



NEWSLETTER MAY 2020

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CA. Kirit N. Kalyani
Chairman - Nagpur Branch of ICAI

My Dear Professional Colleagues

My Strong Belief – Supported by Inspiring Past

Time and again, the world have faced innumerable challenges but have always managed to adapt to the changes and situations and move forward as stronger and better.

Currently, we all are facing unique challenge because of pandemic in the form of COVID 19. But, on the other hand, it implies that we need to get through this unfortunate phase, at the earliest juncture possible, by adapting ourselves to the situation, in the best manner possible.

Acknowledgement

Let me acknowledge that, Nagpur Branch of ICAI, ensured to stay committed and tried every bit to ensure extending treasure of knowledge through effective webinars, in the month of April 2020. In other words, surplus time at disposal of members, was attempted to be invested for staying updated, at all times. Webinars during the month saw all colors of success because of sharing of knowledge and guidance by very renowned friends in profession including CA Sunil Talati, Hon. Past President, ICAI, CA Rajendrakumar P., Hon. CCM, CA Jai Chhaura, Hon. CCM and CA Bhavna Doshi, Hon. Former CCM, on one hand and active participation of members of Nagpur Branch with others in the entire Western Region, on the other.

Further, it always is satisfying to find that the efforts of Team Nagpur are well received by the members. Words of appreciation through mails and messages of members including from Nagpur, proves that the new age seminars in the form of webinars are able to serve the purpose to the best extent possible.

Change is the Only Constant including in Professional Arena

As is earlier conveyed, challenges in our lives are inevitable. However, we need to adapt ourselves in the best manner possible. Because of having proud feather of esteemed qualification for a Chartered Accountant, we need to effectively perceive and adapt to recent changes in work environment and technological developments.

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Inside

- Financial Reporting & Auditors Consideration
- Agriculture in India
- Impact of GST in Logistics
- Power of a CA
- Peer Review - Need to Know
- Co-operative Banks – Challenges Ahead!
- Gist of Past Events



From the Desk of Chairman of Nagpur Branch of ICAI....

Professionals dealing in core practice areas, were discussing increasing relevance of digitalization in professional lives, since few years. But, it was never completely implemented. Now, in view of COVID phase, it is now rapidly becoming the core of all business activities. The technological advancements coupled with compelling situations, have made it possible find ways to work remotely on one hand and ensuring social distancing and safety, on the other.

Professionals have started thinking on the lines of work from home, at least to reasonable extent, in future as well. Various software allows us to seamlessly connect, share data, and collaborate with our colleagues and client. Engaging with such softwares, is need of hour. However, with increase in use of these software, preventive measures to have effective check on the risk of data loss and cyber frauds, also need to be ensured.

Knowledge is Power

Nagpur Branch of ICAI sincerely believes in the strength of this quote. For knowledge sharing and skill development through webinars and ensuring that our members continue to enjoy the envious upper edge, at all times, Nagpur Branch has invested lot of time and effort towards creating webinars with knowledgeable speakers. I am pleased to share that **Nagpur Branch is the only one in the entire country**, to have organized webinars for the exclusive benefit of select groups of members. The same has been acknowledged by CA Lalit Bajaj, Chairman, WIRC, as well. Series of Webinars exclusively for **55 + Seniors Members and Women Members** in profession, were well received and duly appreciated as well.

This is the perfect time for everyone to work towards introspection and self improvement. It is to take opportunity to please share your ideas and suggestions for organizing webinars, etc., in these testing times at nagpur@icai.org. The same is going to help us plan

effectively for the members in profession and other sectors, as well.

On Forthcoming Front

Because of required preventive measures to counter COVID-19, even though the much awaited activities and events, are temporarily kept on pause mode, I wish to sincerely convey that the 'commitment to serve', is always going to prevail.

I am confident that, soon we are going to get together through various effective occasions, to enrich our professional lives. Till that time, we have planned various webinars, with due respect to the guidelines from Centre, for the same. We have found the best mode in the form of online webinars to keep our members at the cutting edge of professional knowledge, for the foreseeable future.

Sincere Wishes

This is to take opportunity to wish for ourselves, to effectively get through this unfortunate phase, at the earliest possible. We must commit ourselves to stay safe & healthy, for taking care of our responsibilities as a responsible family member, professional and citizen of India.

I remain.



Regards

CA. Kirit N. Kalyani
Chairman – Nagpur Branch of WIRC of ICAI
15th May, 2020



From the desk of Jt. Editor



CA. Kavita Loya

Practice Makes Perfect

This month and half period have been a lifetime experience for the entire human race.

Over the history of mankind the human race has faced many natural calamities,

wars, riots, nevertheless all the past events have affected certain parts of our society over certain geographical areas and over certain periods of time. But NOVEL CORONA - 19 the king of all pandemics is affecting the whole world and each and every human being on earth has a story to tell as to how they are coping with this peculiar time.

In this lockdown as I am confined within the walls of my house and as the doors are locked it has given me an opportunity to open to the world of books; the world of knowledge. It led me to the bookshelf where I stacked up books over a period of time with a promise to read them when I am free, now nature has given me that time to complete one of my wishlists.

Today I want to share a "Pauranik" story which I came across. It's about a village where lord Indra was upset with the villagers and cursed them with no rains for 12 years.

Villagers begged for mercy from Lord Indra, for without rains for 12 years they would not be able to produce any crops. Lord Indra then said, Rain will be possible only if Lord Shiva plays his Damru. When Farmers reached Lord Shiva he said that he will play Damru only after 12 years.

Disappointed villagers decided to wait till 12 years.

But one Farmer in the village was regularly digging, treating & putting manure in the soil & sowing the seeds even with no crop emerging.

Other Farmers were making fun of that Farmer. After 3 years all Farmers asked that Farmer why are you wasting your time and energy when you know that rains will not come before 12 years.

He replied "I know that crop would not come out but I'm doing it as a matter of "practice". After 12 years I will forget the process of growing crops and working in the field so I must keep it doing so that I'm fit to produce the crop the moment there is rain after 12 years."

Hearing his argument Goddess Parvati praised his version before Lord Shiva & said "You may also forget playing the Damru after 12 years!"

