

# PRESIDENT'S COMMUNIQUE



## **CMA MANAS KUMAR THAKUR**

*President*

*The Institute of Cost Accountants of India*

My Dear Professional Colleagues,

Namaskar.

Diwali, the festival of lights, is just passed and we hope that it brings more 'light' into our lives. In true sense, Diwali should not be celebrated as just a festival but as a reminder of our true self and the way of life which we need to continue even after that, year after year. I wish all the stakeholders, members, students and their families a very bright future and prosperous life.

### **Draft Rules and Regulations under IBC 2016**

In my last month communique, I apprised the members that the Central Government notified Insolvency and Bankruptcy Code 2016 on 28th May 2016 (Code 2016). This provides the complementary ecosystem for the insolvency law, and aims to ensure smoother settlement of insolvency, enable faster turnaround of businesses and create a database of serial defaulters. The implementation of the Code is through Regulations and Rules to be notified by the Ministry of Corporate Affairs. For the purpose of framing the Regulations and Rules, the Ministry of Corporate Affairs, constituted

*You have a right to perform your prescribed duty, but you are not entitled to the fruits of action. Never consider yourself the cause of the results of your activities, and never be attached to not doing your duty.*

*- Bhagavad Gita*

four Working Groups. CMA Sanjay Gupta, Vice President and CMA Dr. PVS Jagan Mohan Rao, Council Member represented the Institute as members of the Working Group-2 and Working Group-3 respectively. The technical support to Institute's members was provided by Technical Directorate, headed by CMA J K Budhiraja, Sr. Director (Technical). The Ministry of Corporate Affairs vide its public notices dated 6th October and 10th October 2016 invited comments on the draft Regulations/ Rules framed under Code 2016. The Institute through its website and also by emails requested members of the Institute to send the comments/ suggestions on the following draft Regulations/ Rules:

1. *Insolvency and Bankruptcy (Registration of Insolvency Professionals) Regulations, 2016*
2. *Insolvency and Bankruptcy (Registration of Insolvency Professionals Agencies) Regulations, 2016*
3. *Insolvency and Bankruptcy (Model Bye-laws of Insolvency Professionals Agencies) Regulations, 2016*
4. *Insolvency and Bankruptcy (Application to Adjudicating Authority) Rules 2016*
5. *Insolvency and Bankruptcy (Insolvency Resolution Process for Corporate Persons) Regulations, 2016*
6. *Insolvency and Bankruptcy (Liquidation of Insolvent Corporate Persons) Regulations, 2016*

Some of the members have sent the comments on the above. The Institute has submitted its comments/ suggestions on the above Regulations/ Rules 2016. I would like to emphasize once again that the Code provides enormous opportunities for CMAs to be "Insolvency Professionals" and function as Interim Resolution Professionals, Resolution Professionals, Liquidators, Bankruptcy Trustees, Valuers and Advisors to Valuers under the Code 2016. As per the

above Regulations, the Institute may set up “Insolvency Professional Agency” (IPA) under the provisions of the Code 2016 and Cost Accountants as per the eligibility criteria given in Regulations will be enrolled as “Insolvency Professionals”. Based on this enrollment and membership of IPA, the Insolvency Professionals shall be registered by the Insolvency and Bankruptcy Board of India. I once again urge the members of the Institute to build their technical capability to function as “Insolvency Professionals” and avail the opportunity presented by the Code 2016.

**I know some of our members are working/practicing in the areas of amalgamation, merger, acquisition, reconstruction, reorganization, winding up of companies, valuers, advisors to valuers, involved in liquidating the assets of the company and distributing the proceeds to the creditors and other such areas related to the liquidation and winding up of the companies. May I request all concerned members to intimate the Institute with their brief profile regarding their experience in the areas listed above at [technical.budhiraja@icmai.in](mailto:technical.budhiraja@icmai.in), to create the database of such members for IBC 2016.**

### **Round Table on Draft Regulations/ Rules 2016 under IBC 2016**

The Central Government has constituted “Insolvency and Bankruptcy Board of India” (IBBI) on 1st October 2016 and Dr. M.S. Sahoo has been appointed Chairperson of IBBI. Dr. Sahoo had last served as a member at antitrust regulator Competition Commission of India and was earlier a member at capital markets regulator Securities and Exchange Board of India (SEBI). I congratulate him for taking over as Chairperson of IBBI. The Institute in a move to facilitate members of the Institute to discuss and deliberate on the six Regulations/ Rules released by the Ministry of Corporate Affairs and mentioned above, requested Dr. M.S. Sahoo, Chairperson of IBBI to be Chairman of Round Table held on 26th October 2016 at Kolkata. I, on behalf of the Institute, felicitated Dr. Sahoo thereat. The participants in Round Table deliberations and discussions were from Banks, Corporate and financial institutions. The Round Table was organized by Research and Journal Department of the Institute and was conducted by CMA J K Budhiraja, Senior Director (Technical). The brief on the draft Regulations/ Rules framed under the Code 2016 was given before these were deliberated and discussed. Dr. M.S. Sahoo, Chairperson IBBI also explained the doubts raised by the participants on

the “Insolvency and Bankruptcy Code 2016” regarding its objectives and resolutions process envisaged in the Code. Dr. Sahoo explained doubts raised by the participants regarding implementation issues and other matters contained in these Regulations. The participants gave their feedbacks on the Regulations/ Rules in the Round Table discussions. Dr. M.S. Sahoo also requested participants to file their comments/ suggestions within stipulated time by the electronic mode through MCA portal.

