

MUST MAKE COST & MANAGEMENT ACCOUNTING KEY TO BUILDING NATIONAL COMPETITIVENESS



CMA Dr A S Durga Prasad
President, The Institute of Cost Accountants of India

My Dear Professional Colleagues,

I am honored to be elected as the President of the Institute for the year 2014-15 to serve this great profession with the support of all of you. I am grateful to my council colleagues for showing confidence and faith in me. I thank all of you for your trust, and shall strive to live up to your expectations. I deem it a privilege to have been a member of the Council since 2003, which has enabled me to directly witness the major metamorphic changes that have impacted our Institute, profession and its growth.

The current challenge for the Indian economy is to migrate to the top of the global competitiveness index in a short/ medium time span. Considering the maturity levels of cost and management accounting in Indian economy, caused by the legacy of protected environment, we have a long way to traverse without any cushion of time. We do not have the luxury of a long experience curve for this to happen and need to work out the strategies, including policy interventions, which will position cost and management accounting as a key platform towards building national competitiveness. The financial information provided by financial reporting should be supplemented with cost competitive information from a Cost Account-

ing system drawn from the same data base to help the management to make right and timely decisions.

Cost Records and Audit Rules 2014

We saw the release of Companies (Cost Records and Audit) Rules 2014 by the Ministry of Corporate Affairs, which caused deep concern amongst all of us. However our efforts in addressing these concerns could result in some positive steps in the right direction by the Ministry. I am thankful to Shri Arun Jaitley, Hon'ble Union Minister for Finance, Defence and Corporate Affairs, for constituting an Expert Committee to examine issues relating to maintenance of Cost Records and Cost Audit. In order to have a wider participation and eliciting of opinion from members at large from different regions and chapters, a 'National Advisory Committee' has been constituted to provide requisite inputs and suggestions to the Council for onward enabling the Council to submit its views to the to the said Expert Committee. I take this opportunity to request all of you to come forward and actively send your suggestions on the Companies (Cost Records and Audit) Rules 2014 to the Institute for consolidation and placing before the Expert Committee.

Cost Management Week

I am very pleased to inform you that Institute is planning to organize 'Corporate Cost Management Week' across the country for our Members and the industry. The objective is to spread the message that Cost Management is essential in order to maintain cost competitiveness in this fiercely competitive global market.

We are also planning to conduct a series of programmes across the country to train CMA Members in various areas of professional relevance. We would like to begin with Internal Audit of the Pharmaceutical Industry, Telecom Industry, Mining and Metallurgy Industry, Power Sector, Service Sector, Stock Brokers and Depository Partici-

pants, Risk-Based Internal Audit and Stock Audit of Commercial Banks, Filing of e-forms by CMAs, Business Valuation, Direct Taxes, Indirect Taxes, Cost Management, Cost Accounting Standards, Cost Audit Assurance Standards and Generally Accepted Cost Accounting Principles.

Technical Capability

The Institute has been providing inputs on cost and management accounting to the Government in various sectors in the past few years. Some of the key emerging sectors taken up by the Institute have been Health Care, Airports, Infrastructure and Education. Since more such activities are proposed to be taken up this year, we have given top priority for strengthening of the technical wings of the institute, namely, the Technical Directorate and Board of Studies. The strength of a professional institute lies in its ability to respond quickly to emerging technical challenges. It is also important to focus on the capacity building of the members to perform the prescribed assignments to a defined quality standard, consistently over a period of time. It will be our prime focus to update the knowledge of our members and assist them in remaining proactive by providing continuous support in knowledge-driven areas at various levels. We intend to release various Approach Papers, Technical Papers, Research Documents and Guidance Notes to improve the technical competence of the members and also to enhance the quality of assignments handled by them. I request the members who have the relevant expertise in various fields to help the Institute in this exercise.

Positive Visibility

I am happy to inform you that this

year the Council has constituted a CMA Connect Committee under my chairmanship to take initiatives on visibility and branding of the Institute and the profession.

This would require creating more visibility and outreach not only to Gen Y and Gen Z students but also to members, related stakeholders and most importantly the Government through the media. The Institute, which is a leading professional body to which people look up for guidance, needs to have increased influence and brand recognition nationally and internationally.

The fundamentals of the media strategy for Institute of Cost Accountants of India are to address the following three:

- a. Build the brand image of the Institute as a world-class professional body with its members trusted for vision, leadership and integrity
- b. Build the image of the Institute that leads the agenda for change by positively influencing intellectually with governments, regulators, standard-setters and other stakeholders.
- c. Build the image of the Institute that ensures messaging that also leads to a roadmap for the Institute's development in the future. This primarily drives towards the fact that while the media strategy may help protect the current turf and jurisdictions and add a few new ones, it also needs to be future gazing to ensure that the Institute and its members are seen as people talking and leading on concepts that would help prepare for the business of tomorrow through thought leadership on emerging trends.

This reminds of Martin Luther King Jr. quote: 'If you can't fly then run, if you can't run then walk, if you can't walk then crawl, but whatever you do you have to keep moving forward.'

Membership Services

I would like to initiate a vigorous membership drive to increase the in number of members. The membership service needs to be very time responsive and qualitative as the members are the pillars of the Institute and we need to look very carefully into their issues.

The other important issues which I will be taking up are:

- Establishing Centers of Excellence in Management Accounting in major cities with large industrial bases.
- Establishing a state-of-the-art IT framework for high-speed connectivity within all the organs of the Institute and also with members, students and other stakeholders.
- Establishing tie-ups with more international professional accounting bodies.
- Improving relations with all the regulatory bodies and authorities to understand cost considerations for end users in preparation and implementation of regulations, especially those intimately related to the rapidly growing services sector in the country.
- Undertaking research studies to propagate Cost Consciousness in Government departments.

I wish prosperity and happiness to members, students and their family on the occasion of Raksha-bandhan, Independence Day, Janmashtami and Ganesh Chaturthi.

With warm regards,



(CMA Dr A S Durga Prasad)
1st August 2014