The innocent Lord Shiva in his anxiety just tried to play the Damru, to check if he could....and hearing the sound of Damru immediately there was rain and the farmer who was regularly working in the field got his crop emerged immediately while others were disappointed.

So the moral of the story is that : It is the practice which keeps on making you perfect.

Friends after reading this story, it reminds me of our present situation. The profession that we are in, practice is the essence of quality survival.

So, let lockdown lift after 2 weeks, 2 months or 2 years our profession requires us to keep sharpening our skills, practice with what we have, and upgrade our knowledge.



I would really like to appreciate the Nagpur branch in taking efforts to organise series of interactive sessions through Webinar on varied topics by eminent speakers from all over the country for the benefit of members in the profession. Let us all take advantage of these webinars and gear ourselves till the commercial world opens for our services.

Remember : Don't wait for rain , that is the lock down to be lifted and then start something... focus on our skills today, upskill your self so that you are ready to meet the challenges.



CA. Roshan Poddar

Technology: Looking forward

In this era of technological advancement, where the business owners were adapting to the new technologies and the latest modes of carrying out their business which included digitisation of the transactions, payments,

communication, etc. Ideally, CAs role is directly related to the business environment of the nation. Which is to say that since the CAs are accountable for the businesses they audit or advice, they are also expected to understand the environment in which these businesses operate.

Having said the above, It is the best time for the auditors to understand and gain immense knowledge on the

emerging Digital advancements which they need to keep in mind before commencement of any audit which is being managed in the Digital environment. Since internal financial control is reviewed, audited and commented upon by the auditors in their report. In case of certain companies, there it will be of utmost importance for the auditors to understand the controls which are being exercised by the client in the Digital Financial systems being maintained. Without being a proper and adequate know how about the same, auditors will find it difficult to understand and comment upon the IFC of the Company.

Technology has been a disruptive force in recent times. Such disruptions have resulted in the professionals and users of technology realigning and re calibrating for future. The period in which we all are going through; it is a big opportunity for all us to get familiar with all these technologies and modern techniques. After all, this is not the end, it's just a beginning of the new Era and a lot more changes in the environment expected in near future.



Impact of Covid-19 on Financial Reporting & Auditors Consideration (ICAI Auditing & Accounting Advisory, March 2020).



CA. Nitin Sarda
Nagpur

The novel coronavirus (COVID-19) pandemic is spreading around the globe rapidly. The virus has taken its toll on not just human life, but businesses and financial markets too, the extent of which is currently indeterminate. The financial reporting impacts of the COVID-19 outbreaks will depend on facts and

circumstances, including the degree to which entities operations are exposed to the impacts of the outbreak.

This article identifies key financial reporting areas that entities need to consider when determining the impact on their business, and on the results, financial position and disclosures in their financial statements. This is not an exhaustive list and there may be other areas not included in this article that entities should consider.

PART-A

Guidelines for the PREPARER of the financial statements

A. Impact of corona virus on financial reporting - Assets & Liabilities

i. Inventory Measurement (Ind AS-2 & AS-2)

As supply chain has come to halt due to lockdown, Inventories would have piled up. Estimating net realisable value in such volatile market conditions may also be a challenge. This will require entities to examine the need to write down the inventories where the net realisable value is lower than cost price.

ii. Impairment of Non Current Assets & Goodwill (Ind AS-36 & AS-28)

Due to Covid 19, The entity may be required to reassess the need for impairment of non-financial assets considering reduced economic activity, change in financial forecast and budgeted cash flows, etc. There are several factors which management may consider as the indicator that would require impairment testing for the purpose of Ind AS-36 & AS 28. For Eg. Breach of contract by the Investee or non payment of Debt obligation may require the management to impair the value of corresponding investments. In addition doubt about entity's ability to continue as a going concern is a general indicator of impairment for all assets.

iii. Change in useful life of fixed assets (Ind AS-16 & AS-10)

During lock-down the various assets such as machinery & equipments may not be functional and kept idle. The management should reassess whether any change is required in the useful life / residual life of such property, plant and equipment.

iv. Fair value of financial assets / instruments (Ind AS-109)

In respect of Trade receivables & other Financial Assets at amortized cost, it may be a challenge to make reasonable & supportable forecasts of future economic conditions relating to expected credit losses in the current circumstances.

Year-end outstanding trade receivables would certainly rise due to liquidity constraint being faced by the customers in releasing the over-due payments. In such scenarios, management



need to estimate and provide for bad and expected doubtful debts.

v. Leased assets (Ind AS-116, AS-19, AS-29)

Due to Covid 19 impact, there may be modification in lease arrangements like waiver or concession in rental payouts, financial effect needs to be factored in financial statement. Further, in case of non-cancellable lease arrangement which are onerous in nature, provision for impairment of leased assets also needs to be considered.

vi. Capitalization of borrowing cost (Ind AS-23 & AS-16)

During this lock-down period, the construction projects have come to halt. In such scenario, borrowing cost incurred during such period does not form part of the cost of qualifying asset and will be charged off as expense immediately.

vii. Provisions, Contingent Liabilities & Contingent Assets (Ind AS-37 & AS-29)

Onerous contract

There is overall disruption in supply chain baring essential items & logistic services which resulted into hike in procurement prices. There could losses from imposition of penalty due to delay in supply of goods or non-fulfillment of terms of contract.

Restructuring Costs

There may be some severe adverse impact in the entity's business environment due to which entity may be required to go for restructuring. Detailed formal plan of restructuring should be prepared by the management. Also management needs to ascertain the provision

required in respect of restructuring costs.

Insurance Claims

Insurance claims would be contingent assets in the financial statements if the entity has a clear right to reimbursement. They can be recognised as income in the financial statements only when virtually certain regarding the claim exists. For example acceptance of the claim by the insurer.

