

# THE ROLE OF THE CFO HAS CHANGED DRAMATICALLY OVER THE PAST DECADE'



**CMA Dr. Suresh Chandra Mohanty**  
President, The Institute of Cost Accountants of India

*Some will say this (glass of water) is half-full, some may say this is half-empty. I say it is half filled with water and half with air. I am optimistic by nature. It is in my DNA. – Narendra Modi, Hon'ble Prime Minister of India*

## My Dear Professional Colleagues,

On behalf of the Council of the Institute, CMA fraternity and on my personal behalf, I congratulate Hon'ble Shri Narendra Modi for taking charge as the 15th Prime Minister of India. The Institute appreciates the 10 Point Road Map given by Hon'ble Prime Minister to steer the economy on the path of inclusive growth. The Institute will place its action plan in line with the Road Map to ensure the contribution of the CMA fraternity towards achieving the developmental goals and long-term benefits of all the stakeholders.

“A professional must practice Fiscal Morality, Morality of Language and Physical Morality.” the mantra of success given by Hon'ble Mr. Justice Dipak Misra, Judge, Supreme Court of India while addressing the CMAs on 19th May 2014 as the Chief Guest in the 56th Annual Day celebration at New Delhi. Mr. Justice Dipak Misra emphasized on Professional ethics and morality and urged that CMAs must offer cost effective advice to the stakeholders. CMAs have a key and significant role to play in today's highly competitive

business world to develop competencies and to provide value addition through their professional services.

Ms. JM Shanti Sundharam, IRS, Chairperson, CBEC, Special Guest of the event stressed that ICAI has been playing a very important role in the Indian economy and CBEC relies on the Cost Accounting Standards released by the Institute in dealing with various cases. CMAs should strive to advise companies on becoming cost competitive for sustainable growth of economy. She acknowledged and appreciated the support of the Institute in competency building of the CBEC officers through training programs conducted at by the Institute at Lucknow, Ahmedabad and Chennai and few more to be organized at various locations. She also advised the CMAs to follow ethical practices in their guidance to the industries.

## 1st CMA CFO Awards

The Institute recognized the contribution of CMA-CFOs in form of an Award for the first time on the Foundation day. I am sure this will encourage the members of the Institute who have risen to the top positions in their respective organisations. Justice Dipak Misra gave away the 1st CMA CFO Awards of the Institute on 19th May 2014 to CMA Kulamani Biswal, Director (Finance), NTPC Ltd. in the Public Sector Manufacturing category, CMA HC Shah, Chief Financial Officer, Elcon Engineering Company Limited in Private Sector Manufacturing category and CMA Hariharan Iyer, Chief Financial Officer, Gujarat Pipavav Port Limited in Services Sector category.

## The CFO Summit

The Institute organized a CFO Summit on 19th May 2014 at New Delhi. I had the opportunity to deliver the welcome address in which I stated that the role of Chief Financial Officer has changed dramatically over the past decade. Besides managing accounting, working capital, inventory, capital expenditure and cost optimization, the CFOs are now being called upon to act as strategic resource and work towards sustainable growth. Corporate restructuring has become common to the corporate sector in order to grow and sur-



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live in the present ongoing corporate environment for increased efficiency and profitable growth. Cost and Management Accountants possess expertise in Cost Management which can drive value creation and help develop sustainable businesses for inclusive growth by enabling industry to offer quality goods and services at affordable prices. CFOs can lead the much needed business transformation through strategic use and application of their expertise to implement an effective Cost Management information system which will facilitate strategic decision making.

Shri Rajiv Takru, IAS, Revenue Secretary, Ministry of Finance, Government of India was the Chief Guest of the CFO summit stressed that the responsibility of the professionals is towards society and not for improving the bottom line of the company. He further added that all their functions should be in furtherance of the benefits to the society and proper cost estimate of the projects will help avoid NPAs. The professionals should exercise self-control, act professionally and always ensure correct reporting of information. A strong emphasis should be given to ethics which in India is unfortunately taken as akin to religion. The profession has to rise and start pointing out what is right and what is wrong.

#### **Release of publications of the Institute**

During the inauguration session of the CFO Summit, the

following publications of the Institute were released by the Chief Guest Shri Rajiv Takru, Chief Guest;

- Compendium of Cost Competitive Practices in India
- Research Study on Shareholding Pattern of Corporate Sector in India
- Cost Audit – Key to Sustainable Growth

The Technical Sessions during the summit elaborated the Role and Expectations of CFOs while preparing CFOs for Finance Leadership, redefining Management Accounting and Corporate Restructuring for Sustainability and Growth. The summit was a grand success.

#### **Meeting with Hon'ble Finance Minister**

I had the opportunity to meet and congratulate Shri Arun Jaitley, Hon'ble Union Minister for Finance, Corporate Affairs and Defence on 27th May 2014 along with Vice President and CMA Sanjay Gupta, CCM. I hope that under the professional expertise, rich experience and able leadership of the new minister, the CMA profession will achieve new heights and have multi-dimensional growth in the current challenging economic environment.

