



BHUJ BRANCH OF WIRC OF ICAI

E-Newsletter For The Month Of January-2020

(FOR PRIVATE CIRCULATION ONLY)

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Chairman's Communication

Dear Professional Colleague,

A new decade already started with beginning of new hope, aspiration, trust and opportunity for our profession. I wish every member a New Year rich with blessings of joy and success. May the lights of hope and joyful spirit keeps glowing in our heart forever.

Much of reputation of CAs is due to the fact that their rigorous training makes them jack of all trades. For updation of knowledge of our members, Bhuj branch has arranged CPE in the month of December. We were privileged to have the gracious presence of speaker CA. CJS Nanda, CA. Divyang Desai and CA. Dr. Rajesh Khandol. Presence of member in large number provided a very positive vibes to the CPE programme.

It is rightly said that **“leadership is not about position or title, it is the capacity to translate vision into reality”**. One of the major agenda which I considered during my tenure was of New Branch Premises to serve members and students of the region. It is proud moment for us to see that our little steps forward has become small milestones of our achievements. I am happy to share with all of you that Inauguration of new Branch premise of Bhuj Branch is scheduled at 10 am on 2nd February, 2020. I invite all members and students to Inauguration ceremony. Also request to all members and students to come forward with more and more ideas for arranging Seminars, Workshops helpful

to all and make best use of quality infrastructure now available with us. Also, Bhuj branch is feeling proud to facilitate new members of our CA fraternity. I congratulate newly qualified members for their achievement and wishing success for new start of their professional journey.

Let me invoke following quote of Richard Bach before signing off the communique.

“The gull sees farthest can flies highest”.

Yours in Professional Service

CA. Hardik P. Thacker
Chairman

UNION BUDGET: UNDERSTANDING THE BASICS

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The Budget of the Central Government is not merely a statement of receipts and expenditure. Since Independence, it has become a significant statement of government policy. The Budget reflects and shapes, and is, in turn, shaped by the country's economy.

