

INSTITUTE PREPARED TO PLAY A ROLE IN INDIAN ECONOMY BY PROVIDING VITAL INPUTS



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Where is the Life we have lost in living? Where is the wisdom we have lost in knowledge? Where is the knowledge we have lost in information? – TS Elliot

My Dear Professional Colleagues,

September is starting with some good tidings that the Economy has started turning around and has proceeded with some good initiatives from the Government for kindling economic growth. The optimism to achieve growth beyond 5.7% has been revived. Some of the key initiatives such as removal of restrictions on FDI in Railways and Defence, thrust on manufacturing and Infrastructure investments and creation of special mechanism to resolve tax disputes have definitely helped regain the investor confidence. There is also a momentum for Goods & Services Tax which will be the next big thing that will bring harmonization in the tax structure of the country.

There needs to be a balanced growth of all the three important sectors of Indian Economy i.e. Agriculture, Manufacturing and Services. The Government is also concentrating on Education & Health, Agriculture & Food Processing and Infrastructure

sectors in order to boost the economy and investments. From the Institute I am glad that we are well prepared to play a due role in all these sectors by providing vital inputs to the Government in their efforts.

Companies (Cost Records and Audit) Rules 2014

The Expert Committee of MCA, constituted to examine the issues relating to Cost Rules, desired that the Institute submit a representation, highlighting the grievances of the Cost Accountants on the Companies (Cost Records and Audit) Rules 2014. The Institute has submitted the following documents in this regard for the perusal of the Expert Committee on August 21, 2014:

- a. Genesis for regulatory mechanism on cost records and cost audit covering the review made by the earlier Expert Group constituted by MCA in 2008 and the framework in place since 1965 till date
- b. Legal provisions relating to cost records and cost audit, including suggestions made by various Parliamentary Committees.
- c. Brief observations / grievances of Cost Accountants on the structure & contents of the Companies (Cost Records and Audit) Rules, 2014.
- d. International CMA Practices.
- e. Value Additions through Cost Audit

Our suggestions with justifications for coverage, and other terms relating to prescribed class of companies / industries / sectors, the threshold limits along with appropriate changes / modifications to be made thereunder will be submitted to the Expert Committee shortly. We also represented for postponement of Companies (Cost Records and Audit) Rules, 2014 to be effective from 1st April 2015 pending recommendations of the Expert Committee appointed by Ministry of Corporate Affairs and these rules in its present form are non-implementable due to various issues pointed out in its representation to the Expert Committee and MCA.

Quality Review Board

The Quality Review Board of the Institute, which has been doing a yeoman service in guiding the practicing members in providing quality professional service, has given its recommendations for further improvement in the quality of the services rendered by the members of the Institute including those in service.

These include:

- To develop Leadership and Communication skills of Final passed students.
- To organize necessary training for the employees of the Institute to improve the image of the Institute.
- CEP hours and Training requirements for Certificate of Practice (COP) holders to be revised with 50% catered to professionally related subjects.

Necessary steps to implement the recommendations have been initiated.

Meeting with Union Minister for Micro Small and Medium Enterprises

I along with CMA Manas Kumar Thakur, Council Member had the opportunity to meet the Shri Kalraj Mishra, Hon'ble Union Minister for Micro Small and Medium Enterprises on 8th August 2014 at New Delhi. The meeting was very fruitful. On behalf of the Institute we offered the Ministry some specific services to be rendered by the Institute and its members. Some of them are Creating a MSME help desk at each of the Chapters / CMA Support centres for facilitating MSMEs to get advice on various aspects of their operations; to carry out research studies to assess the efficiency of various units / activities; to organize training programs for MSMEs specifically focusing on the need and mechanism for effective cost management for survival and becoming competitive. This was followed up with a meeting with Dr. Sunita Chhibba, Chief Economic Advisor to MSME Ministry. We were advised to give a detailed proposal and a draft MOU for the consideration of the Ministry.

