

# CMAAs to continue to spread the cause of cost competitiveness



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

*Our greatest weakness lies in giving up. The most certain way to succeed is always to try just one more time. – Thomas Edison*

**I** TAKE this opportunity to thank all the members and stakeholders for gathering adequate support in favor of the Cost Accounting Records, Cost Audit and for modification of the draft Companies (Cost Records and Cost Audit) Rules, 2013 so that the professionals and the profession could contribute its expertise for the cause of the society and I sincerely look forward for your continued support for the cause of the profession.

The Council continues its follow up with MCA on the matter to safeguard the interest of the profession and the profession will continue to play its expertise role in spreading cost competitiveness in the country. I know that as practicing CMAAs and as working executives, many of our colleagues have made immense contribution to inculcate cost competitive practices in the industry associated with.

In an effort to add strength to the usefulness of cost audit mechanism, the CMA Committee is compiling a “Compendium on Cost Competitive Practices in India”, which will be periodically updated and is expected to showcase the practical cost competitive practices across the sectors in industry and services. I appeal to all the CMA professionals, who have been part of the success stories on cost competitive practices, to share the same with the Institute so as to form a part of the CMA benchmark practices in India being published by the Institute.

## Ground-breaking ceremony of the Centre of Excellence for Quality and Ethics at Ajmer

I am happy to share with all the members that I along with CMA Sanjay Gupta and CMA H.K. Goel, CCMs attended Ground Breaking Ceremony of the Centre of Excellence for Quality and Ethics at Ajmer on 28th January 2014. The foundation stone of the Center

of Excellence was laid by Shri Sachin Pilot, Hon'ble Minister of Corporate Affairs in the presence of Presidents of the three Professional Institutes, Central Council members and senior officials from the Ministry of Corporate Affairs and three Institutes. The Hon'ble Minister has assured that the new Cost Rules will be finalized after the careful study of the suggestions given by Institute of Cost Accountants of India and inputs received from other stakeholders, keeping in mind the sensitivity of Cost and Management Accounting in bringing competitiveness to Indian industry and the interest of all stakeholders including the CMA profession. It was also assured by the Hon'ble Minister that the Cost Rules will not be finalized in haste and the concerns of the students, CMA fraternity and society at large will be taken care of.

The Institute is a partner body along with the Institute of Chartered Accountants of India and the Institute of Company Secretaries of India in setting of this Centre of Excellence at Ajmer intended to focus at creating a knowledge hub, organizing of programs aimed at capacity building through financial literacy and accounting education for the benefit of local population, student activities, members activities, professional development activities, workshops and seminars, conducting research and outreach programs on Investors Education and Protection, corporate governance and the best practices globally followed in the areas of Accounting, Cost Management, Corporate Governance etc. and other activities in furtherance of the professions of the Professional Institutes. The Institute of Cost Accountants of India feels privileged to be associated with this path breaking professional initiative and I am confident that this would become a reality and a game changer for bringing about inclusive growth of the economy with empowerment and enhancement of stakeholders value.

## Meeting with Advisor (Accounts), Ministry of Railways

I along with CMA Dr. A.S. Durga Prasad, Vice President and CMA H.K. Goel, CCM and senior executives met Mr. P.V. Vaidialingam, IRAS, Advisor (Accounts), Ministry of Railways, Government of India and his senior colleagues on 30th January, 2014 and briefed about the ongoing initiatives of the Institute in terms of developing cost competitiveness in all social and government spending. Mr. Vaidialingam while appreciating Institute's initiative, stressed on the long term collaboration with the Institute in terms of developing a viable costing model and data sourcing system for providing timely costing inputs to the management for proper decision making and meeting the requirement of the regulated regime of railway tariff setting. The Institute is looking for building a professional relationship with the Indian Railways, the biggest employer in the world to create new opportunities for CMAAs.

## MoU with Institute of Internal Auditors, India

I am happy to share that the Institute has signed a MOU with the Institute of Internal Auditors, India on 9th January 2014 at Kolkata. The MOU envisages sharing of knowledge, experience and best practices

and will facilitate conducting seminars, conferences and joint activities with a focus on contemporary areas in the field of Internal Audit, Internal Control and Risk Management etc. By virtue of the MOU, members of ICAI are eligible to obtain direct membership of IIA-India. The details are available on the website of the Institute.

### Chapters Meet at SIRC

I along with Vice-President, my Central Council Colleagues, Regional Council colleagues and Senior executives had the opportunity to discuss several issues relating to the profession with the Chairmen and other office bearers of different Chapters of the Southern Region on 17th January 2014. I am thankful to my colleagues at Chapters Management for their contribution and suggestions which will help the Institute to provide timely services to the stakeholders. Similar meeting of the Chapters at other Regions are being planned by the institute.