Contingent Liability

Companies may anticipate losses on account of reduction in demand, supply chain disruptions or losses due to an overall decline in economic output. However, future operating losses on existing contracts do not meet the definition of a liability unless they fall in the category of onerous contracts, and hence, should not be provided for as per Ind AS 37.

viii. Hedge Accounting (Ind AS-109)

The current volatility in markets may result in an entity requiring to either rebalance the hedge or discontinuing hedge accounting if an economic relationship no longer exists or the relationship is dominated by credit risk, where applicable. For Example, hedge accounting will cease if it is highly probable that a hedged forecast transaction such as inventory purchases or sales will not occur prospectively.

ix. Going concern assumption need to be reassessed by management (SA-570 (Revised))

The management will have to assess the impact of COVID 19 on the going concern assumption very carefully. Entities may need to update their cash flow projections for changes in assumptions and estimates. Management may include an appropriate explanatory note for its impact on the financial statement as on balance sheet date.



x. Impact of COVID 19 on significant uncertainties

Financial statement should include disclosure of significant recognition and measurement uncertainties that might have been emerged by the outbreak of the COVID -19 in measuring various assets and liabilities. Management should also disclose how they have dealt with the impact of COVID -19 on the financial position and financial performance of the entity.

B. Impact of corona virus on financial reporting- Revenue & Expenses

i. Revenue recognition

As revenues decline, capacities remain under-utilised and in some cases complete shutdown of businesses, entities will need to reassess the impact on revenue recognition. In some cases, force majeure clauses might be invoked, the impact of which will depend on the related terms and conditions in the contract.

Measurement of revenue need to be reassessed considering the impact of COVID 19 on expected increase in sales return, primary and secondary discounts to liquidated the inventories, etc. Additionally, disclosure is required for revenue not recognized due to uncertainty of cash flows.

ii. Re-measurement of deferred taxes

As the economic outlook deteriorates, recoverability of any recognised deferred tax assets will need to be carefully reviewed. Estimates of future growth, market prices of goods/ services, timing of cash flows, and other assumptions underlying the assessment of availability of future taxable profits are likely to undergo a change. Considering the unprecedented circumstances, the future projections may be subject to multiple

uncertainties. Further, for companies with global presence, considering the likelihood of change in earnings of foreign subsidiaries, management may also have to reconsider some of their tax strategies. In some jurisdictions, companies may also be granted tax waivers or deferrals, which need careful assessment of eligibility and the consequential impact on tax provisioning.

PART-B

Guidelines for the AUDITORS of the financial statements

i. Revision in risk assessment and materiality

Evaluation of additional risks on account of operational disruption, contractual non-compliance, liquidity & working capital issues, possibility of fraud, etc. will require revision in risk assessment and in calculation of materiality.

ii. Year-end physical verification

Considering the lock-down, it will not be possible for the entities to conduct physical verification of inventory and cash balances as on the cutoff date of 31st March 2020. The auditor shall perform alternate audit procedures to ensure the appropriateness of the stock levels / cash balances as on the reporting date.

iii. External confirmations

Auditor shall perform alternate audit procedures if inadequate / no responses are received from external parties for balance confirmation.

iv. Assessment of significant accounting estimates and assumptions

Considering the fact that lot of estimation and



assumptions will be involved for factors such as impairment of assets, provision for onerous contract, contractual penalties, etc., auditor shall be skeptical in assessment of such estimates and assumptions made by management or its expert.

v. Assessment of Going concern

In the current pandemic of prolonged operational disruption, the financial position of the entities would have been unfavorable. Auditors' should evaluate its impact on the going concern of the entity and discuss this with those charged with governance.

vi. Group audit

In case of audit of consolidated financial statements where the component(s) auditors are located in severely affected places, the principal auditor may perform alternative methods like video conferencing, filing detailed questionnaire, etc. for conducting the audit. It shall consider the impact of COVID 19 on the financial statement of its components.

What Auditors shall do

- *Should prepare a separate set of questionnaires for management to identify such risks involved in each of the critical areas and measures taken to mitigate such risks and revisit the level of materiality.*
- *Will have to assess the risk involved in each client*

based on the size, volume and classification of inventory at year end. Auditors should formally communicate to the management about the alternate steps which would be taken during the course of audit and auditor's representative will not be present during the year end physical count.

- *Shall examine subsequent receipts / payments, underlying documents for transactions during lock-down period. Confirmations from related parties should be insisted.*
- *Audit steps should include assessment of risk and ability of the management to fulfill its obligations / current liabilities in next 12 months.*
- *Early warning should be given by the component auditor to principal auditor for matter like deadlines which cannot be fulfilled, any material adjustments, etc.*

Conclusion

The impact of COVID-19 on economy, financial markets and entities continues to evolve. In the current phase, the fact that role of auditors at times like this is under increased scrutiny cannot be ruled out, the auditor shall exercise a very high degree of skepticism and work in accordance with professional standards and ethics requirements. However, irrespective of the challenges and uncertainties, there should not be any dilution or non-compliance with the auditing standards in carrying out the audits and they may modify the audit report if the situation demands.

Sincere Appeal to the Members of Nagpur Branch of the Institute of Chartered Accountants of India to Strengthen the Corpus of The Chartered Accountants Benevolent Fund (CABF)

I appeal all stakeholders of our profession to come forward and actively support and contribute for the cause of membership of accountancy profession, i.e. Chartered Accountants Benevolent Fund (CABF), which is an initiative of ICAI to provide financial assistance to our members-in-distress for sustenance that may bring back smiles on the faces of more needy families from our professional fraternity.

Contributions to CABF are exempted under Section 80(G) of the Income-tax Act, 1961.



Agriculture in India – An Overview.



CA. Girish Vazalwar
Nagpur

Ancestral agricultural lands.

In India we have many families who had very big holdings of agricultural lands which were divided into small shares making agricultural activities non-profitable. Some members get the share of agricultural land as a right but do not do actual farming but do it through some

labour(indirect farming) while staying away from the land. Agriculture is a great science and is not everyone's cup of tea. There are many degree holders but very few people have practical knowledge and experience. One can hold minimum of 2.5 acres of land which is so small that a family of 3-4 persons cannot have their livelihood on it.

Suggestion for change in Commercial Law: Law of fragmentation act should be changed to have more land with one person and not just 2.5 acres.

Agricultural land -only an investment

Many buy agricultural land only as an investment and not for actually doing farming. Earlier it was a good source of converting black money to white. Most of the transactions were made in cash which was much more than the sale deed price. Even now the agriculturist is exempt from income tax sec.269 SS. A lot of people take undue advantage of this situation. The agricultural land prices have gone up (which is on paper only till you sell it)but you require cash liquidity to buy seeds, fertilizers, wages etc.

