



B. M. Sharma, President

"To exist is to change, to change is to mature, to mature is to go on creating oneself endlessly. Patience is bitter but its fruit is sweet".
– Anonymous

Dear Professional Colleagues,

It gives me immense pleasure to share with you the growth story of India which is gaining momentum and getting recognized internationally. In this connection I wish to quote Dr. A P J Abdul Kalam, former President of India who is an inspiration to all of us who recently said "India can become economically developed by 2020 if it maintains a GDP of 10-11 per cent as there are nine more years to achieve 'Vision 2020' goals." I am sure by implementing the steps proposed by a visionary like Dr. Kalam and by controlling inflation, taming current account deficit, reigning in corruption, increasing industrial production, removing infrastructural and legal bottlenecks, Indian economy is poised for greater heights in no time from now. Cost Accountants have a lead role to play in the transformation of India.

Indian economic success is being looked at with awe in Emerging markets like Latin America which are integral to India's strategy for inclusive growth. To reduce dependence on traditional markets like the US and Europe, Indian exporters have started exploring new markets like Latin America, Asia and Africa. The government has introduced incentives for exporters to diversify and boost their trade with emerging markets like Latin America and Caribbean region (LAC). The Focus LAC programme, aimed at enhancing India's trade with LAC region has been extended up to March 2014. The ICWAI professionals can contribute immensely in merchandise export by reporting and controlling the costs and advising the Management of profitable products/services utilizing the scarce resources.

We find the international resonance of 'Confidence in India' in our neighbourhood as well. Based on the news that Pakistan may offer 'Most Favoured Nation (MFN)' status to India soon, our country may come out of neighbour oriented defensive war centric policies and divert scarce resources to growth of Indian economy in larger ratio. India has offered MFN status to Pakistan long back. I feel this one measure would pave the way for the progress of the economic development of the SAARC as a whole, if two major members of the region agree to cooperate with each other. The Cost of transportation may be reduced, leading to better bottom lines for various organizations consequently benefiting the people of all South Asian Countries.

Anti corruption movement : The Government of India has taken a laudable step in initiating efforts to draft the Lokpal Bill, with active participation from the members of the civil society. This move is welcomed by the entire country as can be seen from the mass support from people from all walks of life. The cost accounting professionals have a key role to play in maintaining ethical standards while providing their service to their clients and organizations in which they are employed. Introducing more professional groups in the various representations in law, instead of monopolizing it, will reduce the incidence of corruption and bring in more transparency. I feel that the Regions and Chapters should organize special forums to support the cause of more transparency and accountability in the Government. In a recent study at Mumbai by an International Business school, the RTI has been an effective tool in reducing corruption starting from the grass-root level like issue of ration cards. It is also a lesson for our professionals to change their role from being mere intermediaries to negotiate a settlement of disputes to an active role as value added experts in the respective field. It may be a tall order for established professions who have tremendous legal backing, but easier for a nascent profession like ours. We have an independent role as professional experts to have our say to the public in what we perceive as wrong. The Satyam episode is a clear example of a professional group locking the stables after the horses have bolted.

Important Professional Achievements : Our members have been eagerly waiting for developments in the professional front and various issues pertaining to the provisions of cost accounting record rules and cost audit mechanism. I, on behalf of the Council and the Institute, place on record our sincere thanks and appreciation for the steps taken by the Ministry of Corporate Affairs (MCA) and Cost Audit Branch by issuing industry specific cost audit orders and streamlining certain procedures in the appointment of cost auditors. I am sure that this reform process initiated by the Ministry shall go a long way in meeting with the long term economic objectives of the country.

Order of Industry Specific Cost Audits : I am extremely happy to inform our members that based on the Expert Group recommendations and representations made by the Council; the Government has accepted the proposal to discontinue the method of ordering cost audits on a company to company basis within the same industry.