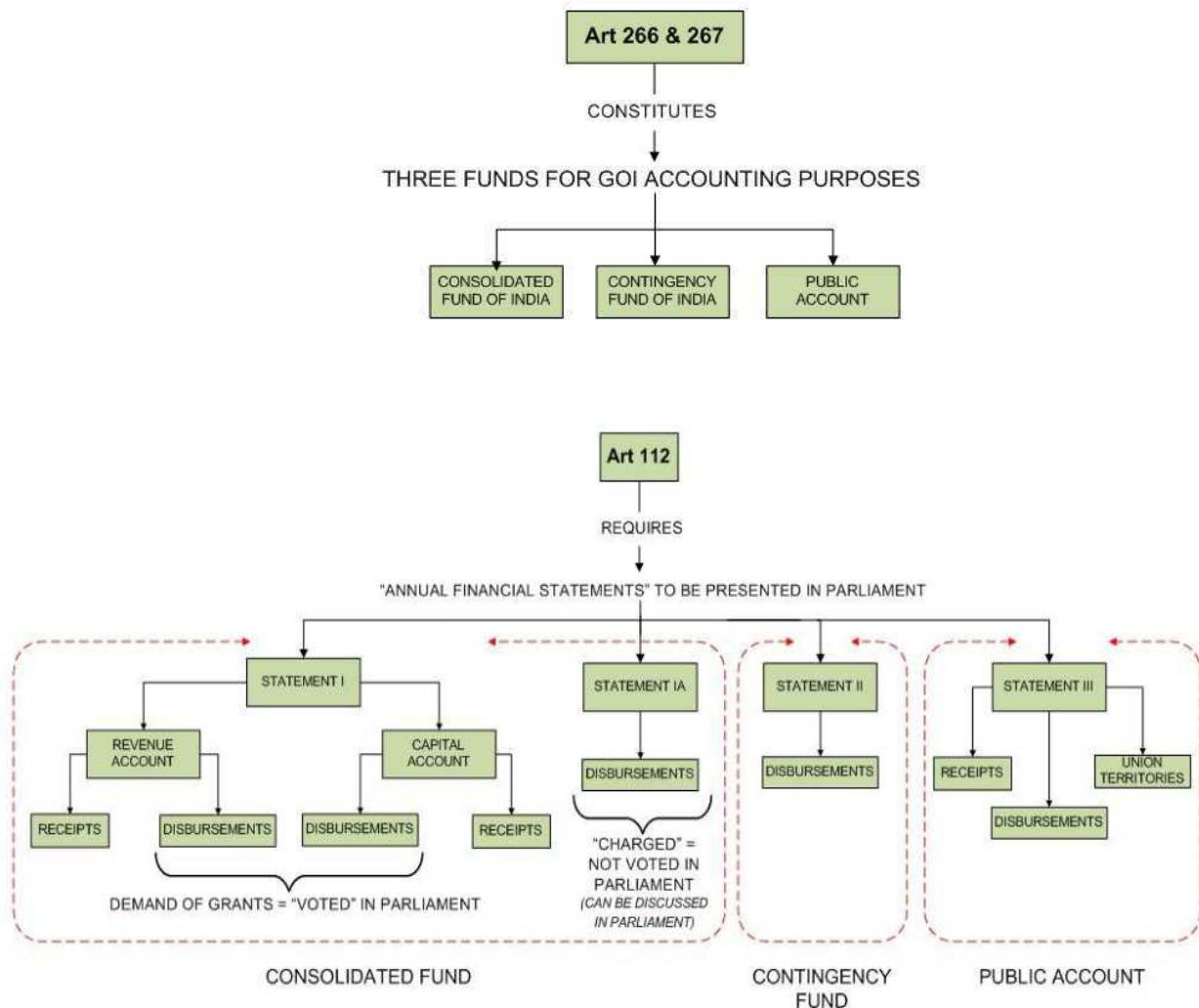
There is a constitutional requirement in India to present before the Parliament, a statement of receipts and expenditures of government in respect of every financial year from the 1st of April to the 31st of March. This annual financial statement constitutes the main budget document. Besides the Finance Minister's Budget Speech, following list of Budget Documents are to be presented to the Parliament:

- A. **Annual Financial Statement (AFS)** mandated by article 112 of the Constitution of India
- B. **Demands for Grants (DG)** mandated by article 113 of the Constitution of India
- C. **Finance Bill** mandated by article 110(a) of the Constitution of India
- D. Statements mandated under Fiscal Responsibility and Budget Management Act, 2003 (FRBM Act)
 - i. **Macro-Economic Framework Statement**
 - i. **Medium-Term Fiscal Policy cum Fiscal Policy Strategy Statement**

Explanatory statements supporting the above mandated documents:

- E. **Expenditure Budget**
- F. **Receipt Budget**
- G. **Expenditure Profile**
- H. **Budget at a Glance**
- I. **Memorandum Explaining the Provisions in the Finance Bill**
- J. **Outcome Budget**

- A. **Annual Financial Statement:** This document shows the estimated receipts and expenditure of the Government of India for the next year in relation to estimates for current year as also actual expenditure for the past year. The receipts and disbursements are shown under three parts in which Government Accounts are kept:



- i. **The Consolidated Fund of India:** The CFI draws its existence from Article 266 of the Constitution. All revenues received by the Government, loans raised and receipts from recoveries of loans granted, altogether for CFI. All expenditures of Government is incurred from this fund, after due authorization from the Parliament.
 - a) **Revenue Budget:** It consists of revenue receipts of the Government (Tax revenues and other Non Tax revenues) and the expenditure met from these revenues. Tax revenues comprise proceeds of taxes and other duties levied by the Union. Other non-tax receipts consist of interest and dividend on investments made, fees and other receipts for services rendered by the Government. Expenditure which doesn't result in creation of assets for Government of India, is treated as revenue expenditure, i.e. making interest payments on debt, meeting subsidiaries, grants in aid, etc. All grants given are treated as revenue expenditure even though some of the grants may be used for creation of capital assets.