Non availability of skilled farmers.

There are no skilled farmers available so that an absentee (agricultural) land lord can employ them as a farm labourers and not many have shifted to the newer techniques of agriculture.

There are many exhibitions held in cities but they are only attended by the owners who actually do not go and work in the fields. So the knowledge, if any, acquired by him is not

passed on to the labour working on the farm.

Suggestion for training of labour: High quality training and follow up at a cheaper rate should be given by the Government. Also there should be an Institute(employment exchange) where skilled and unskilled labour will register themselves from where they get the jobs, their wages are fixed, payments are secured, jobs are defined etc.

Non Availability of un-skilled labour

Due to Industrialisation, unskilled labour are not available as the farm wages are comparatively lower and no labour is interested in doing field(mud) work in hot weather, rains etc. Labour prefer factory, office work with more money and a more clean and dignified work environment.

Costly machines, tractors etc

The agriculture machineries are very costly, although there are subsidies and schemes (very few are known to the farmers) and bring no guarantee of profit .We do not have cooperative system where machines can be purchased by all for the use of all farmers. There are some big companies who do it and also have buy back of produce but unfortunately not come across them in my place.

Suggestion: Big companies should be encouraged to take up the agricultural activities by their machines and guide the farmers on what to sow and have a buy back scheme so that he need not worry about the selling part of his produce.

Products get very less price in the market.

The agriculture produce get very less price in the market,(which is controlled by Adtiyas) as compared to the labour, risk undertaken ,nature's fury etc. The Adtiyas are financially better off than an agriculturist.

Suggestion: Direct selling or through cooperative societies should be encouraged. Crop insurance should be made cheaper and for all crops.



Limited availability of Electricity and Water.

Electricity is available only for few hours to the farmers. Three phase electricity required for pumps is available only for few hours and on few days making it further difficult to do farming. Also water is not available in summer as the ground water levels have gone down.

Suggestion: Electricity should be made available 24 hrs, as this is an industry dealing with crops that can go dry or give less output.

If the agricultural produce is increased, the GDP of India will go up, we can export food and increase foreign exchange. Water harvesting should be made compulsory in the farms also. Schemes of "pani adwa, pani jirwa", "jal shivir" by Government should be implemented in more areas.

Organic Farming

Now a days many are turning to organic farming where the urea, fertilizers are not used but cow dung, cow urine (gau-mutra) are used.

The number of these type of farming is growing but quite slowly because in the initial years the yield goes down. It takes few years to regain the lost soil texture and then the yield of good quality of grains increases.

In many places there are no facilities to check whether the grains/products are organic or not, hence they do not get appropriate rates.

DIRECT AND INDIRECT TAXES

There is no tax on agricultural income. If you do not have any other income, then the tax on agriculture income is NIL.

If you have other income, the agricultural income is added for the rate purpose i.e. the tax slab will be decided for tax on other income.

Many take advantage of this by showing unlimited agricultural income in one's hand who do not have any other income, thus making black money to white without paying a single rupee.

Earlier there was state tax on agricultural income in

Maharashtra state (50% or so above Rs.36000/-) which was abolished long back. Agriculture income tax is supposed to be a state matter and hence there is no indirect tax and it may differ from state to state.

Capital gain on sale of agricultural land.

There is no capital gain tax on sale of agricultural land, if the conditions are fulfilled-sec.10(37)

Agricultural land in rural area is not considered as capital asset. Even compensation received on compulsory acquisition of urban agricultural land is exempt from tax(sec 2(14)). However it is considered as capital asset and taxed if it is situated within the jurisdiction of municipality or cantonment board or within 8 km radius and having a population of 10000 or more.

Suggestion: Agricultural income should be taxed after certain limit to stop the misuse of this provision in Income tax act.

ACCOUNTING

Accounting of agriculture income and expenses are done mostly on cash basis. A hybrid method can be done for making provision for expenses.

GOVERNMENT SUBSIDIES

The Government sells seeds and fertilizers through cooperative societies at concessional rates to the farmers. Government also gives subsidy for planting fruit trees like mango, mausambi, oranges etc. They also give subsidy for drip irrigation, digging wells, pump sets, equipments required for farming, purchasing tractors, animals (cow, buffalo, goat, chicken) etc. The banks give loan for above activities at a concessional rate and with easy instalments.

BANK LOANS

The banks give loans to small and medium sized farmers for doing agricultural activities also such as for working capital at a very low rate of interest and if the loan is repaid back fully before that year end, full interest is waived off (zero interest).



Impact of GST in Logistics Industry (Transportation, Warehousing etc.)



CA. Rupak Miglani
Nagpur

Introduction-

Logistics can be defined as the management of the flow of Goods, information and other resources, energy and people between the point of origin and the point of consumption in order to meet the requirement of consumers. Logistics involves the integration of

information, transportation, inventory, warehousing, material handling, packaging and security. Logistics may have an internal Focus (inbound logistics), or external



focus (outbound logistics).

Logistics management is part of supply chain management. Logistics management plans, implements, and controls the efficient flow and storage of goods, services and related information between the point of origin and the point of consumption in order to meet customer requirements.

I would like to throw some light on the important aspects out of the above i.e. transportation, warehousing and when it comes to the inventory it obviously means that we would be talking little bit of the inventory management in the logistics industry too.

Let's understand the pre GST and post GST period scenario of transportation.



Transportation under the pre GST period

Under the pre GST regime whenever the goods were transported from the one destination to the another, the conveyance as well as the goods kept inside the conveyance has to go through many inspection stages during the check posts which the transporter might come across.

The approach followed by the inspectors in these check post could differ from officer to officer some might ask for the bribe or some may go through the genuine inspection but obviously could have taken much time since there were no digital interference for checking this type of inspection.

This was resulting in the harassment to the transporter and at the end to the recipient but the only option to deliver the goods outside the city boundary or state border was this only.

Transportation under the post GST period

Now after the introduction of the GST and moreover the concept of E Way bill in GST this type of harassment has been eliminated.

