

# CMA PROFESSIONALS CAN SUPPORT GOVERNMENT INITIATIVES AIMED AT SUSTAINED AND INCLUSIVE GROWTH



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

*Take up one idea. Make that one idea your life – think of it, dream of it, live on that idea. Let the brain, muscles, nerves, every part of your body, be full of that idea, and just leave every other idea alone. This is the way to success. – Swami Vivekananda*

## My dear professional colleagues,

The Indian economy is aspiring to migrate from the current status to the top end position of the global competitive index. The landscape of business is changing rapidly. People are now demanding better education, health services, infrastructure, quality goods and services at affordable prices and inclusive growth. The companies must endeavor optimum balancing of the interests of different stakeholder groups while creating value for the society.

## Professional support by CMAs

The Government is playing a key role in stepping up the pace of economic development of the country envisaging spending of huge amount of money on various social and economically desirable scheme and programs to ensure inclusive growth with equity. Government spending acts as a catalyst for strengthening economic and social support system in the country. Various schemes have been launched by the Government with substantial budgetary support for achieving the objective of inclusive growth. There is, however an imperative need for developing an appropriate and effective Government expenditure monitoring system so as to ensure that the expenditure is being incurred as per plan and is

leading to the desired outcomes. There is a need to carry out studies for standardizing operational and cost structures across different schemes for ensuring delivery of quality products and services at affordable prices to the people of the country.

CMA professionals can support government initiatives aimed at sustained and inclusive growth through developing an appropriate monitoring mechanism based on the tenets of performance management wherein expenditure is mapped against the desired and actual outcomes for evaluating the effectiveness and efficiency of a particular scheme or service. Cost Management would help the government in areas relating to Transfer Pricing, Predatory Pricing, Fixation of margin of dumping for the purpose of levy of Anti-Dumping duty, Free Trade Agreement, Consumer Protection, Revival of Sick Companies, Corporate Governance, Tariff Commission in making technical evaluation based on Studies of Cost Structure and proper Credit Appraisal by the Banks to help reducing NPAs etc.

I am happy to share with you that the Institute is currently conducting Cost Research Studies for Indian Railways, Ports, Health Sector, Education Sector, Power Sector, Coal Sector, Banking and Financial Sector and other important sectors of the economy to support the policy initiatives of the Government. The Institute is taking steps to closely work with the concerned departments of the Government to achieve the desired objectives and is approaching the Government departments and concerned Ministries to share its vision and extend Professional Support for partnering with them for a better and economically stronger India. The Institute is also approaching IBA for issuance of advisory to Banks and Financial Institutions to engage CMA professionals for Risk Based Internal Audit and Concurrent Audit of Banks and support to SMEs financed by Banks and in other areas.

## Compendium on Cost Competitive Practices in India

I am happy to announce that the Cost and Management Accounting Committee has come out with two Compendiums on Cost Competitive Practices in India and Performance Enablers for MSMEs – Performance, Productivity and Profitability as a proof of the professional support capabilities of the profession. The first publication consists of practical case studies almost around 90 companies and the second around 20 small industries. This is a landmark achievement in showcasing the practical aspects of a robust cost and management accounting concepts propagated by the Institute. I compliment the CMA Committee headed by CMA M. Gopalakrishnan, Past President and Central Council Member

backed by the Technical Directorate Extension Centre at Chennai for doing a remarkable job. I am looking forward to have more such contemporary publications from the Committee in the near future.

### Internal Audit of CPSEs, SPSEs and other Bodies

I had the opportunity to meet Ms. Usha Sankar, IAAS, Deputy CAG and Chairperson, Audit Board with the representation and urged the need that the CAG of India should introduce a system for maintaining a panel of Practicing Cost Accountants / Firms of Cost Accountants for appointment as Internal Auditors by CPSEs, SPSEs, other Bodies & Central/State Government Departments. A similar representation was also submitted to the Secretary, Department of Public Enterprises suggesting that in order to facilitate appointment of Internal Auditor by PSEs, a list of Practicing Cost Accountants might be hosted on the website of DPE. This can help PSEs to consider Cost Accountants for appointment as Internal Auditors. The communication has been sent to all departments of Central Government, CPSEs, and State DPEs etc to empanel and utilize the expertise services of Cost Accountants for Internal Audit as envisaged under the Companies Act, 2013.

