operational inefficiencies.

What makes these costs more dangerous is that they arise precisely when the firm’s revenues, liquidity position, and operational flexibility are already under pressure. As a result, financial distress becomes self-reinforcing. Rising costs weaken the firm further, making recovery increasingly difficult over time. Taken together, the findings support the central argument of this study that financially distressed firms do, in fact, pay higher overall costs than financially stable firms. Financial distress, therefore, should not be viewed only as a financial condition, but also as an operational cost amplifier that increases the economic burden across labor, procurement, financing, and administrative functions. This further highlights the importance of early intervention, restructuring mechanisms, and insolvency frameworks such as the Insolvency and Bankruptcy Code (IBC) 2016, which aim to reduce the duration and economic costs of distress before they become irreversible.

| Cost Dimension | Financially Stable Firm   | Financially Distressed Firm   |
|----------------|---|---|
| Wage costs     | Employees accept standard market compensation due to stable employment expectations | Employees demand wage premiums to compensate for bankruptcy risk, job insecurity, and uncertain future earnings |

|                                   |   |   |
|-----------------------------------|---|---|
| Supplier credit terms             | Suppliers provide normal trade credit periods and flexible payment arrangements | Suppliers shorten credit periods, demand advance payments, or restrict trade credit availability                                      |
| Customer payment terms            | Normal industry standards   | Customers delay payments or ask for liberalised credit terms  |
| Cost of borrowed capital          | Base lending rate plus a modest credit spread reflecting low default risk       | Base rate plus a substantial distress premium; risk-adjusted default probabilities rise sharply as credit quality deteriorates        |
| Legal and advisory overheads      | Minimal restructuring or bankruptcy-related expenditure                         | Significant spending on legal fees, restructuring consultants, monitoring, and bankruptcy-related administration                      |
| Managerial and Operational Burden | Management focus remains on growth, investment, and value creation              | Managerial attention shifts toward survival, creditor negotiations, and restructuring activities                                      |
| Total cost                        | Competitive cost structure focused on value creation                            | Cost rises for survival across multiple dimensions precisely when revenues, liquidity, and operational flexibility are under pressure |

Table-1: The table shows an overall comparison of different dimensions of costs between firms that are financially stable and firms that are financially distressed.

In corporate finance, financial distress is generally treated as a consequence of excessive debt, a fall in revenues, insufficient cash flows, or poor market conditions. Distress occurs when firms cannot meet their financial obligations, and the resolution of that distress, whether through restructuring, asset sales, or bankruptcy proceedings, is the subject of much policy and academic attention.

This study starts from a different point. Rather than asking what causes distress or how it is resolved, it asks a more basic operational question: If a firm is in financial distress, does distress itself increase the cost of operating the firm?

Understanding this cost dynamic is important for a few reasons. It explains to managers the need for early intervention in distress. The longer the distress is carried out, the greater the cost baseline is, and the harder it is to return to financial stability. The study further explains the importance of resolution mechanisms such as the Insolvency and Bankruptcy Code (IBC), 2016, which serve not only as legal instruments for insolvency resolution but also as economic tools that help shorten the period of

financial distress and mitigate its associated costs.

MA

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# ADDING VALUE THROUGH SOLVENT RECOVERY REPORTING: THE EXPANDING ROLE OF COST AND MANAGEMENT ACCOUNTANTS IN INDIA'S CHEMICAL AND PHARMACEUTICAL INDUSTRY

## Abstract

Solvent recovery in India's chemical and pharmaceutical sector is routinely characterised as an engineering and environmental compliance challenge. This article argues that it is, equally and perhaps more consequentially, a cost-accounting problem — and that Cost and Management Accountants (CMAs) are uniquely equipped to address the measurement, attribution, and reporting deficiencies that allow substantial recoverable value to remain invisible. Drawing on Central Pollution Control Board (CPCB) regulatory benchmarks, technology-provider data, and field observations from Indian active pharmaceutical ingredient (API) manufacturing clusters, this article identifies four distinct solvent-loss pools, analyses recovery economics across major industrial solvents, and delineates the specific reporting interventions through which CMAs generate measurable financial value. A structured case study from a Gujarat-based pharmaceutical manufacturer demonstrates that extending conventional material reconciliation to upstream solvent inputs revealed controllable losses amounting to Rs 1.60 crore annually — entirely invisible under conventional reporting. Four CMA intervention categories — measurement, attribution, benchmarking, and decision support — are presented with implementable frameworks. The article concludes with five sector-level policy initiatives through which the Institute of Cost Accountants of India (ICMAI) can institutionalise solvent recovery costing as a recognised professional domain, advancing both corporate profitability and national sustainability objectives.



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### The Solvent Landscape and Why It Matters

A solvent is a substance — ordinarily a liquid — that dissolves a solute to form a solution. In industrial chemistry, solvents constitute the medium within which reactions are conducted, crystals precipitated, products washed, and extractions performed. They are, in the truest sense, the vehicle of chemistry rather than its destination. Yet the financial and environmental stakes attached to their management are extraordinary.<sup>1</sup>

India's chemical and pharmaceutical sector

consumes solvents at a scale that is easily underestimated. In active pharmaceutical ingredient (API) manufacture, solvents typically represent 80–90% of the non-aqueous mass of a process and 60–70% of the resulting waste stream (Constable et al., 2007). Comparable profiles characterise paints, agrochemicals, adhesives, and specialty chemicals, albeit with differing solvent palettes. The aggregate implication is significant: of the 5–6 million tonnes of major organic chemicals processed through Indian chemical and pharmaceutical plants annually, an estimated 1.5–2 million tonnes function as reaction solvents.

India remains heavily import-dependent for high-value solvents — methanol, dimethylformamide (DMF), N-methyl-2-pyrrolidone (NMP), tetrahydrofuran (THF), and acetonitrile. Recovery of these solvents compresses the import bill, creating a national-policy dimension that reinforces the company-level cost argument. A 1% improvement in industry-wide recovery yield would alone liberate solvent worth several thousand crore rupees.

From a cost-accounting standpoint, four parameters determine recovery economics: (a) unit price of the solvent, (b) volatility governing handling and storage loss, (c) boiling point governing recovery energy cost, and (d) azeotrope formation determining recovery complexity. Taken together with feed contamination levels, these parameters define the recovery cost per kilogram and, therefore, the business case.

**Why Solvents Are Lost — and the Cost of Losing Them**

A kilogram of solvent charged to a reactor does not invariably translate into a kilogram available for the next batch. Between these two reference points lies a cascade of losses that are, in most Indian plants, systematically unmeasured.

**1. The Four Loss Pools**

Solvent losses concentrate in four identifiable pools with distinct characteristics and remediation profiles:

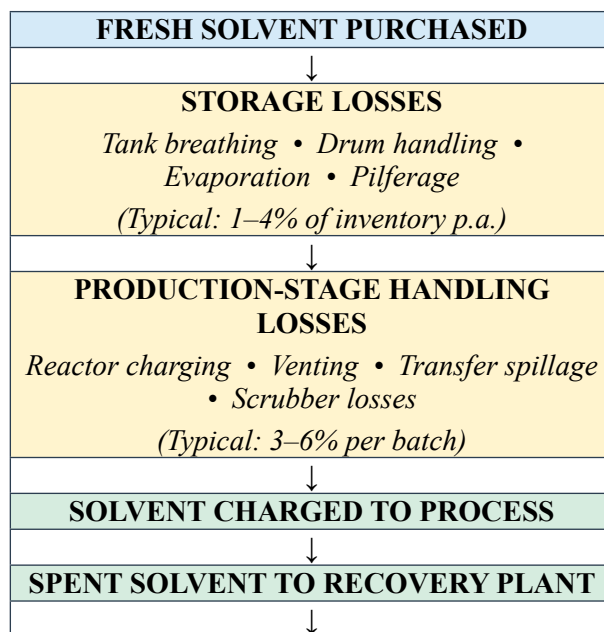
- ⊙ Production-stage handling losses arise from evaporation during reactor charging, breather-valve venting, transfer spillage, scrubber and carbon-bed losses, and dryer carry-over.

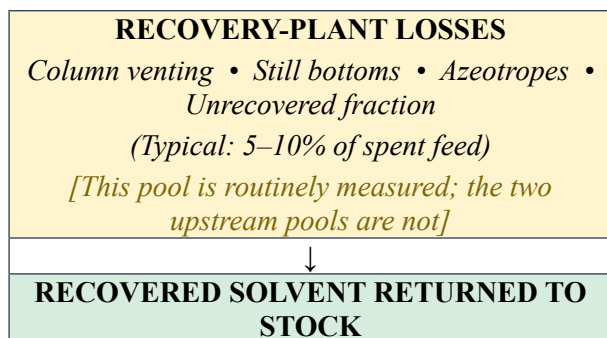
These typically account for 3–6% of the solvent charged per batch and, despite their materiality, rarely appear as distinct line items in batch manufacturing records.

- ⊙ Storage losses accumulate through tank breathing from diurnal temperature cycles, drum-handling shrinkage, evaporation from partly-filled vessels, and occasional pilferage. Fixed-roof tanks without vapour recovery are particularly susceptible, and aggregate losses typically reach 1–4% of held inventory per annum.
- ⊙ Spillage and housekeeping losses are individually small — drip-pan accumulations, hose residues, cleaning solvents not segregated for recovery — but aggregate to 0.5–2% and are almost universally absorbed into ‘normal loss’ without further analysis.
- ⊙ Recovery-plant losses arise from column venting, still bottoms, azeotrope losses, and entrainer carry-over, typically representing 5–10% of the spent feed. Unlike the three upstream pools, this pool is routinely measured and reported.

Figure 1 presents a conceptual flow of solvent through the manufacturing process, identifying the points at which each loss category occurs.

**Figure 1**  
*Solvent Loss Pathways in API Manufacturing*





*Note.* Yellow-shaded rows represent controllable loss points typically absent from conventional cost-accounting systems. Green-shaded rows represent tracked inventory positions. The figure illustrates why plant-level recovery-plant yields (routinely measured) systematically overstate true enterprise-level solvent recovery.

## 2. The Financial Magnitude of Unreported Losses

Consider a mid-sized API plant consuming 1,000 MT of toluene per annum at Rs 85/kg. A 95% recovery-plant yield — the CPCB benchmark (Central Pollution Control Board [CPCB], n.d.) — appears commendable: 950 MT recovered, Rs 8.08 crore saved. However, this yield measures performance on the spent stream that reaches the recovery plant, not on the solvent originally purchased. If 5% is lost to handling and 2% to storage upstream, true overall recovery is approximately 88% — a shortfall worth Rs 1 crore that is entirely invisible in conventional reporting.

The consequences extend beyond procurement cost. Each kilogram lost represents: (a) a fire and explosion hazard entailing insurance obligations; (b) a fugitive emission liability under the Air (Prevention and Control of Pollution) Act, 1981; (c) an occupational health exposure for chlorinated or reprotoxic solvents; and (d) for listed pharmaceutical companies, an under-reported Scope 1 or Scope 3 emission under the Securities and Exchange Board of India (SEBI) Business Responsibility and Sustainability Report (BRSR) framework (SEBI, 2023). As independent BRSR audits intensify, unmeasured solvent losses increasingly expose companies to greenwashing risk.

## Benchmarking Solvent Recovery — Yield, Purity, and Cost

A defensible business case rests on three benchmarks: physical recovery performance, cost per kilogram of recovered solvent, and regulatory compliance.

### 1. Physical Recovery Benchmarks

The headline Indian regulatory benchmark derives from the CPCB Draft Guidelines for the Pharmaceutical Industry, which prescribe a minimum 95% captive recovery of spent solvent with cumulative annual losses not exceeding 5% of inventory (CPCB, n.d.). The CPCB Standard Operating Procedure for Spent Solvent Utilisation (CPCB, 2016) establishes technical parameters: fractional distillation with single or two-stage cooling, residual Total Organic Carbon below 20 ppm, and quarterly NABL-accredited monitoring.

Internationally, the U.S. Environmental Protection Agency’s Resource Conservation and Recovery Act (RCRA) reclamation exemption requires ≥ 95% recovery to avoid a ‘sham recycling’ classification (U.S. Environmental Protection Agency, n.d.), while the EU Industrial Emissions Directive (European Union, 2010) imposes VOC limits of 20–50 mg-C/Nm<sup>3</sup> that functionally mandate condensation-based recovery. These converging benchmarks establish 95% as the effective global standard.

Table 1 presents achievable recovery yields, purities, and indicative operating costs across major Indian industrial solvents.

**Table 1**

*Physical Recovery and Cost Benchmarks by Solvent*

| Solvent       | Recovery Yield | Achievable Purity | Indicative Opex (Rs/kg) |
|---------------|----------------|-------------------|-------------------------|
| Methanol      | 92–97%         | ≥ 99.5 wt%        | 5–7                     |
| Toluene       | 90–95%         | ≥ 99.5 wt%        | 8–10                    |
| Acetone       | 90–95%         | ≥ 99.5 wt%        | 6–8                     |
| Ethyl Acetate | 85–92%         | ≥ 99 wt%          | 7–9                     |
| IPA           | 88–93%         | ≥ 99.5% (dry)     | 12–15                   |
| MDC (DCM)     | 85–92%         | ≥ 99 wt%          | 7–9                     |
| THF           | 93–95%         | ≥ 99.8 wt%        | 13–16                   |

|              |        |            |       |
|--------------|--------|------------|-------|
| DMF          | 85–92% | ≥ 99 wt%   | 15–18 |
| NMP          | 85–92% | ≥ 99 wt%   | 17–20 |
| Acetonitrile | 90–95% | ≥ 99.5 wt% | 15–18 |

*Note.* IPA = isopropyl alcohol; MDC = methylene dichloride; THF = tetrahydrofuran; DMF = dimethylformamide; NMP = N-methyl-2-pyrrolidone. Opex benchmarks assume Indian industrial tariffs of Rs 3.0/kg steam and Rs 8.5/kWh electricity, excluding capital amortisation.

**2. The Economics of Recovery**

Recovery operating expenditure is driven by steam consumption (1–4 kg/kg solvent), electricity and chilled water, and fixed overheads. A practical decision rule emerges from the cost structure: where recovery opex remains below 20% of fresh-solvent price, captive recovery delivers unambiguous positive economics. Every major solvent in Indian manufacturing comfortably satisfies this threshold.

Azeotrope-forming solvents — IPA, THF, acetonitrile — command a 60–100% cost premium over non-azeotropic peers, necessitating entrainers, molecular sieves, or pervaporation membranes. Even so, the economics of recovery remain compelling given the high absolute prices of these solvents.

**The CMA Reporting Framework: Four Categories of Intervention**

The CMA’s contribution to solvent recovery costing organises logically into four categories — measurement, attribution, benchmarking, and decision support — each addressing a specific information gap that currently impedes sound management decisions.

**1. Measurement — Extending the Material Reconciliation**

The first and foundational intervention is to measure what is currently unmeasured. A monthly solvent-reconciliation report, closed at period-end, converts solvent loss from an engineering abstraction into a profit-and-loss line item. The statutory basis for this discipline is well-established: Section 148 of the Companies Act, 2013, read with the Companies (Cost Records and Audit) Rules,

2014, already mandates material reconciliation for specified industries including pharmaceuticals and bulk drugs. Extending this framework to solvent inputs requires no new regulatory authority — only disciplined application of existing cost-accounting tools.

Table 2 presents the recommended reconciliation template with sourcing protocols.

**Table 2**

*Monthly Solvent Reconciliation Report — Template Structure*

| # | Reconciliation Line Item                        | Source Document / System                    | Reporting Purpose                                       |
|---|---|---|---|
| 1 | Opening stock (drums, bulk tanks, in-process)   | Stores inventory ledger; tank-dip records   | Establishes period baseline                             |
| 2 | Fresh solvent purchases (quantity & unit value) | Vendor invoices; Goods Receipt Notes (GRN)  | Validates purchase ledger and unit cost                 |
| 3 | Recovered solvent returned to stock             | Recovery-plant daily log; QA release report | Captures internal recycle for net-cost calculation      |
| 4 | Solvent charged to each batch / product         | Batch Manufacturing Record (BMR)            | Links consumption to costed output                      |
| 5 | Spent solvent dispatched to recovery plant      | Internal transfer slips; tank-farm log      | Separates recoverable stream from disposal              |
| 6 | Spent solvent sent to hazardous-waste disposal  | HW Manifest / Form 10 (HW Rules, 2016)      | Reconciles physical flows to statutory disposal records |
| 7 | Closing stock                                   | Period-end physical count                   | Closes the reconciliation                               |

|   |  |                         |  |
|---|--|-------------------------|--|
| 8 | Residual loss — split by category (handling / storage / unaccounted) | Computed from items 1–7 | Quantifies controllable loss for management action |
|---|--|-------------------------|--|

Note. GRN = Goods Receipt Note; QA = Quality Assurance; BMR = Batch Manufacturing Record; HW = Hazardous Waste. Item 8 should decompose losses into handling, storage, and unaccounted categories to enable targeted remediation. For multi-solvent facilities, apply the framework per solvent or per solvent group depending on financial materiality.

### 2. Attribution — Activity-Based Costing of Recovered Solvent

The second intervention produces a defensible cost per kilogram of recovered solvent by attributing steam, electricity, cooling water, labour, maintenance, and capital amortisation to each solvent stream processed by the recovery plant. Without Activity-Based Costing (ABC), low-value solvents subsidise high-value ones, distorting decisions on stream prioritisation, capacity expansion, and the captive-versus-CSRP (Common Solvent Recovery Plant) choice. The corrected attribution typically reveals that methanol recovery, despite low absolute cost, may be economically marginal when capacity is constrained — a finding invisible without per-stream cost accounting.

### 3. Benchmarking — Translating Gaps into Rupees

The third intervention compares actual performance against regulatory (CPCB 95% floor), technical (technology-provider data), and cost benchmarks. The CMA’s distinctive value lies in translating percentage gaps into rupee consequences: a recovery yield of 88% against a 95% benchmark, on 1,000 MT/year of toluene at Rs 85/kg, represents Rs 59.5 lakh of avoidable annual loss. Presented alongside the benchmark source and gap analysis, this figure changes management behaviour in ways that a percentage variance column cannot.

### 4. Decision Support — Capex, Make-or-Buy, and Scenario Analysis

The fourth category constitutes traditional CMA territory: capital expenditure appraisal for recovery investments, make-or-buy analysis comparing captive recovery against CSRP utilisation, and scenario analysis across solvent price trajectories, steam tariff changes, and regulatory transitions. These analyses determine whether sustainability investments survive budget reviews and reach board approval. The CMA who can present a robust payback model for a vapour-recovery system, anchored to reconciliation-derived loss data, occupies an indispensable role in the decision architecture.

#### Case Study — ABC Industries Ltd

##### 1. Context and Presenting Problem

ABC Industries Ltd is a 120-reactor API facility manufacturing cardiovascular and anti-diabetic intermediates, with annual solvent consumption dominated by toluene (35% by mass), methanol (22%), and ethyl acetate (18%). The plant operated a captive three-column distillation unit consistently reporting 94–95% yield, ostensibly meeting CPCB benchmarks.

Management commissioned a CMA-led intervention in January 2024 after observing a persistent paradox: the recovery plant performed within specification, yet fresh solvent procurement showed no corresponding decline across successive years despite stable production volumes. This disconnection pointed to unmeasured losses upstream of the recovery plant.

##### 2. Baseline Measurement and Findings

Over a three-month pilot (Q1 2024), the CMA team implemented a stagewise material reconciliation tracking each solvent through eight control points (aligned with the template in Table 2). The baseline revealed a striking pattern: while recovery-plant yield held at 94–95%, overall enterprise-level solvent yields were materially lower — approximately 88% combined. The 115 MT quarterly shortfall, valued at Rs 79 lakh, was entirely invisible in prior reporting. Table 3 summarises performance across the intervention period.

**Table 3**

*Pharmatech Industries — Performance Before and After CMA-Led Intervention*

| Performance Metric                     | Baseline (Q1 2024) | Post-Procedural Changes (Q2 2024) | Post-Capex (Q4 2024) |
|--|--------------------|-----------------------------------|----------------------|
| Overall solvent yield (%)              | 87.6               | 91.3                              | 93.8                 |
| Storage losses (% of throughput)       | 2.8                | 2.2                               | 0.9                  |
| Handling losses (% of throughput)      | 4.8                | 2.1                               | 1.8                  |
| Segregation to HW disposal (%)         | 18.0               | 8.2                               | 6.5                  |
| Recovery-plant yield (%)               | 95.1               | 95.4                              | 95.6                 |
| Quarterly unaccounted loss (MT)        | 115                | 79                                | 57                   |
| Quarterly financial impact (Rs Cr)     | 0.79               | 0.54                              | 0.39                 |
| Annualised savings vs baseline (Rs Cr) | —                  | 1.00                              | 1.60                 |

Note. Q1 2024 = Baseline (January–March). Q2 2024 = Post-procedural changes only (April–June); zero capital required. Q4 2024 = Full implementation including nitrogen blanketing and vapour recovery systems, approved capex Rs 42 lakh (October–December). HW = hazardous waste. Storage and handling losses expressed as percentage of quarterly solvent throughput.