Now the supplier or the person causing the movement of goods has to generate the E Way bill before its movement in which he will update the necessary information in **part A (consignor, consignee, goods description, tax there on etc.) and part B (conveyance details)** of the **GST EWB 01** and this **GST EWB 01** along with the invoice would be carried by the transporter along with the copy of invoice.



Now what will happen any officer wants to inspect the transporter carrying the goods he shall verify the **E Way bill** carried out by the transporter along with its own **E Way bill** too (GST EWB 02 which is to be generated by the transporter itself).

Once the conveyance has been verified by any of the officer within the state then the conveyance is freely allowed to go to the destination without any further stoppage in the check post except when it crosses the border of one state it would be verified by another different check post officer of that state once only since the officer one who is verifying such conveyance will update the details in the portal. So with the introduction of the E - Way bill concept under the GST it has eliminated the harassments caused to the concerned people earlier whereas it has also lead to the faster delivery of goods with ease in transportation.



Impact on working capital due to the time of supply provisions

What is very important in the GST is the time of supply firstly to know whether it is a supply or not secondly to understand what would be the time of supply these are the two crucial aspects of GST. So for

this also what is important is the invoicing rules made under GST.

So whenever the goods are moved from the point of origin to the point of destination, invoice is issued which also leads to the discharge of the tax liability within the concerned tax period within the specified date of the filing of return of that tax period irrespective of whether the collection has been made or not from the recipient so if we see logistic industry as a whole it had impacted

the working capital in a big way. It would have been an incentive for the logistic industry if the government would have launched some financing schemes for this type of industry to manage its working capital since the impact is not only from the time of supply perspective but also from input tax credit perspective.

Input tax credit in transportation

The big relief for any business due to the introduction of GST is the ITC credit available for set off from the liability it has to discharge from its outward supply however there are few industries which are suffering from the ITC mechanism under the GST since the logistic industry is one where the major inputs are the petrol but there is no GST in petrol but the excise and vat because of the political stuffs petrol has been kept out of the purview of the GST. So if there is no GST on the inputs hence there is no ITC available. Logistic industry is the victim of it.

Other benefits to transportation after the introduction of GST

Just in time - any industry benefits now a days depends on the response time it has since there is no monopoly left but more and more competitors who are emerging today so the faster delivery of raw material in the production floor has led to the speedy delivery to its customers which has now become the competitive edge for many of the industries.

Inventory re order level - after the introduction of GST the inventory management has also improved leading to the efficient management of resources in turn leading to the reduction in cost of inventory management since the inventory can be ordered only as and when needed or required because of the introduction of concept of E Way bill causing faster and hassle free delivery of goods.

Transition phase for the E - Commerce operators after the introduction of E Way bill

Under the E Way bill concept one who **causes the movement of goods** has to generate the **E Way bill** at



times supplier, however in case of e commerce operator the operator first of all collects the goods from the supplier registered in its website so supplier has to generate the E Way bill but since the supplier does not know the conveyance details which e commerce would be operating and also don't know the timing of when it would be dispatching the goods, the supplier could not generate the E Way bill so therefore the e commerce operator has to generate the E Way bill however prima facie it is the responsibility of the supplier to generate the same so generally, these e commerce operators takes the authority letter from the supplier and in turns it generates the E Way bill but in any case

some wrong information or suppression of information occurs it would be the supplier's responsibility.

Warehousing



Pre GST

Before the introduction of GST there was a vat system having no uniformity in the rates of tax in the different states due to which the industry used to have the

multiple warehousing locations to avoid the tax burden. The rate of vat varied from state to state, on supplying from one branch to another outside the states there was no CST since it was a branch transfer. So industry used to show the branch transfer to different state and make sale from a different state where the tax burden is relatively lower.

Post-GST

Now with the introduction of GST there has been uniformity in the rates of GST encouraging industries to have a centralized warehousing location resulting into the reduction of warehousing cost or other arrangements

However the stock transfer is considered as a supply here which means there is a taxable event leading to the discharging of liability before its actual sale.

This has encouraged the e commerce operators with some new warehousing arrangements.

Many new e commerce operators collectively have come to form a zone wise warehousing locations since there is uniformity in the rates of GST and also there is a sharing of price - revenue model between different suppliers resulting into the **building of the competitive edge** of different industries especially the logistic industry.

Conclusion-

- 1- After the introduction of the GST the industry is able to build the competitive edge by providing the speedy supply of its product and services due to the digital interference of E Way bill into the system.
- 2- Input tax credit methodology under GST has affected negatively to the industry.
- 3- The industry is also able to make tie ups and arrangements to provide better service to its customers.



Power of a Chartered Accountant using Information Technology



CA. Swati Thakkar
Nagpur

Chartered Accountants offer financial advice, do audit of accounts, provide trustworthy information about financial records. This involves financial reporting, taxation, auditing, forensic accounting, corporate finance, business recovery and insolvency, or accounting systems and processes. Information technology (IT) plays a crucial role in Chartered Accountant

profession today. Creating more automated and commoditizing processes intensifies the power of information technology in our society. IT increases effectiveness and economy at work, and also brings standardisation. CAs will need to embrace the rapid advances in accounting technology if they want to remain relevant in the accounting industry. This includes staying up-to date with technological trends, optimizing and adapting current accounting software to meet the needs of their firm, and being open to accepting and learning advancing technologies.

When we look at Audit Services currently, they are all moulded based on creating a faster, more efficient more accurate, more timely, IT support -

1. Big data and analytics have the potential to help CAs to do things better and with less human intervention, as well as find new insights for businesses. And of course data also needs protecting - cybersecurity is becoming so important for all businesses.
2. New digital ways to interact – most obviously using online services rather than telephone or face to face contact – are influencing how people want to interact with their own accountant and advisors, and opening up new market opportunities. Specially in current COVID-19 pandemic.
3. Innovative financial technologies – such as cryptocurrencies, new payment systems, and platforms – can enable businesses to cut costs, to improve revenues, and to provide new services as well.
4. Artificial intelligence and robotics is automating

complex and repetitive tasks and processes, with extreme accuracy, reducing operating costs and increasing efficiency.

