

COST MANAGEMENT IS A CULTURE - IT HAS TO BE IMBIBED IN THE ORGANIZATIONS FOR SUSTAINABLE GROWTH



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The difference between a successful person and others is not a lack of strength, not a lack of knowledge, but rather a lack of will. – Vincent Thomas Lombardi

My Dear Professional Colleagues,

I take this opportunity to share with all the members the stupendous success of the 55th National Cost Convention of Institute held at Bhubaneswar on 23-24 February 2014. The Convention was inaugurated by the Chief Guest Shri Surya Narayan Patro, Hon'ble Minister for Revenue and Disaster Management, Government of Odisha. In his address to the participants he mentioned that cost accountants through their expert knowledge of cost management can help the State in effective management of its huge mineral resources and execution of projects in time without the cost overrun. What is most important is business strategy that facilitates sustainable growth and in that sense ICAI has become the pillar in country's growth.

Introducing the theme CMA M. Gopalakrishnan, Past President, Council Member and Chairman, Technical Committee stated that the theme was chosen keeping in view the emerging business environment which mandates cost competitiveness and responsible governance.

In the Presidential address, I reiterated that competition is not amongst companies but amongst supply chains. Cost Management is a culture. It is about influencing people's behavior towards cost management and has to be imbibed in the organizations for sustainable growth. Cost competencies have become critical to survival of businesses. Total Cost Management involves a holistic approach to optimize costs

for competitive advantage.

ICON Award for 2013

The Institute started ICON Awards in the year 2011 to recognize CMA professionals who have achieved great heights of success in their chosen fields and contributed significantly to the furthering and implementation of the knowledge in enhancing organizational and societal value and have been instrumental in enhancing the image of the Cost and Management Accountancy profession. This year the ICON Awards were presented to Padma Bhushan CMA (Dr.) Mrityunjay B. Athreya, Management Adviser, CMA P. Madhusudan, Chairman cum Managing Director Rashtriya Ispat Nigam Limited, CMA R. Misra, Chairman cum Managing Director, Heavy Engineering Corporation Limited and CMA R.K. Jain, Additional Secretary, Ministry of Health and Family Welfare, Government of India. It was very heartening to note that Padma Bhushan CMA (Dr.) Mrityunjay B. Athreya in his key note address mentioned that Jigyasa (curiosity) is the most pertinent quality needed by CMAs. He further mentioned about the various dimensions in the world of cost management – Inclusive growth, affirmative corporate action, fiscal governance and self-actualization. He also emphasized that we need to have continuing and proactive approach in management, not just disaster management. He also indicated that the Professional Dharma of the CMAs is to be thought leaders in costing, evangelists of costing, developing role models in costing. I am sure that this will serve as a pointer to the direction the profession has to take to face the challenges of the future.

Felicitations

The occasion was very apt for felicitations of the CMA luminaries who achieved portfolios of high importance by sheer hard work, ethics and integrity like CMA Kulamani Biswal, Director (Finance), NTPC Ltd, CMA Trinath Bhera, Director (Finance), ITDC Ltd and CMA K.C. Samal, Director (Finance), Nalco Ltd. The felicitated guests shared their experience and truly inspired the participants with their pep talks.

Speakers from abroad

The convention was marked by the presence of International speakers such as Mr. Gulzari Lal Babbar, Immediate Past President, CIMA-UK, Mr. Adrian Parera and Prof. Lakshman R. Watawala of CMA Sri Lanka. Speaking on the

occasion, Mr. Gulzari Lal Babbar mentioned that Management Accounting is the buzz word for today and tomorrow. He explained the principles of management accounting with focus on enterprise performance. Prof. Lakshman R. Watawala, President CMA Sri Lanka opined that CMAs are the key resource which can step up the development process through efficiency studies and effective cost management. He mentioned that Sri Lanka is very keen to adopt and implement Cost Accounting Standards developed by the Institute and is looking forward to seek professional support from the Institute.

Speakers speak

CMA (Dr.) Asish K. Bhattacharya mentioned that Empowered board members must have knowledge, power, information and time. Independent Directors are the ears and eyes of the Board. The company must have a structured CSR policy and its monitoring system.

CMA (Dr.) S K Gupta focused on the role of CMAs in energizing MSMEs. Small is beautiful, but is it viable (Purta khata hai kya?). He mentioned that the SMEs must focus on making their businesses viable and in his regard CMAs are the best professional support option for the SMEs as they can help improve efficiency and productivity of resources.

Mr. A.K. Singh, Deputy C&AG, Government of India, elaborated the need of State spending while stating the need of transparency in accounting for the expenditure incurred on various social schemes. The Government should spend more funds on higher education for enhancing competitiveness of the country. Private sector should supplement Government's efforts in this direction to bridge the gap between requirement and availability of skilled resources.

Mr. Sunil S. Dadhe, Principal AG, Odisha underlined the role of cost audit in India by stating that it has emerged through the amendment to the Companies Act in 1965. CMAs Role is in ensuring compliance with various laws, reporting when required, checking evasions / fraud related matters. Emerging Opportunities for CMAs are in the areas of International agreements relating to trade / Imposition of safeguard duty, anti-dumping duties and International arbitration.