**3. Causal Analysis**

Investigation identified four loss mechanisms. First, fixed-roof bulk storage tanks exhibited breathing losses of approximately 2.8% per

quarter, absorbed into ‘evaporation loss’ without quantification. Second, open reactor charging generated visible vapour clouds estimated at 4.2% loss per batch, economically unjustifiable without measurement data. Third, drum reconciliation revealed 3.7% shrinkage attributable to incomplete evacuation and transfer-hose retention. Fourth, 18% of solvent-laden waste streams — wash solvents, drip-pan accumulations — were routed to hazardous-waste disposal rather than recovery, representing 12 MT of recoverable solvent incinerated per quarter.

**4. Intervention Results and Transferable Insights**

Procedural changes alone — drum handling protocols, reactor charging discipline, segregation SOPs — captured approximately 60% of total improvement opportunity at zero capital cost, delivering Rs 1.00 crore annualised savings by Q2 2024. Targeted capex of Rs 42 lakh (nitrogen blanketing, vapour recovery) captured the residual opportunity, sustaining Rs 1.60 crore annualised savings by Q4 2024 against annual measurement infrastructure cost of Rs 8–10 lakh — a 16:1 benefit-cost ratio.

Three generalisable principles emerge: (a) the largest opportunity resides in measurement itself — making visible what is currently invisible; (b) approximately 60% of improvement potential requires discipline rather than capital, directly challenging the engineering-centric framing of solvent recovery; and (c) the CMA’s contribution lies in extending familiar tools — material reconciliation, variance analysis, ABC — into a domain that has historically resisted financial discipline.

**The Policy Dimension — A Professional Opportunity for ICAI**

The CMA profession faces a collective opportunity to shape how solvent recovery is costed and reported across India’s chemical sector. ICAI is well-positioned to lead five specific initiatives.

First, a **Sectoral Guidance Note on Solvent Recovery Costing**, standardising cost-sheet format, overhead absorption rules, and scrap/by-product treatment on the model of existing ICAI guidance

notes for sugar and fertiliser industries (Institute of Cost Accountants of India [ICMAI], n.d.), would eliminate current fragmentation in reporting practices and establish a common professional standard.

Second, **mandatory disclosure of spent-solvent quantity, recovered quantity, and loss percentage as separate line items in Cost Audit Report Form CRA-3** (Government of India, 2014), rather than their present absorption into ‘other materials’, would create sector-wide visibility and inter-firm comparability for the first time.

Third, a **Joint CPCB–ICMAI Sectoral Dashboard** combining physical recovery percentages from pollution-control disclosures with Rs/kg cost data from cost accounts — anonymised at plant level but published at sector level — would provide empirical foundations for evidence-based regulatory policy and practitioner benchmarking.

Fourth, a **Cost-of-Compliance Study** quantifying the Rs/kg impact of moving from 85% to 95% recovery across plant sizes and solvent mixes would replace anecdotal industry representations to regulators with empirically derived cost functions, substantially strengthening ICMAI’s policy engagement.

Fifth, inclusion of an **ESG-Costing Module in the CMA Final Syllabus**, ahead of SEBI BRSR Core mandatory deadlines from FY 2026–27 (SEBI, 2023), would ensure that Scope 1 and Scope 3 emissions linked to solvent use are quantified and audited by practitioners trained for the task rather than improvised by finance teams without the requisite framework.

### Insights, Implications, and the CMA Opportunity

Solvent recovery is conventionally framed as a problem for plant engineers and environment managers. This framing, while operationally useful, is analytically incomplete. The engineering challenge of achieving 95% column yield is well-resolved; the regulatory framework under the Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016 (Government of India, 2016) is established; technology providers are competent and available. What remains systematically underdone is the measurement,

reconciliation, and reporting architecture — the infrastructure that renders physical performance visible as financial performance and converts hidden losses into accountable figures.

This is, fundamentally, CMA work. It requires no chemical engineering qualification, no displacement of environmental managers, and no assumption of QA responsibilities. It requires Cost and Management Accountants to apply the discipline their training equips them for — to measure what is unmeasured, attribute costs to activities rather than departments, reconcile inputs to outputs, and present resulting numbers in decision-grade form. The Pharmatech case study demonstrates concretely that this discipline, applied to solvent recovery, generates a 16:1 benefit-cost ratio from measurement infrastructure costing under Rs 10 lakh annually.

The following specific recommendations are advanced for the consideration of ICMAI Council, practising CMAs, and corporate managements in the chemical and pharmaceutical sector:

- 1. Plant-level:** Every chemical or pharmaceutical facility subject to cost audit under Section 148 of the Companies Act, 2013, should implement a monthly solvent reconciliation report structured on the eight-point template presented in Table 2. This requires no capital investment and generates immediate visibility into controllable losses.
- 2. Firm-level:** CMA firms serving the chemical and pharmaceutical sector should proactively position solvent recovery costing as a defined engagement service, applying the four-category framework — measurement, attribution, benchmarking, decision support — as a structured deliverable.
- 3. Institute-level:** ICMAI should issue the proposed Sectoral Guidance Note on Solvent Recovery Costing and engage with the Ministry of Corporate Affairs to introduce explicit solvent-loss disclosure requirements in Form CRA-3, with immediate effect from the next revision cycle.
- 4. Curriculum-level:** The ESG-costing module incorporating Scope 1 and Scope 3 solvent emission quantification should be integrated

into the CMA Final syllabus no later than the 2025–26 academic cycle, given SEBI’s FY 2026–27 implementation deadline.

Solvent recovery is one instance of a broader pattern. Across every domain where environmental performance intersects with financial performance — water recycling, energy efficiency, circular-economy material flows — the measurement and costing work remains incomplete. A prepared profession, equipped with the right frameworks and professional standards, can establish itself as the natural custodian of these emerging practice areas. The companies that need this work will commission it; the regulators who depend on it will mandate it; and the next generation of CMAs will enter an expanded professional domain that delivers demonstrable economic and environmental value. **MA**

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## Congratulations!!!



**CMA Asim Kumar Mukhopadhyay**

**H**eartiest Congratulations to CMA Asim Kumar Mukhopadhyay, honoured at Bharat 2.0 Conclave 2026 as a “Visionary Leader in Enterprise Transformation, Mobility Innovation & Sustainable Value Creation – 2026” on 31<sup>st</sup> May 2026 at J.W. Marriott, Mumbai. The award was presented by Dr. Kiran Bedi.

His achievements continue to inspire professionals across industries and reflect a dedication to excellence and progressive leadership.

We wish CMA Asim Kumar Mukhopadhyay continued success, good health, and many more accomplishments in all his future endeavours.

# PROSPECTS & CHALLENGES FOR INDIAN EXPORTS POST FTAs

## Abstract

Despite being the fastest growing economy compared to its peers, India still awaits quantum growth mainly in manufacturing segment which seems difficult unless merchandize exports grow substantially. Also in order to overcome export stalemate from the recent global shocks, it was imperative to finalize FTAs with diverse nations to reach wider markets and ensures uninterrupted supply chain for essential imports.

In view of the same, review of the potential of Indian exports under the holistic implications of the FTAs and other current developments is important, so that long term substantial benefits of these initiatives are realized and exports are improved through concentrated efforts from all stakeholders. This is also vital for convergence with the country's overall development and Viksit Bharat @2047 goals, apart from overall improvement of people centric development in the Global South through these frameworks. However, certain improvements in policies can still enhance framework for better results.



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### Introduction & Objectives:

Despite commendable growth in the last few years, Indian exports are still well below its optimum potential. As India aims for an ambitious annual export target of \$2 trillion (goods and services) by 2030, from current \$850 billion levels, resolving the stagnation and risks under the merchandise exports is crucial and thus the recent FTAs, needs closer review to understand future prospects and challenges.

### Basis & Methodology:

The article, based on current developments

against the backdrop of current data from WTO and GOI's Ministry of Commerce on exports, thus makes an attempt to analyze the future prospects and challenges.

### i) Merchandise Exports of Top Nations from 2014 to 2024 (figs in Billion \$) (R#1)

| Country      | 2014       | 2024       | % Growth     | Growth % Rank         |
|--------------|------------|------------|--------------|-----------------------|
| China        | 2342       | 3577       | 52.73        | 3 <sup>rd</sup>       |
| USA          | 1621       | 2065       | 27.39        | 9 <sup>th</sup>       |
| Germany      | 1494       | 1682       | 12.58        |                       |
| Netherland   | 672        | 921        | 37.05        | 8 <sup>th</sup>       |
| Japan        | 690        | 707        | 2.46         |                       |
| South Korea  | 573        | 684        | 19.37        |                       |
| Italy        | 530        | 674        | 27.17        | 10 <sup>th</sup>      |
| France       | 581        | 639        | 9.98         |                       |
| Mexico       | 397        | 617        | 55.42        | 2 <sup>nd</sup>       |
| UAE          | 343        | 604        | 76.09        | 1 <sup>st</sup>       |
| Switzerland  | 311        | 447        | 43.73        | 5 <sup>th</sup>       |
| Belgium      | 472        | 536        | 13.56        |                       |
| <b>India</b> | <b>323</b> | <b>443</b> | <b>37.15</b> | <b>7<sup>th</sup></b> |
| Russia       | 497        | 433        | -12.88       |                       |
| Australia    | 240        | 341        | 42.08        | 6 <sup>th</sup>       |

|              |              |              |               |                 |
|--------------|--------------|--------------|---------------|-----------------|
| Brazil       | 221          | 337          | 52.49         | 4 <sup>th</sup> |
| <b>Total</b> | <b>19013</b> | <b>24456</b> | <b>28.63%</b> |                 |

**Conclusions:**

- Global exports grew 29%, with UAE (76%) being best and worst being Russia (Declined 13%)
- India grew at over 37%, better than US, Netherland and Italy, but lower than Mexico, China, Brazil etc.

**ii) Major Markets for Indian Exports in Recent Times (in Billion\$) (R#2)**

| Nations            | 2023-24        | %share      | 2024-25        | % share     | Growth%      |
|--------------------|----------------|-------------|----------------|-------------|--------------|
| USA                | 77.515         | 17.74       | 86.514         | 19.77       | 11.61        |
| UAE                | 35.625         | 8.15        | 36.638         | 8.37        | 2.84         |
| Holland            | 22.367         | 5.12        | 22.763         | 5.20        | 1.77         |
| UK                 | 12.923         | 2.96        | 14.550         | 3.32        | 12.59        |
| China              | 16.659         | 3.81        | 14.252         | 3.26        | -14.45       |
| Singapore          | 14.414         | 3.30        | 12.976         | 2.96        | -9.98        |
| Saudi Arabia       | 11.559         | 2.64        | 11.757         | 2.69        | 1.71         |
| Bangladesh         | 11.066         | 2.53        | 11.485         | 2.62        | 3.79         |
| Germany            | 9.840          | 2.25        | 10.629         | 2.43        | 8.02         |
| Others (231)       | 225.105        | 51.50%      | 216.140        | 49.38%      | -3.98%       |
| <b>Total (240)</b> | <b>437.072</b> | <b>100%</b> | <b>437.705</b> | <b>100%</b> | <b>0.15%</b> |

**Conclusions:**

- Total exports stagnated between the last 2 FYs.
- USA's dominating share (nearly 20%) was too risky in the long run.
- China's share reduced, while that of UK and Germany increased.
- Overall status (even before tariff and other constraints) reflected the need for diversification.

**iii) Major Product Content of Indian Exports(Billion \$)(R#2)**

| Product Group          | 2023-24        | %share        | 2024-25        | %Share        | % Growth    |
|------------------------|----------------|---------------|----------------|---------------|-------------|
| Mineral Oil etc        | 87.602         | 20.04         | 67.046         | 15.32         | -23.47      |
| Electric Machines etc  | 34.413         | 7.87          | 44.050         | 10.06         | 28.00       |
| Nuclear Power Equip    | 30.057         | 6.88          | 33.475         | 7.65          | 11.37       |
| Precious stones etc.   | 32.853         | 7.52          | 29.958         | 6.84          | -8.81       |
| Pharmaceuticals        | 22.106         | 5.06          | 24.578         | 5.62          | 11.18       |
| Vehicles etc.          | 20.889         | 4.78          | 22.648         | 5.17          | 8.42        |
| Textile Products       | 20.131         | 4.61          | 22.110         | 5.05          | 9.83        |
| Organic Chemicals      | 20.331         | 4.65          | 20.121         | 4.60          | -0.94       |
| Iron, Steel, Products. | 21.798         | 4.99          | 19.430         | 4.44          | -9.83       |
| Cereals (Agricultural) | 10.994         | 2.52          | 12.752         | 2.91          | 16.00       |
| Other Agricultural     | 37.006         | 8.47          | 38.448         | 8.78          | 5.00        |
| Other Products         | 98.892         | 22.61         | 103.089        | 23.56         | 3.72        |
| <b>Total Exports</b>   | <b>437.072</b> | <b>100.00</b> | <b>437.705</b> | <b>100.00</b> | <b>0.15</b> |

**Conclusions:**

- *Agricultural export increased nearly 20% from 2020-21 to over \$50 billion in recent years.*
- *Mineral oil, despite 23% reduction, is still a major item of exports.*
- *Electrical machines, Pharmaceuticals, Vehicles, Textiles have grown, while Iron & Steel and Gems declined*

**FTAs and Emerging Global Trends:**

**i) FTAs:** recent set of FTAs has huge trade potential for Indian products mainly related to its labor intensive sectors since the preferential reach of them has now expanded to nearly 70% of the world markets (R#3) especially under the EU FTA which has given India a MFN status for next 5 years (R#4). Agricultural exports stands to gain substantially (R#5) while Indian manufacturers have already started exploring newer and wider markets (R#6) which has also commendably highlighted under the recent reports of SBI (R#7) and RBI (R#8).

The best part of the FTAs seems to be the preferential status of India's exports to these countries (R#9) like 99% of Indian Goods under the UK FTA will be eligible for zero duty.

However, FTAs are only enablers and this needs to be suitably capitalized by the Indian producers and businesses and hence the PM also stressed that the next economic transformation crucially depends on the decisive response of the Indian businesses (R#10) for which the Quality, competitive cost and successful market diversification (R#11) will be most crucial aspect in the future. Despite some sectional misgivings these FTAs has vastly expanded the scope of Indian business to expand substantially. (Suggestion S#1)

**ii) Global Supply Chain:** FTAs could not only expand India's export, but also enable to diversify their risky imports and hence will be crucial for securing supply chain for its manufacturing sector. Recent tension in the Middle East has induced the nation to expand the sources of its energy

procurement beyond the conventional blocks (R#12). Also supply agreements with Chile (R#13) Brazil and PAX Silica pact (R#14) are focused to ensure supply of Rare Earth inputs vital for its automobile, RE and other critical industries. Similarly even the recent dominance and rising cost of solar components from China (R#15) needs focused resolution. (S#2)

As stated by the Secretary General of BSEC the world cannot ignore Re-globalization as since both Globalization as well as WTO is unable to resolve the present crisis and realignments (R#16)

**iii) AI Impact Summit 2026:** the New Delhi summit hosted 118 nations, 89 of whom supported the final declaration (R#17) for responsible and democratic use of AI for benefit of masses under regulated governance. India's PM emphasized on MANAV ideals (R#18) for human centric AI applications where human and AI will work together for greater benefits of all. GOI also detailed a five-layer AI strategy accessible to all through specialized AI models and investing in compute infrastructure aligning AI progress with development. (R#19) Use of AI in improving weather forecasting, climate actions, agricultural production, productivity gains etc. will be focused under an oversight framework for minimizing its negative impacts. (R#20)

Ex PM of UK reflected Britain's best decision from a similar summit of 2023 hosted by them in the form of creation of AI security institutes with technical capability to evaluate the risks. He also said that AI is bound to disrupt employment but can be minimized with right preparations through policy and skills. (R#21) (S#3)

**iv) Other Incidental Developments:**

Improvement in corruption index ranking (R#22), New Labor codes (R#23), Proposed reforms in Customs Regulations (R#24), Macroeconomic stability (R#25) and GIFT city operations (R#26) etc. should improve Ease of Doing Business and enable private companies to invest more to capitalize the frameworks of FTAs.

However challenges like recent USA & Chinese objections at WTO on Indian PLI scheme (R#27) and Infrastructure inefficiencies for sea food etc. (R#28) are likely to hinder exports.

Export diversification focus like steel now looking for newer market due to Europe's CABM impacts (R#29) and India having now the experience and capacity to deliver practical and scalable solutions for Global South (R#30) could minimize export risks for India. (S#4)

### SWOT Analysis of India Emerging now for Global Trade:

**Strengths:** Technical manpower, Surplus Agricultural produce, Rich Mineral base, MSMEs supply chains, Young work force and lower labor cost, Rising Purchasing power of expanding middle class, Technological advancement.

**Weakness:** Status Quo mentality; skill deficit among educated, non commensurate private investments, manufacturing sector's under performance, Global Supply chain risks, high finance and logistic cost etc.

**Opportunity-** Expanding global market, GOI policy supports, growing demand for generic, herbal and Ayurvedic products, cultural advantages, China plus one factor, general and medical tourism, demand for organic and coarse food, solar alliance's global pursuits, infrastructure skill exports etc.

**Threats:** Cyber-security, AI's risks, Regional Tensions, Uncertain long term policy, growing income disparity, Technological obsolescence, Inadequate domestic R&D, lower (than best global) Ease of Doing Business. (S#5)

### Suggestions for further consolidation:

*S#1- Holistic and futuristic growth prospects, instead of segmental and sectional challenges, needs to be capitalized by the Indian businesses, as probably no FTA can ideally cover the needs of 100% stakeholders.*

*S#2- While the short term solution for critical supply chain can't ignore source diversification, India needs to secure more and more indigenous*

*means to replace the items critical for supply chain security.*

*S#3- AI has good scope for raising world economy and welfare provided it can be regulated for the specified purpose in good intent and India's vision and efforts in that direction may need flexible implementation .*

*S#4- Emerging situations and policies should ease the framework for greater exports, but for some timely corrections to overcome the challenges, but the overall policy directives seems to be well inclined.*

*S#5- SWOT analysis gives us an overall optimistic picture as potential can be fully capitalized while the threats and weakness needs specific flexible policy resolutions in the long run.*

### Conclusion:

India could do well to integrate its macro policies on exports growth, manufacturing sector consolidations and leadership of the Global South and hence these FTAs and other trends noted seems suitable for expediting faster export driven economic growth of the nation towards the Viksit Bharat @ 2047 goals .

However, ultimately the success of the FTAs for growth of business and nation depends on the business maturity of all the stakeholders to work progressively under the constantly changing global markets. They must be ready to proactively optimize their own businesses TROUGH COMPETITIVE COST AND QUALITY IMPROVEMENTS in line with the ecosystems and support infra build by GOI and work positively and refrain from lost markets and government's financial supports while focusing on the diversified market for real growth. MA

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# STRATEGIC COST MANAGEMENT AND SUSTAINABLE VALUE CREATION: A STRUCTURAL EQUATION MODELING APPROACH

## Abstract

Strategic Cost Management (SCM) has evolved as a critical mechanism for aligning cost systems with long-term organizational strategy and sustainability objectives. This study empirically examines the relationship between strategic cost management practices and sustainable value creation using Structural Equation Modeling (SEM). A structured questionnaire was administered to 128 finance and cost professionals across manufacturing and service sectors. The study conceptualizes SCM as a multidimensional construct comprising target costing, activity-based costing, life-cycle costing, sustainability cost tracking, and digital cost analytics. Sustainable value creation is measured through financial resilience, environmental performance, and stakeholder value. The SEM results indicate a strong positive and statistically significant relationship between SCM and sustainable value creation ( $\beta = 0.71, p < 0.001$ ). Model fit indices confirm the robustness of the proposed framework. The findings reinforce the strategic role of management accountants in integrating sustainability metrics within cost architecture to enhance long-term competitive advantage.



