

# Making nation cost competitive is the CMA's most important responsibility



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President, The Institute of Cost Accountants of India

*It is better to perform one's own duties imperfectly than to master the duties of another. By fulfilling the obligations he is born with, a person never comes to grief. – Bhagwad Gita*

**I**N the wake of the Draft Companies (Cost Records and Cost Audit) Rules, 2013 notified by the Ministry of Corporate Affairs, Government of India on 21st November, 2013 U/s 148 of the Companies Act, 2013, there is genuine concern amongst members of our CMA fraternity that the notification has curtailed the scope of the professionals to contribute its mite to ensure sustenance and growth of the economy under a global competitive environment. The larger aim of any mandated legislation is to serve the country's public purpose. The role of a professional institute's and that of its members under the legislation is defined by the purpose for which it has been established under their own Act and Regulations. For us it is making the nation cost competitive within the framework of

business and economic environment of the country, through the cost accounting system within a corporate entity.

The council expresses its deep concern and feels that the Draft Rules on Cost Records and Cost Audit do not address the basic objective of inculcating cost competitiveness across all sectors as enshrined in the relevant provisions of the earlier Companies Act, 1956, which has been reiterated by the Honorable Parliament and Standing Committee on Finance on several occasions. The Council is very much concerned and will leave no stone unturned to impress upon the Government, to protect the interest of the economy and stakeholders and provide a due value added role to the profession.

To take this challenge head on, the Council has formed a Task Force which has worked out an action plan, based on constructive suggestions received from various forums. Let us all join in sharing our wisdom and express our valued opinion by providing constructive suggestion so as to impress upon the Ministry in continuing with the existing cost accounting records and cost audit system, which is clearly designed to enable cost competitiveness. Ever since its inception, CMAs have been tried and tested on several occasions and have proved their mettle through intelligence and proper representation.

The Task Force has been formed to advise on providing suggestions on the Draft Rules and the Council is presently working to achieve the common goal and has escalated the matter at various levels, besides continuing to make proper representation to various stakeholders/authorities for their consideration and issuance of appropriate communication to Ministry of Corporate Affairs, Government of India to restore the existing Rules to make Indian industries competitive and sustainable.

I sincerely urge your technical support to further the socio-economic and national interest besides extending wide professional opportunity to our members to serve the economy. Let us all concentrate in making appropriate

suggestions with justification to the Ministry within stipulated time with a copy to the Institute (to [draftcostrules@icmai.in](mailto:draftcostrules@icmai.in)) to strengthen and support the efforts of the Council on Draft Rules.

At the same time, it is also an opportunity to relook into the activities of our Institute right up to the Region and Chapter levels and refocus our efforts in making the cost and management accounting system tools spread across business entities from the small onwards, in collaboration with industry associations.

### **55th National Cost Convention – 2014**

You are kindly aware that the Institute is organizing 55th National Cost Convention – 2014 on the theme “Nation Building through Cost Competitiveness and Responsible Governance” at Hotel Mayfair Lagoon, Bhubaneswar, the temple city of Odisha, during 17th – 18th January, 2014. Convention brochure including details of the Program with relevant forms is available in the website of the Institute.

The term competitiveness is interpreted in many ways aimed at the sustainability and growth of any business entity, be it in technology, quality, business process, market share or customer orientation. Cost competitiveness subsumes all of those as it examines the long-term growth and sustainability of the business model. It takes into account the business, economic, legal, governance and ethical environment of the business.

The drive to emerge as a winner by any means has entangled many a corporate into scams which have been result of unbridled greed for short term wealth generation, sacrificing the governance and control aspects at its alter. This has resulted in Government, Regulators and Professional institutes stepping in to stem the tide and introduce tight legislation and stricter control, which add to compliance costs, but are essential for protecting the public interest.

As Cost and Management Accountants it is vital for the profession, to build the cost competitiveness as a solid foundation built on responsible governance as envisaged in the Companies Act, 2013. Although we CMAs are “behind every successful business decision”, it is imperative for us to have a 360 degree vision to ensure that the governance and ethical best practices are kept sight of, while inculcating cost competitiveness. Therefore,

The technical sessions will deliberate on: Cost Competitiveness for Inclusive Growth (CEO Forum), Transition from Regulatory to Affirmative Corporate Action, Professional Perspective – Response to the Emerging Challenges and Opportunities, Energizing MSMEs for Sustained Economic Development, Government Perspective – Tax & Expenditure Management, Service Sector as a Key Enabler for Sustainable Growth and CMA Growth Perspective (CFO Forum).