- b) **Capital Budget:** Capital receipts and payments constitutes the Capital Budget. The capital receipts are loans raised by the Government from the public (market loans), borrowings by the Government from the RBI and other parties through Treasury Bills, the loans received from foreign Governments and bodies, disinvestment receipts and recoveries of loans. Capital payments consist of acquisition of assets, investments in shares, etc. and loans and advances granted by Central Government.
- c) **Disbursements 'Charged' on the consolidated fund of India:** The constitution of India mandates that some items of expenditure may be charged on the Consolidated Fund of India but are not required to be voted by the Lok Sabha, such as emoluments of the President, salaries and allowances of the Chairman and the Deputy Chairman of the Rajya Sabha and the Speaker and the Deputy Speaker of Lok Sabha, salaries, allowances and pensions of the Judges of the Supreme Court, the CAG of India and Central Vigilance Commission, interest on and repayment of loans raised by the Government and payments made to satisfy decrees of courts etc.
- ii. **Contingency Fund of India:** The Contingency Fund of India is set up in the nature of an imprest account under Article 267 (1) of the Constitution of India. The corpus of this fund is Rs. 500 crores. Advances from the fund are made for the purposes of meeting unforeseen expenditure by the President of India. The amount is resumed to the Fund to the full extent as soon as Parliament authorizes additional expenditure. The Secretary to the Government of India, Ministry of Finance, Department of Economic Affairs holds the fund on behalf of the President of India.
- iii. **Public Account of India:** The Public Account of India was constituted by Article 266(2) of the Indian Constitution. It deals with the money received by the government, i.e. state provident funds, various pre-deposits under income tax, depreciation and reserve funds of departmental undertakings are paid into public accounts. Thus, receipts and disbursements which do not form part of the Consolidated Fund of India are included in the public accounts of India. Public Account of India accounts for flows for those transactions where the government is merely acting as a banker. Examples of those are provident funds, small savings and so on. These funds do not belong to the government. They have to be paid back at some time to their rightful owners. Because of this nature of the fund, expenditures from it are not required to be approved by the Parliament.

B. Demands for Grants: It is a well established principle among modern democracies that no money can be withdrawn from the exchequer of the country without the authority of law. Put simply, this means that any withdrawal or disbursement from the Consolidated Fund of India can only be done by passing a bill in the Lok Sabha, the house of people.

Therefore, every ministry prepares a demand for grants for the expenditure to be incurred in the next financial year. These demands are collectively presented in the Lok Sabha as part of the Union Budget. This usually happens in the month of April when the new financial year is to begin.

The demand for grants include both charged and voted expenditure. Charged expenditures are considered liabilities of the government of India such as payment of interest on loans and advances pertaining to each state.

The other category of expenditure is voted expenditure that includes revenue and capital expenditure to be incurred on a government scheme in the next financial year. Usually, there is a demand for grant to the State and Union Territory governments, organized in a Ministry wise fashion and the demand of each ministry is presented separately for the major services proposed. But in the case of large ministries like Finance and Defense, at times more than one Demand for grants is presented to cater to its requirements.

Each Demand for grants is segregated into:

- Statement for total grant
- Statement for each item in detail

Article 113 prescribes that no demand for grants can be presented in the Lok Sabha without the President of India's prior approval. The Lok Sabha has the power to give or refuse its assent to a demand for grants or it can reduce the amount specified in the demand.

C. Finance Bill: The proposals of the government for levy of new taxes, modification of the existing tax structure or continuance of the existing tax structure beyond the period approved by Parliament are submitted to Parliament through this bill. It also contains other provisions relating to Budget that could be classified as Money Bill. A Finance Bill is a Money Bill as defined in Article 110 of the Constitution.