### Inauguration of Technical Directorate Extension Centre office at Chennai

I congratulate SIRC of the Institute for creating a state-of-art office space for the Technical Directorate Extension Centre office at Chennai inaugurated on 17th Jan 2014, in presence of Shri J.D. Sharma, Director, IOB, CMA M. Gopalakrishnan, Chairman, CMA Committee, CMA D.L.S. Sreshti, Dr. P.V.S. Jagan Mohan Rao, CCMs, Chairman, Vice-Chairman, SIRC, Regional Council Members and chapter representatives of the southern region.

### Meeting on Power Sector at Chennai

I had the opportunity to participate in the meeting by the Technical Directorate Extension Centre office at Chennai to discuss about the cost competitiveness in the power sector and to develop a document on benchmark practices and standards in the power sector. Various experts from the power sector, power regulator, CMA professionals and Institute officials attended the meeting. In the power sector good practices are not documented properly even after the major activities such as generation, transmission and distribution were unbundled. After the introduction of power reforms, a different business model for generation, transmission and distribution has evolved. There is need to bring a Technical Guide on Cost Competitiveness in the Power Sector and to fix the benchmark/standards in the power sector. The Institute is taking efforts to work in this direction. The objective is to provide adequate data to the government, Regulators and players in the sector so as to ensure quality power at affordable prices to the consumers and strengthen the sustainability of the key sector of the economy.

### Programme organised by Forum of Practicing Professionals at Chennai.

I had the opportunity to participate in the programme organized by the Forum of Practicing Professionals at Chennai on the theme 'Cost aspects in a competitive environment'.

### Meeting with CMD, Indian Overseas Bank

I got the opportunity to meet Shri M. Narendra, Chairman & Managing Director, Indian Overseas Bank at Chennai along with CMA P. Raju Iyer, Chairman, SIRC and discussed with him issues relating to Cost Management & Risk management in Banking sector and expressed interest to join with IOB to bring Cost Competitiveness to the Banking industry.

The discussions were centered on the value additions that could be made by the CMA professionals to strengthen the competitiveness

of the Banking Sector. The CMD was kind enough to suggest that the CMA's can play a major role in helping the Banking Sector with regard to effective Cost Management concentrating on operational areas such as appraisal of the advance, Specific Industry Study, Market Report, checking expertise and integrity of the borrower and Cost effectiveness/profitability of future plans of unit for expanding its business/diversification of its business. During the discussion, it was agreed upon that the Institute will prepare a Training Module of Short-Term Courses for the executives of the Bank on Risk Based Internal Audit, Business and Assets valuation, Techno-Economic Feasibility Study, Credit Appraisal and Working Capital Assessment, Development of Cost Management module for different operations of the Bank, Evaluation of cost of different transactions, Effective Cost Management in Banking transactions and Strategic Cost Management & Risk Management in Banking Sector. An MOU with IOB on the above lines including benefits to CMA Professionals and Students is in process.

### Meeting with CMD, Bhartiya Mahila Bank

I along with Dr A.S. Durga Prasad, Vice President met Mrs. Usha Ananthasubramanian, Chairman & Managing Director, Bhartiya Mahila Bank at Delhi on 29th January 2014 to finalize an MoU with the Bank for the Members and the Students of the Institute. I am happy to inform that the Bank has agreed to have tie-up with the Institute for overall banking relationship and for assisting the members and students of the Institute for availing various banking facilities including financial assistance or any other banking services from the Bank. An MOU with BMB is under process.

### Meetings at Dy. CAG Office

I accompanied with Director (Technical) and Joint Director & Head, Tax Research Department had the opportunity to meet Ms. Revathy Iyer, Dy. CAG and Chairperson, GASB at New Delhi on 22nd January 2014 and discussed with her on the activities and action plan for 2013-14 of the Institute specially the thrust on studies in Government sector. Dy. CAG appreciated and acknowledged that CMA's have a critical role in Government organizations such as Power, Railways, Pharmaceutical etc. for determination of true cost, fixation of tariff and subsidy is essential for safeguarding public interest. She requested for nomination of an Advisor and also a member for the consultative group for value addition/professional scrutiny of the Standards being developed by GASAB.

We met Mr. Prasenjit Mukherjee, Dy. CAG, who is handling Direct and Indirect taxes. I informed him that the Institute has created a Tax Research Department and we look forward to have active interface with CAG office for carrying out research, special studies and offering suggestions on improving provisions/rules of tax legislation in the larger public interest. We also met Mr. A.K. Singh, Dy. CAG in his office who has consented to Chair the session on Government Perspective – Tax & Expenditure Management during the NCC 2014.

### Meeting with Member, (CE&C), CBEC

I accompanied with Director ( Technical) and joint Director and Head, Tax Research Department met with Ms. J.M. Shanti Sundharam, IRS, Member (Central Excise & Computerization), CBEC on 22nd January, 2014 in her office and handed over a representation from the Institute in the context of Circular no 979/03/2014-CX dated 15th January 2014, issued by CBEC. It was emphasized that calculations of manufacturing cost have to be carried out using CAS 4 Standard and only Cost Accountants in practice can certify the

information. The Member has kindly agreed to look into the matter.