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### Introduction

The contemporary business environment is characterized by volatility, regulatory pressures, and increasing stakeholder scrutiny regarding sustainability practices. Organizations are no longer evaluated

solely on financial profitability but on their ability to create sustainable value encompassing economic, environmental, and social dimensions.

Strategic Cost Management (SCM) extends beyond traditional cost accounting by aligning cost structures with competitive strategy and long-term value creation. With the emergence of ESG frameworks and integrated reporting, cost systems must incorporate sustainability-related expenditures and performance metrics.

Despite growing recognition of SCM's importance, empirical validation of its influence on sustainable value creation remains limited. This study addresses this gap using Structural Equation Modeling (SEM) to test a comprehensive conceptual model.

### Review of Literature

Strategic Cost Management (SCM) was

introduced as a framework linking cost information with competitive strategy *Shank & Govindarajan, (1993)*. *Porter (1985)* emphasized cost leadership as a core strategic positioning approach, arguing that firms achieving lower relative costs gain sustainable competitive advantage. SCM extends this view by embedding cost analysis within the broader value chain, ensuring alignment between cost drivers and strategic objectives.

*Kaplan and Cooper (1998)* advanced the evolution of cost systems through Activity-Based Costing (ABC), emphasizing more accurate allocation of overheads and identification of non-value-adding activities. ABC improved decision relevance by tracing costs to activities rather than departments, thereby enhancing managerial visibility. Life-cycle costing further broadened cost analysis by incorporating costs incurred during product design, production, distribution, usage, and disposal. This life-cycle perspective aligned cost management with long-term profitability rather than short-term accounting efficiency.

The emergence of sustainability concerns significantly reshaped management accounting literature. *Burritt and Schaltegger (2010)* highlighted the role of sustainability accounting in integrating environmental and social costs into organizational decision-making processes. Environmental management accounting developed as a response to increasing regulatory pressures and stakeholder expectations. By identifying environmental expenditures such as waste treatment, carbon emissions, and compliance costs, firms could make more informed sustainability-oriented decisions.

The *Resource-Based View (RBV)* provides an additional theoretical lens to understand SCM's strategic importance. According to RBV, sustainable competitive advantage derives from valuable and inimitable organizational capabilities. Integrated cost analytics systems, digital dashboards, and sustainability monitoring frameworks constitute strategic capabilities that enhance adaptability and decision-making effectiveness. When cost systems are digitally integrated and strategically aligned, they become sources of competitive differentiation.

*Institutional theory* further explains the growing adoption of sustainability-oriented cost systems. Organizations operate within regulatory, normative, and cultural environments that exert pressure for responsible practices. As global reporting standards evolve, firms adopt sustainability cost frameworks not only for efficiency but also for legitimacy and stakeholder confidence.

*Digital transformation* has accelerated the evolution of cost management. Real-time data integration through ERP systems, cloud platforms, and advanced analytics tools has enhanced cost transparency. Digital cost analytics enables predictive modeling, scenario simulation, and sensitivity analysis, transforming cost management into a forward-looking strategic function.

Despite these developments, empirical research examining the direct relationship between SCM and sustainable value creation remains limited. Many studies rely on descriptive approaches or simple regression models that do not account for measurement error or multidimensional constructs. Sustainable value creation itself is a composite outcome encompassing financial resilience, environmental stewardship, and stakeholder satisfaction. Similarly, SCM consists of multiple interrelated practices, including target costing, ABC, life-cycle costing, sustainability cost tracking, and digital analytics.

*Structural Equation Modeling (SEM)* provides a more rigorous analytical approach by simultaneously evaluating measurement reliability and structural relationships among latent constructs. SEM enables researchers to test complex models that reflect the multidimensional nature of strategic cost systems and sustainability outcomes. Furthermore, *contemporary literature* emphasizes the evolving role of management accountants. Rather than functioning solely as cost controllers, modern CMAs act as strategic advisors contributing to sustainability strategy, risk assessment, and long-term value creation.

In summary, the literature indicates a conceptual linkage between strategic cost management and sustainable performance. However, there remains a need for empirical validation using

advanced modeling techniques that capture the multidimensional nature of both constructs. The present study addresses this gap by employing SEM to examine the structural relationship between SCM practices and sustainable value creation.

### Conceptual Framework and Hypotheses

*Strategic Cost Management (SCM)* is measured by:

- ⊙ Target Costing (TC)
- ⊙ Activity-Based Costing (ABC)
- ⊙ Life-Cycle Costing (LCC)
- ⊙ Sustainability Cost Tracking (SCT)
- ⊙ Digital Cost Analytics (DCA)

*Sustainable Value Creation (SVC)* is measured by:

- ⊙ Financial Sustainability (FS)
- ⊙ Environmental Performance (EP)
- ⊙ Stakeholder Value (SV)

### Hypothesis

H1: Strategic Cost Management positively influences Sustainable Value Creation.

### Research Methodology

This study adopts a quantitative research design to empirically examine the relationship between Strategic Cost Management (SCM) and Sustainable Value Creation (SVC). The empirical investigation is based on 128 valid responses collected from finance managers, Certified Management Accountants (CMAs), and senior accounting professionals working across manufacturing and service industries. Respondents were selected based on their direct involvement in cost management, budgeting, sustainability reporting, or strategic decision-making functions, ensuring informed responses and content validity.

Although the final sample comprised 128 valid responses, the sample size was considered adequate for the purposes of this study. The proposed SEM model is relatively ungenerous, consisting of two latent constructs, eight observed indicators, and a single structural relationship. According to Hair et al. (2019) sample adequacy in SEM depends

not only on the number of observations but also on model complexity, indicator reliability, and factor loadings. The sample exceeds the commonly recommended minimum threshold of 100 observations for models of moderate complexity and satisfies the respondent-to-parameter ratio suggested in SEM literature. Furthermore, the satisfactory model fit indices, reliability coefficients, and validity measures provide additional evidence that the sample size was sufficient to generate stable and meaningful parameter estimates.

Data were collected using a structured questionnaire developed from established literature on strategic cost management and sustainability performance. The instrument consisted of two primary latent constructs: Strategic Cost Management (SCM) and Sustainable Value Creation (SVC). SCM was operationalized through multiple dimensions, and SVC was measured through financial sustainability, environmental performance, and stakeholder value indicators.

A five-point Likert scale (1 = strongly disagree; 5 = strongly agree) was employed to measure respondents' attitudes, perceptions, and levels of agreement with various statements. The Likert scale enables the quantification of subjective perceptions into measurable data suitable for multivariate statistical analysis.

To test the hypothesized relationships, Structural Equation Modeling (SEM) using an AMOS-based analytical framework was applied. SEM is particularly appropriate for this study as it allows simultaneous estimation of measurement and structural models while accounting for measurement error in latent constructs. The measurement model was first assessed to evaluate construct reliability and validity using indicators such as Cronbach's alpha, composite reliability (CR), and average variance extracted (AVE). Convergent and discriminant validity were examined to ensure construct distinctiveness.

Subsequently, the structural model was estimated to test the hypothesized causal relationship between SCM and SVC. Model fit was evaluated using multiple goodness-of-fit indices, including Chi-square/df ratio, Comparative Fit Index (CFI),

## STRATEGIC COST MANAGEMENT

Tucker-Lewis Index (TLI), and Root Mean Square Error of Approximation (RMSEA). These indices provide comprehensive evidence regarding the adequacy and robustness of the structural model.

### Measurement Model Assessment

#### (i) Reliability Analysis

| Construct | Cronbach's Alpha | Composite Reliability |
|-----------|------------------|-----------------------|
| SCM       | 0.91             | 0.93                  |
| SVC       | 0.88             | 0.90                  |

Values exceed the acceptable threshold of 0.70, confirming internal consistency.

#### (ii) Convergent Validity

| Construct | AVE  |
|-----------|------|
| SCM       | 0.64 |
| SVC       | 0.61 |

AVE > 0.50 which indicates adequate convergent validity.

#### (iii) Discriminant Validity

The square root of AVE for each construct exceeded inter-construct correlations, confirming discriminant validity.

### Structural Model Results

#### (i) Model Fit Indices

| Index       | Value | Recommended Threshold |
|-------------|-------|-----------------------|
| $\chi^2/df$ | 2.11  | < 3.00                |
| CFI         | 0.94  | > 0.90                |
| TLI         | 0.92  | > 0.90                |
| RMSEA       | 0.067 | < 0.08                |
| GFI         | 0.91  | > 0.90                |

The model demonstrates good fit.

#### (ii) Path Coefficient

SCM → SVC

$\beta = 0.71$

t-value = 8.94

$p < 0.001$

The hypothesis is strongly supported.

$R^2$  for Sustainable Value Creation = 0.50. Therefore, SCM explains 50% of variance in SVC.

### Findings of the Study

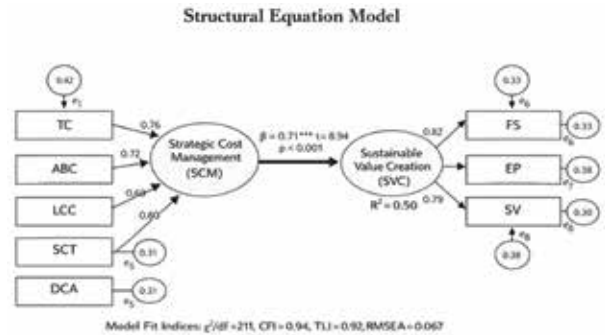


Figure 1: Structural Equation Model Linking Strategic Cost Management to Sustainable Value Creation.

$\chi^2/df = 2.11$ , CFI = 0.94, TLI = 0.92, RMSEA = 0.067

The Structural Equation Modeling (SEM) results provide strong empirical support for the hypothesized relationship between Strategic Cost Management (SCM) and Sustainable Value Creation (SVC). The structural path coefficient from SCM to SVC is positive and statistically significant ( $\beta = 0.71$ ,  $p < 0.001$ ), indicating a substantial and meaningful effect. This coefficient suggests that improvements in strategic cost management practices are associated with significant enhancements in sustainable value outcomes. The magnitude of the standardized coefficient (0.71) reflects a strong effect size, demonstrating that SCM is a major explanatory driver of sustainable value creation within the proposed model.

The coefficient of determination ( $R^2 = 0.50$ ) for Sustainable Value Creation indicates that approximately 50% of the variance in SVC is explained by Strategic Cost Management. This level of explanatory power is considered substantial in behavioural and management research, reinforcing the strategic importance of cost architecture in shaping long-term organizational outcomes.

Within the measurement model, SCM was conceptualized as a multidimensional latent construct reflected by five key indicators: target costing (TC), activity-based costing (ABC), life-cycle costing (LCC), sustainability cost tracking (SCT), and digital cost analytics (DCA). The findings indicate that traditional cost techniques alone may not be sufficient; rather, integration with sustainability monitoring and digital intelligence

strengthens strategic impact.

Sustainable Value Creation (SVC) was modeled as an endogenous latent construct measured through financial sustainability (FS), environmental performance (EP), and stakeholder value (SV). The strong loadings of these indicators confirm that sustainable value creation is inherently multidimensional, extending beyond profitability to include environmental stewardship and stakeholder trust.

The results are consistent with stakeholder theory, which suggests that organizations create long-term value by addressing the interests of multiple stakeholders rather than focusing solely on shareholders. By integrating sustainability metrics within cost systems, organizations enhance transparency, accountability, and strategic alignment. The empirical validation supports the theoretical proposition that cost systems function not merely as administrative accounting tools but as strategic enablers that influence sustainable competitive positioning.

Overall, the structural model confirms that organizations adopting integrated, sustainability-oriented, and digitally enabled cost management practices are better positioned to achieve long-term financial resilience, environmental responsibility, and stakeholder value.

### Managerial Implications

- ⊙ CMAs should integrate ESG metrics into cost architecture.
- ⊙ Firms should adopt digital cost dashboards for predictive analysis.
- ⊙ Strategic budgeting must incorporate life-cycle environmental costs.
- ⊙ Sustainability reporting should align with cost accounting systems.
- ⊙ Management accountants should function as sustainability strategists.

### Limitations and Future Research

Some of the limitations of the study are:

- ⊙ Cross-sectional design, which restricts the ability to establish causality overtime.
- ⊙ Although the sample size of 128 respondents

was adequate, a larger sample would enhance the generalizability of the findings.

- ⊙ The study relied on self-reported perceptions, which may be subject to respondent bias.

Future studies may adopt longitudinal SEM or multi-group analysis across industries.

### Conclusion

This study empirically establishes that Strategic Cost Management significantly drives sustainable value creation. The SEM analysis confirms a strong and positive relationship between SCM practices and sustainability outcomes. Organizations that strategically integrate cost systems with sustainability objectives enhance financial stability, environmental accountability, and stakeholder trust.

The evolving role of the CMA is pivotal in this transformation. Strategic cost management emerges not merely as a financial discipline but as a cornerstone of sustainable competitive advantage.

MA

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# CRYPTO TAXATION IN INDIA: LOOPHOLES, ENFORCEMENT CHALLENGES, AND THE ROAD AHEAD

## Abstract

The taxation of cryptocurrencies and other Virtual Digital Assets (VDAs) has emerged as a significant policy challenge for tax administrators across the world. In India, the Finance Act, 2022 introduced a dedicated tax framework for VDAs by imposing a flat tax rate on gains and introducing a Tax Deducted at Source (TDS) mechanism on transfers. While these measures brought much-needed legal certainty, they also exposed several practical challenges relating to compliance, reporting, valuation, and enforcement.

The rapid growth of decentralised financial systems, offshore exchanges, private wallets, and crypto-to-crypto transactions has created circumstances in which taxable events often occur beyond the visibility of traditional tax administration mechanisms. As a result, a gap continues to exist between the legislative intent of the law and its practical implementation.

This paper examines the existing taxation framework governing VDAs in India, identifies structural loopholes and enforcement constraints, and analyses international approaches adopted by major jurisdictions. Drawing upon regulatory developments, professional observations, and comparative practices, the paper proposes policy measures aimed at improving transparency, strengthening compliance, and encouraging responsible participation in the digital asset ecosystem. It also highlights the emerging role of Cost and Management Accountants in assisting taxpayers with transaction reconciliation, compliance reviews, tax reporting, and risk assessment in the evolving crypto economy.



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### Introduction

The rapid growth of cryptocurrencies and other Virtual Digital Assets (VDAs) has transformed the global financial landscape

and created new challenges for tax administrations worldwide. In India, increasing participation in digital asset markets prompted the Government to introduce a dedicated taxation framework through the Finance Act, 2022, which has been carried forward under the Income Tax Act, 2025. The framework provides for taxation of gains arising from VDA transfers and introduces reporting mechanisms aimed at improving compliance.

Despite the establishment of a statutory framework, several practical challenges continue to persist. Transactions through offshore exchanges, wallet-to-wallet transfers, decentralised finance (DeFi) platforms, and crypto-to-crypto exchanges often create difficulties in monitoring and enforcement. In addition, many taxpayers remain unaware of the tax implications of certain digital asset transactions,

resulting in unintended non-compliance.

Against this backdrop, this paper examines the existing VDA taxation regime under the Income Tax Act, 2025, identifies key loopholes and enforcement challenges, and analyses international practices in crypto taxation. It further explores the role of Cost and Management Accountants (CMAs) in promoting compliance and proposes policy measures for strengthening India's digital asset taxation framework.

## The Legal Framework for Crypto Taxation in India

### 1. Definition and Scope of Virtual Digital Assets

The Income Tax Act, 2025 has retained and expanded the taxation framework applicable to Virtual Digital Assets (VDAs). Under Section 2(111)(d), a VDA broadly includes any digitally generated token, code, number, or cryptographically secured asset capable of representing value or ownership in a digital environment.

One notable development under the 2025 framework is the express inclusion of the term "crypto-asset" within the statutory definition. This clarification assumes significance because the digital asset ecosystem has evolved considerably beyond traditional cryptocurrencies such as Bitcoin and Ether. Stablecoins, governance tokens, meme coins, exchange tokens, tokenised assets, and similar blockchain-based instruments now form a substantial part of market activity.

### 2. Key Taxation Provisions

The taxation regime governing VDAs under the Income Tax Act, 2025 continues to follow a separate and relatively stringent structure when compared with the taxation of conventional capital assets.

The principal features of the framework are as follows:

- ⊙ Income arising from the transfer of a Virtual Digital Asset is taxable at a flat rate of 30 percent, together with applicable surcharge and health and education cess.
- ⊙ No deduction is allowable while computing such income except the cost of acquisition of the asset transferred.
- ⊙ Loss arising from the transfer of a VDA cannot be set off against income under any

other head.

- ⊙ Such losses are also not permitted to be carried forward to subsequent assessment years.
- ⊙ Tax is required to be deducted at source under Section 393 on consideration paid for the transfer of a VDA, subject to the prescribed threshold limits.

The legislative design clearly indicates a policy objective of discouraging speculative trading while ensuring tax visibility through the TDS mechanism. However, the practical impact of these provisions has generated considerable debate among taxpayers, professionals, and industry participants.

### Structural Loopholes in the Current Regime

The introduction of a dedicated taxation framework for Virtual Digital Assets (VDAs) under the Income Tax Act, 2025 represents a significant step towards regulatory certainty. However, taxation is ultimately effective only when taxable transactions can be identified, measured, and reported with reasonable accuracy. The unique characteristics of blockchain based assets continue to create gaps between the legal framework and practical enforcement.

#### 1. Offshore Exchange Transactions

One of the most significant challenges facing Indian tax authorities is the migration of trading activity to offshore cryptocurrency exchanges. Following the introduction of the 30 % tax on gains and the TDS provisions applicable to VDA transfers, a noticeable portion of Indian trading volume shifted towards foreign platforms. Many of these exchanges operate outside the direct jurisdictional reach of Indian tax authorities and therefore do not automatically implement domestic withholding requirements.

#### 2. Wallet to Wallet Transfers and Pseudonymity

Traditional financial systems rely heavily on regulated intermediaries such as banks, brokers, and payment processors. Cryptocurrencies operate differently. A taxpayer can transfer substantial value directly from one private wallet to another without involving any regulated financial institution. Although blockchain networks publicly record such transactions, wallet addresses generally do

not reveal the identity of the individuals controlling them.

### 3. Crypto to Crypto Exchanges

A recurring misconception among retail investors is that taxation arises only when cryptocurrency is converted into fiat currency. Under the Income Tax Act, 2025, this assumption is incorrect. The exchange of one Virtual Digital Asset for another generally constitutes a taxable transfer. Nevertheless, practical experience suggests that many taxpayers continue to view such transactions as mere portfolio reallocations rather than disposal events.

### 4. Decentralised Finance (DeFi) : A Regulatory Grey Zone

Decentralised Finance, commonly known as DeFi, presents perhaps the most challenging area of VDA taxation. Unlike conventional financial arrangements, DeFi protocols operate through self-executing smart contracts without traditional intermediaries. Activities such as staking, liquidity provision, lending, borrowing, and yield farming can generate economic benefits without involving a clearly identifiable payer.

#### Enforcement Challenges

Despite the introduction of a dedicated taxation framework for Virtual Digital Assets (VDAs) under the Income Tax Act, 2025, effective enforcement remains a significant challenge. The decentralised and borderless nature of cryptocurrencies often limits the ability of tax authorities to track transactions and verify compliance.

### 1. Cross Border Transactions

Many Indian investors trade through foreign cryptocurrency exchanges that may not be subject to Indian reporting requirements. This creates information gaps and makes it difficult for tax authorities to identify offshore holdings and transactions.

### 2. Valuation Volatility

Crypto assets are highly volatile, and prices may vary across exchanges. Determining fair market value at the time of a taxable event can therefore be complex, leading to inconsistent reporting and potential disputes.

### 3. Technological Challenges

Although blockchain transactions are publicly recorded, identifying the individuals behind wallet addresses requires specialised blockchain analytics tools and technical expertise. The absence of robust monitoring infrastructure can limit effective enforcement.

### 4. Compliance Awareness Deficit

Many retail investors remain unaware that activities such as crypto-to-crypto swaps, staking rewards, DeFi income, and certain gifting transactions may attract tax liability. This lack of awareness contributes to inadvertent non-compliance

#### A Comparative Global Perspective

The following table contextualises India’s crypto tax framework against those of other major jurisdictions, drawing on OECD (2022) and national revenue authority publications:

| Country   | Tax Rate                                | Loss Set-Off                                    | TDS / Withholding                   |
|-----------|---|---|-------------------------------------|
| India     | Flat 30% + surcharge & cess             | Not permitted; no carry-forward                 | 1% TDS (Sec. 393)                   |
| USA       | Short-term: up to 37%; Long-term: 0–20% | Permitted; \$3,000/year against ordinary income | Broker reporting mandated from 2025 |
| UK        | 18–24% (Capital Gains Tax)              | Permitted against other capital gains           | No withholding; self-assessment     |
| Germany   | 0% if held >1 year; else marginal rate  | Permitted within same asset class               | No withholding; self-assessment     |
| Singapore | No CGT; income tax if trading income    | Permitted against business income               | No withholding on capital gains     |

Source: OECD (2022)

India's regime stands out as among the most restrictive globally in its denial of loss set-off provisions. Economic research on crypto market behaviour suggests that punitive withholding regimes, particularly when combined with loss disallowance, tend to accelerate capital migration to offshore platforms precisely the outcome the 1% TDS was designed to counteract (Nishith Desai Associates, 2022).