D. Statements mandated under FRBM Act: The Fiscal Responsibility and Budget Management (FRBM) Act was enacted in 2003 which set targets for the government to reduce fiscal deficits.

- Macro-Economic Framework Statement:** The Macro-Economic Framework Statement is presented under Section 3 of the FRBM Act and the rules made thereunder. This document contains an assessment of the growth prospects of the economy including the

assessment on GDP growth rate, the fiscal balance and the external sector balance of the economy.

ii. **Medium-Term Fiscal Policy cum Fiscal Policy Strategy Statement:**

The Medium-Term Fiscal Policy Statement cum Fiscal Policy Strategy Statement is presented to Parliament under Section 3 of FRBM Act. The Statement explains how the current fiscal policies are in conformity with sound fiscal management principles and gives the rationale for any major deviation in key fiscal measures.

It sets out three-year rolling targets for six specific fiscal indicators in relation to GDP at market prices, namely

- | | |
|--------------------|----------------------------|
| a) Fiscal Deficit | b) Revenue Deficit |
| c) Primary Deficit | d) Tax Revenue |
| e) Non-tax Revenue | f) Central Government Debt |

The Statement includes the underlying assumptions, an assessment of balance between revenue receipts and revenue expenditure and the use of capital receipts including market borrowings for the creation of productive assets. It also outlines for the existing financial year, the strategic priorities of the Government relating to taxation, expenditure, lending and investments, administered pricing, borrowings and guarantees.

Explanatory Documents:

Usually, the government prepares its expenditure-related information in three separate documents:

- Expenditure profile
- Expenditure budget
- Demand for grants

E. **Expenditure Profile:** Expenditure Profile compiles information from all the ministries and departments to draw a complete picture of the financial performance of the Union government. This document is explanatory and helps in economic analysis.

Expenditure profile contains budgetary trends on important policy issues such as:

- Gender budget
- Welfare of women and children
- Resource allocation for the North-Eastern states
- Welfare of SC/STs

It also contains consolidated information about government schemes such as:

- Central sector schemes and Centrally sponsored schemes
- Subsidies
- Investment in PSUs
- Resources of PSUs

After the merger of Railways Budget with the Union Budget in 2017-18, the information in the Expenditure Profile also contains a detailed analysis of the Ministry of Railways.

The Expenditure profile provides a summary of expenditure of the Union government which includes actual revenues and capital spent in the previous financial year and the budgeted and revised estimates for the current financial year, besides estimates for the upcoming financial year.

The document also provides a statement of major variations in expenditure between Budgeted Estimates and Revised Estimates of the ongoing financial year. It details the expenditure of ministries and departments, transfers to Union Territories and legislature. Expenditure profile also lists in detail the spending on subsidies — food, fertilizer and other important ones.

The five parts of the expenditure profile also include information about spending on external sectors, such as externally aided projects and loans to foreign governments. The final part is the detailed statement of analysis on railways with an overview of receipts and expenditure.

F. Expenditure Budget: The provisions made for a scheme or a programme may be spread over a number of Major Heads in the Revenue and Capital sections in a Demand for Grants. In the Expenditure Budget, the estimates made for a scheme/programme are brought together and shown on a net basis on Revenue and Capital basis at one place. To understand the objectives underlying the expenditure proposed for various schemes and programmes in the Expenditure Budget, suitable explanatory notes are included in this volume.

G. Receipt Budget: Estimates of receipts included in the Annual Financial Statement are further analyzed in the document "Receipt Budget".

The document provides details of tax and non-tax revenue receipts and capital receipts and explains the estimates. The document also provides a statement on the arrears of tax revenues and non-tax revenues, as mandated under the Fiscal Responsibility and Budget Management Rules, 2004.