**LET US ALL JOIN IN SHARING  
OUR WISDOM AND EXPRESS  
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PROVIDING CONSTRUCTIVE  
SUGGESTIONS SO AS TO  
IMPRESS UPON THE MINISTRY  
IN CONTINUING WITH THE  
EXISTING COST ACCOUNTING  
RECORDS AND COST AUDIT  
SYSTEM, WHICH IS CLEARLY  
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COST COMPETITIVENESS.  
EVER SINCE ITS INCEPTION,  
CMAs HAVE BEEN TRIED  
AND TESTED ON SEVERAL  
OCCASIONS AND HAVE  
PROVED THEIR METTLE  
THROUGH INTELLIGENCE AND  
PROPER REPRESENTATION**

We extend a hearty and warm welcome to you to attend and participate in the Convention and request your kind support for sponsoring one of the items of the Convention, releasing an Advertisement in Convention Souvenir and nominating adequate number of delegates to the convention. While appreciating your continued support to this profession, we look forward for your kind cooperation and guidance for making the convention a grand success.



**COMPETITIVENESS IS INTERPRETED IN MANY WAYS AIMED AT THE SUSTAINABILITY AND GROWTH OF ANY BUSINESS ENTITY, BE IT IN TECHNOLOGY, QUALITY, BUSINESS PROCESSES, MARKET SHARE OR CUSTOMER ORIENTATION. COST COMPETITIVENESS SUBSUMES ALL OF THOSE AS IT EXAMINES THE LONG-TERM GROWTH AND SUSTAINABILITY OF THE BUSINESS MODEL**

#### **Meeting with CMD, IDBI**

I had the opportunity to meet Shri M.S.Raghavan, Chairman & Managing Director of IDBI Bank Limited at Kolkata and discussed various areas where the CMAs' could contribute to the performance improvements and sustainability of Banking Industry.

#### **CII-TCM Cost Congress 2013**

The Institute was associated with Confederation of Indian Industry as a Knowledge Partner for the 12th Edition of Cost Congress 2013 organized during 27th to 28th November 2013 at New Delhi on the theme 'De-risking value creation

through innovation in Total Cost Management.' I had the opportunity to express the "Closing Remarks" in the Valedictory session of the Conference.

#### **SMEs Excellence Award, 2013**

The Institute in association with the Associated Chambers of Commerce & Industry of India (ASSOCHAM) has started SMEs Excellence Award, 2013 to propagate the best practices in cost management and to promote SMEs towards sustainable growth. The Awards will be distributed in the Seminar on SMEs "The Growth Drivers of the Economy" on 6th December, 2013 at Hotel The Park, New Delhi by Shri K.H. Muniyappa, Hon'ble Minister of State (I/C) for MSME, Government of India.

#### **Research Directorate**

The Institute in association with the Associated Chambers of Commerce and Industry of India (ASSOCHAM) and with the support of Kolkata Port Trust organized a summit "Doors to the Shores - The Logistic Issues" on 8 November, 2013 at Taj Bengal, Kolkata. The Research team of the Institute published a Knowledge Study on the subject. Eminent dignitaries from the industry and profession attended the event.

#### **Technical Directorate**

I am happy to inform that the Cost Accounting Standards Board has recommended Cost Accounting Standard on Joint Costs (CAS 19) to the Council for approval and release. Guidance Note on Cost Accounting Standard on Repairs and Maintenance (CAS 12) has been circulated to the members of the CASB for suggestions / value additions. I am happy to mention that the representation from sister bodies of SAARC Countries has been sought to be Permanent Invitee (s) as observer (s) to the CASB to propagate Cost Accounting Standards in the Region and the representation from ICMAB and Sri Lanka has already been received.

#### **CPD Programmes Directorate**

The Institute was associated with ISACA India as a "supporting organization" for the Conference on 'IT Governance, Risk Management and Compliance' held at Chennai during 27th to 29th November 2013.