### Case Illustration: The Hidden Tax in a Crypto Swap

Consider an investor let us call him Sachin who purchases Bitcoin for ₹5 lakh in April 2025. By August 2025, the value of his Bitcoin has risen to ₹8 lakh. Sachin decides not to sell but to exchange his Bitcoin for Ether, believing this to be a portfolio rebalancing exercise with no immediate tax consequence.

Under the Income Tax Act, 2025, this exchange constitutes a 'transfer' of a VDA. The gain of ₹3 lakh (₹8 lakh ₹5 lakh cost of acquisition) is taxable at a flat 30%, resulting in a tax liability of ₹90,000 despite the fact that Sachin has received no rupees whatsoever. He must now either liquidate a portion of his Ether to pay the tax or fund the liability from other savings.

From a compliance perspective, cases like Sachin's are far from unusual. Professional experience suggests that many retail investors in this position are unaware of the liability until they receive a notice or file their return with professional assistance. The compliance failure here is not wilful evasion it is a structural awareness gap compounded by the absence of any intermediary-triggered TDS at the point of the swap.

This single scenario encapsulates two of the framework's most pressing problems: the non-obvious taxability of crypto-to-crypto transactions, and the absence of any automatic withholding mechanism to catch liabilities that taxpayers don't know they have.

### The Role of Cost and Management Accountants (CMAs)

The increasing adoption of Virtual Digital Assets (VDAs) has introduced new challenges relating

to tax compliance, record-keeping, valuation, and reporting. Given the complexity of digital asset transactions and the evolving regulatory framework, taxpayers often require professional assistance to ensure accurate compliance with applicable tax laws. In this context, Cost and Management Accountants (CMAs) are well positioned to support individuals, businesses, and institutional investors through their expertise in taxation, financial reporting, risk management, and regulatory compliance. Their role is likely to become increasingly important as the digital asset ecosystem continues to expand.

#### 1. Transaction Reconciliation and Blockchain Audit

Crypto investors often transact across multiple exchanges and wallets, making it difficult to maintain complete records. CMAs can assist in reconciling transaction histories, determining the cost of acquisition, computing taxable gains, and preparing accurate tax working papers in accordance with the Income Tax Act, 2025.

#### 2. Structuring and Tax Planning

Within the constraints of the current regime, CMAs can identify legitimate tax efficiency opportunities such as timing of disposals to align with lower-income years, optimisation of the Rs. 50,000 gift threshold, and evaluation of the tax treatment of staking income as business income versus other sources where applicable.

#### 3. Risk Assessment and Due Diligence

Businesses, family offices, and institutional investors holding digital assets may require periodic reviews of their compliance position. CMAs can conduct due diligence exercises, assess reporting gaps, and identify potential exposure to penalties arising from inaccurate reporting or non-compliance.

#### Policy Recommendations

To improve the effectiveness of the VDA taxation framework under the Income Tax Act, 2025, the following measures may be considered:

- ⊙ Review the TDS provisions under Section 393 to balance compliance objectives with market efficiency.

- ⊙ Permit the set-off of VDA losses against VDA gains within the same financial year while continuing to prohibit adjustment against other income.
- ⊙ Strengthen reporting requirements for exchanges and other Virtual Asset Service Providers (VASPs) to improve transaction transparency.
- ⊙ Issue detailed guidance on the taxation of emerging transactions such as staking rewards, airdrops, hard forks, NFT royalties, and DeFi income.
- ⊙ Enhance international cooperation and adopt global crypto-asset reporting standards to improve visibility of offshore holdings and transactions.
- ⊙ Develop specialised blockchain analytics capabilities and dedicated enforcement units within the tax administration.
- ⊙ Increase taxpayer awareness through guidance notes, educational programmes, and professional outreach initiatives.

A balanced approach combining effective reporting, technological capability, taxpayer education, and regulatory clarity will help strengthen compliance while supporting innovation in the digital asset ecosystem.

### Conclusion

The introduction of a dedicated taxation framework for Virtual Digital Assets under the Finance Act, 2022 and its continuation under the Income Tax Act, 2025 has provided much-needed certainty regarding the tax treatment of cryptocurrencies and related digital assets in India. The framework establishes clear rules for taxation and reporting, thereby reducing the ambiguity that previously surrounded crypto transactions.

However, several practical challenges continue to affect its effectiveness. Offshore exchanges, decentralised finance platforms, wallet-to-wallet transfers, valuation complexities, and limited taxpayer awareness create significant compliance and enforcement concerns. The restriction on loss set-off and operational challenges associated with TDS compliance have also generated debate among taxpayers and industry participants.

The study indicates that effective taxation of digital assets requires more than statutory provisions. Regulatory clarity, technological capability, international cooperation, and taxpayer education are equally important for achieving the objectives of transparency and voluntary compliance.

Cost and Management Accountants can contribute meaningfully to this process through transaction reconciliation, compliance reviews, tax reporting, and advisory services. Their involvement can help bridge the gap between legislative requirements and practical implementation.

As digital assets continue to evolve, India's taxation framework must remain adaptable to emerging technologies and business models. A balanced approach that promotes compliance, transparency, and innovation will be essential for ensuring the long-term effectiveness of the VDA taxation regime. **MA**

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# NONLINEAR TIME SERIES MODELLING AND REGIME SHIFTS IN BITCOIN RETURNS: STAR-BASED INVESTIGATION

## Abstract

This study aimed to examine the nonlinear behaviour and regime-switching dynamics in Bitcoin [SS2.1] returns using a Smooth Transition Autoregressive (STAR) model. The analysis was conducted on daily Bitcoin data from 2020 to 2025. Descriptive statistics revealed high volatility, extreme kurtosis, and negative skewness, indicating non-normal and heavy-tailed return distributions. To assess the suitability of nonlinear modelling, various diagnostic tests were applied. While the RESET and BDS tests did not indicate strong evidence of nonlinearity, the Terasvirta neural network test confirmed significant nonlinear structure, supporting the use of a STAR model.

The STAR model was estimated with two lags and a logistic transition function. Results showed a sharp regime switch around a threshold return of  $-3.3\%$ , with significant autoregressive behaviour in the low-return regime. Model fit indicators, including a lower AIC compared to the linear AR model, confirmed improved performance. However, residual diagnostics using the Box-Ljung test suggested some autocorrelation, indicating the possible need for volatility modelling. Forecasting over a 10-day horizon showed a transition from fluctuating returns to a stable upward trend.

The findings highlight the asymmetric behaviour of Bitcoin returns across regimes and support the application of nonlinear models in crypto currency forecasting. Practically, the results offer insights for short-term trading strategies and risk management. The study contributes originality by integrating STAR modelling with volatility tests for Bitcoin, providing a comprehensive nonlinear framework for digital asset analysis.



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### **Introduction**

The explosive growth of crypto currencies, particularly Bitcoin, has revolutionized global financial markets and attracted significant attention from investors, researchers, and policymakers. Bitcoin's decentralized nature, extreme volatility, and susceptibility to speculative behaviour distinguish it from traditional financial assets and pose unique challenges for modelling and forecasting its price movements. As the adoption of digital assets expands across institutional and retail investors, understanding the underlying structure of Bitcoin returns becomes increasingly critical for informed decision-making and risk management.

Despite extensive research on linear time series models in financial forecasting, several empirical studies have shown that crypto currency returns exhibit nonlinear behaviour, regime shifts, and volatility clustering—characteristics that conventional models often fail to capture. While models such as ARIMA and GARCH have been widely applied, they are limited in their ability to model asymmetric dynamics and smooth transitions between different market states.

This study addresses this gap by applying a Smooth Transition Autoregressive (STAR) model to examine the nonlinear structure of Bitcoin returns. Unlike threshold models with abrupt shifts, the STAR model accommodates gradual regime changes and captures asymmetric return behaviour more effectively. The uniqueness of this research lies in its comprehensive approach: combining descriptive analysis, linearity testing, and nonlinear modelling to uncover the structural dynamics of Bitcoin returns over a recent period (2020–2025).

Several recent studies have attempted to model cryptocurrency behaviour using advanced econometric and machine learning techniques. However, few have explicitly focused on smooth transition models such as STAR in the context of Bitcoin returns. This study extends existing literature by validating model choice through formal nonlinearity tests (e.g., Terasvirta test) and comparing the STAR model with its linear counterparts using AIC and residual diagnostics.

Given the current trend of growing institutional interest in cryptocurrencies, this research is timely and relevant. It provides valuable insights into the predictive structure of Bitcoin returns and supports the use of nonlinear frameworks for forecasting and risk analysis in volatile digital markets.

### Literature Review

The financial time series literature has increasingly focused on nonlinear modelling techniques to better capture the complex behaviour of asset returns. Hamilton (1989) introduced the Markov Switching model to explain regime shifts in macroeconomic indicators, laying the foundation for nonlinear modelling. Teräsvirta (1994) formalized the Smooth Transition Autoregressive (STAR) model to detect gradual transitions between regimes in time series data.

Tsay (1989) demonstrated the importance of testing for nonlinearity using threshold models and emphasized the limitations of linear ARIMA models in financial series. Following this, Granger and Teräsvirta (1993) provided a detailed framework for modelling economic time series using nonlinear autoregressive models, including STAR and TAR variants.

In the context of financial markets, Franses and van Dijk (2000) showed that STAR models outperform linear models when returns exhibit asymmetries and regime changes. Lux (1998) also argued that nonlinearities are prevalent in speculative markets, supporting the need for regime-switching models in return forecasting.

More recent studies have applied these models to cryptocurrencies. Chu et al. (2017) used GARCH-type models to capture Bitcoin's volatility, finding strong evidence of heteroskedasticity. Bouri et al. (2019) confirmed nonlinear dependencies in crypto currency returns using chaos and complexity measures.

Phillip, Chan, and Peiris (2018) found that Bitcoin exhibits both heavy tails and time-varying volatility, necessitating more flexible models. Caporale, Gil-Alana, and Plastun (2018) explored long memory and structural breaks in crypto markets, suggesting regime-based models.

Balcilar et al. (2017) used non-parametric methods and confirmed that Bitcoin returns are affected by investor sentiment and regime switching. Katsiampa (2017) compared AR-GARCH models and found GARCH variants useful for modelling Bitcoin volatility, though nonlinear models were underutilized.

Kristjanpoller and Minutolo (2018) applied machine learning and nonlinear models to forecast Bitcoin returns, showing better performance than linear alternatives. Shahzad et al. (2021) investigated asymmetric spill overs and nonlinear dependence in the crypto–equity space, further highlighting the relevance of regime-based models.

Overall, while numerous studies have addressed Bitcoin's volatility and structural complexity, few have specifically employed STAR models. This study builds on these gaps by combining formal nonlinearity testing and STAR modelling to better

understand the asymmetric return behaviour of Bitcoin.

**Research Gap**

While previous studies have widely applied GARCH-type models and machine learning techniques to analyse cryptocurrency volatility, limited attention has been given to smooth transition models such as STAR. Few studies have explicitly tested for nonlinearity before model selection, and even fewer have applied STAR models to Bitcoin returns with formal justification. This study fills that gap by combining nonlinearity testing and STAR modelling to capture asymmetric regime-switching behaviour in Bitcoin returns.

**Research Methodology**

This study is **quantitative** and **exploratory** in nature, aimed at analysing the nonlinear dynamics of Bitcoin returns through advanced time series modelling. The design adopts a **time-series analytical approach**, utilizing historical price data of Bitcoin collected from Yahoo Finance using the quantmod package in R.

Daily adjusted closing prices of Bitcoin (BTC-USD) were collected for the period from **January 1, 2020, to March 30, 2025**. The log returns were calculated to ensure stationarity and remove scale issues. The data was selected using **purposive sampling**, focusing on a high-volatility, high-adoption period to better capture nonlinear behaviour in returns.

The **Terasvirta Neural Network Test**, **RESET test**, and **BDS test** were applied to detect the presence of nonlinearity in the mean structure of the return series. Based on the test outcomes, the **Smooth Transition Autoregressive (STAR)** model was selected and estimated using the tsDyn package in R, which allows for flexible nonlinear modelling. The model was compared against a linear AR model using AIC, and its residuals were assessed using the Box-Ljung test. Short-term forecasting was conducted, and performance was evaluated using RMSE and MAPE.

The use of **R software** was justified due to its powerful time series packages (quantmod, tsDyn, tseries, forecast, and e1071) and reproducibility in academic research. Confidence intervals for forecasts

were manually derived from STAR residual variance.

**Hypotheses of the Study**

- ⊙ **H<sub>01</sub>**: There is no significant nonlinearity in Bitcoin return dynamics.
- ⊙ **H<sub>11</sub>**: Bitcoin return dynamics exhibit significant nonlinearity.
- ⊙ **H<sub>02</sub>**: The STAR model does not outperform the linear AR model in modelling Bitcoin returns.
- ⊙ **H<sub>12</sub>**: The STAR model provides a significantly better fit than the linear AR model.

**Table-1 : Descriptive statistics**

| Metric             | Value  | Metric         | Value  |
|--------------------|--------|----------------|--------|
| Observations (n)   | 1915   | Minimum        | -0.46  |
| Mean               | 0.0013 | Maximum        | 0.17   |
| Standard Deviation | 0.03   | Range          | 0.64   |
| Median             | 0.0004 | Skewness       | -1.36  |
| Trimmed Mean       | 0.0014 | Kurtosis       | 21.14  |
| MAD                | 0.02   | Standard Error | 0.0008 |

The analysis began with descriptive statistics of Bitcoin returns over the 2020–2025 period. As summarized in Table 1 and shown in Figure 1, the return series was centered around zero but showed substantial volatility (SD = 0.03), high kurtosis (21.14), and negative skewness (−1.36). These features suggest that Bitcoin returns are non-normally distributed, heavy-tailed, and subject to large downside movements, supporting the case for nonlinear and volatility-based modeling.

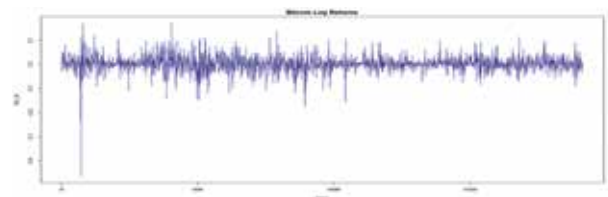


Figure-1: Time Series Plot

Figure-1 depicting Bitcoin log returns were fluctuated around zero. Presence of large spikes indicates volatility clustering. Extreme negative spikes show downside risk. Returns are non-constant, supporting nonlinear and volatility models.

**Table-2 : Tests of Non-linearity Models**

| Test        | Test Statistic                      | p-value                          | Conclusion                                |
|-------------|-------------------------------------|----------------------------------|---|
| RESET       | 1.6616                              | 0.1901                           | No evidence of nonlinearity               |
| Terasvirta  | 8.7162                              | 0.0128                           | Significant nonlinearity (STAR supported) |
| McLeod-Li   | -                                   | -                                | Test run (result not shown here)          |
| BDS (dim=2) | Z: [0.9194, 1.0716, 1.3313, 1.4123] | [0.3579, 0.2839, 0.1831, 0.1579] | No significant nonlinearity (dim=2)       |
| BDS (dim=3) | Z: [1.3777, 1.2136, 1.4658, 1.3121] | [0.1683, 0.2249, 0.1427, 0.1895] | No significant nonlinearity (dim=3)       |

To determine model suitability, various nonlinearity tests were conducted (Table 2). The RESET test yielded no significant evidence of nonlinearity ( $p = 0.1901$ ), while the BDS test also failed to reject linearity in dimensions 2 and 3. However, the Terasvirta Neural Network Test produced a significant result ( $p = 0.0128$ ), indicating nonlinearity in the conditional mean and justifying the application of a STAR model. McLeod-Li test (not shown) was run to examine volatility clustering, commonly modeled via GARCH.

**Table-3 : STAR Model Results**

| Component                     | Value                            | Detailed Interpretation   |
|-------------------------------|----------------------------------|---|
| <b>Low Regime (AR1)</b>       | $\phi_1 = -0.32$ ( $p = 0.015$ ) | The AR (1) coefficient is statistically significant in the <b>low-return regime</b> . This suggests Bitcoin returns show meaningful short-term memory or predictability when returns are low. |
| <b>High Regime (AR terms)</b> | Not significant                  | The AR terms in the <b>high-return regime</b> are not statistically significant. This implies Bitcoin behaves more randomly or is less predictable when returns are high.                     |
| <b>Threshold</b>              | -0.03285                         | The model switches regimes when returns are around <b>-3.3%</b> . Below this value, the “low” regime dynamics apply; above it, the “high” regime applies.                                     |
| <b>Smoothness (Gamma)</b>     | 13.69                            | A high gamma value indicates a <b>sharp but smooth transition</b> between regimes, rather than an abrupt jump. This supports the idea of smooth nonlinearity.                                 |
| <b>Non-linearity Test (F)</b> | 7.51                             | The test statistic for comparing STAR to linear AR is significant. It indicates that STAR fits the data better than a linear model.   |
| <b>Non-linearity p-value</b>  | 0.0006                           | Strong evidence of <b>nonlinear behavior</b> in Bitcoin returns. The STAR model is statistically justified.   |
| <b>AIC</b>                    | -12987                           | A very low (negative) Akaike Information Criterion indicates a <b>better-fitting model</b> compared to others (like linear AR).   |
| <b>Residual Variance</b>      | 0.0011                           | This small variance suggests the model captures most of the variability in Bitcoin returns.   |
| <b>MAPE</b>                   | 138.20%                          | A high Mean Absolute Percentage Error indicates <b>forecasting may be unreliable</b> . This could be due to volatility or noise in the data, common in crypto markets.                        |

**Final STAR Model Equation:** Let  $G(y_t) = [1 + \exp\{f(\cdot)\}(-13.69(y_t + 0.03285))]^{-1}$

$$y_t = (-0.0325 - 0.3213y_{t-1} - 0.1848y_{t-2}) + [(0.0545 + 0.2185y_{t-1} + 0.3627y_{t-2}) - (-0.0325 - 0.3213y_{t-1} - 0.1848y_{t-2})] \cdot G(y_t) + \epsilon_t$$

The STAR model, summarized in Table 3, detected a regime switch at a return threshold of  $-0.03285$  ( $\sim -3.3\%$ ). The model showed that the AR(1) term was statistically significant only in the low-return regime ( $\phi_1 = -0.32$ ,  $p = 0.015$ ), indicating short-term memory during downturns. In contrast, AR terms in the high-return regime were not significant, implying randomness during positive market conditions. A high smoothness parameter ( $\gamma = 13.69$ ) suggested a sharp but continuous regime transition.

The STAR model is statistically valid and confirms **significant nonlinearity** in Bitcoin returns. It improves upon the linear model and should be used for modelling and forecasting.

