

# SMEs need CMAs to devise business models to avoid problems in the future



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*Many people might say that your duty is morally wrong, according to their moral standards. Still that's your duty, remember. It's the action that keeps your mind pure - beyond likes and dislikes and other pairs of opposites. So don't give it up. – Bhagwad Gita*

**T**HE Indian market is growing and Indian industry is making progress in various sectors like Manufacturing, Precision Engineering, Food Processing, Pharmaceuticals, Textile & Garments, Retail, IT, Agro and Service sectors. SMEs are finding increasing opportunities to enhance their business activities in core sectors and playing a vital role for the growth of Indian economy by contributing significantly to the industrial output, exports and employment. As a result, SMEs are today exposed to greater opportunities for expansion and diversification across the sectors. On the other hand, the country is facing a lack of entrepreneurship talent these days. Only a small section of aspiring entrepreneurs of the country, who plan to start businesses, have access to formal or informal training to start a business. We CMAs have an opportunity to play a significant role in developing these skills in our countrymen especially in prospective entrepreneurs. In my view, any improvement in the situation will require joint efforts by policymakers, professionals and experts from the entrepreneurial community.

Some SMEs start their business in a proprietary form. This form of business has smallest compliance cost but it is riskier than any other form of business. A new format of business is the One Person Company created under the Companies

Act, 2013. In this form of business entity, only one member is required to form one person company and avail the benefit of limited liability just like any other private limited company. The Limited Liability Partnership (LLP) firm is another form of business in which a partnership firm avails benefit of limited liability and has a partnership structure. The Private Limited Company helps SMEs to have a separate entity. As professionals, we need to devise a model of business for the SMEs to start with and also ascertain the cost associated with it so that the SMEs do not face any problem in future. We have to make them understand the pros and cons of every form of the business and advise them about the format best suited to their business.

CMAs should also advise SMEs on the improvement in performance, optimization of cost and minimization of wastages to help in improving the business environment of the country and promote more SMEs.

I had the opportunity to review the progress of construction work at the Navi Mumbai Center of Excellence and address the participants in the Valedictory session of the Seminar on Service Tax organized by the WIRC and reviewed the progress of renovation work of WIRC premises.

I also attended the 8th meeting of the Governing Council of National Foundation for Corporate Governance (NFCG) on 17th October 2013 at Mumbai under the Chairmanship of Hon'ble Minister(S) Ministry of Corporate Affairs.

I had the opportunity to inaugurate a one-day seminar on 'Internal Audit' jointly organized by SIRC of ICAI & IIA – Madras Chapter along with CMA M. Gopalakrishnan, CCM & Past President and CMA P. Raju Iyer, Chairman, SIRC and representatives IIA at Chennai on 19th October 2013.

I had the opportunity to attend the Students' Meet organized by SIRC on 19th October 2013 and address their different queries. I also visited M.O.P. Vaishnav College, Nungambakkam, Chennai and interacted with Dr. Mrs. Nir-mala Prasad, Principal and HOD – Commerce and students. I had the opportunity to attend the valedictory session of the 'Certificate Course on Concurrent Audit of Banks' organized by the Committee on Internal Audit Standard Board of ICAI.

I had the opportunity to interact with representatives of CAT ROCCs and CMA Support Centres of Tamil Nadu and discussed about the Skill Development Initiatives of the Institute in Tamil Nadu with the support of the State Government. CMA M. Gopalakrishnan, CCM & Past President, CMA Amit A. Apte, CCM and CMA P. Raju Iyer, Chairman, SIRC also attended in the programme.

I attended the third Managing Committee meeting of ASSOCHAM on 25th October 2013 at New Delhi. The SME Excellence award jointly instituted by the Institute and ASSOCHAM will be presented in the Seminar on SME-The growth Drivers of the Economy to be organized on 6th December 2013 at New Delhi.

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

### **Professional Development Directorate – Certificate in e-IFRS Course**

The Institute under the aegis of ICWAI-MARF is running an e-learning IFRS course. The course is available for members and students of the Institute and other professionals. The course fee per learner is Rs. 5,000/- plus service tax. e-learning course is for 100+ hours, which can be accessed by learner for one year (365 days) from the date of registration of the course or 300 hours of e-Learning access which ever ends earlier. ICWAI-MARF has decided to award a certificate to learners after completion of this course after passing on-line Test conducted by an Independent Agency. The learners may check the detail in this respect from the Institute website.

### **Technical Directorate**

I am happy to inform all the members that the Cost Accounting Standard on Research and Development Costs (CAS 18) has been approved by the council and the same is available on the Institute's website. In order to understand the practices of the neighboring countries on development of Cost Accounting Standards and to create awareness of Cost Accounting Standards developed by the Institute amongst the SAFA Countries, the Council of the Institute has approved seeking nominations to Cost Accounting Standards Board (CASB) as invitees from Sri Lanka, Pakistan and Bangladesh.

### **CPD Programmes Directorate**

In view of the overwhelming response to the Institute's initiative for Capacity Building of CMA Professionals, interested CMAs are given opportunity to participate in the Webinar to share their expertise. The series of webinars on 'Cost Audit in Electricity Generation', 'Contemporary Issues in Indian Banking' and 'Companies Act 2013-Overview, New concepts and Role of Independent Directors' were well received by the members at large. The details may be viewed at the Institute's website.

