

INSTITUTE TO PROVIDE LEADERSHIP IN COST AND MANAGEMENT ACCOUNTING



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President, The Institute of Cost Accountants of India

Do not spoil what you have by desiring what you have not; remember that what you now have was once among the things you only hoped for. – Epicurus

A life spent making mistakes is not only more honorable, but more useful than a life spent doing nothing. – George Bernard Shaw

My Dear Professional Colleagues,

It is with deep respect and regard for my colleagues, members, students, chapters and overseas centers of the Institute and stakeholders that I am writing this President's Communique one final time. While I make this pivotal step in my own journey, I reflect on an amazing year of guiding, and growing with the ICAI team – an institution that is embedded in my professional DNA. I move forward with emotion and excitement for the institution's continued growth, fresh perspective and new leadership.

I am thankful for the achievements over the year of our talented team at ICAI; staff of dedicated professionals. I am grateful to my tireless Council colleagues for their stewardship, commitment, and passion. I would like to express what an absolute pleasure it has been to lead this Institution. It has been a time of intense contribution. It's been a time of giving back and seeing rewarding results. And it has been

a time of creativity and learning. With complete honesty I share with you some of the high points of the year:

CMA Vision 2030 with guidance and support from the National Advisory Board

The year started with the constitution of the National Advisory Board consisting of eminent persons from industry and other sectors to provide insight and formulate strategies and policies of the Institute to fit in with the emerging economic environment and provide leadership in the field of Cost and Management Accounting. The NAB met in September to formulate the strategy and way forward for the Institute to achieve Vision 2030. Now when the NAB is meeting for the second time in July 2014, the Institute has done a lot of work on the proposed strategy. Following are some of the reflections of that strategy:

• **Research and Studies**

The Institute is currently conducting Cost Research Studies for Indian Railways, Ports, Health Sector, Education Sector, Power Sector, Coal Sector, Banking and Financial Sector and other important sectors of the economy to support the policy initiatives of the Government.

• **Professional Support by CMA's**

CMA professionals can support government initiatives aimed at sustained and inclusive growth through developing an appropriate monitoring mechanism based on the tenets of performance management wherein expenditure is mapped against the desired and actual outcomes for evaluating the effectiveness and efficiency of a particular scheme or service. I am happy to share that we have offered Professional Support by CMAs to all the Ministries of Government of India and it is heartening to note that we have started receiving responses from the Ministries / Departments. We are meeting with Ministry of Rural Development very shortly. Ministry of Health is already working with the Institute. Ministries of Coal and Railways have shown interest in utilizing the services of the Institute. We hope that the competence of the CMAs has a very bright future.



CMA PROFESSIONALS CAN SUPPORT GOVERNMENT INITIATIVES AIMED AT SUSTAINED AND INCLUSIVE GROWTH THROUGH DEVELOPING AN APPROPRIATE MONITORING MECHANISM BASED ON THE TENETS OF PERFORMANCE MANAGEMENT WHEREIN EXPENDITURE IS MAPPED AGAINST THE DESIRED AND ACTUAL OUTCOMES FOR EVALUATING THE EFFECTIVENESS AND EFFICIENCY OF A PARTICULAR SCHEME OR SERVICE

• **Meeting with the Industry/Regulators/ Industry Associations**

To understand and cater to the expectations of the Industry and also to appraise them about the initiatives taken by the Institute, better interaction with the industry is of prime importance. We are indeed privileged by the overwhelming response of the industries and trade associations, and their suggestions to meet the greater interest of the stakeholders while serving the national requirement. To come closer to the Industry I have been meeting with various Industries /

PSUs / Banks etc. To name a few Hindustan Aeronautics Limited, Coal India Limited, NTPC Limited, Indian Overseas Bank, Bharatiya Mahila Bank, Punjab National Bank, SEBI, Reserve Bank of India, UCO Bank etc. The Institute has collaborated with CII and ASSOCHAM to address the areas of mutual concerns.