### Annual Seminar of Dhanbad Sindri Chapter

I attended the Annual Seminar of Dhanbad Sindri Chapter on the theme An Introspection into the Central Excise Act on 23rd March 2014 at Dhanbad and addressed the participants.

### National Seminar of Fakir Mohan University

I had the opportunity to attend the valedictory session of the National Seminar of Fakir Mohan University at Balasore on 24th March 2014 and addressed the delegates on the theme of the seminar on Management Practices and Sustainable Development.

### National Students Convocation of the Institute

The Institute is organizing its 3rd National Students Convocation – 2014 at Kolkata on April 8, 2014. Hon'ble Governor of West Bengal has very kindly consented to inaugurate the function at Science City Auditorium, Kolkata as Chief Guest. Padma Bhushan CMA (Dr.) M.B. Athreya has agreed to be the Guest of Honor in the function. It is expected that around 750 students of the Institute from across the Country will be attending this event.

### Seminar on Tax Reform and CMA

I take this opportunity to inform that one day seminar on tax reforms and CMA's is planned on 7th April, 2014 at Kolkata under the Chairmanship of Dr Partha Sarathi shome, Advisor to the Hon'ble Finance Minister.

### Workshops for the Officers of the various Central Excise Zone

In the path of continuous journey for dissemination of knowledge by the experienced members in pursuit of professional excellence, the Institute has been organizing training programs / workshops for various Government departments including Central Board of Excise & Customs. The Institute has approached the Central Ex-

cise Zones across the Country to organize workshop covering the technical sessions on Scrutiny of Books of Accounts, Analysis of Returns with Financial records, Relevance of Cost Records in Central Excise and Techniques to identify Revenue Leakage. I am happy to inform you that Institute has started receiving proposals to conduct such workshops for the officers of Central Excise and Customs from different Zones.

### The Direct Tax Code, 2013

I am happy to inform that after several persuasions for long years by the Institute, the name of Cost Accountant have been included in the definition of Accountant in the Direct Tax Code, 2013 which intend to consolidate the law relating to Income Tax and Wealth Tax hosted for public comments. The Council places on record and expresses its gratitude to the Standing Committee and the Ministry of Finance to extend the opportunity through this recognition and allow the members of the profession to contribute to the growth of the Indian economy. I sincerely request you to give your comments/suggestions with justifications on the proposed DTC 2013 by 15th April, 2014 to facilitate compilation by the Direct Taxation Committee of the Institute and submission to the Government.

The institute is planning to organize CFO meet on the Foundation day on 19th May, 2014 at New Delhi where several publications are likely to be released. An International conference for the Directors/ CEOs has also been planned. The Southern India Regional Council of the Institute is organizing the Regional Cost Conference on 18th and 19th April, 2014 at Chennai.

I have the privilege to apprise about the activities / initiatives undertaken by the Departments/ Directorates of the Institute, Regional Councils and Chapters.

### Advanced Studies

As mentioned in my previous communiqué, the Diploma Course in Information Systems Control and Audit will be starting from the Month of April 2014 with 24 participants. The Directorate has also announced one year Diploma Program in Business Valuation fixing last date at 14th April 2014. I request all of you to take advantage of this initiative and enroll to the course as the area of Valuation is emerging for the CMA's under the Companies Act, 2013. The Directorate is also finalizing the launch of Diploma Program in Internal Audit shortly.

### Cost Accounting Standards Board

I am happy to share that the Exposure Draft of Cost Accounting Standard (CAS 22) on Manufacturing Cost has been hosted on the website of the Institute for public comments keeping in mind the land mark judgment of the Hon'ble Apex Court in the Fiat Case. I request all of you to send your comments for value addition to the draft.

### CPD Activities

During the month, three webinars were organized on 'Companies Act 2013 - CSR Provisions', 'Companies Act 2013 - Responsibilities of Board of Directors' and 'Corporate Governance' and were well received by the large number of CMAs. The Continuing Professional Development Committee and Profes-

sional Development Committee jointly organized seminars on 'Companies Act-2013-Provisions relating to Roles, Duties and Responsibilities of Directors & CSR' and on 'Internal Audit & Stock Audit of Banks' at New Delhi with active participation of members. I am proud to inform that during the month our Regional Councils and Chapters actively organized many programs, seminars and discussions for the members on the topics of professional relevance such as on Directors and Auditors - Role and Challenges under Companies Act 2013, Private Equity-Funding & Documentation, Indirect Taxes, Insurance Sector: Scope for Cost Accountants, Employment Laws in The IT Sector; Myth and Reality, Audit in Insurance Sector, Housing Finance, Excise Valuation Rules, Business Valuation, An Interactive Discussion on VAT, Analysis of Interim Budget - 2014, Maximizing Returns from Capital Markets, Corporate Social Responsibility, Accounting Standards - 2 & 17 and so on. The chain seminars on Internal Audit and Companies Act 2013 are being planned at different locations for the benefit of the members and students of the Institute.