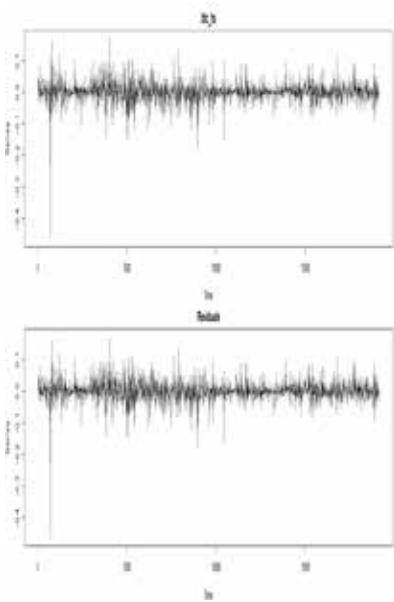


Figure-2

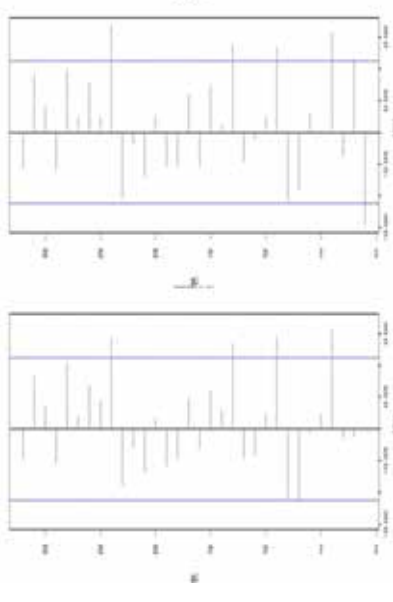


Figure-3

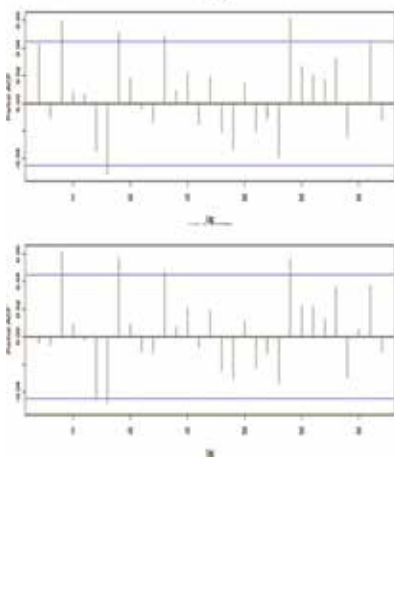


Figure-4

**Figure 2–3** (Bitcoin) returns showed high volatility and clustering. **Figure 4** (ACF/PACF) indicated short-term autocorrelation.

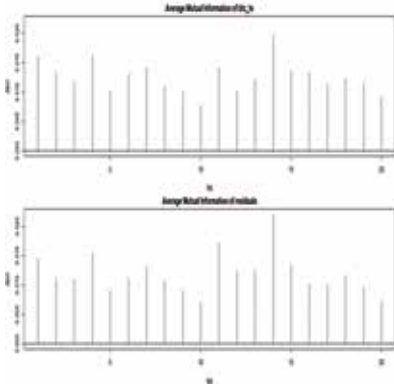


Figure-5

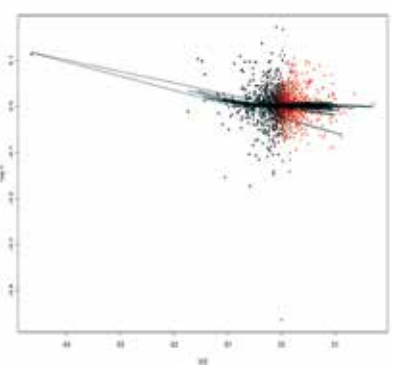


Figure-6

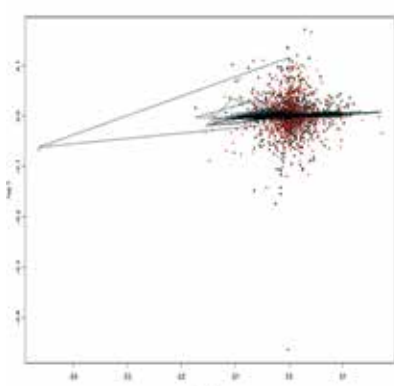


Figure-7

**Figure 5** (Nonlinearity) confirmed via statistical tests. **Figure 6** (STAR model) identified regime shift at  $\sim 3.3\%$  returns. **Figure 7** (Sharp transition) observed between regimes ( $\gamma = 13.69$ ).

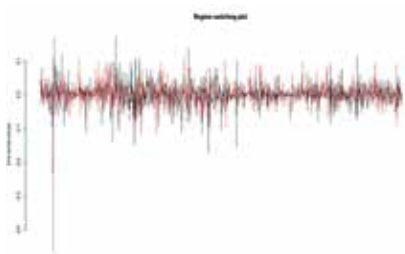


Figure-8

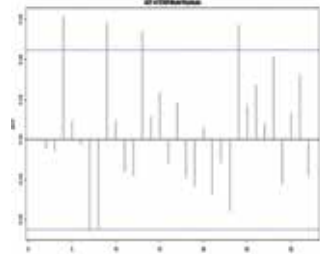


Figure-9

**Figure 8** (Forecasts) showed a stabilizing upward trend. **Figure 9** (Residual analysis) revealed remaining autocorrelation.

**Model Comparison Using AIC:**

| Model            | AIC             |
|------------------|-----------------|
| AR (Linear)      | -12982.04       |
| STAR (Nonlinear) | <b>-12987.5</b> |

Overall model fit was stronger for the STAR model than the linear AR model, as evidenced by a lower AIC value (-12987.5 vs. -12982.04; Table 4).

| Metric             | Value   |
|--------------------|---------|
| X-squared          | 22.009  |
| Degrees of Freedom | 10      |
| p-value            | 0.01506 |

Residual analysis further confirmed model performance. The Box-Ljung test results (Table 5) showed a p-value of 0.01506, revealing statistically significant autocorrelation in the residuals. This implies that the STAR model, while effective in capturing mean dynamics and structural asymmetries, may not fully model volatility. This finding supports the potential benefit of extending the analysis with volatility models such as GARCH.

| Date       | Type   | Return |
|------------|--------|--------|
| 2025-03-21 | Actual | 0.0012 |

|            |          |              |
|------------|----------|--------------|
| 2025-03-22 | Actual   | -0.0008      |
| 2025-03-23 | Actual   | 0.0005       |
| 2025-03-24 | Actual   | -0.0003      |
| 2025-03-25 | Actual   | 0.0011       |
| 2025-03-26 | Actual   | -0.0007      |
| 2025-03-27 | Actual   | 0.0009       |
| 2025-03-28 | Actual   | 0.0004       |
| 2025-03-29 | Actual   | -0.0002      |
| 2025-03-30 | Actual   | 0.001        |
| 2025-03-31 | Forecast | -0.003456747 |
| 2025-04-01 | Forecast | 0.002710359  |
| 2025-04-02 | Forecast | 0.001153363  |
| 2025-04-03 | Forecast | 0.001429544  |
| 2025-04-04 | Forecast | 0.001367511  |
| 2025-04-05 | Forecast | 0.001379202  |
| 2025-04-06 | Forecast | 0.001376684  |
| 2025-04-07 | Forecast | 0.001377174  |
| 2025-04-08 | Forecast | 0.001377071  |
| 2025-04-09 | Forecast | 0.001377091  |

The 10-step ahead forecasts are presented in Table 6 and visually represented in Figure 10. The model predicted a transition from fluctuating behavior to a stable, upward trend starting from March 31, 2025. This shift signals a regime change and aligns with STAR model assumptions. However, as Figure 11 and the high MAPE value (138.2%) indicate, the forecasts may lack precision, especially in a high-volatility asset like Bitcoin.



Figure-10

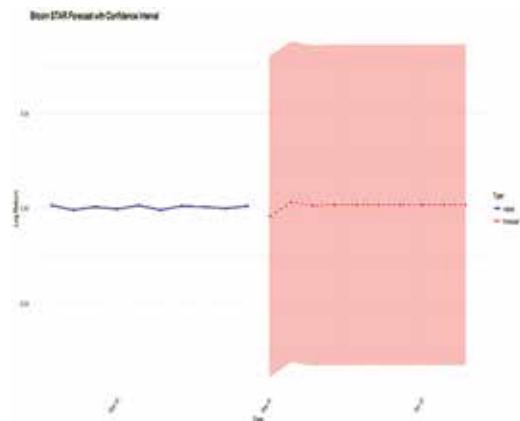


Figure-11

Figure 10 suggesting Forecast plot showed Bitcoin returns transitioning to a stable upward trend. Figure 11 underlining Residuals displayed autocorrelation, indicating model limitations and the need for volatility adjustments (e.g., GARCH).

## Conclusions

This study investigated the presence of nonlinearity and regime-switching behaviour in Bitcoin returns using a Smooth Transition Autoregressive (STAR) model. The analysis was based on daily data from 2020 to 2025, during which the descriptive statistics revealed typical characteristics of financial time series: high volatility, negative skewness, and leptokurtosis. These patterns suggested that linear models might be inadequate to fully capture the dynamics of Bitcoin returns.

Nonlinearity tests, particularly the Terasvirta Neural Network Test, confirmed the existence of smooth transitions in the mean structure of returns, justifying the use of a STAR model. The estimated STAR model identified a sharp regime switch around a threshold return of  $-3.3\%$ , with significant autoregressive behaviour in the low-return regime and no significant structure in the high-return regime. This asymmetric behaviour underscored the regime-dependent nature of Bitcoin price movements.

Model comparison using AIC demonstrated that the STAR model provided a better fit than a traditional linear AR model. However, the residual analysis indicated the presence of autocorrelation, suggesting that the model could be further improved by incorporating volatility models such as GARCH.

Forecasting results showed a shift from fluctuating returns to a stable upward trend, but a high MAPE indicated limitations in predictive precision. Overall, the findings confirmed that Bitcoin returns are best modelled using nonlinear, regime-switching frameworks. While the STAR model is effective for capturing structural behaviour and regime changes, it should be complemented with volatility modelling for more robust forecasting.

These insights are particularly relevant for investors, analysts, and policymakers seeking to understand and respond to the complex dynamics of cryptocurrency markets.

## Limitations and Further Research

This study was limited to daily Bitcoin data and focused solely on the mean dynamics using the STAR model. The model did not account for time-varying volatility, and the high MAPE in forecasting indicated limited predictive accuracy. Additionally, other cryptocurrencies and external macro-financial factors were not considered.

Future research can explore hybrid models like STAR-GARCH to capture both mean and volatility dynamics. Comparative studies across multiple cryptocurrencies and inclusion of macroeconomic or sentiment variables may further enhance model robustness and forecasting power. **IMA**

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# NEW INDUSTRIAL RELATIONS CODE AND ITS IMPACT ON INDUSTRY

## Abstract

Four Labour Codes, consolidated from 29 industrial Legislations have come into force from November, 2026. The Industrial Disputes Act, 1947 has been in force since independence. The Parliament has rightly brought in a new Code to deal with the Industrial Disputes in a more effective way by introducing various provisions which are path breaking. Mandatorily issuing prior notice before going on strike in any industry, whether Public Utility Service or otherwise, a gender neutral definition of 'Worker', strengthening of Tribunals, reducing time limits for raising industrial disputes are some of the worthy reforms highlighted in the new legislation. This will certainly pave way for more industrial harmony and strengthen the dispute resolving mechanism.

## INTRODUCTION

The long awaited new Labour Codes have finally come into effect from 21<sup>st</sup> November, 2025 For recapitulation, the Parliament has consolidated 29 Industrial and labour legislations into just four (4) codes. These four codes deal with Industrial Relations, Wages, Safety, Health and Working Conditions and Social Security.

This article would critically examine as to the effect and impact of the new legislation in respect of Industrial Disputes and the scope of staff litigation in the light of the new Code.

### “WORKMAN” TO “WORKER”

Section 2(s) of the repealed Industrial Disputes Act, 1947 defined a “Workman”. The “Workman” is one who is non-managerial jobs. Under the New Industrial code, 2020, the definition almost remained the same but the expression “**workman**” has been



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changed to “**Worker**”, it appears, to make it gender neutral. A ‘Dismissed Worker’ has also been now included in the definition of “Worker”. There has been change in the definition to cover sales promotion employees and working journalists, but except for the nomenclature, there is no change in the definition of the term Worker. Therefore, the provisions of new Industrial Relations Code, 2020 would continue to be applicable to Clerical and other subordinate staff of the Bank.

Further, the New Code of 2020 defines “Employee” also in similar terms and both the expressions have been used in the Code interchangeably.

### LABOUR COURT AND INDUSTRIAL TRIBUNAL

Section 7 and 7A of the repealed Industrial Disputes Act, 1947 provided for establishment of both Labour courts and Industrial Tribunals by the appropriate government.

The said labour Courts and Tribunals had jurisdiction only over matters which were specified in Second and Third Schedules thereto. However, the new Code has now done away with the constitution of the Labour Courts and envisages establishment of Industrial Tribunals only and accordingly the Industrial Tribunal is empowered deal with all disputes.

Under the erstwhile Industrial Disputes Act, 1947, only one Presiding Officer could be appointed. However, under Section 44(2) of the New Code of 2020, two members, one Judicial and one

Administrative member are required to be appointed. Only the bench consisting of a Judicial Member and an Administrative Member can entertain and decide the cases of interpretation of standing orders, dismissal of workmen, (c) Illegality of a strike or lockout; (d) Retrenchment of workmen, e) closure of establishment; and (e) Trade Union disputes.

Therefore, disputes related to dismissal of workers will be heard by the bench of two judges. The Judicial Member shall head the Tribunal when the bench of the Tribunal constituted by both the Judicial Member and Administrative Member.

All other remaining disputes can be entertained and decided by any of the members of the Tribunal. Therefore, the disposal of disputes, henceforth, is expected to be expeditious in view of addition of one more member to the Tribunal.

### **INDIVIDUAL DISPUTES**

As already stated, Clerical and other subordinate staff are governed by the new Code as earlier. Industrial Disputes are of two kinds. One Individual Dispute and the other is espoused by the trade unions. Generally, under the Act, the disputes have to be raised or espoused by the Trade Unions. However, Section 2A of the erstwhile Industrial Disputes Act provided that if an individual workman was discharged, dismissed, or terminated by the employer, such dispute between that workman and his employer was deemed to be an industrial dispute and such employee could directly approach the Industrial Tribunal if he was aggrieved by his dismissal from the services.

Therefore, an individual worker could, without there being any espousal of his cause by any trade union, take up the matter in case of his dismissal from service. However, as per Section 2A(2) of the erstwhile Act, such employee could approach the Tribunal only after expiry of 45 days of initiating conciliation proceedings for conciliation.

However, under the new code, in addition to such a right to directly file an application before the Industrial Tribunal, the individual dispute can also be voluntarily referred to arbitration in terms of Section 42 of the new Code with the consent of both the Management and the worker concerned.

### **LIMITATION**

In terms of Section 2A(3) of the repealed Act, a person who was dismissed or terminated can file such application for adjudication of his dispute within three (3) years from dismissal on of his or her services.

However, under Section 4(11) of the new code, the limitation period has been reduced from three (3) years to two (2) years and as such an application can be filed only within two years only.

### **CONCILIATION**

The disputes espoused by the Trade Unions are generally common to all the employees or majority of the employees. In such cases, there is no provision for directly approaching the CGIT for resolution of the said disputes other than a case of dismissal of an individual employee.

When Union moves an application for conciliation before the Officer appointed by the Central Government for conciliation, the Conciliation Officer initiates conciliation proceedings by issuing notice to the Bank concerned. As stated earlier, he has no power to adjudicate the disputes, but only the duty to attempt to bring an amicable settlement of the dispute espoused by the Union. If a settlement is reached, an award is drawn and the disputes stands resolved.

If the settlement could not be reached, the said Officer has to send a report as to the circumstances under which conciliation initiated by him had failed. The Central Government had the power to forward the dispute under Section 12 of the erstwhile Act for deciding the matter as per law of the Central Government Industrial Tribunal. Once the dispute is referred, the Central Government Industrial Tribunal was required to adjudicate the dispute which is binding on the parties to the dispute.

However, under the new Code, the power of the Central Government to forward the matter refer the disputes for a decision by the Industrial Tribunal has been taken away. The Parties to the disputes have been given liberty under Section 53(6) of the new code to approach the Industrial Tribunal on the issues on which the settlement could not be arrived at within 90 days.

### **TIME LIMIT WITHIN WHICH CONCILIATION PROCEEDINGS SHOULD BE HELD BY THE CONCILIATION OFFICER**

Further, there was no provision as to the time limit within which conciliation proceedings could be initiated by the Conciliation Officer in the erstwhile Act of 1947 whereas a time limit of two years has been provided under Section 53 of the New Code of 2020.

It means, the Officer cannot hold Proceedings in respect of a dispute if such dispute arose more than two years back.

## **CHANGE OF CONDITIONS OF SERVICE DURING PENDENCY OF CONCILIATION PROCEEDINGS**

Further, earlier, the employer was not entitled to alter the terms of employment of the workers connected with the Industrial Disputes when the said dispute is under conciliation before the Conciliation Officer nor the employer could dismiss or impose any punishment during conciliation proceedings except with written permission of the Conciliation Officer. As per Section 31 of the Act, if there is any violation of the same, the employer was liable to be imprisoned for a term up to 6 months or penalty up to Rs.1000/- or both imprisonment and penalty.

However, under the New Code of 2020, the service conditions of the workers cannot be altered even during the pendency of proceedings in the Industrial Tribunal too without its written permission. Earlier, the Act of the employer to change the conditions of service was treated as an offence but not anymore. Under Section 91 of the New Code of 2020, the aggrieved persons can make a complaint to the Officer and he is required to take such complaint into account in conciliation of the dispute.

## **PUBLIC UTILITY SERVICE**

Under the previous Act of 1947, “Public Utility Service” has been defined under section 2(n)(iv) various essential services including railway, banking, postal etc., Furthermore, under the New Code of 2020, the provisions related to Strike has been provided in Section 62 as under:

“(1) No person employed in an industrial establishment shall go on strike, in breach of contract— (a) without giving to the employer notice of strike, as hereinafter provided, within sixty days before striking; or (b) within fourteen days of giving such notice; or (c) before the expiry of the date of strike specified in any such notice; or (d) during the pendency of any conciliation proceedings before a conciliation officer and seven days after the conclusion of such proceedings; or (e) during the pendency of proceedings before a Tribunal or a National Industrial Tribunal and sixty days, after the conclusion of such proceedings; or (f) during the pendency of arbitration proceedings before an arbitrator and sixty days after the conclusion of such proceedings, where a notification has been issued under sub-section (5) of section 42; or (g) during any period in which a settlement or award is in operation, in respect of any of the matters covered by the settlement or award.”

However, under the new Code of 2020, the concept of “Public Utility Service” has not been defined. The provisions related to notice of commencement of “Strikes”, *under the old Act differed between Public Utility Services and Non-Public Utility Services. Earlier, workers in industries connected with Public Utility Services could not go on Strike without issuing notice of Six (6) weeks whereas there was no such restriction of issuing any prior notice in respect of industrial establishments dealing in non-public utility services. But, now, all workers of all industrial establishment cannot go on strike without 60 days of prior notice.*

Therefore, though Public Utility Service has not been defined, yet, similar provisions as applicable to a **Public Utility Service** have been prescribed under the said Section 62 and as such notice period for declaring strike by the workers/Trade Union now stands increased *in all Industrial Establishments including the industries connected with essential services. This is a great reform as production or service will not come to a grinding halt suddenly and there will be a greater scope for conciliation of differences between the workers and management.*

Further, now, under the new Code, the definition of “Strike” under Section 2(zk) has been expanded to include mass casual leave of workers of fifty per cent or more employed in an industry on any day.

## **SUSPENSION OF WORKERS**

There was no provision of time limits for completion of enquiry proceedings against those workers who have been suspended for any misconduct and enquiry proceedings have been initiated against him under the old Act whereas it is now provided under Section 38 of the New Code of 2020 that the enquiry proceedings against a suspended worker have to be completed ordinarily within ninety days. This provision does not appear to be mandatory as the word “ordinarily” has been used and the consequences of not adhering to the said time limit have been provided in the Act. Further, the workers will get full pay after one year of suspension as per the Settlement with Unions if the enquiry proceedings have not been completed within one year. Furthermore, in the New Code of 2020, it is also provided that the Government may exempt any class of Industrial Undertaking from complying with these provisions.

## **REPRESENTATION THROUGH ADVOCATE IN CONCILIATION PROCEEDINGS**

## **BEFORE THE CONCILIATION OFFICER & INDUSTRIAL TRIBUNAL**

Section 36(3) of the earlier Act prohibited the parties (either employer or employee/Award Staff) to the Industrial Dispute from engaging an advocate or a legal practitioner to represent them in conciliation proceedings being held by the Conciliation Officer.

Interestingly, Section 36(4) provides that, in so far as proceedings before the Central Government Industrial Tribunal are concerned, a party to the dispute can engage a legal practitioner only with the consent of the other parties to the proceedings and with the permission of the CGIT. The legality of the said provision was disputed in the case of Paradip Port Trust Vs. Their Workmen<sup>1</sup> before Supreme Court on the ground that, an advocate had a right to appear before any Court or Tribunal and as such the said Section 36(4) to be invalid. However, Supreme Court held that the intention of the legislature is to discourage representation through legal practitioners considering unequal strength of the parties in adjudication proceedings before the Tribunal and hence the Supreme Court did not strike down the said provision. Supreme Court had clarified further that if a legal practitioner is employed by an employer, then the said person can represent the employer as a matter of right for which the consent of the other party or the Tribunal was not necessary. Similarly, a legal practitioner who is an officer bearer of the Trade Union can also represent the Trade Union or Workmen without there being any need of the consent by the Tribunal or other party to the dispute.