• **Professional Social Responsibility**

To discharge our Professional Social Responsibility (PSR), the Institute has extended its expertise and competence by collaborating with State Governments of Kerala, Tamil Nadu and Rajasthan to facilitate capacity building and shaping "Young India", to reach the unreached across the value chain by offering CAT (Certificate in Accounting Technician) Program. Discussions with the Government of Andhra Pradesh and Odisha have also been initiated on the same lines. We are also expanding our physical infrastructure by creating Centre of Excellence in major cities, leveraging the local sectors such as Pharmaceuticals, Infrastructure, Mining, Power, etc by initiating research which will help the industries with best practices.

Power Sector Initiatives

With the objective of providing adequate data to the government, Regulators and players in the power sector to ensure quality power at affordable prices to the Consumers and strengthen the sustainability of the key sector of the economy, the Institute has organized meetings with experts from the power sector and power regulator. There have also been discussions on "Cost to Serve Model" for power distribution cost, which is a key component of Power Sector reforms for the nation.

Central Excise and Customs

In the path of continuous journey for dissemination of knowledge by the experienced members in pursuit of professional excellence, the Institute has organized training programs / workshops for various Government departments including Central Board of Excise & Customs. These programs have been organized at Lucknow, Ahmedabad, Chennai and Jaipur and many others are on the cards.

Meeting with Government Departments

With the objective of briefing about the ongoing initiatives of the Institute in terms of developing cost competitiveness in all social and government spending, I have been meeting with the Heads of the Departments of the Central and State Governments. Some of the prominent meetings are with the Advisor (Accounts), Ministry of Railways, Government of India and his senior colleagues; Deputy CAG and Chairperson, GASAB; Chairperson, CBEC; Chairperson, Audit Board; Secretary, DPE; Sec-

retary, Defence Production; Secretary, Mining; Revenue Secretary; Principal Secretary to Hon'ble Chief Minister of Gujarat; Officials of Government of Gujarat; Managing Director, Indian Ports Association; Chief Executive, IBA and Hon'ble Finance Minister. These meetings have resulted in enhancing visibility of the profession in Government and its departments.

Prominent Publications

The following prominent publications were released by the Institute during the year at 55th National Cost Convention at Bhubaneswar and Foundation Day celebration at New Delhi:

- Anti-Dumping – Relevance of cost information
- Service Tax – Reading material
- Guidance Note on CENVAT audit under Central Excise Law (4th Revised edition)
- Guidance Note on Value Added Tax – Its accounting and Auditing (3rd revised edition)
- Compendium of Cost Competitive Practices in India
- Research Study on Shareholding Pattern of Corporate Sector in India
- Cost Audit – Key to Sustainable Growth

Major Events

The Institute organized following major events during the year to showcase the strength of the CMA Profession and also to recognize the contribution of the CMA professionals who have achieved excellence in their professional domain:

• 10th National Award for Excellence in Cost Management

Mr. Sachin Pilot, Former Minister of State for Corporate Affairs (I/C) presented 10th National Award for Excellence in Cost Management in a function organized by the Institute on 22nd August 2013 at New Delhi.

• 55th National Cost Convention of Institute

The 55th National Cost Convention of Institute was held at Bhubaneswar on 23–24 February 2014. The Convention was inaugurated by the Shri Surya Narayan Patro, Former Minister for Revenue and Disaster Management, Government of Odisha. The event was a huge success.

• ICON of the Year Award

The Institute created ICON Awards in the year 2011 to recognize CMA professionals who have achieved great heights of success in their chosen fields and have been instrumental in enhancing the image of the Cost and Management Accountancy profession. The awards were presented at Bhubaneswar on February 23, 2014 during the 55th National Cost Convention.

• National Students Convocation of the Institute

The Institute organized its 3rd National Students Convocation – 2014 at Kolkata on April 8, 2014.

• National Taxation Seminar

The Institute organized National Seminar On "Tax Reforms & CMAs" on 7th April 2014 at Kolkata. Dr. Parthasarathi Shome, Adviser to Finance Minister, Govt. of India was the Chief Guest.