Trend of receipts and expenditure along with deficit indicators, statement pertaining to National Small Savings Fund (NSSF), Statement of Liabilities, Statement of Guarantees given by the government, statements of Assets and details of External Assistance are also included in Receipts Budget. This also includes the Statement of Revenue Impact of Tax Incentives under the Central Tax System which seeks to list the revenue impact of tax incentives that are proposed by the Central Government. This document also shows liabilities of the Government on account of securities (bonds) issued in lieu of oil and fertilizer subsidies in the past.

H. Budget at a Glance: This document shows in brief, receipts, and disbursements along with broad details of tax revenues and other receipts. This document also exhibits broad break-up of expenditure – Plan and Non-

Plan, allocation of Plan outlays by sectors as well as by Ministries/Departments and details of resources transferred by the Central Government to State and Union Territory Governments. This document also shows the revenue deficit, the gross primary deficit and the gross fiscal deficit of the Central Government. The excess of Government's revenue expenditure over revenue receipts constitutes revenue deficit of Government.

The difference between the total expenditure of Government by way of revenue, capital and loans net of repayments on the one hand and revenue receipts of Government and capital receipts which are not in the nature of borrowing but which finally accrue to Government on the other, constitutes gross fiscal deficit. Gross primary deficit is measured by gross fiscal deficit reduced by gross interest payments. In the Budget documents 'gross fiscal deficit' and 'gross primary deficit' have been referred to in abbreviated form 'fiscal deficit' and 'primary deficit', respectively.

This document also shows liabilities of the Government on account of securities (bonds) issued in lieu of oil and fertilizer subsidies.

For a better appreciation of the impact of government receipts and expenditure on the other sectors of the economy, it is necessary to group them in terms of certain economic magnitudes, for example, how much is set aside for capital formation, how much is spent directly by the Government and how much is transferred by Government to other sectors of the economy by way of grants, loans, etc. This analysis is contained in the Economic and Functional Classification of the Central Government Budget which is brought out by the Ministry of Finance separately.

- K. **Memorandum Explaining the Provisions in the Finance Bill:** To facilitate understanding of the taxation proposals contained in the Finance Bill, the provisions and their implications are explained in the document titled Memorandum Explaining the Provisions in the Finance Bill.

- L. **Outcome Budget:** With effect from Financial year 2007-08, the Performance Budget and the Outcome Budget hitherto which were presented to Parliament separately by Ministries/Departments, were merged and presented as a single document titled "Outcome Budget" in respect of each Ministry/Department. From Financial year 2017-18 onwards, the Outcome Budget of all Ministries have been combined into single document and will be brought out by Ministry of Finance in collaboration with the NITI Aayog. From this financial year onward, Outcome Budget will have clearly defined outputs and outcomes for various Central Sector Schemes and Centrally Sponsored Schemes with measurable indicators against them and specific targets for FY 2019-20.

WHY NOT CHARTERED ACCOUNTANT REGIMENT!

CA. Ashish Gadhavi
M.Com., FCA

WHY NOT CHARTERED ACCOUNTANT REGIMENT!

“जागृतं अहर्निशं”



Regiments

Regiments: The regimental system of the Indian Army reflects the British colonial legacy. Most regiments in the British Army were originally single-battalion units. While the battalion was the tactical unit, the regiment was its *spiritual counterpart*.

The word **Regiment** is derived from Latin **regimen, a rule or system of order**, and describes the regiment's functions of raising, equipping and training of troops. As a regiment acquired individuality, colors, coat of arms, distinctive uniform and insignia, and achievements in battle, it also became a central object of **loyalty, pride and esprit de corps of its soldiers**. In the past the Aristocratic Generals owned and controlled and outfitted their regiments. Occasionally a regiment would have multiple battalions, and in the 18th and early 19th century, such multi-battalion regiments were usually called Corps.