#### **Meeting with Secretary, Defence Production and Secretary, Mines, Govt. of India**

I had the opportunity to meet Shri GC Pati, IAS, Secretary, Defence Production on 16th May 2014. During the discussions, it was apprised that Institute can assist the department in developing suitable costing modules and standards for Defence Production and procurement. Institute can also work out a design to develop and conduct customized Training Programs to enhance the skills of various Production Units.

I also met the Secretary, Mines and apprised him on the role of CMAs to strengthen the sector.

#### **Regional Cost Convention of WIRC**

I attended the Regional Cost Convention of WIRC of the Institute on 10th and 11th May 2014 at Nashik. The theme of the convention was CMA Profession- Catalyst in Socio Economic Development. I addressed the delegates and said that CMAs can contribute to the social growth by bringing in efficiencies in delivery of health, education, banking, and other infrastructure services. Further, CMAs can help in ensuring desired outcomes of the various social schemes launched by the government through a robust monitoring system. CMAs can propagate impact investments i.e. investments made into companies, organizations and funds with the intention to generate measurable social and environmental impact alongside a financial return.

#### **Meeting of GASAB**

I attended the meeting of Government Accounting Stand-

ards Advisory Board (GASAB) on 7th May 2014 at New Delhi. The meeting was chaired by Smt. Revathy Iyer, Deputy Comptroller and Auditor General-Government Accounts & Chairperson- GASAB.

The process for recruitment of Secretary, CEO and Joint Director has been started by the Institute and expected to be completed by second week of July 2014.

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

### **Advanced Studies**

The directorate of advanced studies is launching the Diploma Program in Business Valuation on 31st May 2014. I am pleased to inform that 26 Members have registered for the course. For Diploma course in IS Audit and Control so far eight webinars were conducted. The last date for applying to the diploma programs in Internal Audit and the 2nd Batch of IS audit and Control has been extended till 15th June 2014.

### **CPD Programmes**

During the month, a webinar on 'Cost Reduction through Process Improvement – A Case Study of Financial BPO' was organized which was well received by the large number of CMAs. I am proud to inform that during the month, our Regional Councils and Chapters actively organized various programs, seminars and discussions for the members on the topics of professional relevance such as on Costing in Health Sector, Companies Act & Role of CMAs, Internal Audit, Notice under Show Cause Service Tax Provisions – Practical Aspects, Depreciation Under New Companies Act 2013 & its impact on Cost, Forex & CMA, Foreign Trade Policy & Companies Act 2013, Role of CMA's for Sustainable Growth, Project Accounting as per AS-7 and so on.

### **Examination Directorate**

The preparation for conducting June 2014 Intermediate and Final examination is going on. Next Foundation examination on online mode will be held in June. I urge the examinees to prepare meticulously for these examinations and wish them good luck.

### **ICWAI MARF Programmes**

The program on 'Recent Trends in Financial Management Including Companies Act, 2013' has been organized during 22-25 April 2014 at Mussoorie, Uttarakhand. The residential program on Service tax was organized during 27- 30th April 2014 at Mount Abu and well was attended by the officers from different organizations

### **International Affairs**

As informed in the previous communiqué, I attended the

SAFA events at Islamabad during 2nd to 4th May 2014 along with CMA TCA Srinivasa Prasad and CMA DLS Sreshti, CCMs. The Institute of cost and Management Accountants of Pakistan (ICMAP), who were the host of the events, invited us for a meeting to discuss matters of mutual interest. We also met the High Commissioner of India. There were Committee Meetings, Board Meeting, SAFA Assembly and Regional Standards Setters Conference, which we attended. SAFA Best Presented Annual Reports award and SAARC Anniversary awards for Corporate Governance Disclosure were also organized during the events. The next SAFA Events are going to be held at Maldives during June 8 – 10, 2014. I will head the Institute delegation to Male to attend these events.

CAPA Board and committee meetings were organised by CA Srilanka at Negombo, Colombo during 22nd and 23rd May 2014. I attended the meetings along with Vice President, CMA Rakesh Singh, CMA Sanjay Gupta, CMA PV Bhattad, CCMs.

### **Membership Department**

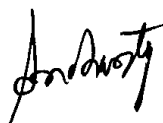
The department is preparing a comprehensive database of members of the Institute and hosted a format on the website of the Institute. I urge all the members to favor with the format duly filled in to the Membership Department at the earliest. I am happy to share with you that during the month, 278 members have been admitted to the Associateship, 48 members have been advanced to the Fellowship, 2 members of IMA, USA and 03 members of IPA, Australia have been admitted to the Associateship of the Institute.

### **Technical Directorate**

The directorate compiled a Research Report on Shareholding Pattern of Corporate Sector in India and a brochure on Cost Audit- Key to Sustainable Growth and the same was released during CFO Summit held on 19th May 2014. The Cost Accounting Standard - 22 on Manufacturing Cost has been approved by the Council and awaiting the recognition from CBE&C for recognition for release.

I wish prosperity and happiness to the students, members and their family on the occasion of Ganga Dassera and Rath yatra.

With warm regards,



(CMA Dr. Suresh Chandra Mohanty)  
1st June 2014