



M. Gopalakrishnan, President

ॐ असतोमा सदगमय ।

तमसोमा ज्योतिर्गमय ।

मृत्योर्मा मृतं गमय ॥

ॐ शान्ति शान्ति शान्तिः ॥ – बृहदारण्यक उपनिषद् 1.3.28.

om asato mā sad gamaya

tamaso mā jyotir gamaya

mṛtyor mā amṛtaṁ gamaya

om śānti śānti śāntiḥ – *Bṛhadāraṇyaka upaniṣad 1.3.28*

(Lead us from darkness to enlightenment, to reality from non-reality, and from mortality to immortality, Let there be Peace (in thought) Peace (in words) and Peace (in action).

Dear Professional Colleagues,

Tamaso mā jyotir gamaya

All of us are familiar with these words, especially the second line is embedded in our minds through our Institute emblem, right from the moment we entered into the CMA profession. The entire stanza from the ancient Upanishad, correctly reflect the DNA of our profession for what it stands for. If we faced our tryst with destiny in the previous month, from this month onwards we have to put the past behind us and march towards the new dawn which is emerging before us. The name of the Institute and the designated letters provided to us in the amended Act, encompass a vast arena to add value to any enterprise involved in consumption of finite resources, much beyond the realms of focus of the past which was on manufacturing. As a CMA brand, we have to go beyond the numbers to provide enlightenment through segmented analysis, sift the grain of reality in value addition, work for an immortal and sustainable future, letting the enterprise live in harmony with the environment and society.

If we really understand the words of wisdom of our ancients, we are struck with the thoughtfulness of the words, which are now being paraded across the world, as a move towards an inclusive growth trying to retrieve the globe from the consumerism of a market driven economy, consuming the finite resources of the planet to enrich a few. The new name and letters should enable us to focus on the core competence of a Cost and Management Accountant as the enabler of resource optimisation and waste elimination, through best CMA practices. The Govt. of India and the Ministry of Corporate Affairs is also working on enabling the corporate world to refocus their attention on their social responsibility which in the past has remained more on paper than in reality, through voluntary and/or mandatory measures. The Corporate Social Responsibility which is now just a murmur is capable of becoming a driving force for the survival of enterprises in future.

New Government Nominees to the Council

I extend a hearty welcome to the new Government Nominees to the Council Shri. A.K.Srivastava, IAS, Joint Secretary, Ministry of Corporate Affairs; Smt. Nandana Munshi, IA & AS Principal Director of Commercial Audit CAG, Shri Asish Kumar, IRS, Director-TPI, Ministry of Finance; Shri.G. Sreekumar, General Manager, RBI and Shri. K. Govindaraj, Associate Vice President, IOA.

I thank the Honourable Union Minister of Corporate Affairs, Dr. M. Veerappa Moily and the Ministry of Corporate Affairs for nominating experts with rich experience in diverse fields to the Council of the Institute. I am very sure, that the Council will take full advantage of their wisdom and expertise in various initiatives relating to the progress of the profession.

Government Accounting Standards Advisory Board

I am happy to inform the members that ICWAI has been admitted as a member of the prestigious Government Accounting Standards Advisory Board (GASAB), a body having representation from important Central Government departments, State governments, Reserve Bank of India and accounting bodies. The main objective of GASAB is to develop Accounting Standards applicable to Government Accounting and Reporting, in line with the international best practices. Members may recall that the International Federation of Accountants frame guidelines in Government Accounting in the form of International Public Sector Accounting Standards (IPSAS). Apart from IPSAS, the GASAB considers various other prevailing practices in Government Accounting and distil them into a framework which is deliberated by the Board and issued as Standards. Since the reporting as per GAS are in the initial stages of formulation and adoption, the Institute will also provide inputs on the emerging practice of Integrated Reporting, which can be considered for adoption by the GASAB at the appropriate time.

New Cost Audit Notification

In the latest series of notifications, the Ministry of Corporate Affairs, Cost Audit Branch, came out with a notification dated 24th January 2012, replacing the company wise order issued under earlier with the industry wide notification, covering further eight broad based industry sectors. This is in line with the recommendation of the Expert Group Report for realigning the cost accounting records rules to a principle based approach, and for providing cost audit mechanism for companies falling within the specified criteria. This has created a major opportunity for members in practice and those working in the industry to extend full co-operation to the Ministry in their drive to improve cost consciousness among the industries in a structured way. It is very important that the members who are involved in the process have to understand that these initiatives go much beyond the compliance orientation generally associated with any statutory mechanism, and concentrate on developing a CMA process which optimises resource and enables waste

elimination. The Institute will also accelerate the orientation programmes it is holding through its various arms such as Regional Councils and Chapters on these key develop-ments.