### Examination

The Examination Directorate will be conducting second Foundation Examination on online mode on 6th April 2014. I wish all the examinees success and good luck. The Directorate is making preparations for the June 2014 term for Intermediate and Final examinations.

### ICWAI MARF Programmes

The program on 'Cost Accounting, Cost Control and Effectiveness' was organized for Indian Air Force during 17-22 February, 2014. The program on 'Finance for Non-Finance Executives' was organized for the officers of 'Punjab State Power Corporation Limited (PSPCL)' during 24 February - 01 March, 2014 at Delhi/NCR. The Financial Accounting Program was organized for 'Indian Air Force Accounts Warrant Officers' during 24 February - 01 March, 2014. The program on 'Contract and Cost Management' was organized for Indian Navy during 03-14 March, 2014 at CMA Bhawan, New Delhi. The programme on Service Tax was organized at Srinagar.

### International Affairs

I represented the Institute in the SAFA events held during 9th - 11th March 2014 at Karachi, Pakistan including SAFA Board Meeting, CFO Conference and various Committee meetings. I had the opportunity to visit the Institute of Cost and Management Accountants (ICMAP) and discuss various matters of regional importance and mutual cooperation. ICMAP will be hosting the next SAFA events at Islamabad, Pakistan during 2nd - 4th May 2014.

CMA Dr A.S. Durgaprasad, Vice President of the Institute attended the meeting of IFAC PAIB committee at New York held on 24th - 25th March 2014.

### Membership

You are kindly aware that a Memorandum of Understanding (MOU) has been signed with the New India Assurance Company Ltd for the benefit of members and students of the Institute at the

55th National Cost Convention - 2014 at Bhubaneswar on 23rd-February 2014. The members of the members Benevolent Fund has been covered under the 'Group Personal Accident' (GPA) Insurance Policy with The New India Assurance Co. Ltd. **I sincerely urge the members of the Institute to become members of the Benevolent Fund and avail the benefits.**

The membership fee for FY 2013-14 became due on 1st April 2013 and the members who have not made payment of their membership fees within the stipulated time as per the Act, their names have been removed from the Register of Members.

### Professional Development

I am pleased to inform that in order to guide the members of the Institute to conduct internal audit of various sectors, sector specific Internal Audit Guidance Notes are being brought by the Institute. The Guidance Notes on Internal Audit on Pharmaceutical Industry and on Stock Brokers & Depository Participants has been approved by the Council and issued shortly.

I request the members to offer their view/ comments/ suggestions in large numbers within stipulated time on exposure drafts of Guidance Notes on Internal Audit of Power Industry, Mining & Metallurgical Industry and Telecommunication Industry hosted in Institute's website.

### Tax Research

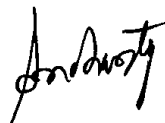
The Tax Research Department organized One Day Seminar on 'Excise Duty - Valuation Based on Cost Information' on 15th March 2014 at Hyderabad. Shri D.N. Panda, Judicial Member, CESTAT, Shri Rupesh Kumar, Advocate, Supreme Court and CMA Chiranjib Das, Joint Director & Head - Tax Research Department of the Institute were the resource persons in the technical sessions. The Department is planning to have workshops for the Officers of the department at each Zone and one day seminar on Indirect taxes for the members and students of the institute at different Regional Council and Chapters from April, 2014.

### Training & Placements

I am happy to inform that a series of HR Meets in different parts of the country has been planned to ascertain the requirements and to meet the expectations of the stakeholders. The first HR Meet of this series was successfully held on 21st March 2014 at Hyderabad and the next meet is planned on 4th April 2014 at Mumbai. The take away from such meets will bring the Institute and the Industries closer to serve the students and the society in a better way.

I wish all-round prosperity and happiness to all the members and their family on the occasion of the New Year, Ram Navami, Mahavir Jayanti, Baishakhi, Bihu being celebrated in various parts of the country.

With warm regards,



(CMA Suresh Chandra Mohanty)  
1st April 2014