Mr. Amar Patnaik, Principal AG, Odisha opined that CMAs can help in managing and monitoring various social schemes as internal auditors, internal advisors, have to think out of the box and have a role in social sector oversight function.

Mr. D.N. Panda, Member CESTAT advocated that CMAs should explore their professional expertise further by providing consultancy services in areas of Customs, Anti-dumping, Central Excise and Service Tax Laws. Proper understanding of the various tax laws by CMAs is very es-



Cost competency includes revenue management, cost containment and yield maximization. It requires unbundling of the costs and breaking them into pieces for better control. This is the essence of activity-based cost management system.

sential. CMAs can guide the management for preventive litigation management system, help in proper adjudication through detailed and effective representations.

Prof. (Dr.) R.K. Bal stated that CMAs need to be distinct otherwise they will become extinct. Professional outlook with high ethical values is the need of the hour.

Hon'ble Member of Parliament Shri B. Mahatab, Chief Guest for the Valedictory session mentioned that CMAs have a big role in development of economy as efficiency in utilization of scarce resources is vital in both government and private sector. Monitoring of the various government schemes should be done regularly so as to ensure that the expenditure meets the desired outcomes.

Release of Publications

The following publications of the Institute, prepared by the Tax Research Department, were released during the convention:

- Anti – dumping – Relevance of cost information
- Service Tax – Technical Guide
- Guidance Note on CENVAT audit under Central Excise Law (4th Revised edition)
- Guidance Note on Value Added Tax – Its accounting and Auditing (3rd revised edition)

The **Knowledge Pack** compiled by the Research & Journal Dept. in form of CD consisting of resource materials, standards and articles was distributed to all the participant along with the delegate kit.

Take Away

On the whole it was a very well planned and well managed national event of the Institute and I must mention that there emerged a lot of key take-away, some of which are as follows:

- CMAs can help in identifying cost drivers and eliminate

sources of wastages. They help in cost benefit analysis and thus improve quality of decision making. Islands of prosperity cannot survive in ocean of poverty.

- CMAs should work in companies not as employees but as partners in progress. Adequate information must be provided to the Board members. Failure to carry out CSR is the Board's responsibility and not that of the Company.
- Risk Based Internal Audit is the key to enterprise survival and growth. The model of Modern Internal audit has moved away from Compliance to Risk management.
- CMAs must guide on pricing. Pricing should not be based on cost. Businesses have to be connected and responsive to sustain.
- CMAs can help in focusing on Productivity and revenue generation. CMAs must think big to provide big skills and not to engage in post mortem of costs but provide futuristic guidance, support and guide the client on growth path trajectory.

Way ahead

In my view, it is time to use the mileage we got by organizing such a vibrant event. We have to move ahead with times on the following new aspects along with the current assignments:

- The Accounting Technicians Course (CAT) launched by the Institute would prepare Accounting support for the MSME and the NGOs.
- The Institute has to work very closely with the Government. The Institute is developing a template for the Costing of the Health Care Procedures for the Ministry of Health and Family Welfare.
- The Institute is carrying out a study of the various airports.
- Projects for Railways, Banking & Insurance, Power and Education Sector are being carried out. This will open up wide ranging new avenues for the CMA professionals.

On behalf of the Institute and on my personal behalf I would like to extend my heartfelt gratitude to CCMs, RCMs, Members of the profession, Past Presidents, Guests & Speakers, employees of the Bhubaneswar Chapter and executives of the Institute for making this convention a grand success. I am thankful to all the sponsors for enabling us organize such an event that showcased to the world the strength of the CMA fraternity.

I am grateful to all of you for joining us in the NCC 2014 and sincerely look forward to your continuous support to the Institute.

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 Department

The directorate of Advanced Studies has announced One year Diploma in Information Systems Audit and Control and the last date for enrolment is extended to February 28.

The results of the Dip MA examinations are being announced.

I am happy to inform that the certificates were distributed by me to the successful candidates of the Business Valuation and Corporate Restructuring program at Kolkata in the presence of Prof. Asish Bhattacharyya, Chairman, Board of Advanced Studies. At Hyderabad, certificates were distributed by Vice President, CMA Dr. A.S. Durga Prasad in the presence of Shri H. Sambasiva Rao, Principal, Andhra Bank Apex College.

CAT Directorate

I am happy to inform that the first online examination for CAT students under revised syllabus was successfully conducted on 2nd February 2014 and the results declared on 19th February 2014.

CPD Activities

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 relevant subject matter such as on Issues in Corporate Taxation-Planning, Compliance and Management, The Stock and Revenue Audit, CAS-4 Valuations - Recent Developments, CAS 6 - Material Cost, CAS 17 - Interest & Financing Charges, Relevance of Cost Records and Cost Audits in Controlling Inflation and Implementation of Supreme Court Judgment in case of Fiat India and its implication on Industry, Methods and Techniques of Costing, Designing a bill of material and its practical utilities, An Insight into Special Economic Zones and Foreign Trade Policy, The Companies Act 2013, CAS 18 - Research & Development and CAS 2 - Capacity Determination, Service tax overview, Credit Evaluation - Value Based Approach and so on.