Important Events

The annual Ganapathy Subramanian Memorial Lecture was delivered at Cochin on 6th January, 2012, by Shri. A N Raman, Past President SAFA and Member PAIB Committee of IFAC on the topic "Cost Management—A building block of the current and emerging governance framework". I along with Shri.A.Om Prakash, Council Member attended the meeting which was followed by a members meet by the Cochin Chapter.

The First Assembly meeting of the South Asian Federation of Accountants (SAFA) Assembly meeting was held on 7th January, 2012 at Chennai, under the chairmanship of New President of SAFA Mr. Muhammad Rafi of ICMA Pakistan. I attended the meeting along my colleagues in the Council Shri TCA Srinivasa Prasad, Shri A. Om Prakash and Shri Sanjay Gupta. Wide ranging discussions were held, in which the road map and future agenda were chalked out by the assembly.

Regional Conference organised by Lucknow Chapter of NIRC at Lucknow for three days 7th -9th January, 2012 with the central theme "Managing Cost Serving to the Nation" was addressed by me in the presence of Shri Rakesh Singh, Vice President; Shri Hari Krishan Goel and Shri Sanjay Gupta, my fellow members of Council of ICWAI.

Southern India Regional Council (SIRC) had its annual Cost Convention-2011 with Central theme 'Dynamics of Indian Economy- CMA as a Catalyst' at Bangalore on 19th-20th January, 2012. Dr. M. Veerappa Moily, Hon'ble Union Minister of Corporate Affairs was the Chief Guest for the programme having representation from five states in the region.

Knowledge partnering with other institutions

It is heartening to see continued recognition for ICWAI in the "Integrated Reporting" initiative, on which the Institute has been working for the past one year. The ICWAI was knowledge partner in the one day workshop on "Integrated Reporting" organised by Confederation of Indian Industry (CII) on 12th January, 2012 at New Delhi. ICWAI is also facilitating the identification and participation of Indian Companies in the Pilot Project of International Integrated Reporting Council. The Council has also cleared the formation of a National Steering Group on Integrated Reporting with the participation of IICA, CII,

GRI and other key corporates for providing a further thrust in this key initiative.

Institute is providing support to the Indian Institute of Corporate Affairs (IICA), think tank arm of Ministry of Corporate Affairs. A delegation of Council members and officers of the Institute led by Shri Rakesh Singh, Vice President of the Institute participated in the one day conference at New Delhi on "Private Sector practices on CSR" on 18th January, 2012. The Hon'ble Union Minister of Corporate Affairs, Dr. M. Veerappa Moily led the initiative on behalf of Ministry having representation from its Senior Officers.

The Institute was a knowledge partner in the 3rd International Conference on Institutional and Technology Environment for Micro Finance, which was organised by the Burgundy School of Business from 5th to 7th January 2012 at New Delhi. I addressed the participants in the inaugural session on 5th January, 2012. The International Conference was preceded by a workshop on 4th January on the theme "Cost Management and Social Performance in Micro Finance", wherein Shri A.S. Durga Prasad, member of the Council was one of the speakers.

The Institute is establishing its international image also by making its presence felt through meaningful contribution. The institute is in the process of nominating its representatives to Confederation of Asian and Pacific Accountants (CAPA) and Committees/Boards of International Federation of Accountants (IFAC). In a vindication of our global forays, I am happy to inform you that the IFAC PAIB will be holding its first ever meeting in India at Delhi from 13th and 14th March 2012. Our Institute will be hosting the event which will witness participation of IFAC delegates from about 12 countries. I am sure these efforts will firmly etch the name of the institute on International arena paving way for new horizons for our members and students at a global level.

