

PRESIDENT'S COMMUNIQUÉ



"Keep away from people who try to belittle your ambitions. Small people always do that, but the really great make you feel that you, too, can become great."

-- Mark Twain

CMA SANJAY GUPTA

President

The Institute of Cost Accountants of India

My Dear Professional Colleague,

Namaskaar!!!

We are in the fag end of the year 2017 and very soon entering to a new year 2018 with new opportunities and challenges. At the outset I must place my deep appreciation for the support you all are bestowing on me to carry out my duties more effectively. While we have seen good success in some areas, there are more yet to do. I am sure with your continued support we will be able to achieve our targets. While we are hungry to do more, I need your support and cooperation as usual.

Global Entrepreneurship Summit co-hosted by India and the US, for the first time held in South Asia from November 28-30, 2017 at Hyderabad. This year's Summit highlighted the theme "**Women First, Prosperity for All**", and focused on creating an environment that empowers innovators, particularly women, to take their ideas to the next level. Hon'ble Prime Minister of India, Shri Narendra Modi called upon entrepreneurs from across the globe to "Come, make in India, invest in India, for India and for the world". Seeking to make the most of the forum that GES presented to highlight measures initiated by the government to improve business environment, towards better investor-friendly climate as well as to curb the parallel economy, tax evasion and black money, Hon'ble Prime Minister said the efforts had been recognised by Moody's recent upgrade of India government bond ratings.

Any step taken by our Government to curb the menace of Black Money or tax evasion for economic development of the Country is always supported by the Institute by extending its wholehearted support to the Government of India. Demonetisation was one of such decisions taken by the Government on 8th November 2016. Now, since one year is passed after that decision, we all as citizen of the Country are eager to know about outcomes of Demonetisation on Indian Economy. On 6th November, 2017, I presented my views on "India after one year of demonetization: Where do we stand" during a live Interview show for DD National Channel at Doordarshan. There are few issues to be sorted out to get the best positive outcomes of demonetisation. This will assure a new culture of honest economic activities in India and will assure faster development of the country.

Moody's Investors Services recently has raised India's sovereign rating for the first time in 13 years due to India's high growth potential in the coming years and in view of the ongoing economic and institutional reforms, which will contribute to the gradual decline in general Government debt burden. This rating upgrade, coupled with India's improved ranking in the recently declared World Bank's ease of doing business index are strong indicators of inherent economic strength of Indian economy and positive directions of reforms.

Banking & Financial Sector which is under burden of huge bad loans, to strengthen the banking sector and also to meet capital norms under Basel III, the

government has recently announced a 2.11 lakh crore recapitalisation plan for the public-sector banks which will ensure adequate funding for the genuine borrowers, and the private-sector investment cycle, more employment and our economy at large will get a strong boost.

We as professionals need to take our responsibilities so that our nation continues to progress on the path of development.

Real Estate (Regulation and Development) Act, 2016

The Real Estate (Regulation and Development) Act 2016 came into force on 1st May 2016. To implement and operationalize various provisions of the Act, all Appropriate [State] Governments are in the process of setting up concerned regulatory authorities and formulating relevant rules/regulations. Few States have already gone ahead and done so.

On going through various provisions of the Act and the Rules framed thereunder by few State Governments, it is observed that essence of the law is to regulate and control the unscrupulous activities of real estate developers; and to stop their existing practice of squeezing poor home buyers by making one-sided agreements. Entire Act revolves around the estimated cost of real estate project, apartment, plot or building. Hence, "cost" is of paramount significance to ensure that objectives of the law are fulfilled.

Under section 4(2)(l)(D) of the Act, it is provided that for the promoter to deposit seventy percent of the amounts realised in an escrow account to cover the cost of construction and the land cost and withdraw the amounts after it is certified by an engineer, an architect and a chartered accountant in practice that the withdrawal is in proportion to the percentage of completion of the project.

It is pertinent to mention here that as per the provisions of Cost and Works Accountants Act, 1959, only a cost accountant in practice is empowered to certify cost of a project, apartment, plot or building. Further, under the rules notified by Ministry of Corporate affairs, all companies engaged in the construction activities, including real estate development, roads and other infrastructure projects are required to maintain project-wise cost details and get them audited & certified from a cost accountant in practice. We are vigorously pursuing

this matter with the concerned Ministries.