The Institute joined with Institute of Directors as an 'Associate Partner' for the 13th International Conference on 'Corporate Governance & Sustainability' at London and also joined with Confederation of Indian Industry as an 'Institu-

tional Partner & Documentation Sponsor' for the Conference on Dispute resolution at New Delhi.

I am proud to inform that during the month, our Regional Councils and Chapters actively organized many programmes, seminars and discussions for the members on the relevant subject matter such as on Companies Act 2013 and Draft Rules, Power Sector – A look at issues and challenges and role of CMAs, Transfer Pricing Prospective in Cost Management, Indirect Taxation, Recent Trends in Financial Management, Contracts and their Management and so on.

### **ICWAI MARF Programmes**

- The fourth batch of IRAS International Training Programme for Ministry of Railways has been organized for the senior IRAS officers at New Delhi, London and Paris.
- The International Programme on 'Advanced Financial Management' was organized from 25th September, 2013 to 7th October, 2013 in New Delhi, London and Paris.
- A programme has been organized for NBCC on 'RISK MANAGEMENT' on 27th September, 2013 at NBCC Bhawan, New Delhi.
- A programme was organized for DMDE Indian Navy, Hyderabad on 'Strategic Cost Analysis' from 27th to 28th September, 2013 in Hyderabad.

### **Meeting with auditors**

A meeting of the Statutory Auditors of the HQ, Regional Councils, Internal Auditors of the HQ, Senior Officials of the Finance & Accountants Dept. of the Institute and Regional Councils was held on October 23, 2013 at Kolkata for the first time in the presence of Vice-President, CMA T.C.A. Srinivasa Prasad and CMA D.L.S. Shresthi, Council Members. The requirements of ACT/Regulations and the modus operandi for compilation and audit of quarterly, half yearly and consolidation of Annual Accounts along with the time schedule was decided.

### **Membership Department**

The membership fee for the year 2013-14 was due on 1st April 2013. Even after several reminders, many members are yet to make the payment of their membership fee within the last date for payment, that was 30th September 2013. A list containing the names of such members has been hosted under 'Updates for Members' on the Institute website for their information and necessary payment within the allowed time limit. I take this opportunity to request the members to please make the payment of their membership fees for 2013-14 immediately so as to avoid removal of their names from the Register of Members.



**THE COUNTRY IS FACING A LACK OF ENTREPRENEURSHIP TALENT THESE DAYS. ONLY A SMALL SECTION OF ASPIRING ENTREPRENEURS OF THE COUNTRY, WHO PLAN TO START BUSINESSES, HAVE ACCESS TO FORMAL OR INFORMAL TRAINING TO START A BUSINESS. WE CMAs HAVE AN OPPORTUNITY TO PLAY A SIGNIFICANT ROLE IN DEVELOPING THESE SKILLS IN OUR COUNTRYMEN ESPECIALLY IN PROSPECTIVE ENTREPRENEURS**

### Advanced Studies Department

The 6th meeting of the Board of Advanced Studies was held on the 4th October 2013 at Hyderabad. Board has approved introducing a Diploma courses in Business Valuation and Information System and the same will be launched by the Advanced Studies Department.

### International affairs

I am happy to inform that the Institute is getting visibility in the international arena and its representation at the International Events is increasing day by day.

• The undersigned along with CMA Rakesh Singh, IPP, CMA Dr P.V.S.Jaganmohan Rao and CMA Sanjay Gup-

ta, Council colleagues attended SAFA Board, Committee meetings and International Seminar organized by ICMAB, Bangladesh during 10-11 October 2013 at Dhaka.

• United Nations Conference on Trade and Development (UNCTAD) is organizing an event to celebrate the thirtieth session of Intergovernmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR) at Geneva, Switzerland during 6-8 November 2013. I am happy to inform that the Institute will be properly represented in the event.

• The AGM of International Valuation Standards Council (IVSC) is being held at Tokyo, Japan during 8-9 November 2013. Institute, being an Institutional member of the IVSC, will be suitably represented during the event.

• The annual Board Meeting of IFAC is going to be held during 12-14 November 2013 at Seoul, Korea. The Institute will be suitably represented at Seoul meeting.

### Examination Directorate

The Examination Directorate is engaged in the pre examination work for December 2013 term where the 2008 syllabus as well as 2012 syllabus examinations will be conducted. The Foundation Examination for the term December 2013 will be conducted through on-line mode on 28-12-2013 for 2008 syllabus and on 29-12-2013 for 2012 syllabus. To familiarize the students with the on line examination, a Mock Test has been uploaded in the Institute's Website on 30-10-2013. The Foundation Examination on on-line mode will be conducted four times in a year.

### National Award for Excellence in Cost Management

The process for the 11th National Award for Excellence in Cost Management has been started based on two questionnaires. The preliminary questionnaire has been sent to the companies with the last date for the response on 18th November, 2013. The Final questionnaire will be dispatched to short listed Corporates during November, 2013.

I wish all the members and their family on the occasion of Kali Puja, Diwali, Bhai Duj, Kartik Purnima and Guru Nanak's Birthday.

With warm regards,

(CMA Suresh Chandra Mohanty)  
1st November 2013