5. **Cloud Computing** - is a type of Internet-based computing that provides shared computer processing resources and data to computers and other devices on demand. This allows accountants to perform accounting tasks from any location as well as the ability to deliver financial information and reports through the cloud. This opens up a new way for accountants to work with their clients. Now, there is more time to engage with the client and focus on business strategy instead of getting burdened with detailed processes.
6. **Innovations in Tax Software** - The tax software of today has helped improve accuracy while reducing margins of error - something businesses want to embrace in order to avoid tax penalties and prevent issues with stakeholders. Better tax software also helps streamline audits by making them more efficient and effective.
7. **Mobile Accounting** - Accountants are increasingly dependent on their mobile devices to access data. Mobile connectivity also bridges accountants and their clients. Their mobile apps help accounting firms manage their business while on-the-move. Firms can reconcile, send invoices, add receipts and create expense claims from smartphones or tablets
8. **Social Media** - Social media has become an essential tool for firms wanting to engage with their current and potential clients while expanding their brand reach.

Small Case study

Would like to share the experience of GRESPL, a Financial IT Company wherein a 500 Fortune company was not able to take a decision due to enormous amount of data and thus GRESPL created a small program to do summary Data analysis. Here we could count the key core indicators, such as the company's annual operating income, annual consumption costs, and annual net profit, and this helped the management to take a decision with regards to the continuation of the product.



Peer Review - Need to Know



CA. Mahesh Rathi
Nagpur

Peer review (P R) means an examination and review by the Reviewer of the systems and procedures of the Reviewee, to determine whether they have been put in place by the Practice Unit for ensuring the quality of assurance services.

Once the unit is selected, it shall be communicated with a questionnaire and recommended names of the 3 reviewers. The practicing unit is required to select one and inform the board of his choice. The board shall inform the selected reviewer to seek consent. Upon receipt of the consent the board shall inform the P U that the reviewer has accepted the assignment.

The PU is required to submit the following information within 15 days to the reviewer :

1. A duly filled in questionnaire sent by the board.
2. List of all assurance clients with type of engagement, turnover and paid up capital.
3. A note on policies and procedures for independence, staff selection and supervision, documentation
4. Details of any proceeding against firm or its partners and qualified assistants.

The reviewer shall within 15 days of receiving the information from the practicing unit, inform the practicing unit about the list of Audit Assurance files selected for review. After intimation of the list of files, the reviewer shall give at least 15 days time for initial

meeting so as to enable the unit for getting ready with the necessary records of the selected Assurance Services.

The reviewer and PU shall mutually cooperate to ensure that entire review process is completed in 90 days from the date of notifying the practicing unit about its selection for review. The purpose of initial meeting is to determine the accuracy of the responses, given in the questionnaire and seek additional information where information in questionnaire provided by the PU is inadequate

While conducting the review the reviewer may take the help of a qualified assistant who shall be from the firm of the reviewer, either Partner or paid assistant

The objective of Peer review is to ensure that while carrying the professional services, members of the Institute -

1. ensure compliance with Technical, Professional and Ethical Standards,
2. ensure that proper system of quality control for the assurance services rendered by them, is in place,
3. ensure compliance of ethical and statutory requirements.

The Peer Reviewer identifies weaknesses where a member may require guidance to carry out the assurance services.

Assurance services includes auditing of books of account and records, certification of financial transactions, concurrent audit, internal audit, etc.



Engagements for compilation of financial statements, preparation of tax returns, management consultancy, representation before authorities, tax advice, due diligence etc., does not fall within the scope of assurance services

Assurance engagement records of three years need to be reviewed by the Reviewer.

A newly constituted firm, not more than one year old, can apply for P R, If it's proprietor / partner has minimum 5 years post qualification experience.

The practicing unit is expected to comply with -

- Professional, Technical and Ethical Standards,
- Guidance Notes and Guidelines issued by ICAI including register of assurance engagements,
- Requirements of staff training infrastructure,
- Guidelines related to Articles including attendance records, work diaries, stipend payments, etc.
- Quality of reporting

After completing the Review, The reviewer may issue preliminary report to the practicing unit, communicating his initial findings. The practicing unit shall communicate its representation within 15 days to the reviewer. The reviewer based upon his satisfaction with respect to the communication sent by the practice unit, issue final

report to the board.

However, if the reviewer is not satisfied with the quality of services rendered by the practicing unit, he may issue qualified report for one or more of the following :

- * Non compliance with technical, professional, ethical standards
- * Deficiency in quality control system
- * Non compliance with quality control policies and procedures
- * Inadequate training program for staff

UDIN requirements not applicable to Peer Review Report

The Board shall consider the report and if satisfied, will issue Peer Review Certificate. If not satisfied, the Board may issue recommendations to the PU and direct for further review.

The Review of level I, II, & III firms should be carried out every 3rd, 4th and 5th year

Peer Review Fees to the Reviewer is to be paid for the total review assignment and calculated on the average turnover of the practice unit.

The PU directly pays the honorarium to the Reviewer, by crossed account payee cheque/demand draft within 30 days of receipt of the bills from the Reviewer. Proof of receipt of fees is to be submitted to the Board



Co-operative Banks – Challenges Ahead !



CA. Tusharkanti Dable
Nagpur

March is an important month in terms of financial year for co-operative banks. As it is the last month of the financial year, there is a mountain of detailed financial work in front of the banks. This year too, the month of March started in a hurry. All the banks started trying to meet their targets,

increasing the profits, and improvising the balance sheet. But around 15 March, the Corona crisis erupted globally in the form of the Covid-19 and our country is no exception. The country's economic turmoil came to a complete halt in the last week of March. With the introduction of lockdown in the country, only essential services as well as banking transactions are running resulting adverse impact on the economy, alternatively the banking sector as well. This put an end to all the efforts of the co-operative banks in the last week of March.