Examinations Directorate

The results of CAT Part II, Intermediate and Final examinations for December 2013 term were declared on scheduled date of 21st February 2014. I congratulate the students who passed the examinations and advice others to work harder and concentrate more on studies.

ICWAI MARF Programs

The promotional training program of AG-II for the post of AG-I, organized for Delhi Transco Limited during 20-24 January 2014 at New Delhi was attended by 40 Officers. The promotional training program of Section Officer for the post of Assistant Manager has been organized for Del-

hi Transco Limited during 21-25 January, 2014 at CMA Bhawan, New Delhi. The programs on 'Issues in Corporate Taxation-Planning, Compliance and Management' and on 'Recent Trends in Financial Management' organized during 28-31 January 2014 at Port Blair were attended by Senior and Middle Level officers of different organizations. The program on 'Finance for Non-Finance Executives' organized for 'Punjab State Power Corporation Limited (PSPCL)' during 03-08 February, 2014 at Delhi/NCR was attended by 19 Officers. The programs on 'Contracts and Their Management' and 'Finance for Junior Finance and Accounts Officers & Non-Executives (F&A)' organized during 11-14 February, 2014 at Puri and was attended by 49 Senior and Middle Level officers of different organizations. The program on 'Service Tax, VAT and CST' organized for National Buildings Construction Corporation at New Delhi during 19-20 February, 2014, was attended by 28 officers.

Membership Department

I am happy to share that the Institute has entered into a Memorandum of Understanding (MoU) with The New India Assurance Company Ltd, which is one of the largest non-life Insurance companies in India, exclusively for the benefit of members and students of the Institute at the 55th National Cost Convention – 2014 at Bhubaneswar on 23rd February 2014. The MoU was signed by Shri Rakesh Kumar, General Manager representing The New India Assurance Co. Ltd and by me representing the Institute. The signing of the MoU was in the presence of distinguished personalities comprising of various Guests and Speakers, Council Member, other dignitaries present at the Convention and the Chairman and Managing Director, New India Assurance Company Ltd. The MoU has been posted on the Institute website www.icmai.in

In regard to payment of membership fee for FY 2013-14 which became due on 1st April 2013, I once again urge the esteemed members to make payment of their membership fees at the earliest to avoid removal of name from the Register of Members.

Placement Directorate

The campus placement program for the December 2013 final qualified is being scheduled in the month of April / May 2014 at Delhi, Chennai, Kolkata, Mumbai, Jaipur, Bhubaneswar, Nagpur, Ahmedabad, Vijayawada and Kochi. I am sure this campus placement program will attract more and more employers and students will get the benefit as being availed in the previous Campus placements.

Research and Journal Department

I am happy to inform that the Institute participated in a UGC sponsored two day National Seminar on "Ethics of

Accountants – a reality check" on February 11 & 12, 2014 at Abanindra Sabhagriha, Kolkata Information Centre as a collaborating partner with Department of Commerce, Ramsaday College, Howrah. Dr. Dhrubajyoti Chattopadhyay, Pro Vice Chancellor, Calcutta University, Shri Praloy Talapatra, Teacher-in-Charge of the college and CMA Manas Kumar Thakur, Chairman, Research, Innovation & Journal Committee, ICAI were present on the dais for the inaugural session. CMA Chiranjib Das, Joint Director (Academics, Tax Research & Studies) was one of the resource persons in the seminar and CMA Dr. Debaprosanna Nandy, Director (Research and Journal) chaired an important session of the seminar.

In another function the Knowledge Study on "Exchanges for SMEs - Emerging Needs vs. Future Challenges" was released in association with ASSOCHAM on February 20, 2014 at India Habitat Centre, New Delhi. Shri S.C. Agarwal, Chairman, Micro Finance Council, ASSOCHAM, Dr. H.P. Kumar, Chairman & Managing Director, National Small Industries Corporation, CMA Manas Kumar Thakur, Chairman, Research, Innovation & Journal Committee, ICAI and other eminent dignitaries were present in the seminar.

Institute's research publication "Research Bulletin, Volume XXXVIII" was released at the 55th National Cost Convention - 2014 at Bhubaneswar on February 24, 2014. Articles of eminent authors had been published in the Bulletin.

Studies Directorate

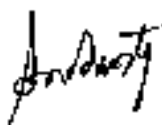
I am happy to announce that to facilitate the payment of Admission Fees by the prospective students, arrangements have also been made with Central Bank of India in addition to Punjab National Bank and IDBI Bank, through any of the branches of these banks.

Technical Directorate

In the 67th Meeting of CASB held on 14th February 2014, the Board decided to recommend the CAS -20 on Royalty and Technical Know-how fee & CAS 21 on Cost of Quality Control for the approval of the Council of the Institute. The Technical Group Meeting held on 17th February 2014 in which Annexure to appendix 1 of CAS-4 was finalized.

I wish all the members, students and their families on the occasion of festival of colors Holi, Gudi Padava, Ugadi, and Cheti Chand.

With warm regards,



(CMA Suresh Chandra Mohanty)
1st March 2014