

Editorial

Greetings!!!

Governance refers to the act of managing an entity. It requires involvement of various stakeholders so that governance objectives are achieved in a time bound manner with optimum utilisation of available resources. Normally it calls for systems and processes so that consistency & equality can be ensured.

Cost Governance means controlling the costs in an effective manner and monitoring whether the costs are able to generate expected returns. Cost governance is considered as a pervasive function. It is needed at all levels of organization and all spheres of activity. It consists of set of policies, principles, processes to ensure resource utilisation in a productive manner.

Cost Governance fosters cost competency. Good Cost Governance is conducive to successful economic development. Effective monitoring of costs on a continuous basis and a concurrent evaluation may lead the pathway to Cost Governance that may help to control the utilization of resources of an enterprise by following a set of policies, customs and prevailing laws and imposing accountability to all concerned in the process. Application of Costing Methods & Techniques helps to govern the Industry, Economy and Society at large and for the Capacity Building of the nation, Cost Governance will be a new horizon.

Following the vision of Hon'ble Prime Minister of India, the Economic Survey 2018-19 unveiled strategic blueprint for Indian economy to reach US\$5 trillion by 2024-25. The survey identified 'investment' as a key driver and suggested investment led growth model for India. Cost Governance can act as a powerful tool or weapon or as an 'Expressway' towards reaching the destination of USD 5 trillion economy by 2024-25. The survey also emphasized the need to bring change in economic thinking and mindset, stressed upon applying the principles of behavioural economics for desirable social change.

Cost-consciousness may also be defined as the creation of an undergoing corporate culture based on strong and convenient cost discipline. It needs comprehensive and untiring efforts to employ and

stimulate the whole organisation to deal with that perspective. Efficiency of a business is measured by the degree of efficiency it controls and manages the cost. Cost consciousness and cost culture play a pivotal role in the practice of cost management in order to accrue organisational efficiency.

Cost Governance requires implementation of Cost Accounting Records; thus Cost Accounting Records empower Cost Competency, Cost Synergy and Cost Reduction with the ultimate goal of achieving Cost Leadership. Cost Governance can be adopted by any entity and it enables the organizations to garner the global markets.

Various techniques of Cost Management have come up for an effective analysis to enable managerial decision making. Marginal Costing, Budgetary Control, Standard Costing may be considered as valuable techniques that assist medium enterprises as well as large organizations for better decision making. Over the period, more methods of cost computing have been evolved in order to ascertain the costs in an accurate manner. They are Job Costing, Batch Costing, Contract Costing, Process Costing, Operating Costing, Target Costing and Activity Based Costing (ABC). Industries adopt one method or combination of methods as per their requirements to reap the benefits.

The sustainable high growth trajectory and inclusive development in India needs to reinvigorate the manufacturing and service sector. Cost and Management Accountants can help to revive the manufacturing sector and increase the share of FDI with cost management and efficiency. Cost and Management Accountants play an important role in the realization of operational excellence with the adoption of different management tools. CMAs can analyse the operating expenses and revenues and can suggest measures to improve the operating ratio and operational efficacy. Above all, statutory implementation of cost records and cost audit will explicitly help to achieve double digit growth for manufacturing sector in Vision New India 2022.

This issue presents a good number of articles on the cover story theme 'Cost Governance' by distinguished experts and authors. We look forward to constructive feedback from our readers on the articles and overall development of the journal. Please send your mails at editor@icmai.in. We thank all the contributors to this important issue and hope our readers enjoy the articles.