The biggest recovery of co-operative banks is in March. This recovery took a break. The sanctioned loan case could not be disbursed. Co-operative banks faced many such problems and as a result, NPAs are expected to increase and profits are expected to decline. As all these matters were beyond the control of the banks, the financial resources were reduced. As a result, cash liquidity declined and the blow fell on the banks. Withdrawals and deposits from banks in form of Cheques, RTGS, NPT transactions continued. Withdrawals were increased and deposits were decreased. All this happened by the end of March. Earlier, the banks had a Corona free period of eleven

months. So it won't have much of an impact on financial year ending in 2020. The impact will be severe in the financial year ending 2021. The Reserve Bank was keeping an eye on all these financial conditions. Accordingly, on March 27, 2020, the Governor of the Reserve Bank announced the first relief measure. He then announced the relief measure on April 17 as well. Concessions have also been given to co-operative banks under both the packages.

Some of the relief measures given by Reserve Bank of India to Banks are as follows.

- 1) Reduced CRR (Cash Reserve Ratio) from four per cent to three per cent. This is expected to release 1.37 Lakh crore liquidity in the market.
- 2) Deferment of Recovery of EMI's for three months from March 2020 to May 2020.
- 3) Interest on working capital is also deferred for three months. The bank will be able to recover the interest after the 31st May, 2020.
- 4) The bank can reduce the margin on working capital limits to fund more without any additional security.

In the coming financial year, the co-operative banks will face many challenges.

The challenges faced by the co-operative banks and the solutions to them can be as follows.

- 1) Non-performing loans in banks are likely to increase in the upcoming months. Therefore, interest income will be lost and provision will have to be made. This can result in lower profits



as well as higher NPAs.

The solution is for co-operative banks to divide their loans into three types :

- A) For those whose business or salary will not be paid for three-four months, and they will not get income for the next three months.
- B) Those whose income or business is completely closed for three months, but later they can also get income or income for these three months.
- C) Whose business or income will not be affected by this crisis.

Dividing the borrower in this way, with proper planning, can help proper monitoring and reduce non-performing loans.

- 2) In the next few months, if nationalized and private banks cut their interest rates on loans, it will be a hit to the co-operative banks.
- 3) Deposit returns are likely to increase if the financial situation takes time to adjust. For this, banks should keep their liquidity in the right proportion and plan the CD ratio properly.
- 4) Demand for loans will increase, so loan sanctioning should be done after exercising proper due diligence.

Appeal to Contribute in – ICAI COVID 19 Relief Fund

Hon. President's appeal can be referred at site of the Institute, by clicking the link -https://www.icai.org/new_post.html?post_id=16403

The COVID-19 pandemic marks an unprecedented time in modern history that will require the best of humanity to overcome. Little would have we realised the unfolding of epidemic like this, which situation is yet unfolding, and have brought the economic momentum to a much lower trajectory. Situation like this would need support to collaborate with the government initiatives to scale up governmental efforts to help those in distress. At this moment, the affected people in India will need help to tide over the viral disease, and in this scenario, ICAI has decided to stand with our distressed fellow countrymen, and actively participate in the national effort to support them at this difficult time. Due to the ongoing lockdown, much needed on the ground of social distancing and therefore 'stay home' advisory from the government; some of our fellow countrymen will need extensive support from the government. Further, we need to contribute to the government initiatives to bolster necessary infrastructure and human ware to fight this epidemic.

To provide much-needed relief for the people affected by the viral disease and those who are in distress; ICAI appeals to all its Members and Students to donate generously for this noble cause. Donations can be made through Demand Draft, Cheque, RTGS and online mode; offline collections in form of cheques/demand draft should be given in the name of "ICAI COVID 19 Relief Fund". All such offline contributions can be made in the ICAI Bank Account having the following details:

Bank : HDFC Bank

Account No. : 50100098409265, IFSC No : HDFC0000590

The collected amount will be given to PRIME MINISTER'S NATIONAL RELIEF FUND. All contributions towards this Fund are exempt from Income Tax under Section 80G. The donors are requested to give their name, membership number /student registration number, address, amount and date of contribution, PAN details (if any) so that receipts could be obtained from Prime Minister's National Relief Fund for onward transmission to the donors. The letter/email can be sent to:

The Additional Secretary
M&C-MSS

The Institute of Chartered Accountants of India
ICAI Bhawan, A-29, Sector-62, Noida-201309
Email: msshead@icai.in

Looking forward for your generous contribution in these special circumstances in the interest of mankind.

(CA. Atul Kumar Gupta)
President ICAI



Gist of Past Events of Nagpur Branch of ICAI (April 2020)

Sr. No.	Date	Programme Type	Topics	Speakers/Chief Guest	Venue/ Jointly Organised by/ Led by	No. of Part.	CPE Hrs. (Unstructured)
1	03/04/2020	WICASA	Online Mode through Instagram : Revision for students Quarantine Quest: MCQs for CA Inter Students.		WICASA Nagpur	160	-
2	11/04/2020	WICASA	Online Mode through Instagram : Revision for students		WICASA Nagpur	120	-
3	11/04/2020	WICASA	Online Mode Through You tube Channel: Session for students 1) Industrial Training 2) Question and Answer session and Student's Interaction.	Speaker: CA. Dheeraj Rawlani	WICASA Nagpur	422	-
4	15/04/2020	WICASA	Online Mode through Instagram: Awareness drive Novel Corona Virus : SEPARATED YET UNITED (An Awareness Video)	CA. Akshay Gulhane , Chairman WICASA CA. Kirit Kalyani , Chairman, Nagpur Branch CA. Abhijit Kelkar , RCM	WICASA Nagpur	63	-
5	18/04/2020	Webinar	Webinar on Unlocking Opportunities in Lock Down 1. Tapping Professional Opportunities - Export of Professional Services 2. Unlocking Opportunities Now - To Look Up after Lockdown	Speakers: CA. Sunil Talati , Hon. Past President, ICAI, Ahmedabad CA. Navin Khandelwal , Indore Coordinator : CA Akshay Gulhane , WICASA Nagpur Chairman	Nagpur Branch of WIRC	124	2 Hrs.
6	20/04/2020	Webinar	Webinar on Recent Notifications and Relief Measures for GST Act Provisions [Due to COVID 19] 1. Relief Measures for Compliance with GST Act 2. Recent GST Notifications & Circulars	Chairman of Webinar: CA Rajendrakumar P. , Chennai, Hon. Central Council Member Speakers: CA. Ashish Kedia , Mumbai CA. Manish Gadia , Regional Council Member, Mumbai Co-ordinator : CA. Suren Duragkar Imm. Former Chairman	Nagpur Branch of WIRC	270	2 Hrs.
7	21/04/2020	WICASA	Webinar on Lock Down a New Down	CA. Jay Chhaira , Surat CCM	Nagpur Branch of WIRC	118	-
8	22/04/2020	WICASA	Webinar on Data Mining with Excel	CA. Mahesh Bhatki , Mumbai	Nagpur Branch of WIRC	60	-