Value addition through Centres of Excellence

The newly established "Centre of Excellence" at Hyderabad was formally inaugurated on 22nd January, 2012. I compliment the team led by Shri. A.S. Durga Prasad, ably supported by senior members of Hyderabad Chapter, in making a dream project come true. Being situated in the knowledge city, the Centre is a masterpiece showcasing the smart class room facilities where the Advanced Studies Courses will be conducted. I also had interactions with Prof. Sanjay Kalapur, Associate Dean of Indian School of Business, who agreed to work for a joint with ICWAI and ISB on areas of mutual interest.

I am also happy to inform you that an independent Board of Advanced Studies has been constituted by the Institute, under the Chairmanship of Prof. (Dr.) Ashish Bhattacharya, former Professor of Indian Institute of Management, Kolkata. The Board has representations from eminent business schools, industry, Government and other international experts. The Board will help the Directorate of Advanced Studies, which is to be located in Hyderabad Centre of Excellence in developing curriculum, course evaluation methodology to enable members and industry professionals to acquire practical skills on Cost & Management Accounting, Business Strategy, Risk management and allied topics.

During my visits to Nagpur, Ahmedabad, Bhopal, Asansol, Thrissur, Cochin and Vijayawada chapters, I found that the good infrastructure that has been created by them can be converted into Centres of Excellence, focussing on tapping local expertise available in the respective cities, to bring out approach papers on key cost management areas. In other cities, the chapters can start Special Interest Groups which can give inputs to the Institute on professional development areas, useful to the industry, government and society at large. This will enable the chapters to emerge as intellectual store house of wisdom useful for the profession, instead of concentrating only on coaching activities. The sustainability and popularity of the profession in future will depend largely on how we address the key concerns of the business to remain cost competitive and help the Government with inputs on how the prices of essential commodities and services can be kept at a reasonable level for the public, through effective resource utilisation.

I am also happy to inform you that due to intensive follow up efforts by Smt. Aruna Soman, Council Member from Western Region, the Maharashtra Government has given permission for the Institute to complete the long pending Navi Mumbai Centre of Excellence project by end 2013. The Council has already given the green signal to go ahead with the construction of the Centre, which was awaiting clearance by the Government. I am sure that with the co-operation of the members, the Navi Mumbai centre will be in operation by end 2013.

Technical Directorate initiatives

The Council of the Institute in its last meeting has cleared the Revised Guidance Note on CAS 4 and Revised CAS - 3 on Overheads, which are now available in the institute website.

In order to assist and co-ordinate the activities of the Technical Directorate in various regions; the Institute is establishing Extension Centres of Technical

Directorate at other regions in the country. The first of these are being established at Chennai followed by Mumbai. With these, all the four regions will have Technical Directorate presence which will provide the much needed push for region focussed feedback on various technical matters to the Directorate.

I am happy to note that the various Ministries have started seeking the expert opinion of the Institute on various key matters relating to the Cost Accounting. The Technical Directorate of the Institute provided opinion sought by Central Excise and Service Tax department with regard to Cost of Production for Captive Consumption and to Department of Commerce and Industry (Directorate General of Anti-Dumping and Allied Duties) with regard to treatment of subsidy for computation of working capital.

Professional Development Directorate initiatives

As all of you are aware that the Ministry of Corporate Affairs, Cost Audit Branch have notified uniform Companies (Cost Accounting Records) Rules 2011 and revised Companies (Cost Audit Report) Rules 2011 on 3rd June 2011 and later on Cost Accounting Records Rules 2011 for six regulated industries on 7th December, 2011. All these rules have introduced the concept of "Product Group" and have mandated reporting according to this concept. While a definition of "product group" has been given in all these Rules, the application of this new concept across companies and industries requires further clarification to enable the concept to be used uniformly across industries.

The Institute has already issued an Exposure Draft of Guidance Note on Classification of Product Group and hosted the same at the Institute website on 30.12.2011 for comments/suggestions from general public. The proposed Guidance Note will be modified in light of comments/suggestions received before its publication. For more details members may refer to Institute website.

I request the members to give a feedback on the XBRL Taxonomy on Cost Accounting Records and Cost Audit Report, which has been hosted in the website. The consultations with the Ministry of Corporate Affairs are going on and once it is finalised, it will become mandatory for the members to file the report in XBRL format. Since this will enable various stakeholders from the Government analyse the data across the companies, the members should be involved right from the development stage itself so that the process becomes smooth when the Government notifies the date from which it will become effective.