The Ministry of Corporate Affairs (MCA), vide its notification Nos. 52/26/CAB-2010 dated May 2, 2011 has issued cost audit orders on "ALL companies" where the Cost Accounting Record Rules u/s 209(1)(d) of the Companies Act 1956 pertaining to Bulk Drugs, Formulations, Fertilizers, Sugar, Industrial Alcohol, Electricity, Petroleum or Telecommunication are applicable and wherein as on the last date of the immediately preceding financial year the aggregate value of net worth exceeds rupees five crores or the aggregate value of the turnover exceeds rupees twenty crores or the company's equity or debt securities are listed or are in the process of listing on any stock exchange, whether in India or outside.

On the same lines, vide notification Nos. 52/26/CAB-2010 dated May 3, 2011 MCA has issued cost audit orders on "ALL companies" where the Cost Accounting Record Rules u/s 209(1)(d) of the Companies Act 1956 pertaining to Cement, Tyres & Tubes, Steel Plant, Steel Tubes and Pipes, Paper or Insecticides are applicable and wherein during the immediately preceding financial year the aggregate value of the turnover exceeds rupees one hundred crores or the company's equity or debt securities are listed or are in the process of listing on any stock exchange, whether in India or outside.

The companies falling under the above categories will be required to get cost audit conducted u/s 233B of the

Companies Act 1956 by a cost accountant in practice or a firm of cost accountants for each of the financial year commencing from April 1, 2011.

I am hopeful that other issues concerning our profession as recommended by the Expert Group will be implemented shortly and I shall keep all of you informed about it in due course of time.

The above notifications are available on the website of the MCA as well as the Institute. The notifications are also printed in this issue of the Management Accountant.

Change in Appointment of Cost Auditor : The MCA, vide its General Circular number 15/2011 dated April 11, 2011, has amended the procedure of appointment of Cost Auditor. The circular has now made the Audit Committee of a Company as the first point of reference for appointment of cost auditor to be made by the Board of Directors. The MCA has also revised the procedure of prior approval requirement under the present mechanism. Appointment of cost auditor by the Board of Directors would be assumed to have been approved if nothing is communicated by the Ministry within 30 days of filing of Form 23C by the Company. The cost auditor will also be required to provide a certificate of independence to the company. The circular has also mandated disclosure of full particulars of cost auditors along with due date and actual date of filing of cost audit report in the annual report of the company. The Ministry has also notified the revised Form No. 23C which is available on the MCA website.

Important Events : I visited Jaipur on 5th march, 2011 to address the students and members in 'Student Meet' and 'Members Meet' respectively organized by the Jaipur Chapter of ICWAI. I also participated in the Seminar on "Cost & Management Practices-Sharing Experience" organized by the chapter in the evening.

I attended the Annual Seminar of the Asansol Chapter of Cost Accountants on 13th March, 2011 on the topic of 'Business Issues in the Changing Demographic Profile of Corporate India.' I also had the privilege to inaugurate the newly constructed Vivekananda Hall of the Chapter.

I place on record my appreciation for the successful organization of the events by the respective Chapters.

Meetings : I called on various Ministers and important officials in different Ministries to discuss and apprise them of the issues concerning the profession.

Meeting of Government Accounting Standards Advisory Board (GASAB)

I along with Vice President, ICWAI attended the last meeting of Government Accounting Standards Advisory Board (GASAB) held at New Delhi on 26th April, 2011 wherein we appraised the members of august board about contribution ICWAI can make and presented the comments of the Institute on the various items of agenda.

International Affairs : Taking the cue from our Government, I am pleased to inform that ICWAI is also expanding its international network within the region. I visited Karachi, Pakistan to participate in an international seminar followed by meetings of Board and Committees of South Asian Federation of Accountants (SAFA) from 7th to 11th April, 2011 chaired by Mr. A N Raman, President, SAFA and CCM, ICWAI, with a small team. The delegation of ICWAI consisted of Mr. G N Venkataraman, Immediate Past President; Mr. Kunal Banerjee, Past President, ICWAI and Mr. Sudhir Sharma, Executive Secretary, SAFA/Joint Director, ICWAI. The International Conference on 'Corporate Finance & Economic Challenges' and meetings of SAFA were organized professionally by Institute of Cost and Management Accountants of Pakistan (ICMAP), for which I compliment them. One of the important proposals of SAFA was to consider launching of various short term courses based on regional expectations including "SAARC Accountant", to which ICWAI extended its support. A proposal of a MoU with other accounting bodies of the SAFA region was also discussed.