Supreme Court held that the provisions of Industrial Disputes Act, 1947 prevail over the provisions of the Advocates Act, 1961 in view of the fact that the Industrial Disputes Act, 1947 being a Special legislation whereas Advocates Act, 1961 being a general legislation.

However, recently, in the case of Thyssen Krupp Industries India Private Ltd. Vs. Suresh Maruti Chougule<sup>2</sup>, the said Section 36(4) was challenged before the Supreme Court as unconstitutional wherein it was argued by the Petitioner that the Advocates Act, 1961 to be the Special Act and the Industrial Disputes Act, 1947 to be the General Act whereupon Supreme Court also doubted the correctness of its earlier decision in Paradip Port Trust case which declared the Advocates Act, 1961 to be a General Act and hence referred the matter to a larger bench. On 4.10.2023, the larger bench of the Supreme Court had,

<sup>1</sup> [(1977) 2 SCC 339]; <sup>2</sup> [(2021) 15 SCC 769]

once again affirmed the decision of the Supreme Court in Paradip Port Trust to be correct and the reasoning arrived at therein not required to be disturbed which is ruling the filed for the last more than half-century. In view thereof, if a Bank or workmen/Trade Union has to engage a legal practitioner to represent them before the Central Government Industrial Tribunal, they have to obtain the consent of each other. Otherwise, representation through legal practitioner would be disallowed by the CGIT.

As already stated, the question of consent does not arise in case of engaging a legal practitioner in Conciliation proceedings before the Conciliation Officer since Section 36(3) completely prohibited engaging an advocate in such proceedings.

The New Code of 2020 also did not envisage any change in the said provisions. The Parties to the proceedings have to, under Section 94 of the New Code of 2020, continue to obtain the consent of the other parties to the proceedings and also the Industrial Tribunal to engage a Legal Practitioners. It was expected that the said provisions would be changed given its chequered history. But, no changes have been effected to such provisions. Due to the lack of professional approach of the parties, the resolution of disputes pending before the Tribunal are getting delayed and as such it is required to be amended to do away with anachronistic approach.

## **ROLE OF COST ACCOUNTANTS**

*Strikes and Lock-outs not only impact the industrial harmony but also production, supply and distribution of various commodities including essential commodities. The Cost Accountants have a greater role to play in industrial establishments to assess the impact of strikes and lock-outs causing disruption on production on the costing of industrial products and services and opportunity costs.*

## **CONCLUSION**

The new Industrial Relations Code, 2020 passed by the Parliament in place of Industrial Disputes Act, 1947 has various path breaking provisions. Employee Relations in any organisation have to be harmonious for the smooth functioning of the organisation. The disputes raised by the employees of the Banks have to be handled with professional approach and hence Banks are required to provide adequate training to its personnel to be able to deal with the new Industrial Code of 2020 for effective implementation thereof.

**MA**

<sup>1</sup> [1999 (81) FLR]

# *Down The Memory Lane*

June, 2016



The Directorate of Research and Journal of the Institute organized a Discussion Meet on 'Strategic Cost Management in Health Care Sector' at EIRC Auditorium on June 9, 2016. The pricing mechanism of services and procedures in the health care sector were broadly discussed in the meet.



The Institute of Cost Accountants of India (ICAI) – Eastern India Regional Council had organized the 37<sup>th</sup> Cost Conference at Science City, Kolkata on 11<sup>th</sup> and 12<sup>th</sup> June, 2016.

June, 2006

June, 1996



Inauguration of Oracle-ERP (Financial) Training Programme at Electronic Complex, Salt Lake City, Kolkata on 19<sup>th</sup> June, 2006. Seen in the picture Pravakar Mohanty, then President, lighting the Inaugural Lamp. Others seen in the picture are: Dr Sanjiban Bandopadhyaya, then Chairman, CEP, Raja Dasgupta, Education Consultant, Oracle India Pvt. Ltd and Swapan Mazumdar, Assistant Director, PD & P.



Hasim Abdul Halim inaugurating the 11<sup>th</sup> SAFA Conference. Dr. Ashok Mitra, M.P., Harijiban Banerjee, President, ICWAI, T.S. Vishwanath, President, ICAI, Amal Kumar Das, Chairman, Conference Committee and N.P. Sukumaran, Vice President, ICWAI, look on.

# Down The Memory Lane

June, 1996



Panel Members of the Technical Session on Trade & Collaboration at 38<sup>th</sup> National Convention.

June, 1986



Hyderabad Chapter of Cost Accountants in association with the Hyderabad Branches of Chartered Accountants and Company Secretaries conducted a joint meeting on "Accounting Standards" on 16<sup>th</sup> June '86 at the premises of the Federation of A.P. Chambers of Commerce & Industry, Hyderabad. Shri P.M. Nariellwala, past President of the Institute of Chartered Accountants of India and member, Accounting Standards Boards was the main speaker.

June, 1976



Dr Charles T. Stewart, Chairman of the Department of Economics, George Washington University and a Consultant to the National Science Foundation, paid a visit to the Institute's Headquarters on 10<sup>th</sup> June 1976. Shri N.K. Bose, Council Member and a past President of the Institute and Shri A.K. Biswas, Vice President, welcomed Dr. Stewart.



At the request of Coal India Limited, the ICWA of India designed and conducted three-full day short term Training Course for the Non-Finance Executives of Central Mine, Planning and Design Institute Limited and Central Coalfields Limited from 5<sup>th</sup> to 7<sup>th</sup> June 1976 at Ranchi.

*Source: Extracted from the various issues of The Management Accountant Journal*

### **Stakeholder Outreach with Principal CCIT (WB & Sikkim)**

EIRC, represented by Chairperson CMA Arati Ganguly, Secretary CMA Avijit Dutta, and CMA Bidyadhar Prasad, held a fruitful meeting with Smt. Surabhi Varma Garg, IRS, Principal Chief Commissioner of Income Tax (West Bengal & Sikkim Region), at her office. The discussion focused on organizing collaborative outreach programmes for the Income Tax Act, 2025. Additionally, the meeting highlighted the vital expertise and role of Cost and Management Accountants (CMAs) in tax compliance, advisory, litigation support, financial analysis, and fostering stakeholder tax awareness.

### **Strategic Meeting with Minister of State for Defence at Ranchi**

On May 1, 2026, an ICAI delegation led by CMA Arati Ganguly (Chairperson, EIRC), CMA Bidyadhar Prasad (Treasurer, EIRC), and CMA Meera Prasad (Chairperson, Ranchi Chapter) met with the Honourable Minister of State for Defence, Shri Sanjay Seth, in Ranchi. The team briefed the Minister on the Institute's Certificate in Accounting Technicians (CAT) course, emphasizing its positive impact on empowering ex-service defense personnel. Additionally, they highlighted the vital contributions of Cost & Management Accountants (CMAs) and the ICAI in strengthening the national economy and supporting overall societal development.

### **Asansol Chapter Hosts Students' Conference "YUVOTSOV 3.0"**

CMA Arati Ganguly, Chairperson of EIRC, graced the students' conference "YUVOTSOV 3.0," organized by the Asansol Chapter at the Ramakrishna Mission Ashrama on May 3, 2026. The event featured the CMD and Director (Finance) of Eastern Coalfields Ltd. as the Chief Guest and Guest of Honour, respectively. During the conference, the Chairperson congratulated students who cleared their CMA examination groups and

lauded the Asansol Chapter's Managing Committee for organizing an initiative so vital to academic and professional growth. She concluded by inspiring the students to step up as future CMA leaders and actively contribute to national development.

### **Rabindranath Tagore Birth Anniversary Tribute at EIRC**

On May 7, 2026, CMA Arati Ganguly, Chairperson of EIRC, paid heartfelt tribute to the legendary "Poet of the Soul," Shri Rabindranath Tagore, at the EIRC premises. Celebrating the eve of his birth anniversary, she emphasized that Gurudev's timeless philosophy, universal humanism, and immense contributions to literature, culture, and education continue to illuminate millions of lives and enrich India's heritage. The event concluded with a respectful homage to the great visionary, whose ideals of peace, humanity, and harmony remain profoundly relevant for all generations.

### **EIRC Hosts CPE Programme on AI and Professional Success for CMAs**

On May 11, 2026, the Professional Development Committee of EIRC organized a Continuing Professional Education (CPE) programme titled "Life's Balance Sheet in the Age of AI vis-à-vis AI-Driven Financial Statements in the Digital Era: Redefining True Success for CMAs" at the EIRC Auditorium in Kolkata. The event was inaugurated with a traditional lamp-lighting ceremony by key dignitaries, including CMA Arati Ganguly (Chairperson, EIRC), CMA Chittaranjan Chattopadhyay (Council Member), CMA Abhijit Dutta (Secretary & Chairman, PD Committee), CMA Bidyadhar Prasad (Treasurer), and CMA Subhasish Chakraborty (Immediate Former Chairman & RCM). Serving as resource persons, BK CA Lalit Inani (Vice Chairperson, Finance Fraternity Seva Wing, Brahma Kumaris, Mount Abu) and CMA Subhasish Chakraborty delivered insightful presentations on how AI-driven systems are reshaping the CMA landscape and redefining success. The lively, interactive session drew active participation from more than 100 CMA members.

### Career Awareness Programme at Netaji Nagar College, Kolkata

EIRC successfully conducted its first Career Awareness Programme for the academic year 2026-27 at Netaji Nagar College, Kolkata, on May 12, 2026. CMA Dr. Subrata Mukherjee, Guest Faculty at EIRC, served as the resource person and guided students through the CMA course structure, examination process, and its diverse career opportunities. The session was highly interactive, drawing active participation from around 100 undergraduate and higher secondary commerce students alongside their college faculty members.

### EIRC Task Force Strengthens Institutional Linkages in Tripura

As part of its strategic advancement initiative for the Northeast states, an EIRC delegation led by Chairperson CMA Arati Ganguly met with Shri Pranajit Singha Roy, the Honourable Finance Minister of Tripura, on May 18, 2026. The Chairperson felicitated the Minister and submitted a formal memorandum, which was followed by detailed discussions on key professional development issues. The meeting was conducted in the presence of CMA Avijit Goswami (Council Member), CMA Bidyadhar Prasad (Chairman, Northeast Task Force and Treasurer, EIRC), CMA Abhijit Dutta (Secretary, EIRC), and CMA Rabindra Rudra Paul (Chairman, Agartala Chapter).

### EIRC Northeast Task Force Drives Institutional Linkages in Agartala

The Northeast Task Force of EIRC successfully held its inaugural meeting on May 19, 2026, at the Agartala Chapter, wrapping up a high-impact two-day regional outreach initiative. A senior delegation—including Council Member CMA Avijit Goswami, EIRC Chairperson CMA Arati Ganguly, Task Force Chairman CMA Bidyadhar Prasad, EIRC Secretary CMA Abhijit Dutta, and Agartala Chapter Chairman CMA Rabindra Rudra Paul—embarked on comprehensive institutional visits to embed CMA expertise into the state's economic framework.

### Key Highlights & Institutional Engagements:

- ⊙ **High-Level Government Interaction:** On May 18, the delegation submitted a memorandum to Shri Pranajit Singha Roy, the Honourable Finance Minister of Tripura, exploring CMAs' roles in financial governance and skilled manpower development. The Minister publicly lauded the initiative on his official social media platforms.
- ⊙ **Cooperative Sector Expansion:** To open new professional avenues, the team met with Tripura Cooperative Bank MD, Shri Bhajan Chandra Ray, to advocate for CMA banking assignments under national guidelines. They also petitioned the Honourable Minister of Cooperation, Shri Shukla Charan Noatia, and Joint Registrar Shri Amaresh Barman for legislative amendments to authorize CMAs as auditors for cooperative societies.
- ⊙ **Academic & Student Outreach:** The council held an interactive career session for CMA Intermediate and Final students at the GAIL premises. At the grassroots level, they visited Ramathakur College to discuss ICMAI's Accreditation Policy with Principal Shri Haradhan Sarkar and hosted a CMA awareness drive for B.Com students.
- ⊙ **Strategic Local Roadmap:** The visit concluded with an internal chapter sync to resolve local infrastructure challenges, alongside an agreement to strategically integrate CMA services into regional MSME, startup, and governmental frameworks.

### BHUBANESWAR CHAPTER

#### Seminar on Income Tax Act, 2025 and GSTAT

The Chapter successfully hosted a one-day seminar titled “Income Tax Act, 2025 & Rules 2026 and GSTAT: Legal & Practical Perspectives” on April 26, 2026, at CMA Bhawan. The event commenced with a welcome address by Chapter Chairman CMA Sarat Kumar Behera and was coordinated by CMA Barada Prasan Nayak, Chairman of the Professional Development Committee. The seminar featured Shri Umakanta

Dhruapati as Chief Guest, CMA Ajith Sivas as Guest of Honour, alongside CMA Sudhansu Kumar Sahu and CA Tarun Agarwalla as expert resource persons. More than 100 industry and practicing members actively participated, engaging in vital discussions regarding practical compliance and legal challenges in the evolving tax landscape.

### 57<sup>th</sup> Annual Function with Health and Social Drives

The Chapter celebrated its 57th Annual Function at CMA Bhawan, blending academic excellence with community welfare through a mini-marathon, a blood donation camp, and a student felicitation ceremony. The event was inaugurated by Chief Guest Smt. Sulochana Das, Honourable Mayor of Bhubaneswar Municipal Corporation, who praised the chapter's social commitment and highlighted the role of discipline and compassion in nation-building. The gathering was welcomed by Chapter Chairman CMA Sarat Kumar Behera, who underscored ICAI's impact in nurturing young accounting professionals.

#### Key Event Highlights:

- ⦿ **Dignitaries in Attendance:** The function was graced by prominent leaders including CMA Srikanta Kumar Sahoo (DF, OPTCL), CMA Kshirod Chandra Nanda (D-F&CA, GRIDCO), CMA Gagan Bihari Swain (DF, OPGC), CMA Bibhuti Bhusan Nayak (Immediate Former President & Council Member), CMA (Dr.) V. Murali (Council Member), CMA Damodara Mishra (Vice-Chairman, EIRC), and CMA Uttam Kumar Nayak (RCM, EIRC).
- ⦿ **Student Felicitation:** Meritorious students who cleared their June 2025 and December 2025 CMA examinations were honored with prestigious recognitions, including the Young Cost Accountants' Award and various memorial awards.
- ⦿ **Community & Fitness Drives:** A morning Mini Marathon was organized to promote fitness among members and students.

Additionally, an enthusiastic Blood Donation Camp was held in the presence of Dr. Suresh Dev Datta Singh, IPS (Commissioner of Police, Bhubaneswar-Cuttack), who lauded the voluntary life-saving effort.

The successful celebration concluded with a formal vote of thanks delivered by Chapter Secretary CMA Soumya Ranjan Jena.

### EIRC Regional Students' Conference Draws 1,200+ Participants

The mega Eastern India Regional Students' Conference 2026, themed "Rise through Knowledge" (ज्ञानोत्थान 2026), concluded successfully at the SOA University Convention Centre in Bhubaneswar. Hosted by the Bhubaneswar Chapter, the event brought together over 1,200 CMA students, academicians, and corporate leaders. Chapter Chairman CMA Sarat Kumar Behera welcomed the gathering, while Vice-Chairman CMA Avinash Kotni coordinated the proceedings. The inaugural session featured industry heavyweights including Shri Bijay Mohanty (CFO, Tata Power Ltd., Odisha), CMA Pradip Kumar Das (CMD, IREDA Ltd.), and senior council members CMA Damodara Mishra, CMA Arati Ganguly, CMA Vinayaranjan P, CMA Manoj Kumar Anand, and CMA Bibhuti Bhusan Nayak, all of whom urged students toward corporate leadership and industry readiness.

#### Conference Highlights & Technical Tracks:

- ⦿ **Meet the Leaders (CMA Icons):** A premier motivational session where distinguished finance leaders—including CMA (Dr.) V Murali, CMA Avijit Goswami, CMA Dandadhar Nayak, CMA Hemant Gupta, CMA Ashok Kumar Sahu, CMA Kshirod Chandra Nanda, CMA Pranab Kumar Mohanty, CMA Srikant Kumar Sahoo, and CMA Biswajeet Dwivedi—shared their career journeys and professional wisdom.
- ⦿ **Technical Sessions:** Domain experts delivered actionable insights across high-impact contemporary tracks:
  - ▲ *Financial Planning:* "Start Investing in

Your 20s"

- ▲ *Technology*: "AI & FinTech" and "Digital Accounting"
- ▲ *Taxation*: "Income Tax Act 2025 & Latest Rules"

The landmark conference wrapped up with a valedictory session, prize distribution, a lucky draw, and a vibrant cultural evening, successfully bridging the gap between classroom education and real-world corporate excellence.

### Glimpses of Eastern India Regional Council



*Eastern India Regional Council*



*Eastern India Regional Council*



*Bhubaneswar Chapter*



*Bhubaneswar Chapter*

## NORTHERN INDIA REGIONAL COUNCIL

### Regional Conferences

The NIRC recently concluded two successful professional events. From April 17 to April 19, 2026, the council hosted a Residential Regional Conference at the Mastiff Grand Resort in Manali. Following this, on May 3, 2026, NIRC partnered with the Lucknow Chapter to organize the Northern Region State Conference at The Grand JBR in Lucknow.

## JAIPUR CHAPTER

### Launches Industry Orientation Training

The Chapter successfully inaugurated its 10-day

Industry Orientation Training Programme (IOTP) on April 4, 2026, drawing over 127 enthusiastic CMA students. Held at the Chapter premises, the opening session featured guidance from key leaders: Chairperson CMA Purnima Goyal emphasized professional ethics and discipline; Committee Member CMA Govind Sharma shared practical cost-control techniques; and CMA Vertika Tadi focused on bridging the gap between theory and real-world application. Additionally, CMA S. L. Swami provided a comprehensive overview of the upcoming schedule and training methodology. The program will continue at the facility with corporate and professional experts delivering practical, industry-oriented learning sessions to prepare

students for the evolving business landscape.

**IOTP Valedictory Ceremony**

The Chapter successfully hosted the Valedictory Ceremony for its 10-day Industry Oriented Training Programme (IOTP) for CMA Final students, which ran from April 4 to April 13, 2026. The ceremony wrapped up a comprehensive schedule dedicated to technical skills, soft skills, and personality development, spearheaded by Chairperson CMA Purnima Goyal. The event featured notable dignitaries, including Northern India Regional Council (NIRC) Chairman CMA Rakesh Yadav, who urged students to embrace practical training, and Chief Guest Dr. Soumya Gurjar, Former Mayor of Jaipur Nagar Nigam (Greater), who highlighted the vital economic role of cost accountants and celebrated the rising participation of women in higher education.

Guest of Honour Ms. Juhi Kedia, Joint Secretary of IID Jaipur Regional Chapter, along with anchor CMA Harendra Kumar Parik, emphasized continuous skill upgrades in a competitive corporate world. The event concluded with CMA S. L. Swami announcing awards for outstanding individual and presentation performances, certificate distribution to all participants, and a vote of thanks delivered by CMA Deepanshu Parik.

**Webinar Explores ESG and Leadership for Viksit Bharat**

The Chapter successfully concluded its webinar on "ESG, Sustainability & Leadership for Viksit Bharat" on April 30, 2026. Featured speaker CS Deepak Jain delivered practical insights into the rapidly evolving domain of Environmental, Social, and Governance (ESG) frameworks. The session emphasized the growing significance of sustainable practices and highlighted how strategic leadership plays a pivotal role in driving India's development. Participating members gained valuable perspectives on integrating core ESG principles into their professional and organizational environments.

**JODHPUR CHAPTER**

**Best Chapter Award 2025-26**

The Chapter was conferred with the prestigious "Best Chapter Award 2025-26" under Category "C" at the National Chapters' Meet held in Siliguri on May 26, 2026. This national recognition highlights the chapter's outstanding performance and contributions to professional development, student activities, member services, and institutional growth over the past year. Chapter representatives accepted the honor at the event, expressing gratitude to the Northern India Regional Council (NIRC), the head office, managing committee members, faculty, staff, and students for their dedicated support and shared commitment to professional excellence.