It is heartening to mention that there is adequate response on the webinars organized by the Institute during the month on Companies Act 2013 on the theme 'Overview, New Concepts & Role of Independent Directors' and 'General Anti Avoidance Rule - Emerging Corporate Tax Discipline: Marking Presence of CMA'.

I am pleased to inform that during the month, the Regional Councils and Chapters organized many programs, seminars and discussions for the members on the contemporary

subjects such as Drug Prices Control Order 2013, Recent Changes in Service Tax, Cost Accounting Standard-4, Doors to the Shores-The Logistic Issues, Tendering & Contracting with Public Fund, "Enhancing the Vision - Imperatives for Management Accountant of the modern era" with special reference to happenings in global finance, Impact of Indirect Taxation on Manufacturing Industries and so on.

### **ICWAI Marf Programmes**

The program on 'Contracts and their Management' organized at Goa during 22-25 October, 2013, was attended by senior level and Middle level Officers from different organizations.

The programme on 'Recent Trends in Financial Management' organized at Goa during 22-25 October, 2013, was attended by senior level and Middle level Officers from different organizations. A program was organized for Central Warehousing Corporation on 'Contracts Management' during 29th October, 2013 to 31st October, 2013 at CWC Corporate Office, New Delhi.

### **Membership Department**

The membership fee for the Financial Year 2013-14 became due on 1st April, 2013 and the last date expired on 30th September, 2013. To comply with the provisions of Regulation 7 (6) of the Cost and Works Accountants Regulations, 1959, members who have not paid their dues for the year 2013-14 within 30th September, 2013 have been issued notice on 7th October, 2013 for payment of the fees for 2013-14 within 45 days of receipt of the notice. I sincerely request the honorable members to kindly clear their dues within the allowed time to continue their names in the Register of Members of the Institute and provide their support for growth of the profession.

### **Advanced Studies Department**

The Diploma courses on Business Valuation and Information Systems Audit has been approved by the Council for the members. I sincerely look forward for adequate response from the learned members for value addition to their professional career and contribution to the society.

### **CAT Directorate**

I am happy to inform that the first ever On-Line Self Study and Assessment Module for CAT students has been launched. This module will enable the students to practice the subjects taught in the class room by logging to the web site of the Institute at their own convenience. I am confident that this mode will go a long way in providing a latest tool in the hands of the students to develop their skill. It is heartening to mention that the CAT Course introduced as part of Government of Kerala's Additional Skill Acquisition

Programme (ASAP) has been well received by the students. I sincerely acknowledge the leadership efforts by CMA H Padmanabhan, Vice Chairman, SIRC to make the CAT course a reality in Kerala.

### **International affairs**

The Institute was represented by CMA Sanjay Gupta and CMA (Dr.) PVS Jagan Mohan Rao, Council Members in United Nations Conference on Trade and Development (UNCTAD) 30th session of the Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR) at Geneva from 6-8 November 2013.

The Institute has taken the Institutional Membership of the Commonwealth Association of Accountants (CAA). The launch function of CAA was attended by CMA TCA Srinivasa Prasad, CCM on behalf of the Institute at Colombo on 8th November 2013.

The CAPA and SAFA events were organized at Kolkata for the first time and the Institute representatives attended CAPA & SAFA Committee meetings and Board meetings during the period 19th November to 23rd November, 2013.

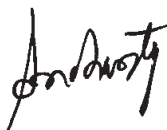
Having invited, I had the opportunity to make a presentation on "Expanding Trade through Innovation and Digital Economy" in the International Conference organized by Institute of Chartered Accountants of India at Kolkata.

Prof Lakshman R Watawala, President, The Institute of Certified Management Accountants of Sri Lanka visited the Headquarters of the Institute, Kolkata. I along with Vice-President and my Council colleagues and officials of the Institute held discussions on matters of mutual professional interest.

As the December 2013 term examinations are round the corner, I hope the students/prospective examinees are engaged in shaping their knowledge further in this penultimate period. My best wishes to you all. May God blessings shower on each one of you to maintain good health, imbibe right spirit to develop proper acumen to be a responsible citizen and one of the proud torch bearers of this CMA profession.

I wish all the members and their families and other stakeholders Merry Christmas and a very happy and prosperous New Year, 2014.

With warm regards,



(CMA Suresh Chandra Mohanty)  
1st December 2013