In the Board meeting of SAFA, chairmen of various committees presented the vision of their committee for the next one-two years in a time bound manner through a Performance Matrix, developed by Mr. A N Raman, President, SAFA.

Name of NIA Australia Changed to IPA, Australia : Members may recall that our Institute entered into MoU/ MRA with NIA Australia in March 2011 at Melbourne. NIA Australia has changed its name to Institute of Public

Accountants (IPA), Australia with effect from 2nd May, 2011. In case members are interested in joining the IPA or getting more information about it, they may contact IPA at overseas@publicaccountants.org.au.

Appellate Authority : It is my honour to inform Mr. Justice S. N. Dhingra (Retd.) has been appointed by the Government of India as the Chairman of the Appellate Authority for the three Institutes namely ICWAI, ICAI and ICSI. He has assumed charge of his post on 1st April, 2011. Members may kindly recall Government of India constituted the Appellate Authority in 2009 to hear and decide the appeals of members aggrieved by any order of Board of Discipline of the Institute.

Technical Directorate : The Council has taken certain decisions regarding Suitable Disclosure/Qualification in Audit Report/Certificate. As you are aware, the Cost Accounting Standards (1-12) have already been made mandatory with effect from period on or after April 1, 2010 for being applied for the preparation and certification of General Purpose Cost Accounting Statements. In case the cost accountant is of the opinion that the aforesaid standards have not been complied with for the preparation of the Cost Statements, it shall be his duty to make a suitable disclosure/qualification in his audit report/certificate. However it does not require the Cost Auditor to specify that the Cost Statements comply with the Cost Accounting Standards. The Cost Auditor under Paragraph 5 of the Cost Audit Report gives the following certification.

"That the cost statements are in conformity with the applicable cost accounting standards issued by the Institute of Cost and Works Accountants of India."

It is recommended that, wherever appropriate, for any other certification the cost accountants may suitably report conformity to the cost accounting standards issued by the Institute.

The Cost Accounting Standard Board of the Institute is working very hard to bring out Generally Accepted Cost Accounting Principles for approval by the Council.

CEP Directorate : Our CEP directorate is a leader in organizing programmes for members and other professionals. The recently organized programmes included the following:

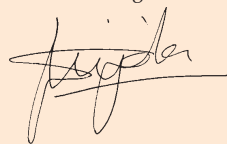
1. IFRS Convergence for the 3rd batch of IRAS Officers of M/o Indian Railways during 20-24 April, 2011 at Ooty.
2. In-house programme for Nepal Telecom Company on 'Finance and Accounts' during 17-25 April, 2011 at New Delhi
3. In-house programme for Nepal Electricity Authority on the topic 'Contract Management' during 24-30 April, 2011 at New Delhi.

IT Department : I am happy to inform IT Department along with Director (Technical) organized one day workshop on Extensible Business Reporting language (XBRL) on April 28, 2011 with knowledge support by IRIS, Mumbai. The workshop was inaugurated by Mr. A.N. Raman, President SAFA and attended by members in practice. The programme was very much appreciated by the participants.

ICWAI Elections : Friends, you are aware ICWAI elections are due on June 3, 2011. I appeal to all the Members of the Institute to cast their vote and elect the representatives to Central and Regional Councils, who will represent the Institute at various levels strongly. It is our professional duty to cast our votes to decide the future of the profession. We must lead by example by voting in large numbers to send our representatives who can take forward the initiatives of the Institute.

I place on record my best wishes to all of you for May Day and Budh Poomima,

With warm regards,



Brijmohan Sharma,
President, ICWAI
May 3, 2011