Placement Directorate initiatives

I am happy to inform that the integrated initiatives for Campus Placement of Dec 2011 final pass outs have been finalised. Your Institute will be approaching as many as 8000 Companies/Organisations to visit our Campus Placement Programs being scheduled in the month of April 2012 at 4 locations - Kolkata, Delhi, Mumbai and Chennai. To co-ordinate the efforts, a meeting was held at Kolkata by the Chairman of Members In Industry Committee Shri T.C.A. Srinivasa Prasad and the Chairmen of the four regions. I am sure this Campus Placement Program will be as successful as the earlier one. The qualified students of December 2011 can file their CV on line which will be open alongside the results of December 2011 final Examinations."

CEP-1 Directorate initiatives

I am happy that the wide spectrum in which CEP Directorate operates is reflecting in its continued efforts to update the knowledge and to upgrade the skills of the finance professionals. Towards this, it organized Residential programmes on 'Internal Auditing for Effective Management Control' and 'Recent Trends in Financial Management' during 3-6 January, 2012 at Mahabaleshwar. Programmes on 'Strategic Financial Management' and 'Advance tax, TDS and Tax Planning' were also organized during 17-20 January, 2012 at Agra.

I am also pleased CEP of ICWAI is becoming the preferred source of company focussed programmes. The seventh exclusive tailor made in-House programme organized for National Highways Authority of India (NHAI) on Finance and Accounts during 9-13 January, 2012 at Pune and the exclusive training programme on Management of Taxation for the officers of Power Transmission Corporation of Uttarakhand Ltd. during 23-25 January, 2012 at Dehradun, showcase this aspect.

Since the Govt can declare the date of implementation of IFRS anytime now, The CEP Directorate is continuing its IFRS initiative by organising its 14th Batch of IFRS Certificate Course at Delhi during 18-22 January, 2012.

The Directorate made efforts to organise exclusive International programmes for the senior officers of Delhi Jal Board, a public utility of Delhi Government.

CEP -2 Directorate initiatives

I am happy to share during the month of January 2012, CEP-2 directorate developed a standardized Presentation and a Training Material on Cost Accounting Records Rules, 2011 and Cost Audit Report Rules 2011 and presented before the National Task Force

on CARR & CAR in its 3rd Meeting held on 9th January 2012.

1st Meeting of Committee for Members in Industry was held on 16th January 2012 at Kolkata where Terms of Reference of the Committee were discussed with independent views from the members present in the meeting.

After the series of notifications issued by the Cost Audit Branch of the Ministry of Corporate Affairs, it is important for the chapters to come forward to conduct chain seminars on the new notifications. I am sure that the chapters will give equal importance to professional development areas in addition to imparting coaching to students. The chapters can also bring the industries in their respective cities to discuss the modalities of implementation of the notifications and provide feedback to the Institute. This series of programmes will enable the local industries to understand the aim of the Government to inculcate cost competitiveness to enable them to face business uncertainties, which is the main aim of the new notifications.

The CEP-2 is organising a Training for Trainers on Cost Accounting Records Rules, 2011 and Cost Audit Report Rules, 2011 in first week of February 2012. This is mainly to expand the base of Expert Speakers who can conduct workshops on practical implementation of the notifications.

I am also happy to note that the proposal for organizing programmes on Risk Based Internal Audit for Concurrent Auditors of Banks all over India is also being planned. I am sure that this will pave way for better connect between the participating banks and the

profession to have a useful role in banking industry.

Directorate of Journal

The meeting of the Journal Committee was held at Kolkata on 16th January 2012 and I complement the committee for their suggestion for constitution of an Editorial Board consisting of eminent persons which will go a long way in improving the intellectual quality of the journal.

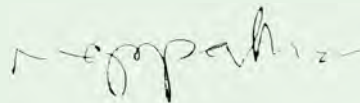
General matters

The Members' Facilities & Services Committee recommended increase of the Annual Membership and Entrance Fees of the members, which was approved by the Council. The details are already uploaded in the website. The details are also printed elsewhere in this journal.

I am also happy to announce that for the first time in the history of the Institute, we are holding a convocation and award function to honour the newly final passed students and Prize Winners, on 1st March, 2012, at Science City Auditorium, Kolkata.

Best wishes for Milad-u-Nabi, Mahashivratri and other festivals,

With warm regards,



(M.Gopalakrishnan)
President, ICWAI
31st January, 2012