### **Meeting with VIPs**

I had an opportunity to meet Hon'ble Shri Thaawar Chand Gehlot, Union Minister of Social Justice & Empowerment on 5th October 2016 to extend professional support by CMAs to his ministry. Our discussions centred on the areas of monitoring of schemes and projects relating to the Ministry in which Cost and Management Accountants are competent and proficient. The dialogue was very positive.

In continuation with our efforts to connect with the states of the Country, I got an opportunity to meet the Hon'ble Chief Minister of Tripura, Shri Manik Sarkar on 31st October 2016 at Agartala. CMA Biswarup Basu, CCM, CMA Bibekananda Mukhopadhyay, Chairman, EIRC and CMA SN Banerjee, Chairman, Agartala Chapter also accompanied me. On behalf of the Institute we offered the Professional Support to the Government of Tripura. The discussions were very positive.

### **Observance of December 2016 as Quiz Contest month**

Friends, as you are aware that the Institute is observing the month of November 2016 as Career Counselling Month all over the country involving all the Regional Councils and Chapters of the Institute. I urge the Regional Councils and Chapters of the Institute to observe the month of December 2016 as Quiz Contest month. Further details will be shared with you in due course. I hope that as always the Regional Councils and Chapters will come forward to make this initiative a huge success. Your constructive suggestions are always welcome.

### **Cost Consciousness week**

I am pleased to inform you that Institute is planning to organize “Cost Consciousness Week” across the country for our Members and Industry in the first week of December 2016. The objective is to address

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the challenges in building cost competitiveness and explore the contributions that CMA fraternity can make to nurture the Indian economy by adopting Cost Management. Cost Management enhances the productivity of the scarce resources and thus, improves the GDP of the country. This activity will be conducted with the help of regional councils and the chapters of the Institute organising programs in their respective jurisdiction. It is also planned to submit a report of the nationwide events in a book format to the Ministry of Corporate Affairs.

## Initiatives by various departments of the Institute

### Advanced Studies Department

The webinars for 2nd batch, Diploma in Business Valuation and Diploma in Internal Audit are completed and the webinars for the Diploma in IS Audit and Control will be completed by second week of November 2016. Students enrolled for the courses are requested to take the benefit of these webinars which will supplement their knowledge on the subjects. The examination notification for the three Diploma Programs (Diploma in Business Valuation, Diploma in Internal Audit and Diploma in IS Audit and Control) for December 2016 term was hosted on the Institute website and the candidates are requested to see the website for time table and for notification. The last date for receipt of the applications for the Dip Management Accountancy Examination for December 2016 is over and the notification and time table in this regard is hosted on the Institute website.

### Cost Accounting Standards Board (CASB)

With the approval of the Constitution Amendment Bill for Goods and Services Tax (GST) by the President of India post its passage in the Parliament and ratification by more than 50 percent of state legislatures, the GST is likely to be implemented in India by April 2017. On implementation GST there will be major implication on Indirect Tax Structure presently prevailing in India. The changed indirect structure would have impact on treatment of various cost items being the part of cost of production/ operation and services rendered. Further, the Ministry of Corporate Affairs vide notification G.S.R. 365 (E) dated 30th March 2016 issued the Companies (Indian Accounting Standards) Amendment Rules, 2016, which prescribes implementation of Indian Accounting Standards (IndAS) converged with the International Financial Reporting Standards (IFRS). The principles as enshrined in IndAS mandate the treatment of certain

items in financial statements on "fair value concept". IndAS may also have impact on the treatment of cost items in cost statements. The "Principles of Measurement and Assignments of Cost" are given in various Cost Accounting Standards issued by the Institute and Form CRA-1 of the Companies (Cost Records and Audit) Rules 2014 for maintenance of Cost Records.

I am pleased to inform that the Chairman Cost Accounting Standards Board (CASB) considered his responsibility and took the above two items for consideration of CASB for carrying out modifications in the existing Cost Accounting Standards issued by the Institute. Being both the matters important for the profession are being deliberated by the sub-committees of the CASB for making their recommendation for consideration of CASB and accordingly the changes/modifications will be proposed by the Board to the Council of the Institute.