Though Section 56 of RERA Act allows Cost Accountants to appear before the Appellate Tribunal or Regulatory Authority or the Adjudicating Officer on behalf of the applicant or appellant, but they have not been authorized to certify the cost of the real estate project, apartment, plot or building which is their sole domain area.

In order to safeguard the interest of millions of home buyers, your Institute is continuously taking up this matter with the Ministry of Housing & Urban Affairs, to issue an order clarifying implementation of section 4(2)(l)(D) of the Real Estate (Regulations and Development) Act, 2016 by providing that at the time of withdrawal of amounts a certificate from the cost accountant in practice certifying actual cost upto to the stage of percentage completion of the project and balance estimated cost to complete the project.

International Affairs Department

The South Asian Federation of Accountants (SAFA) held its Board, Assembly and Committee meeting during 30th October to 1st November, 2017 at Colombo, Sri Lanka. It was attended by my Council colleagues CMA Dr.P.V.S.Jagan Mohan Rao and CMA Amit Anand Apte.

I am happy to share that I along with CMA Amit Anand Apte, CCM, attended Global Management Accountants Conference on "Costing and Pricing- A Competitive Edge" organised by Institute of Cost and Management Accountants of Pakistan on 4th November, 2017, Pakistan Auditorium, Dubai. Being one of the key panellists for the Technical Session on "Role of Professional Accountants in Economic Value Addition through Cost and Pricing", I spoke about "Integrated Reporting: Role of Cost & Management Accountants and Challenges and Opportunities for Professional Accountants".

CMA P. Raju Iyer, CCM attended the Members Meeting, Extraordinary General Meeting and 60th Anniversary events of the Confederation of Asian and Pacific Accountants were held during 7th to 10th November, 2017 at Kuala Lumpur, Malaysia.

International Federation of Accountants (IFAC) held its Ordinary Council meeting during 15th-16th November, 2017 at Belgium. CMA (Dr.) I

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Ashok, Chairman- International Affairs & Sustainability Committee represented the Institute in this meeting and event.

Professional Development Committee

✳ *Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017*

I am glad to share that Cost Accountants in practice are recognized under **Regulation 11** of the **Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017** for valuation of capital instruments of an Indian company and also under **Schedule 2 - Purchase/ Sale of capital instruments of a listed Indian company on a recognized stock exchange in India by Foreign Portfolio Investors** and **Schedule 6 - Investment in a Limited Liability Partnership (LLP) for valuation on an arm's length basis as per pricing methodology.**

✳ *Workshop on "Paradigm Shift in Valuation - Opportunities for Professionals"*

Professional Development Department organized the workshop on "Paradigm Shift in Valuation - Opportunities for Professionals". The workshop witnessed august presence of Shri P. P. Chaudhary, Hon'ble Union Minister of State for Law & Justice and Corporate Affairs as the Chief Guests. The workshop received an overwhelming response from the members and other professionals. The Hon'ble Minister appreciated the initiative of the Institute by mentioning that the workshop on this topic is first of its kind. The Hon'ble Minister assured that he would consider enhancing the scope of cost audit as it is beneficial not only to the management for sustainability of a company but also to the other stakeholders like shareholders, creditors and consumers. In my address, I thanked the Hon'ble Minister for giving opportunities to the Cost Accountants under valuation rules notified by the Ministry of Corporate Affairs, for considering our request to enhance the scope of cost audit and to change the name of our Institute to Institute of Cost and Management Accountants of India.

The Hon'ble Minister released "Guidance Note on Anti Profiteering" developed by the Professional Development Department of the Institute at the workshop. I believe that the professionals and practitioners would be

immensely benefited by this Guidance Note.

✳ *Representation with Government, PSUs, Banks and Other Organizations*

PD Directorate continued sending representation letters to various organizations for inclusion of cost accountants for providing professional services in the area of Accounts, Internal Audit / Concurrent Audit/ Taxation, Stock audit and other assignments. Due to their efforts, J & K Small Scale Industries Development Corporation Limited and Indian Renewable Energy Development Agency Limited (IREDA) included Cost Accountants in their Tender/EoI for Internal Audit and Implementation of Ind-AS respectively and issued corrigendum in this regard. The list of organizations that were represented and those who recognized cost accountants can be seen at the PD Portal.