*Glimpses of Northern India Regional Council*





*Jaipur Chapter*



*Jaipur Chapter*



*Jodhpur Chapter*

### SOUTHERN INDIA REGIONAL COUNCIL

#### **Next-Gen CMA Technology Series workshop**

The SIRC, in association with the Hyderabad Chapter, successfully organized a two-day "Next-Gen CMA Technology Series" workshop on March 24 and 25, 2026. Held at CMA Bhavan in Hyderabad, the hands-on session focused on utilizing Power BI for advanced finance analytics and data-driven decision-making. Corporate trainer Ms. Bharathi M led the instruction, covering data visualization, data cleaning, DAX fundamentals, data modeling, and embedded AI features. The highly engaging event, which carried 8 CPE hours for participants, was supported by leadership including SIRC Chairman CMA Vijay Kiran Agastya, Hyderabad Chapter Chairman CMA Khaja Jalal Uddin, and Secretary CMA Kirti Gupta.

#### **Overview of Equity Derivatives Program**

SIRC organized a professional development program titled "Overview of Equity Derivatives"

on March 27, 2026, at CMA Bhawan, Egmore, Chennai. The two-CPE-hour session was delivered by corporate financial management expert CMA S. Sankaranarayanan, who provided practical insights into market dynamics and derivatives applications. The event opened with a welcome address by SIRC Secretary CMA Rajesh Sai Iyer, included traditional invocations and anthems, and featured an interactive Q&A discussion before concluding with a vote of thanks and dinner.

#### **Cost Audit and Transfer Pricing Session**

The SIRC held a professional development program on "Cost Audit: Challenges in Related Party Transactions and Transfer Pricing" on March 28, 2026, at CMA Bhawan, Egmore, Chennai. Led by CMA Dr. Gopal Krishna Raju, the two-CPE-hour session provided practical illustrations and interactive discussions on regulatory compliance and real-world audit hurdles. SIRC Secretary CMA Rajesh Sai Iyer opened the evening with a welcome address and traditional lamp-lighting ceremony,

while CMA Girish Kambadaraya delivered the final vote of thanks ahead of the national anthem and dinner.

### **Advanced Skill Training Completion**

On April 2, 2026, the SIRC held the Valedictory Session of the Advanced Skill Training Programme (ASTP) for newly qualified professionals from the December 2025 term at Vani Mahal, T. Nagar, Chennai. Following institutional directives, the professional readiness program was executed in two consecutive batches from March 12 to April 1, 2026. Top leadership—including President CMA TCA Srinivasa Prasad, Council Member CMA Dr. V. Murali, SIRC Chairman CMA Vijay Kiran Agastya, and SIRC Secretary CMA Rajesh Sai Iyer—attended the session to motivate the graduates to embrace continuous learning, ethical leadership, and innovation as they approach upcoming campus placements.

### **CAT Valedictory Session for Defence Personnel**

SIRC successfully conducted the Certificate in Accounting Technicians (CAT) Valedictory Session on April 10, 2026, at CMA Bhawan, Chennai. Organized in association with the Directorate General of Resettlement (DGR), Ministry of Defence, this program marked the successful course completion for retiring and retired military personnel. Chief Guest Col Krishna Sundaresh delivered an inspiring address urging participants to leverage their new skills with integrity, which was followed by faculty acknowledgments, certificate distribution, and an interactive feedback session.

### **Machine Learning for Finance Professionals**

SIRC organized a professional development program titled "Machine Learning for Cost and Management Accountants: From Data to Intelligent Decision Making" on April 16, 2026, at CMA Bhawan, Egmore, Chennai. Er. CMA T. D. Baskaran, an expert in ERP and AI analytics, delivered the two-CPE-hour session, providing practical insights on leveraging advanced data analytics and artificial intelligence for strategic

business transformation. SIRC Secretary CMA Rajesh Sai Iyer welcomed attendees and introduced the speaker, while Regional Council Member CMA K. Gomathisankar delivered the final vote of thanks following an interactive Q&A session on digital financial modeling.

### **Product Cost Analysis Session**

On April 17, 2026, SIRC organized a professional development program on "Segmentation and Product Cost Analysis" at CMA Bhawan, Egmore, Chennai. Practicing Cost Accountant CMA Dr. S. Subhashini led the technical session, providing practical approaches to segment reporting, cost allocation, and managerial decision-making. The evening opened with traditional anthems and an introductory welcome by SIRC Secretary CMA Rajesh Sai Iyer, and concluded with a dynamic Q&A session and a vote of thanks from Regional Council Member CMA K. Gomathisankar.

### **10-Day Industry Oriented Training Programme**

SIRC organized a 10-day Industry Oriented Training Programme (IOTP) from April 6 to April 17, 2026, at its Chennai premises for approximately 300 Final Course students preparing for their June 2026 examinations. Designed to bridge the gap between academics and corporate expectations, the training featured insights from experienced professionals on vital subjects including risk management, MIS reporting, digital financial services, corporate taxation, and project financing. The comprehensive curriculum also focused heavily on soft skills, group discussions, and interview preparation to confidently equip students for future career milestones.

### **Phase I Campus Placement Programme**

The Career Counselling & Placement Committee, alongside SIRC, hosted Phase I of the Campus Placement Programme for qualified Cost Accountants from the December 2025 batch. Held from April 27 to April 30, 2026, at the Hotel Ambassador Pallava and SIRC's CMA Bhawan in

Chennai, the drive offered both offline and online interview formats. A wide array of prominent corporate recruiters participated, including Bharat Petroleum Corporation Limited (PSU), Larsen & Toubro, Hindalco Industries, Nestlé India, Ford Motor, and various divisions of ITC Limited. Spanning sectors from manufacturing, infrastructure, and consulting to FMCG, logistics, and technology, the successful drive provided extensive career opportunities for candidates to showcase their skills and secure positions with leading organizations.

### **New Income Tax Act – 2025**

On May 20, 2026, SIRC, in collaboration with the Non-Corporate Range – 4 of the Income Tax Department, Chennai, hosted a professional development program focused on the "New Income Tax Act – 2025" at CMA Bhawan, Egmore, Chennai. The technical session was led by Assistant Commissioner of Income Tax Mr. John Dcoutho, I.R.S., and Income Tax Officer Mr. Dhinesh Kumar M, who provided comprehensive insights into the key provisions, procedural changes, and compliance frameworks of the fresh legislation. Following a welcome address by SIRC Secretary CMA Rajesh Sai Iyer and standard local anthems, the highly attended session featured an interactive Q&A before wrapping up with a vote of thanks and high tea.

### **VISAKHAPATNAM CHAPTER**

#### **SIRC CMA Practitioners Meet-2026**

SIRC and the Chapter hosted the "SIRC CMA Practitioners Meet-2026" on May 1 and 2, 2026, at the Ratan Tata Innovation Hub in Visakhapatnam. Organized around the inspiring theme "Future-Ready CMA Practice: Embracing Technology," the event was inaugurated by Chief Guest Dr. Bondada Raghavendra Rao, Chairman and Managing Director of Bondada Engineering Limited. The seminar also featured Guest of Honor CMA D Ramana Murthy, FA & CAO of the Visakhapatnam Port Authority, alongside top leadership including President CMA TCA Srinivasa Prasad, Vice President CMA Neeraj D Joshi, and several SIRC Council Members who

gathered to discuss technological integration in modern financial practices.

### **COIMBATORE CHAPTER**

#### **Claude AI Financial Analysis Program**

The Chapter organized a highly interactive Professional Development Programme (PDP) on "Financial Analysis through Claude AI" on May 16, 2026, at CMA Bhawan, Coimbatore. Chapter Chairman CMA Dr. R. Maheswaran opened the event by stressing the critical need for finance professionals to upskill in emerging technologies, after which MC Member CMA Prakash introduced the keynote speaker, CMA Vijayaraghavan Srinevasan. Throughout the session, the speaker demonstrated how Claude AI can automate and accelerate complex tasks like interpreting financial statements, forecasting, budgeting, and variance analysis to boost organizational productivity. The evening concluded with a vote of thanks delivered by Chapter Secretary CMA Subramaniam Kumar.

### **BENGALURU CHAPTER**

#### **Session on GST for Construction Industry**

The Chapter successfully conducted a professional development session titled "GST on Construction Industry" on May 21, 2026. The program featured CMA Vishwanath Bhat, Professional Development Chairman of SIRC, as the primary resource person, who provided deep insights into the compliance frameworks and taxation structures impacting the real estate and construction sectors. The event was well-attended by members and organized under the leadership of BCCA Chairman CMA Raghavendra B. K. and Treasurer CMA Poornima M.

#### **Professional Development Series**

The Chapter successfully organized a diverse series of professional development programs in May 2026 to enhance member expertise across multiple domains. The series kicked off on May 17 with a technical session titled "Decoding CAS 16 and Ind AS 16 From Cost Sheet to Balance Sheet," led by resource person CMA Ramsankar Mishra. Pivoting to professional well-being,

the chapter hosted "Fit Desk: Survival Guide & Mind Your Mind for Vibrant Health" on May 23, featuring insights from CMA Aditya Jaiswal and CMA Pranabandhu Dwibedy. The lineup concluded on May 24 with a session on forensic accounting and corporate investigation titled "Tracing Hidden Transactions: CMAs as Corporate Detectives," delivered by CMA CA Shareesh Gadde. This entire knowledge-sharing initiative was supported by BCCA leadership, including Chairman CMA Raghavendra B. K. and Vice-Chairperson CMA Gunamala S. R.

### CAT Course for Defence Personnel

The Chapter of ICMAI inaugurated a specialized Certificate in Accounting Technicians (CAT) Course on May 25, 2026. Running through September 11, 2026, the program is conducted under the aegis of the Directorate General Resettlement (DGR), Ministry of Defence, and is specifically designed for military personnel serving across the Army, Navy, and Air Force. The inaugural ceremony was officially led by BCCA Chairman CMA Raghavendra B. K. and BCCA Secretary CMA Santosh G. Kalburgi, highlighting the Institute's focus on equipping defence personnel with robust financial and accounting qualifications for their post-service careers.

### TRIVANDRUM CHAPTER

The Chapter conducted several professional and student-focused programmes during April–May 2026.

A Professional Development Programme on “Decoding Schedule III – Master Class for Non-Ind AS Companies” was held on 10th May 2026 at Hotel Blue Castle, Trivandrum. The session, led by CMA Ajith Sivas, provided valuable insights into disclosure requirements, presentation standards, recent amendments, and practical aspects of Schedule III for Non-Ind AS companies.

On the same day, the Chapter organized a Felicitation Programme to honour the achievers of the December 2025 CMA Intermediate and Final Examinations. Outstanding students were recognized with mementoes and the CMA A. K. Suresh Memorial Endowment Cash Awards.

The Valedictory Function of CAT DGR Batch 2 was conducted on 13th May 2026 at TCCI Hall, Kowdiar. Certificates were distributed to the participants, and they were encouraged to utilize the knowledge and skills gained through the programme for their career advancement.

The Chapter also conducted an Industry-Oriented Training Programme (IOTP) for CMA Final students appearing for the June 2026 Examination from 24th March to 8th April 2026. The programme covered practical aspects of project management, finance, taxation, auditing, risk management, communication skills, company formation, and MIS reporting. Participation certificates were distributed to the students during the valedictory function.

### Glimpses of Southern India Regional Council



*Southern India Regional Council*



*Southern India Regional Council*



*Visakhapatnam Chapter*



*Visakhapatnam Chapter*



*Coimbatore Chapter*



*Coimbatore Chapter*



*Bengaluru Chapter*



*Bengaluru Chapter*



*Trivandrum Chapter*



*Trivandrum Chapter*

### **Bus Facility for National Seminar on Cost Audit**

ICMAI organized a National Seminar on Cost Audit centered on the theme "Value, Vishwas and Vision" on April 10, 2026, at the Yashwantrao Chavan Centre in Nariman Point, Mumbai. To support professional growth and simplify travel logistics, the Chapter arranged free bus transportation for its local members and students. More than 60 participants from Pune capitalized on this supportive initiative, attending the high-level national event to deepen their industry knowledge, engage with expert technical sessions, and network with leading accounting professionals.

### **Webinar on GST Year-End Activities**

The Chapter successfully organized a timely webinar on "Year End Activities under GST" on March 27, 2026. The technical session featured Practicing Cost Accountant CMA Dr. Sanjay Bhargave and Pune Chapter Treasurer CMA Tanuja Mantrawadi as the keynote speakers. The presentations offered vital structural and practical insights into compliance checklists, reconciliation procedures, and statutory requirements necessary for closing out the financial year under the GST framework. The highly informative session received an overwhelming response from the regional membership community, reinforcing the chapter's focus on proactive knowledge sharing.

### **Joint Chapter Webinar Focuses on ESG and Carbon Accounting for CMAs**

The Chapter, in collaboration with the Nasik, Chhatrapati Sambhajnagar, and Kolhapur Chapters, hosted a joint webinar titled "Adopting ESG, Carbon Accounting, MAC & CBAM – How CMAs can lead Net-Zero Economy" on Saturday, April 11, 2026.

The technical session was addressed by CMA Prasanna Tillu, who shared insights into Environmental, Social, and Governance (ESG) criteria, Marginal Abatement Cost (MAC) curves,

and the Carbon Border Adjustment Mechanism (CBAM). The program highlighted the critical role that Cost and Management Accountants play in tracking sustainability metrics, managing carbon data, and steering corporate strategies toward a green, net-zero economy.

### **Students Regional Cost Convention 2026**

The Western India Regional Council held its "Students Regional Cost Convention 2026" on March 17 and 18, 2026, at the Surat International Exhibition Convention Centre (SIECC) under the theme "SAKSHAM: Empowered Future CMAs for an Empowered Nation." Demonstrating tremendous support, the Chapter arranged two dedicated buses to transport 70 enthusiastic students and staff members from Karve Nagar to Surat. The two-day event saw active participation from Pune Chapter leadership—including Chairman CMA Shrikant Ippalpalli, Treasurer CMA Tanuja Mantrawadi, and Students Coordination Committee Chairman CMA Amey Tikale—alongside student representatives who competed dynamically in academic and cultural contests. The Pune delegation delivered an outstanding performance, securing top accolades including first place in the AI competition (Pranav Kondekar & Hemant Kundaram), Best Speaker in the Opposition for the Mock Parliament (Sarthak Kshirsagar), Best Solo Dance (Eshwari Yogesh Pawar), Best Solo Singing (Narayani Gargate), and Runner-Up in Singing (Ajitkumar Tutika), ultimately leading the Pune Chapter to clinch the coveted first prize in the convention's overall cultural program competition.

### **CPE Program on AI Use Cases**

The Chapter successfully organized a Continuing Professional Education (CPE) program on "Use Cases in AI" on April 24, 2026, at CMA Bhawan, Karvenagar, Pune. The technical session featured AI trainer CMA Devdutta Kekatpure as the keynote speaker, who delivered an insightful presentation focused on the practical application and integration of artificial intelligence within the finance and cost accounting domains. The event received an overwhelming response from the regional membership community, highlighting a strong

interest in leveraging advanced technological tools to enhance professional efficiency.

### **Interaction with Leadership and Dignitary Felicitation**

On Friday, April 24, 2026, the Chapter hosted a fruitful interactive session alongside a felicitation ceremony for the Institute's President, Vice-President, and Council Members at CMA Bhawan, Karvenagar, Pune. Addressing queries from the local membership body, President CMA TCA Srinivasa Prasad highlighted a steady rise in student enrollments and the introduction of a dedicated helpdesk aimed at streamlining administrative connectivity. Vice President CMA Neeraj Joshi emphasized that the operational relocation of the Institute's headquarters from Kolkata to Delhi has drastically improved administrative efficiency and coordination with government ministries. The session, which also featured insights from Council Members CMA Ashish Thatte and CMA Navneet Jain regarding regulatory expansions in the banking and cooperative sectors, was anchored by Pune Chapter Treasurer CMA Tanuja Mantrawadi and concluded with a vote of thanks by Secretary CMA Himanshu Dave.

#### **AHMEDABAD CHAPTER**

### **Interactive Webinar on CAS-25**

The Chapter organized a Continuing Education Programme (CEP) webinar on May 5, 2026, focused on "Interaction on CAS-25 – CAS on Inventory Valuation." The technical session featured CMA Parvathy Venkatesh and CMA Poonam Shah as the keynote speakers, who broke down the critical compliance frameworks and structural guidelines governing inventory valuation under Cost Accounting Standard 25. CMA Ashish Bhavsar, Coordinator of the Professional Development Committee, welcomed the large gathering of online participants and introduced the speakers, while Chapter Chairman CMA Mitesh Prajapati concluded the highly interactive and informative evening with a vote of thanks.

### **Campus Placement for Newly Qualified CMAs**

The Chapter successfully organized a two-day

campus placement drive on May 15 and 16, 2026, dedicated to CMAs who qualified in the December 2025 examinations. The event saw active participation from 48 candidates who interviewed with leading corporate recruiters, including Aadidaivam International Private Limited, VNC Global Business Edge Pvt. Ltd., Cadila Pharmaceuticals Ltd, Mastek Limited, Anuj Aggarwal & Co., and Windlas Biotech Ltd. Promising candidates received competitive salary packages ranging between Rs. 6 Lakhs to Rs. 8 Lakhs per annum, with several ongoing final-round selections extending beyond the event dates to maximize career opportunities for the fresh batch of professionals.

### **New Managing Committee at 60<sup>th</sup> AGM**

The Chapter conducted its milestone 60th Annual General Meeting (AGM) on May 16, 2026, at the chapter premises. Following the main assembly, a Managing Committee meeting was convened to elect and form the leadership structure for the upcoming 2026-2027 fiscal year.

The newly appointed office bearers tasking themselves with guiding the chapter's regional growth include:

- ⦿ Chairman: CMA Mitesh Prajapati
- ⦿ Vice Chairman: CMA Alpesh Desai
- ⦿ Secretary: CMA Sunil Tejawani
- ⦿ Treasurer: CMA Bhavesh Ramchandani
- ⦿ Joint Treasurer: CMA Bhaumik Gajjar

### **Partners with Shalby Hospitals for Health Camp**

The Chapter collaborated with Shalby Hospitals to organize a Free Eye & Health Check-up Camp on May 16, 2026, aimed at fostering health awareness and preventive care among its community. The initiative received an enthusiastic response, drawing a large number of members and students who took advantage of the comprehensive screenings provided by Shalby's medical and paramedical teams. The services offered included vital health metric monitoring—such as Blood Pressure (BP), Random Blood Sugar (RBS), and Body Mass Index (BMI) tracking—alongside targeted eye exams

covering vision testing, cataract screenings, and consultations for digital eye strain. The successful wellness event concluded with a formal expression of gratitude and a sincere vote of thanks to the dedicated clinical staff from Shalby Hospitals, Ahmedabad.

### Chapter Chairman Features on 90.8 FM for CMA Career Outreach

L J University extended a formal invitation to CMA Mitesh Prajapati, Chairman of the Chapter, to feature as a guest speaker on their campus radio station, 90.8 FM, on May 19, 2026. This collaborative broadcast served as a strategic platform for a comprehensive Career Awareness Campaign focused on the Cost and Management Accountant (CMA) qualification. During the recording session, Chairman Prajapati provided expert insights into the course curriculum, global viability, and the critical role CMAs play in financial planning, corporate governance, and business sustainability. By leveraging broadcast media, this joint venture successfully reached a broader student demographic, demystifying the professional accounting career path while strengthening institutional ties between the university and the local CMA chapter.

### Leadership Explores Collaboration at i-Hub

On May 22, 2026, a delegation from the Chapter—led by Chairman CMA Mitesh Prajapati alongside CMA Ashish Bhavsar, CMA Dwarkesh Radadiya, and CMA Jainil Patadia—visited the i-Hub facility. The leadership team met with the Program Head to discuss strategic collaboration opportunities aimed at bridging the gap between professional cost management and entrepreneurship. During the visit, the delegation toured the impressive infrastructure facilities and evaluated the resource ecosystem available for startups and innovation, laying the groundwork for future joint initiatives to support emerging businesses.

## BARODA CHAPTER

### Admissions for CMA Foundation December 2026

The Chapter—a multi-time "Best Chapter

Award" winner—has opened admissions for its globally recognized CMA Foundation Course for the December 2026 session. Eligible candidates include Class 12 graduates from any stream, with provisional admission available for students awaiting their results based on Class 10 performance. Championed by Chairperson Amruta Vyas as a qualification that can be pursued alongside regular college degrees, the course offers excellent career prospects in financial management, auditing, and business analytics, complete with practical training stipends. Interested students can apply online at [icmai.in](http://icmai.in) or visit the local chapter office at 242, Phoenix Complex, Sayajigunj, Vadodara for in-person registration and counseling.