Meeting with Secretary, Ministry of Textiles

I along with CMA M. Gopalakrishnan, Past President and Council Member met with Shri S.K Panda, IAS, Secretary, Ministry of Textiles on 26th August 2014 and discussed the role CMAs can play in implementing the various schemes for promoting cost competitiveness and thereby sustaining the growth of Textile Sector, as indicated in the Vision, Strategy and Action Plan by the Ministry. The

Ministry of Textiles has shown willingness to involve our Institute and CMA profession to provide a mechanism to the Ministry for monitoring the flagship Textile Upgradation Scheme, being implemented by the Ministry. We have also assured the Ministry to develop a mechanism of providing additional skill based training on Cost Accounting to the trainees of Sardar Vallabhai Patel Institute of Management and similar technical and management Institutions recognized under the Ministry of Textiles.

Advocacy - Promoting awareness

In the meeting of National Advisory Board, the Chairman emphasized on the relevance of Cost and Management Accounting profession and the efforts required for making the profession more relevant and enhancing visibility. This calls for creating awareness at the highest level of decision making about the knowledge and expertise possessed by the CMAs and also across the stakeholder's spectrum.

In order to promote Advocacy of the profession through promoting awareness amongst Key stakeholders and audiences, and focus on the areas:

- Highlighting the critical differentiating aspects of a CMA; the DNA of a CMA
- What steps are needed for career progression as leader; identifying career and educational pathways for gaining experience and knowledge
- Using CMA role models, and identifying what stakeholders need and expect of CMAs
- Greater transparency and understanding of organizational performance, proactive engagement with stakeholders on business drivers of performance.

As a part of this initiative, during the last one month, I met Industrialists and some of our Members who are holding senior positions, from different regions in order to connect with the Industry and also elicit their views with respect to the areas listed above and their expectations.

To apprise all the members about the activities/initiatives undertaken by the

Departments/Directorates of the Institute, I now present a brief summary of the activities.

ICWAI MARF Programs

The ICWAI MARF has organized the programs on 'Advance Tax, TDS and Tax Planning' and 'Risk Based Internal Audit for Effective Management Control' during 05-08 August, 2014 at Indore, which were attended by officers from different organizations. The program on 'Overview of Companies Act, 2013 & Finance Act, 2014' has been organized for Container Corporation of India Limited at CMA Bhawan, New Delhi during 12-13 August, 2014 which was attended by 25 Senior and Middle level officers.

Advanced Studies Directorate

To equip the members with requisite skills necessary for both Systems audit and Internal Audit, the Directorate of Advanced Studies commenced The Diploma in Internal Audit course and IS Audit and Control. The 2nd batch of Diploma in IS Audit and Control will commence from October 2014 as the date for admission is extended to 30th September 2014. The Directorate has till now conducted 15 webinars for Diploma in IS Audit & Control and 9 webinars for Diploma in Business Valuation. 6 webinars were also held for Diploma in Internal Audit. The Directorate has notified the Diploma in Management Accountancy Examination to be conducted in December 2014. Interested members are requested to visit the Institutes website for details.

CAT & ASAP

Total review of ASAP, Kerala was done by CMA TCA Srinivasa Prasad, Chairman, CAT Committee and CMA M. Gopalakrishnan, Member, CAT Committee, with the officials of Government of Kerala. The Institute is gearing up for the successful commencement of the 3rd batch of students numbering around 4,000. In Rajasthan, the third batch of students numbering around 500 from various colleges has already joined the course as per the MoU with the Government of Rajasthan.

CPD Activities

During the month webinar was organized on 'Stock Audit of Banks'. The session was well received by the large number of CMAs. The Institute organized a program in an academic collaboration with SCOPE on 'Service Tax-Compliances' at New Delhi. There was overwhelming response from the Public Sector Enterprises and sessions were very much appreciated by the participants. I am happy to inform that during the month our Regional Councils and Chapters actively organized many programs, seminars and discussions for the members on the topics of professional relevance such as on MCA E Forms, Cost Audit under the Companies Act, 2013, Limited Liability Partnership, Understanding MVAT, Corporate Governance & Independent Directors, Total Quality Management, Enterprise Risk Management, Excise, Service Tax and Cost Audit, Issues in Capital Gains, Management Accounting-A Strategic Emphasis, IFRS and its applicability, Mergers & Acquisitions, Advance Tax, TDS and Tax Planning, Negative List of Services, Workshop on Karnataka Value Added Tax (K-VAT), Union Budget 2014-2015, Scope of CMAs in Banking and Financial Institutions, and so on.