In the Indian Army, the word can mean either of two things, 1. battalion-sized units of arms like the Armoured Corps, Artillery, Engineers, and Signals, or 2. a particular combination of Infantry battalions. The Artillery employs the term more comprehensively and calls the complete Artillery mass in the order of battle as the Regiment of Artillery. These regiments are not tactical formations, but rather recruitment and training units.

The Regiments are headed by a **Colonel of the Regiment**, who is typically a high-ranking officer. The Colonel of the Regiment is a key element of the Indian regimental system.

Regimental System History (After Independence)

In 1949 the government abolished recruitment on an ethnic, linguistic, caste, or religious basis. Exceptions were army infantry regiments raised before World War II, where cohesion and effectiveness were thought to be rooted in long-term attachment to traditions. Some army regiments have a homogeneous composition; other regiments segregate groups only at battalion or company levels. Others are completely mixed throughout. In general, the army has steadily evolved into a more heterogeneous service since 1947. Regiments raised during and after World War II have recruited Indians of almost all categories, and the doubling of the army's size after the 1962 border war with China sped up the process.

To many caste and ethnic groups, military service has been an avenue of social mobility. Enlisted men from disadvantaged groups hope to secure economic benefits, educational opportunities, leadership experience and enhanced social status in a society. Almost every debate in Lok Sabha over defense ministry budget presentations produces demands for and against the creation of new, homogeneous regiments. In mixed regiments, like the Guards, the Grenadiers, the Rajputana Rifles, the Punjab Regiment and the J&K Rifles, a prayer room is set aside for followers of all the faiths and equal time is allotted.

List of Regiments

Madras Regiment

Rajputana Rifles

Dogra Regiment

Sikh Regiment

Jat Regiment

Parachute Regiment

Corps of Electrical & Mechanical Engineers

The role of Corps of Electrical & Mechanical Engineers [EME] is to achieve and maintain the operational fitness of electrical, mechanical, electronic and optical equipment of the Army. The Electrical and Mechanical Engineers who light to factory-level repairs to everything the Army uses. With their forward repair teams based on customized armoured vehicles, they function within a battlefield, recovering equipment casualties from their point of collapse. Back at base workshop, they strip and rebuild anything that the Army owns be it fighting vehicles, electronics, or data processing equipment.

List of EME Units

505 Army Base Workshop

506 Army Base Workshop

507 Army Base Workshop

508 Army Base Workshop

509 Army Base Workshop

510 Army Base Workshop

512 Army Base Workshop

Indian Army Medical Corps

The **Indian Army Medical Corps** is a specialist corps in the Indian Army which primarily provides medical services to all Army personnel, serving and veterans, along with their families.

Very little is known of the medical organisations that existed in the Indian armies in ancient times. However, Kautilya's Arthashastra shows that during battles, physicians with surgical instruments (Shastra, medicines and drugs in their hands with prepared food and beverages) stood behind the fighting men. Similarly, from the Sushrūt Samhitā, it is seen that a physician fully equipped with medicines would live in a camp not far from the royal pavilion and would treat those wounded by arrows or swords. Physicians in the King's service adopted certain measures to protect the ruler from secret poisoning. Physicians well versed in the technical sciences and other allied branches of study were held in high esteem by all.

List of Few Military Hospitals In India

151 Base Hospital Gauhati

155 Base Hospital Tejpur

Military Hospital Dhanpur

Military Hospital Gaya

Military Hospital Ahmedabad

ROLE OF CHARTERED ACCOUNTANT IN INDIA

Chartered Accountancy not only deals with the debit-credit of the accounts but they play a very important role at a big level in nation-building. CAs are foundation base of the economy and utilizing the financial expertise, the nation gets right direction in various financial and economy related measures to enhance the decaying Indian economy and industrial growth.

Chartered Accountant contributes in fields of Auditing, Tax planning, Capital Budgeting, Budget Forecasting, Financing or any other activity, Preparation of Books of Accounts, and in every field as well. In the current scenario, after GST

implementation, the role of Chartered Accountants has become very important. From the drafting rules to provisions to implementation of GST, the role and expertise of CAs were utilized to the fullest.