• 56th Annual Day Celebrations

The Institute celebrated its 56th Annual Day at New Delhi on May 19, 2014. Hon'ble Mr. Justice Dipak Misra, Judge, Supreme Court of India was the Chief Guest at the function.

• 1st CMA CFO Awards

The Institute recognised the contribution of CMA CFOs in the form of an Award on May 19, 2014 at New Delhi to encourage the members of the Institute who have risen to the top positions in their respective organisations.

• The CFO Summit

The Institute organized a CFO Summit on 19th May 2014 at New Delhi. Shri Rajiv Takru, IAS, Former Revenue Secretary, Ministry of Finance, Government of India was the Chief Guest of the CFO summit.

MoUs signed

• MoU with Institute of Internal Auditors, India

Institute signed an MoU with the Institute of Internal Auditors, India on 9th January 2014 at Kolkata to enable sharing of knowledge, experience and best practices. By virtue of the said MOU, members of ICAI are eligible to obtain direct membership of IIA-India.

• MoU with Bharatiya Mahila Bank

Institute signed an MoU with Bharatiya Mahila Bank for overall banking relationship and for assisting the Institute, its students and its members, whether individuals / firms, for availing various banking facilities including financial assistance/accommodation or any other banking services from the Bank.

• MoU with the IMA, USA

The Institute signed an MoU with IMA, USA for the mutual benefits of the two Institutes and its members / students.

• MoU with New India Assurance Company Limited

The Institute signed an MoU with the New India Assurance Co. Ltd. exclusively for the benefit of members and



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students of the Institute to offer Professional Indemnity policy for practicing Member's of ICAI and other schemes.

Other initiatives

Working module for Centre of Excellence, Reading material for Internal Audit, Systems Audit, Indirect Taxes, Direct taxes, Companies Act 2013, Cost Accounting Standards & Cost Audit and Assurance Standards, Relevance & Utility of Cost & Management Accounting in Banking and Financial Sector, CGPA module for ICLS and Navy Officials were released. Training to existing Students, Training to newly passed out Students and Technical Guides on Business Valuation,

ation, Risk based Internal Audit, Risk Management, Strategic Cost Management and Sector-wise Guidelines on Risk Management & Internal Audit and Reading material for Diplomas in Business Valuation, Internal Audit and System Audit was also released.

The Direct Tax Code, 2013

After several persuasions for long years by the Institute, the name of Cost Accountant is included in the definition of Accountant in the Direct Tax Code, 2013 which intend to consolidate the law relating to Income Tax and wealth Tax.

The Companies (Cost Records and Audit) Rules, 2014

The year saw the notification of Companies (Cost Records and Audit) Rules, 2014 which caused heart burn and deep distress amongst the members and students. We are rigorously taking up the matter with the Ministry and assure all the members that we will leave no stone unturned in following up the matter to protect the interests of the profession.

To apprise all the members about the activities / initiatives undertaken by the Departments/ Directorates of the Institute during the month, I now present a brief summary of the activities.

Advanced Studies Department

The last date for the 2nd batch of Diploma in IS Audit and Control and Diploma in Internal Audit has been extended to 30th June, 2014. I am happy to inform that 10 webinars were conducted for Diploma in IS Audit and Control till date while 3 webinars were conducted for Diploma in Business Valuation. The program for the Diploma in Internal Audit is going to start from 1st week of July, 2014.

CPD Activities

During the month, Webinars on 'How to implement Costing (Co) Module in an ERP Environment' and 'Limited Liability Partnership-Basic Overview' were well received by the members at large. I am proud 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 Refund of CENVAT Credits, Indian Debt Market, Risk based Internal Auditing, Emerging fields/Challenges ahead in CMA Profession, Internal Audit, Companies Act, 2013 Comprising Audit, Direct Tax Code, Goods & Service Tax, Corporate Governance: Challenges for Cost Accountants with particular reference to Companies Act 2013 and the latest SEBI guidelines, and so on.

Examination Department

The Intermediate and Final examinations for June 2014

were successfully held from 11th June to 18th 2014. The Foundation examination through online mode was held on 28th June 2014. I wish the examinees success in the examinations.