✳ *Round Table Conference on "A Call to Action: Walk the Talk on Integrated Reporting"*

PD Directorate in association with Confederation of Indian Industry (CII) organised one Round Table Conference on "A Call to Action: Walk the Talk on Integrated Reporting" at Mumbai on 10th November, 2017 at Mumbai. As per the circular dated 6th February, 2017 of SEBI, Integrated Reporting may be adopted on a voluntary basis from the financial year 2017-18 by top 500 companies which are required to prepare Business Responsibility Report. Accordingly, a good number of CEO/CFO of top 500 companies attended the Round Table and had a discussion on Integrated Reporting. I also made a presentation giving the global scenario including the details of the contents to be given in Integrated Reporting as per norms laid down by the International Integrated Reporting Council (IIRC).

✳ *CRBs 4th Annual Conference on "India & Sustainability Standards 2017"*

Centre for Responsible Business (CRB) organised its CRBs 4th Annual Conference on "India & Sustainability Standards 2017" during 15-17 November, 2017 at New Delhi wherein the Institute was the "Lead Partner". I was the Chief Guest during the valedictory session on 17th November, 2017 wherein while addressing the delegates, I spoke about the importance of Cost Management for sustainability of any entity and pivotal role being played by Cost Accountants. Further,

I informed that the Institute has developed Cost Accounting Standards (CAS) and Standards on Cost Auditing (SCA) which are unique and can be utilised in standardisation of costing information.

✳ *Competition Commission of India*

In continuation of our collaborative activities with Competition Commission of India (CCI), the Institute organised a 'discussion session on Competition Law and related issues' at Ahmedabad on 11th November 2017 and a session at the Regional Cost Convention at Madurai on 19th November 2017. The deliberations by Senior Official of CCI were well received and appreciated by the participants.

✳ *76th Meeting of NACAS*

I attended 76th meeting of the National Advisory Committee on Accounting Standards (NACAS) held at ICAI Bhawan, New Delhi on 20th November 2017.

Taxation Committee

On 13th November, 2017, CMA Niranjan Mishra, Chairman- Taxation Committee attended a meeting to discuss problems faced in tax related issues, especially under GST called by Ministry of Commerce & Industry at New Delhi.

Activities At Regional Councils & Chapters

✳ *SIRC Regional Cost Convention 2017*

On 18th November 2017, I interacted via video-conferencing during the Inaugural Session of the two-day Regional Cost Convention 2017 organised by Southern India Regional Council of Institute of Cost Accountants of India in collaboration with Madurai Chapter of the Institute on the theme "Vision 2022: Re-engineering Nation Building Process by CMAs" on 18th and 19th November 2017 at Madurai.

✳ *Bengal Cost Summit 2017 and Seminar on GST by Raipur Chapter*

Bengal Cost Summit 2017 on the theme "Importance of CMA in Every Decision Making" organised by Raipur Chapter of the Institute at J.N. Bose Auditorium, CMA Bhawan, Kolkata on 25th November 2017. Shri Sobhandeb Chattopadhyay, Minister-in-charge,

Department of Power & Non-Conventional Energy Sources, Govt. of West Bengal inaugurated the Summit as the Chief Guest. I interacted via video-conferencing during the Inaugural Session of the event and also addressed the gathering. My council colleagues CMA H. Padmanabhan, CMA Manas Kumar Thakur, CMA Biswarup Basu and CMA Avijit Goswami also graced the occasion.

✳ *Seminar on GST by Raipur Chapter*

I am pleased to share that I was invited as a Chief Guest of the Seminar on 'GST – One Nation - One Tax, How to Overcome Practical Difficulties and Challenges' organized by the Raipur Chapter of the Institute on 11th November, 2017. This seminar was also attended by CMA Niranjan Mishra, Chairman- Taxation Committee.

✳ *Seminar on Cost Accounting/ Auditing Standard & GST by Bilaspur Chapter*

CMA Niranjan Mishra, Chairman - Taxation Committee enlightened the participants with his exemplary deliberations during the Seminar on Cost Accounting/ Auditing Standard & GST organised by Bilaspur Chapter of the Institute at Bilaspur on 12th November, 2017.

I wish prosperity and happiness to members, students and their families on the occasion of Christmas & Season's Greetings and pray for the success in all of their endeavours.

I will conclude with a quote from Dr. Robert Conroy "Cultivate optimism by committing yourself to a cause, a plan or a value system. You'll feel that you are growing in a meaningful direction which will help you rise above day-to-day setbacks."

Wish you a wonderful year ahead.

With warm regards,



CMA Sanjay Gupta
1st December, 2017