Some of the practical roles which are played by the Chartered Accountant is here:

1. Accountability
2. Social Accounting
3. Taxation
4. Capital Formation
5. Economic Planning

The ICAI continuously advises the government in regard to various matters of taxation, therefore making sure to establish a robust taxation framework in the country. The ICAI as well renders its expert advice on different matters concerning corporate affairs to the Govt.

The phrase “**Partner in nation-building**” for Chartered Accountants is used by Ex President Abdul Kalam and it seems very true as they are a big contributor in nation-building.

Ratan Tata

“**I need MBA’s to run my business but i need CA’s to teach MBA’s how to run the business**”

GDP Size of india approx 2.716 trillion us dollars in 2018. Chartered Accountants plays vital role in achiving this figure.

Chartered Accountants plays vital role in Nation Building. GST is implemented just because of Chartered Accountants. As the Different Regiments, EME and Medical corps are exist in the Indian army. Now Time to repay Chratered Accountants. India requires Chratered Accountant Regiment in the country. It will Increase the Pride of the Nation and Chartered Accountants. The manpower equally share by All the States and UTs in the Chratered Accountant Regiment.

HOW TO CREATE CHARTERED ACCOUNTANT REGIMENT

Role of Charered Accountant in Indian Army

EME Regiments and Indian Army Medical Corps units are exist in the Indian Army. Requirement of Chartered Accountant Regiment essential in the Indian Army. Like

EME units and Military Hospitals the Chartered Accountant Regiment will do the Internal Audit, Books of Accounts & Tax Matters of other units of Military Stations and the Brigade. In short every Military Station has Chartered Accountant Regiment. Further Chartered Accountant Regiment will divide in three company such A, B & C company. "A" company conduct Internal Audit, "B" Company do work of Books of Account Keeping and Maintenance & "C" Company do the work of Taxation matters of the different units of Military Stations. Chartered Accountant Regiment will take part in 26th January Republic day Parade. That will be pride for nation and chartered accountant.

"Chartered Accountant will take Excalibur Rifle (INSAS) instead of Ball pen at the time of war"

Further Chartered Accountant Regiment will do Capital planning and budgeting for the entire army.

Atul Kumar Gupta (VP, ICAI) describes "Chartered Accountants are the Financial Army of this country".

Motto of Chartered Accountant Regiment will be "जागृतं अहर्निशं" (Wide awake day and night).

Representation needs to be made before the following offices/Authorities and Persons in the following manner to create Chartered Accountant Regiment.

Sr. No.	Name of Key Person and Office before whom representation is made	Representation Made by
1	<u>President of India</u> <u>New Delhi</u>	ICAI
2	<u>Prime Minister of India</u> <u>New Delhi</u>	ICAI
3	<u>Defence Minister</u> <u>New Delhi</u>	ICAI
4	<u>Chief of Defence Staff</u>	ICAI
5	<u>Chief of Army Staff</u> <u>New Delhi</u>	ICAI
6	<u>Central Command</u> <u>Lucknow</u>	CIRC OF ICAI
7	<u>South Western Command</u> <u>Jaipur</u>	CIRC OF ICAI
8	<u>Northern Command</u> <u>Udhampur</u>	NIRC OF ICAI
9	<u>Western Command</u> <u>Chandimandir</u>	NIRC OF ICAI

10	<u><i>Army Training Command Shimla</i></u>	NIRC OF ICAI
11	<u><i>Eastern Command Kolkata</i></u>	EIRC OF ICAI
12	<u><i>Southern Command Pune</i></u>	WIRC OF ICAI

“जागृतं अहर्निशं”

WHY NOT CHARTERED ACCOUNTANT REGIMENT!

SEMINAR ON INTERNAL AUDIT-VALUE ADDITION FOR SMES- EVENTS IN IMAGES



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