### Cost Auditing and Assurance Standards Board (CAASB)

GST would also impact some of the Annexures of CRA-3, particularly "Reconciliation of Indirect Taxes (for the Company as a whole)". Chairman Cost Auditing and Assurance Standards Board (CAASB) equally considered his responsibility and took this Item to CAASB suggesting the changes in various annexures of CRA-3. In view of importance of GST and implication on some of the Annexures, the Board constituted a sub-committee of experts among its members to suggest the changes/modifications required in the Formats of CAR-3. The changes/modifications as will be suggested by the sub-committee will be considered by the CAASB and accordingly will be proposed by the Board to the Council of the Institute. Members may be aware that the Council of the Institute on the recommendation of CAASB approved fifteen (15) Standards on Cost Auditing (SCAs) and were forwarded to the Ministry of Corporate Affairs in March 2016 for its approval as envisaged in proviso to Section 148(3) of the Companies Act 2013. I am happy to inform that the Ministry of Corporate Affairs in a process of approval constituted a "Standing Technical Committee" to review the aforesaid 15 SCAs and for making its recommendation to Central Government for their approval. One of the members of the Committee is a representative of the Institute. The Committee has already started its meetings to finalize the review and I hope that the Committee will finalize the recommendations before the end of financial year.

### **CAT Department**

I am elated to share with you about the launching of CAT Course in the State of Andhra Pradesh, in collaboration with AP State Skill Development Corporation. The Course has been launched in the Chapters of Vijayawada, Nellore, Godawari and Vishakhapatnam. CAT Course in few more States is likely to be launched in the coming months.

### **Continuing Professional Development Department**

I am thankful to the management committees of the Regional Councils and Chapters who have organised more than 25 programmes on the topics relevant to our members for updating their knowledge. Presentations made during these programmes are available at Institute's website.

### **International Affairs Department**

CAPA events were hosted at Hyderabad during 19-22nd October 2016. Vice-President along with CMA PVS Jagan Mohan Rao, Council Member attended the CAPA Board meeting while CMA Rakesh Singh, Former President, chaired the meeting of Governance and Audit Committee of CAPA. CAPA invited the Institute to give a presentation during the meeting of the CAPA Committee on Public Sector Financial Management on the role of the Institute in development of Public Sector in India. CMA TCA Srinivasa Prasad, Former CCM and fellow member of the Institute presented the same which was appreciated by the CAPA. The next SAFA events are scheduled at Sri Lanka during 3-5th November 2016 which will be duly represented by the Institute's representatives.

### **Professional Development Directorate**

I am happy to inform you that on the request of the institute, Reserve Bank of India (RBI) has clarified that there is no restriction to Cost Accountants Firms for appointment of Tax consultant in RBI. Further, on our request Software Technology Park of India and The Odisha Small Industries Corporation Ltd included Cost Accountants in their EOIs. I thank the Professional Development Directorate for taking up the matter with RBI and other organisations. Members are requested to visit PD Portal regularly for latest updates.

### **Research & Journal Department**

I am pleased to attend a National Seminar on 'GST and Startups: India in the Making' organized by the

Directorate of Research and Journal of the Institute in association with Indian Accounting Association, Kolkata Branch on October 22, 2016 at J.N Bose Auditorium, Headquarters, Kolkata. In the inaugural session, CMA Dr. Bhabatosh Banerjee, President, IAA Research Foundation, former Professor & Dean of Commerce & Management, University of Calcutta Former President, Indian Accounting Association, Prof. Sunil Kumar Gandhi, University of Kalyani & Secretary, IAA-Kolkata Branch, Prof. Uttam Kr. Dutta, President IAA Kolkata Branch, CMA Biswarup Basu, council member, CMA Dr. D P Nandy, Director (R&J and Examination) of the Institute attended and deliberated in brief on the concerned theme. Technical Session I on 'Goods & Services Tax' and Technical Session II on 'Startups in India: Prospects & Challenges' had been delivered by eminent speakers and the event was a huge success.

### **Initiatives by Chapters**

Lucknow Chapter of the Cost Accountants organised the Student Fest "Lakshya - CMANtra" on 15th October 2016 at Lucknow on the theme "Knowledge is not Power until it is applied". My message to the participants was that the role of Cost and Management Accountant has shifted its focus to a broader spectrum of cross-functional disciplines. To succeed in this changed scenario the budding CMAs require possessing necessary skills to hone their problem solving skills, sharpen enquiring mind, be good team player and develop a positive attitude. I hope that the other chapters of the Institute will also organise programs on similar theme to motivate and inspire the student's community. Nagpur Chapter of the Cost Accountants organised a members' meet on 2nd October 2016 at Nagpur. Speaking on the occasion I urge the Government to spread the Cadre of Cost Accounting Services to state government also so as to make state level capacity building perfect.

I wish prosperity and happiness to members, students and their families on the occasion of Bhai Duj, Chhath Puja, Kartik Purnima, Guru Nanak Jayanti and Children's Day and pray for the success in all of their endeavours.

With warm regards,



(CMA Manas Kumar Thakur)  
1st November 2016