Exams Directorate

The June 2014 Intermediate and Final examinations results were declared on 23rd August 2014. I congratulate the students who have passed the examinations and wish them a very bright and successful carrier. I urge upon those students who could not pass the exams this time, to gear up for the next term examinations.

International Affairs Department

The next SAFA Events are scheduled to be held at Dhaka during 9-10th September 2014. Representatives from the Institute will be attending the meetings. The IFAC-PAIB committee is meeting on September 22-23, 2014 at Newyork, USA.

IT Department

I am happy to inform that on the auspicious occasion of Independence Day, the following applications developed by the

IT Department, were launched:

- **CMA Connect Mobile App:** This will help members and students to receive updates from the Institute on their Android Mobile Devices. iOS and Windows version of the App would be launched soon.
- **Student Portal:** This is one-stop-shop portal catering to all the requirements of the students ranging from access to notification, Online Services, Administration, Academics, Resources, Training, Examination and Placements.
- **President Portal:** This will help members and students to know more about the schedule of the President, Events attended by him and will also enable them to reach out to him with ideas and suggestions. Through the President's Desk on this portal, President would also communicate to the stakeholders.
- **Dashboard for Council Members:** Online Dashboard for the council members to provide quick access to the facts and updates of the Institute.

Membership Department

In my earlier communiqué, I had mentioned about the initiative to launch a vigorous membership drive to increase the number of Members. I call upon all final passed students having requisite experience to apply for Associate membership of the Institute. In regard to payment of membership fee for FY 2014-15 which became due on 1st April 2014, it is observed that some of our esteemed members have not yet made payment of their membership fees. I urge upon all such members to make their membership fee payment before 30th September 2014 to continue to avail the benefits of membership.

Professional Development Directorate

The Institute has released two guidance notes on Internal Audit of Pharmaceutical Industry and Stock Brokers & Depository Participants. The softcopy of these guidance notes are available on the Institute website. The print of these guidance notes shall be available to members shortly. Section 138(1) of the

Companies Act 2013 mandates cost accountants to conduct the internal audit of the companies. The Institute in order to enhance the capacity building and to support members of the Institute to carry out the internal audit of various sectors of the Industry also bringing out guidance notes on Internal Audit Guidance Notes shortly. The Guidance Notes apart from providing the general guide on general principles relating to internal audit in ERP Environment, also cover sector specific portion, giving the brief about the sector, government policies and rules, legal and regulatory framework, technical peculiarities, special transactions and activities of the sector and internal audits thereof. I urge the members to extensively use the Guidance Notes on Internal Audit of Pharmaceutical Industry and Stock Brokers & Depository Participants as reference technical guides.

Research & Journal Directorate

A meeting was held at Tezpur University, Assam (a Central University) on 18th August, 2014 on the issues of Recognition of the qualification of the members of the Institute for pursuing Ph.D program and collaborative research activities. Professor Mihir Kanti Chaudhuri, Vice Chancellor, Tezpur University, Professor Subhrangshu Sekhar Sarkar, Dean, School of Management Sciences, Tezpur University, Dr. Biren Das, Registrar, Tezpur University, CMA Manas Kumar Thakur, Central Council Member of the Institute, CMA Bibekananda Mukhopadhyay, Secretary, EIRC of the Institute were among the dignitaries present in the meeting. The meeting was highly successful. An MoU is proposed to be signed shortly in this regard.

I wish prosperity and happiness to members, students and their family on the occasion of Onam and Navaratri.

With warm regards,



(CMA Dr A S Durga Prasad)
2nd September 2014