CPD Programs by ICWAI MARF Programs

I am happy to inform that the following programs were organized by the department during the month:

- Residential Program on 'Financial Audit and Computer Based (IT) Audit' was organized for Nepal Electricity Authority during 15-21 June, 2014 at New Delhi and Mumbai for 11 Junior Officers.
- Residential Program on 'Performance/Operational Audit and Major Aspects of Procurement' was organized for Nepal Electricity Authority during 15-24 June, 2014 at New Delhi, Goa and Mumbai for 22 Senior Officers.
- Residential Program on 'Recent Trends in Financial Management Including Companies Act, 2013' has been organized during 17-20 June, 2014 at Kodaikanal, which was attended by 21 officers from various organizations.
- Residential Program on 'Finance for Junior Finance and Accounts Officers & Non-Executives (F&A)' has been organized during 17-20 June, 2014 at Kodaikanal, which was attended by 18 officers from various organizations.
- Two programs on 'Companies Act, 2013' have been organized for Power Finance Corporation on 19th and 20th June at PFC Corporate Office, which was attended by 64 Senior Officers.

International Affairs

To renew the existing MoU with IMA, USA, Institute of Management Accountants, USA invited the Institute's delegation to USA. I am happy to inform that I along with CMA Sanjay Gupta, Chairman, International Affairs Committee and Shri K Govindaraj, Council Member (Government Nominee) attended the meeting with IMA at New Jersey, USA on June 18, 2014 and signed the MoU. The MoU provides for recognition of professional qualifications and professional development programs offered by each Institute, assistance in the development, updating and exchange of the curriculum, exchange of study materials developed by each Institute, assist and cooperate in conducting applied research in management accounting and related areas, Invite, support, attend and conduct seminars, conferences and joint activities mutually beneficial to both the parties and assist in the development of management accounting guidelines and standards. We attended the members meet organized by the American Overseas Center of the Institute at Washington on 19th and 20th June 2014. We also visited Canada to attend Member's meet at Toronto, organized by the Toronto Overseas Center of the Institute and had meeting with CPA, Canada in their office at Toronto in order to

explore the possibilities of signing an MoU with them. The meetings were very successful.

Membership Department

The membership fee for the year 2014-15 has fallen due w.e.f. 1st April 2014. I am sure many of you are receiving sms from the Institute for making payment of membership fee for the above stated period. I request all those members who are yet to make payment of their membership fee for FY 2014-15 quickly. I also appeal through this column, to those members, who have not yet taken the membership of the Members Benevolent Fund to take membership of the Fund and avail of the benefits of the same.

Research and Journal Directorate

The Institute was associated with ASSOCHAM as the Knowledge Partner in the seminar titled "Madhya Pradesh - A MICE Tourism Destination" at Bhopal on 18th June 2014. A knowledge report was published by the Institute at the seminar. Shri D.S. Rawat, Secretary General, ASSOCHAM, Shri Anil Oberoi, Principal Chief Conservator of Forest, Government of Madhya Pradesh, CMA Manas Kumar Thakur, CCM, Shri Anil Agarwal, Chairman, Madhya Pradesh Development Council, ASSOCHAM, and other eminent dignitaries were present in the seminar.

Tax Research Department

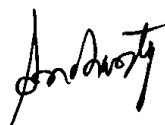
The department organized a Workshop/Training of Central Excise Officers, Jaipur Commissionerate on 4th June 2014. CMA Manas Kumar Thakur, Chairman, Indirect Taxation Committee and CMA Chiranjib Das, Joint Director & Head - TRD were the resource persons.

Technical Directorate

I am happy to inform that the Council of the Institute has approved Cost Accounting Standard on Manufacturing Cost (CAS 22) and the same has been hosted on the website of the Institute.

I wish prosperity and happiness to the students, members and their family on the occasion of Jamat-Ul-Vida and Id-ul-fitr. I pray for the progress of profession and success of members & students. **Friends, I assure you that I will continue to serve the profession as I can think of no better vocation.**

With warm regards,



(CMA Dr Suresh Chandra Mohanty)
1st July 2014