### **Seminar on Risk Management – Role of CMAs by Howrah Chapter of the Institute**

Howrah Chapter has organized a Seminar on Risk Management – Role of CMAs on 25th January 2014 and I had the opportunity to address the delegates on the occasion. I shared with the participants the key role CMAs can play in Risk Management, as they possess the requisite expertise and knowledge. CMAs as internal auditors can help the companies in effective risk management by giving assurance on risk management practices. The Institute is planning to organize chain seminars/ workshops across the country covering various aspects of risk management for supporting capacity building in this core area of corporate functioning and provide understanding of state-of-the-art risk management tools and techniques.

### **Regional Conference at Sambalpur**

I am pleased to inform you that I have participated in the inauguration session at the Regional Conference on the theme “Enthuse, Enhance, Excel” hosted by the Sambalpur Branch of EIRC of the Institute of Chartered Accountants of India on 24th January 2014 and addressed the participants.

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.

### **Cost Accounting Standards Board**

The Council of the Institute has approved the release of Cost Accounting Standard on Joint Costs (CAS-19) as recommended by the CASB. I am thankful to the members and stakeholders who have sent comments / suggestions on Cost Statement for determination of cost of goods, Draft form of Reconciliation Statement relevant for CAS - 4 (ANNEXURE – 1AR), Exposure Draft of Cost Accounting Standard on Royalty and Technical Know-how Fee (CAS-20) and Exposure Draft of Cost Accounting Standard on Quality Control (CAS- 21) are being compiled by the directorate for consideration by the CASB.

### **CPD Activities**

A series of webinars were organised for members on ‘Business Valuation’, ‘Transfer Pricing – Applying Cost Plus Method, A Scope for Practicing Cost Accountants’ and ‘Enterprise Performance Management’. The Institute was associated with the Institute of Directors for 8th International Conference on Corporate Social Responsibility on 17-18 January 2014 at Bengaluru on “Strategy to Leverage CSR for Competitive Advantage”. I am happy 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, Cost Accounting Standards and Role of Cost Accountants in present Scenario of Indian Economy, Disallowance u/s 14A of IT Act, Compliance under Direct & Indirect Tax Laws, Introduction to International Taxation in Indian Context, Service Tax –Negative List & Reverse Charge Mechanism, Cost & Management Accountant's Role in Internal Audit, Cost Accounting Standards & CAS 4 - Recent changes in valuation methods, Transfer Pricing Regulations - An Indian perspective in the new era and so on.

### **Examination Directorate**

The Examination Directorate held Foundation Examinations for the first time in online mode in December 2013 and results for the same

were declared on 14th January 2014. I congratulate the students who have passed the examination.

### **ICWAI MARF Programs**

The program on ‘Finance for Non-Finance Executives’ has been organized for ‘Punjab State Power Corporation Limited (PSPCL)’ during 06-11 January 2014 at Delhi which was attended by their Officers. The programme on ‘Understanding Cost Accounting, Budgeting and Taxation’ was organized for GAIL (India) Limited at GAIL Training Institute, Jaipur during 15-17 January, 2014, which was attended by officers of GAIL.

### **Membership Department**

The esteemed members are aware that the membership fee for FY 2013-14 became due on 1st April 2013 and the last date for payment of the same has already expired on 30th September. However, as of now, there are about close to 2000 members who are yet to make payment of their membership fee for FY 2013-14. I, therefore, take this opportunity to urge the esteemed members to make payment of their prescribed membership fees at the earliest to avoid removal of their names from the Register of members. I am glad to share that during the month, 192 members have been admitted to Associateship and 17 members have been advanced to Fellowship of the Institute.

### **Tax Research Department**

It is a matter of pleasure that the newly formed Tax Research Department has completed the preparation and submission of Pre-Budget Memorandum 2014 and completed preparatory work of Cost Accounting Standards on "Valuation of Works Contract" and "Valuation of Services Captively Consumed" in line with CAS-4.

The department is in process of drafting Training Material on Anti-Dumping, Central Excise, Service Tax, and Adjudication Process under Central Excise, Service Tax, Customs & Anti-Dumping for members and students.

### **Advanced Studies Department**

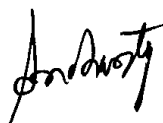
The enrolment for online certificate course on “Information Systems Audit and Control” has been started. I sincerely appeal to the members to grab the opportunity and enroll for the course. The Advanced Studies department is also planning to start Diploma Courses on Business Valuation and Internal Audit from April 2014.

### **NCC-2014**

Friends, the National event of the Institute is very near and I take this opportunity to urge all of you to provide adequate support and participate in the 55th National Cost Convention (NCC-2014) of the Institute at Bhubaneswar during 23rd & 24th February 2014 to make it a grand success.

I wish all the members, their families and friends on the occasion of Basant Panchmi, Ravidas Jayanti and Maha Shivaratri.

With warm regards,



**CMA Suresh Chandra Mohanty**

1st February 2014