Gist of Past Events of Nagpur Branch of ICAI (April 2020)

Sr. No.	Date	Programme Type	Topics	Speakers/Chief Guest	Venue/ Jointly Organised by/ Led by	No. of Part.	CPE Hrs. (Unstructured)
9	23/04/2020	Webinar	Webinar on Recent Developments in GST Jointly with Pimpri-Chinchwad, Satara, Nashik, Ratnagiri, Aurangabad and Goa Branches of WIRC of ICAI 1. Classification of Goods in GST 2. Recent developments in GST	Speakers: CA. Rajendra Kumar P., CCM, Hon. Chairman, GST & Indirect Taxes Committee CA. Sushil Kumar Goyal, Vice Chairman, GST & Indirect Taxes Committee	Nagpur Branch of WIRC	160	-
10	25/04/2020	Webinar	Webinar on Section 16 (4) & Clause 36 (4) of GST Act & Burning Issues in GST jointly with Akola, Amravati Branches	Speaker : CA. Bimal Jain, New Delhi	Nagpur Branch of WIRC	210	-
11	26/04/2020	Webinar	Webinar on Problems are Opportunities, Brahma Kumaris, Om Shanti Retreat Centre. Jointly with Surat and Other Branches	Speaker: BK CA. Lalit Inani, Secretary Prajapita Brahma Kumaris, Ishwariya Vishwa Vidyalaya, Mount Abu	Nagpur Branch of WIRC	116	-
12	27/04/2020	Webinar	Series of Webinars Specially for 55 + Seniors Webinar - Excel Essentials	Speaker: CA Dhananjay Gokhale, Nagpur Co-ordinator : CA. Akshay Gulhane WICASA Chairman	Nagpur Branch of WIRC	111	2 Hrs.
13	29/04/2020	Webinar	Webinar for Women CAs – Professional Opportunities & Challenges Organized jointly with Surat, Goa, Pimpri Chinchwad & Anand Branch of Western Region.	Speaker: CA. Bhavna Doshi, Former CCM, Mumbai Moderator: CA. Kavita Loya Former Chairperson, Nagpur Co-ordinator : CA. Akshay Gulhane WICASA Chairman	Nagpur Branch of WIRC	121	2 Hrs.

Nagpur Branch of WIRC of ICAI

NEWSLETTER MAY 2020



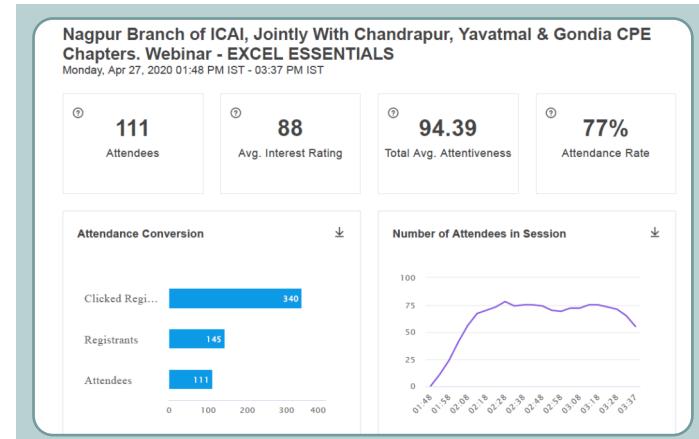
Visual Ride of the Webinars @ April 2020

Webinar on EXCEL ESSENTIALS

Specially for Seniors In Profession Date : 27th April, 2020



CA. Dhananjay Gokhale, Nagpur



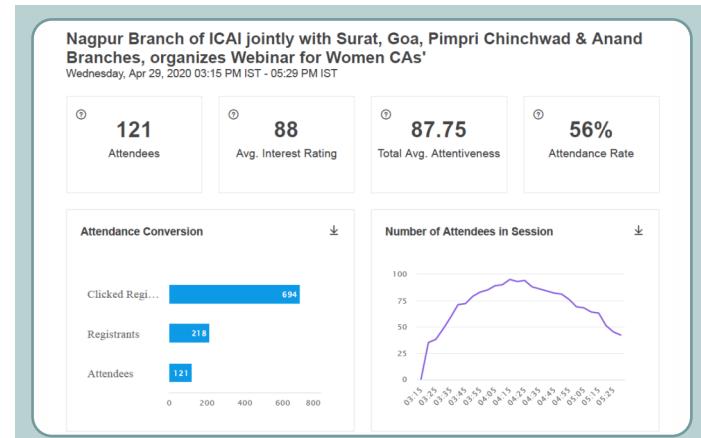
Webinar on Opportunities & Challenges in Current Times Specially for Women CAs' In Profession Date : 29th April, 2020



Speaker
CA. Bhavna Doshi,
Former CCM,
Mumbai



Moderator
CA. Kavita Loya,
Former Chairperson,
Nagpur Branch



Proud Glimpses of - Nagpur Branch of ICAI in News

स्थानीय

जीएसटी अधिनियम के प्रावधानों में राहत व्यवसायिक समुदाय तथा पेशेवरों के लिए समय की आवश्यकता है - सीए किरीट एन कल्याणी



CityBusiness

Unlocking opportunities during lockdown: CA Talati



are generally more or less maintained in the same fashion, as in India, earning trust and confidence is most important.

He believed that Indian CAs are perfectly trained for export of services and are well equipped for professional opportunities during the need of hour.

CA Navin Khandelwal, Indore, impact analysis, cash flow analysis, assessing modes of right mix to be adopted, and how to be able to introspect ourselves, find enough time to enjoy life with family and friends.

The Views expressed in the News Letter are those of the Individual contributors and not necessarily those of the Nagpur Branch of WIRC of ICAI.
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**Nagpur Branch of
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