### Honors PM Modi in Historic Vadodara Roadshow

On May 11, 2026, the Chapter achieved a historic milestone by securing a coveted spot along the 1.5-kilometer route of Prime Minister Narendra Modi's vibrant Vadodara roadshow. Standing proudly among 40,000 citizens amidst diverse cultural performances stretching from Gada Circle to Harni Airport, the delegation represented the cost and management accounting fraternity with flags and banners. The highlight of the civic event came when PM Modi directly acknowledged the cheering ICAI professionals with a warm smile and wave, cementing the moment as an unforgettable honor that positioned the chapter at the forefront of this premier national celebration.

### CPE Session on Fast-Track Mergers

On May 14, 2026, the Chapter successfully hosted an insightful online Continuing Professional Education (CPE) session titled "Fast Track Merger from Companies Act Lens." Attended by over 50 members, the event began at 4:00 PM with a warm welcome from Chapter Secretary CMA Vandit Trivedi, who introduced the esteemed guest speaker, CMA Hemangini Suthar. Suthar expertly deconstructed the simplified legal procedures under the Companies Act, explaining how eligible

companies can drastically reduce restructuring timelines and compliance burdens. Her practical breakdown of regulatory nuances sparked a highly interactive Q&A session. The program concluded at 6:30 PM after awarding attendees 2 valuable CPE hours, followed by a formal vote of thanks from Bimal Shah.

### Success Through Career Placement and Training Initiatives

The Chapter, recently organized a series of

targeted training and placement activities designed to bridge the gap between academic learning and industry demands. A large number of students and professional members actively participated, taking full advantage of these initiatives to secure career advancement and practical corporate exposure. By hosting these sessions, the Baroda Chapter continues to strengthen its commitment to empowering the cost and management accounting fraternity with robust employment opportunities and essential market skills.

### Glimpses of Western India Regional Council



*Pune Chapter*



*Pune Chapter*



*Ahmedabad Chapter*



*Ahmedabad Chapter*



*Baroda Chapter*



*Baroda Chapter*

# National Seminar for International Management Accounting Day 'Management Accounting: Driving Strategy, Performance and Sustainable Value'

6<sup>th</sup> May 2026, KASSIA Bhawan, Bengaluru



**A** National Seminar titled “Management Accounting: Driving Strategy, Performance and Sustainable Value” was organized by Management Accounting Committee of the Institute of Cost Accountants of India (ICMAI) to celebrate International Management Accounting Day in Bengaluru. This event aimed to explore the evolving landscape of Management Accounting in today’s dynamic business environment. Topics to that were covered elaborated through panel discussions of expert professionals from the industries and practitioners. The seminar was divided into three major panel discussions on Services Sector, Manufacture and Management Consulting and Services preview. These discussions brought in several years’ experience of professionals and consultants that they shared to all participants as knowledge resources.

The inauguration was done by President of ICMAI, CMA TCA Srinivasa Prasad, Vice President CMA Neeraj D Joshi, Council Member and Chairman of Management Accounting Committee CMA Suresh R Gunjalli together with Chairman of Bengaluru Chapter CMA Raghavendra B K. In this seminar, ICMAI declared and announced the prestigious ‘Management Accounting Award’, that was awarded to ‘Delhi International Airport Authority’ headquarter in New Delhi. The award ceremony initiative was to evaluate entities on its maturity level in adoption of Management Accounting Principles and Practices and honour organizations for their awareness, implementation

and resilience to pursue global leadership.

The 1<sup>st</sup> Panel Discussion was on Services Sector with eminent people like CMA Gopal Ramanan Vice President and JAPAC Controller; CMA K. Narayana Rao, Director Delhi International Airport Limited; moderated by CMA Milind Date, Management Consultant.

The 2<sup>nd</sup> Panel Discussion was on Manufacturing Sector with eminent people like CMA Anil Jerath, Director (Finance) BEML Limited; CMA Channa Basavaraja Vice President, Strategic Initiative Tech Mahindra, and moderated by CMA N. Raveendranath Kaushik, Management Consultant.

The 3<sup>rd</sup> Panel Discussion was on Management Consulting and Services with eminent people like CMA (Dr.) Girish Jakhotiya Management Consultant, CMA Asim Kumar Mukhopadhyay CEO NAVTOM Consulting Pvt. Ltd. and moderated by CMA S Dorai Rajan, Total Cost & Lean Management Educator & Coach.

The eminent speakers in the panel discussions elaborated on present issues in various industries and how the Cost & Management Accountants can contribute in the development of various industries improve functions and thereby contribute for overall development of the Economy of the Country.

The participants experienced insightful discussions, expert presentations and knowledge sharing by the eloquent speakers. The program was a great success and attended by huge number of Members and Professionals of various Industries and Students.

## “Financial Year 2026–27: Digital, Dynamic and Result-Driven”

by Journal & Publications Committee, ICAI on April 27, 2026

The webinar titled “Financial Year 2026–27: Digital, Dynamic, Driven” on April 27, 2026 focused on the transformation of finance and operations through digital technologies, artificial intelligence, automation and real-time decision-making. The session began with a warm welcome by CMA Sucharita Chakraborty, HoD, Journal and Publications, ICAI, followed by the introduction of the distinguished speaker, CMA Proteek Kumar Chakraborty, Director (Finance), Electronics Corporation of India Limited (ECIL), Hyderabad. During the session, the speaker emphasized that the finance profession is undergoing a major shift where traditional methods of working are no longer sufficient. Earlier, organizations operated with silo-based data, manual reports, monthly or quarterly MIS systems and reactive decision-making processes. However, in the present digital era, organizations must adopt integrated digital platforms, machine learning, generative AI, prompt engineering, Power BI dashboards, and automated workflows to remain competitive and relevant. The speaker explained that digitalization is no longer optional but a necessity for survival and growth. He highlighted how AI tools can automate routine finance functions such as variance analysis, anomaly detection in trial balances, board presentation preparation, report generation, reconciliation processes and even income tax return filing automation. A major challenge in digital transformation, according to the speaker, is fragmented data, resistance to change, poor data quality, legacy systems, lack of real-time visibility, and concerns related to cybersecurity and confidentiality. The speaker also emphasized the importance of agility and dynamic action in the modern business environment. He shared practical



examples from his professional experience, including how digital systems improved healthcare approval processes in public sector organizations by enabling instant approvals through online platforms instead of manual referral systems. The session also highlighted the growing importance of prompt engineering as a critical skill for finance professionals. The speaker stressed that finance professionals should continuously upgrade their skills through training programs, experimentation and exposure to emerging technologies to stay relevant in the evolving business landscape. During the interactive question-and-answer session, participants discussed the changing role of CMAs in the digital era, the adoption of AI-based cost

management systems in manufacturing companies, and government initiatives related to AI adoption in public sector organizations. In conclusion, the webinar emphasized that the financial year 2026–27 represents a transition toward a future where finance professionals must become digitally skilled,

agile, and result-oriented. Digital transformation, AI adoption, automation, and integrated systems are reshaping the role of finance from a traditional support function into a strategic value creator. Organizations and professionals who adapt to these changes will remain competitive, while those resistant to transformation risk being left behind in an increasingly technology-driven business environment. There was an interactive question-and-answer segment, enabling participants to seek clarifications and exchange valuable insights. The session was moderated by Ms Indrakshi Bhattacharya, Journal & Publications and the event wrapped up with a vote of thanks from Shri Sundeep Aggarwal, J&P.



# The Institute of Cost Accountants of India

(Statutory Body under an Act of Parliament)

[www.icmai.in](http://www.icmai.in)

## Advisory for Renewal of Certificate of Practice For 2026-27

The members of the Institute holding Certificate of Practice (CoP) having validity up to 31<sup>st</sup> March, 2026 are requested to comply with the following guidelines for renewal of their Certificate of Practice:

1. The following changes consequent to amendment of the Cost and Works Accountants Regulations, 1959 vide Notification dated 4<sup>th</sup> February, 2011 published in the Gazette of India may be noted:
  - a. The validity of a Certificate of Practice (CoP) is for the period 1<sup>st</sup> April to 31<sup>st</sup> March every year unless it is cancelled under the provisions of the Cost Accountants Act and Cost and Works Accountants Regulations, 1959 as amended.
  - b. The Certificate of Practice issued shall automatically be renewed subject to submission of prescribed Form M-3 (duly filled in) and payment of renewal fee\* and annual membership fee\*.
  - c. From the year 2011-12 onwards, letter for renewal Certificate of Practice is not being issued. However, the members concerned may download the renewal status from the Institute's website [www.icmai.in](http://www.icmai.in).

Link: <https://icmai.in/MMS/Login.aspx?mode=EU>

2. It may please be noted that under Section 6 of the Cost Accountants Act, 1959, **both the Annual Membership Fee\* and Fee for Renewal of Certificate of Practice\*** falls due on 1<sup>st</sup> April each year.
3. Special attention is invited to the fact that the validity of a Certificate of Practice expires on **31<sup>st</sup> March** each year unless it is renewed on or before the date of expiry in terms of the amended Regulation 10 of the Cost and Works Accountants Regulations, 1959. Hence, a member shall be required to renew the certificate of Practice within **31<sup>st</sup> March** every year.
4. **If the Certificate of Practice of a member is not renewed within 31<sup>st</sup> March, 2026, his/her status of CoP from 1<sup>st</sup> April 2026 till the date of renewal would be "Not Active".**
5. Subject to what has been mentioned in Sl. No. 3 & 4 above, a member can get his/her Certificate of Practice for 2026-27 renewed within **30<sup>th</sup> June, 2026**. If application for renewal of Certificate of Practice is made after 30<sup>th</sup> June, 2026, the member's Certificate of Practice for 2026-27 will not be renewed but will be considered as a case of restoration of Certificate of Practice till 31/03/2027. This restoration is applicable only to the CoP holders whose CoP is valid till 31/03/2026. For restoration of Certificate of Practice, he/she has to pay ₹500/-\* as restoration fee in addition to the **prescribed fees \* along with duly filled in form 'M-3'**.
6. It may please be noted that mere payment of fees \* alone will not be sufficient for renewal of Certificate of Practice. Application in prescribed Form M-3 is to be used for Renewal of Certificate of Practice duly filled in and signed is **mandatory**. The soft copy of prescribed Form M-3 for Renewal of Certificate of Practice can be downloaded from Institute's website [www.icmai.in](http://www.icmai.in).

Link: <https://icmai.in/external/PublicPages/WebsiteDisplay/PractitionersForms.aspx>

7. The Institute has introduced a scheme of Continuous Professional Education (CPE) and the same is mandatory in accordance with provision to sub-regulation (1) of Regulation 10 of the Cost and Works

Accountants Regulations, 1959, as amended, whereby no Certificate of Practice and renewal thereof shall be issued unless a member has undergone minimum number of hours of such training. The detailed guidelines in this connection are available on Institute's website [www.icmai.in](http://www.icmai.in). Link: [https://icmai.in/upload/Institute/Updates/CPE\\_March\\_24\\_Rev.pdf](https://icmai.in/upload/Institute/Updates/CPE_March_24_Rev.pdf)

8. For renewal and application of new CoP issued on and from 1<sup>st</sup> February, 2019, please refer to Notification **F. No. CWA/21/2019 dated 1<sup>st</sup> February, 2019 and subsequent corrigendum dated 8<sup>th</sup> March, 2019.**

Link: <https://icmai.in/icmai/news/5435.php>. Accordingly new CoP holders on and from 1<sup>st</sup> February, 2019 are required to comply with Mandatory Capacity Building Training (MCBT) requirement for renewal of CoP for the FY 2026-27.

**9. Other relevant issues for Renewal of Certificate of Practice are as follows:**

- a. Application for renewal of Certificate of Practice upto 31<sup>st</sup> March, 2027 has to be made in prescribed Form M-3 which may be filled online or through hard Copy of form duly filled in and signed on both sides together with Renewal Certificate of Practice fee of ₹2,000/-\* and all other dues to the Institute on account of annual membership fees \* and entrance fees \*.
- b. The annual membership fee for Associate and Fellow members are ₹1,000/-\* and ₹1,500/-\* respectively. The entrance fee \* for Associate and Fellow members is ₹1,000/-\* each payable at a time at the time of application for admission to Associateship or advancement to Fellowship, as the case may be.
- c. The fees \* may be paid online or by Demand Draft/at par cheque payable at Kolkata if remitted by post to the Institute's office at Kolkata.
- d. Members should note that the **renewal of Certificate of Practice can be effected only after receipt of the prescribed fees \* along with duly filled in form at the Membership Department of the Institute at Kolkata and on meeting the stipulated CEP credit hours.** Mere submission of the same at the Regional Councils or Chapters will not be sufficient. Members are advised to make payment directly to the Membership Department or use the online facility of submission of application and payment to avoid any delay.

**All practising members are advised to send their application for renewal of Certificate of Practice for the year 2026-27 along with other requirements as indicated above immediately so as to reach the Institute's Office at Kolkata well in advance to enable the Institute to issue the renewal of Certificate by 31<sup>st</sup> March, 2026.**

**Renewal of Part-time Certificate of Practice**

1. For renewal of part-time Certificate of Practice, it is also essential to furnish a certificate from the employer in the following form or in a form as near thereto as possible if the practising member has undertaken any employment or there has been a change in employment:

“Shri/Smt ..... is employed as designation) ..... and (name of Organisation) ..... he/she is permitted, notwithstanding anything contained in the terms of his/her employment, to engage himself/herself in the practice of profession of Cost Accountancy in his/her spare time in addition to his/her regular salaried employment with us.

Signature of Employers with seal of Organisation”

2. It may be noted that members holding Part-time Certificate of Practice (CoP) are not eligible to undertake statutory assignments like Cost Audit, Central Excise Audit, etc.

*\*GST is applicable against payment*

# THE MANAGEMENT ACCOUNTANT

## PAPERS INVITED

Cover Stories on the topics given below are invited for 'The Management Accountant' for the four forthcoming months

|                |       |   |           |   |
|----------------|-------|---|-----------|---|
| July 2026      | Theme | Innovation in Action  | Subtopics | <ul style="list-style-type: none"> <li>○ Digital Transformation in Costing Systems</li> <li>○ Innovation in Cost Audit Practices</li> <li>○ GST Compliance in the Digital Era</li> <li>○ Strategic Cost Management for Competitive Advantage</li> <li>○ Costing for Sustainability &amp; ESG Reporting</li> <li>○ Automation &amp; Robotics in Finance Function</li> <li>○ Future-Ready Finance Professionals</li> <li>○ Innovation in Financial Regulation: The Role of IFSC &amp; IFSCA</li> </ul>  |
| August 2026    | Theme | From Independence to Viksit Bharat 2047: Strategic Management Accounting for a Self-Reliant India | Subtopics | <ul style="list-style-type: none"> <li>○ Strategic Cost Management for Self-Reliant Nation Building</li> <li>○ Role of Management Accounting in Transparent Governance and Economic Freedom</li> <li>○ Digital India: Driving Financial Independence through Analytics</li> <li>○ Sustainable Growth: Integrating ESG for Responsible Nation Building</li> <li>○ Empowering Startups &amp; MSMEs: Engines of Atma Nirbhar Bharat</li> <li>○ Nation First: Optimizing Resource Allocation for Infrastructure Development</li> <li>○ Global Competitiveness: Strengthening India's Economic Independence</li> <li>○ Vision 2047: Future-Ready CMA Professionals for a Self-Reliant India</li> </ul> |
| September 2026 | Theme | Industry 5.0: Building Intelligent, Sustainable and Resilient Enterprises                         | Subtopics | <ul style="list-style-type: none"> <li>○ Human-Centric Manufacturing Systems</li> <li>○ Human-Machine Collaboration (Cobots)</li> <li>○ Sustainable and Circular Production Models</li> <li>○ Resilient and Adaptive Supply Chains</li> <li>○ Advanced Digital Technologies for Industry 5.0</li> <li>○ Smart and Connected Industrial Ecosystems</li> </ul>  |
| October 2026   | Theme | Eco-Computing & Carbon - Neutral Infrastructure - The Strategic Role of CMAs                      | Subtopics | <ul style="list-style-type: none"> <li>○ Renewable Energy Integration &amp; Grid Interaction: Financial Evaluation and Cost Optimization</li> <li>○ Next-Generation Cooling Technologies: Cost Efficiency, Energy Savings, and Investment Decisions</li> <li>○ Sustainable Design and Lifecycle Management: Integrating Environmental Costs into Strategic Planning</li> <li>○ Metrics, Standards, and Green Software</li> <li>○ Accounting for Embodied Carbon</li> <li>○ The Circular Server: Cost Accounting for E-Waste and Hardware Reclamation</li> <li>○ ESG Reporting and the Finance Function: Emerging Responsibilities of CMAs</li> </ul>  |

*The above subtopics are only suggestive and hence the articles may not be limited to them only.*

Articles on the above topics are invited from readers and authors along with scanned copies of their recent passport size photograph and scanned copy of declaration stating that the articles are their own original and have not been considered for anywhere else. Please send your articles by e-mail to [editor@icmai.in](mailto:editor@icmai.in) latest by the 1<sup>st</sup> week of the previous month.



### DIRECTORATE OF JOURNAL & PUBLICATIONS

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# RESEARCH BULLETIN

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## THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

(Statutory Body under an Act of Parliament)

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Research Bulletin, Vol. 52 No. I April 2026 (ISSN 2230 9241)

### Call for Research Papers/Articles

We invite you to contribute research paper/article for "Research Bulletin", a peer-reviewed Quarterly Journal of The Institute of Cost Accountants of India. The aim of this bulletin is to share innovative achievements and practical experiences from diverse domains of management, from researchers, practitioners, academicians and professionals. This bulletin is dedicated to publishing high quality research papers providing meaningful insights into the management content both in Indian as well as global context.

### Guidelines to submit full Paper

- Soft Copy of the full paper should be submitted in double space, 12 font size, Times New Roman, keeping a margin of 1 inch in four sides, MS Word (.doc) format.
- Each paper should be preferably within 5000 words including all.
- An abstract of not more than 150 words should be attached.
- The cover page should contain the title of the paper, author's name, designation, official address, contact phone numbers, e-mail address.

### Papers are invited on the following topics, but not limited to:

- ▲ Capital Markets in India
- ▲ The Impact of AI on Financial Reporting Accuracy
- ▲ Customer Relationship Management (CRM)
- ▲ Quality Management and Assurance
- ▲ Risk Management
- ▲ Strategic Management
- ▲ Supply Chain Management
- ▲ Corporate Governance
- ▲ Ethics in Business
- ▲ Agricultural Economics
- ▲ Derivatives and Risk Management
- ▲ Banking & Insurance
- ▲ International Finance
- ▲ International Trade and FDI
- ▲ Influence of AI on Global Workforce
- ▲ Corporate Sustainability and Green Innovation

### Papers must be received within

**15<sup>th</sup> June, 2026**

**in the following email id:**

[research.bulletin@icmai.in](mailto:research.bulletin@icmai.in)



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Statutory Body under an Act of Parliament  
(Under the jurisdiction of Ministry of Corporate Affairs)



Since 1944

The Institute of Cost Accountants of India is a premier professional Institute and a Statutory Body functions under the jurisdiction of the **Ministry of Corporate Affairs, Government of India** to regulate and develop the profession of **Cost and Management Accountancy (CMA)** in the country.

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# CMA

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- 10+2 Pass or its equivalent (Students appearing for 10+2 also apply on provisional basis)

### Registration to Intermediate Course

- Passed CMA Foundation Examination
- Graduates of any discipline (Students awaiting final result also apply on provisional basis)
- Qualified CAT Level - I of The Institute of Cost Accountants of India
- Qualified CA Intermediate; Qualified Engineers; Qualified CS

### Core Strengths of CMA Profession

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| Building Cost Effectiveness          | Benchmarking                   | Cost & Management Accounting     |
| Business Strategy & Sustainability   | Effective Regulatory Landscape | Financial Management             |
| Auditing & Assurance                 | Enterprise Governance          | Direct & Indirect Tax Management |
| Business Valuation & Product Pricing | Cost-Benefit Analysis          | Management Control Systems       |

### Course Fees

- Foundation - ₹6,000/-
- Intermediate - ₹23,100/-\*
- Final - ₹25,000/-\*

\*Installation facility available

### Important Job Roles For CMAs

- CMD
- CEO
- COO
- CFO
- Director - Finance
- President - Finance
- Vice President - Finance
- Head of Finance
- Strategic Head
- Cost Advisor
- Finance Controller
- Cost Controller
- Risk Manager
- Business Analyst
- Research Analyst
- Dean/Professor of Finance

and many more ....

### Career Opportunities for CMAs

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