

WE NEED TO HAVE A CLEAR STRATEGY ON LOW COST PRODUCTS AND DIFFERENTIATED PRODUCTS



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If opportunity doesn't knock, build a door – Milton Berle

My Dear Professional Colleagues,

India and China are in the Economic Growth rate since the late 1940s, where in India adopted democracy and China turned to communism. China moved over the decades from social economy to a market driven economy, with the support of the Government support and emerged as the world's leading economy. The World Bank report suggests that, by 2017, India will be growing faster than China. If India keeps it up, the World Bank expects its economy to grow 7 per cent in 2017, up from 5.5 per cent in 2014.

The present Government led by Hon'ble Prime Ministers Shri Narendra Modiji is determined to put the Country into a growth path, lining up several initiatives such as Make in India, ease of doing business, smart cities, infrastructure growth, agricultural reforms and also a cleaner India through Swatch Bharat, etc. The nature of manufacturing is changing. If we have to hook up to Make in India initiative which is very laudable, we need to have clear strategy on low cost products and differentiated products. Depending on the products we need new strategies. China is far ahead of India in terms of low cost products and there are two major reasons for this: one, Huge capacities built up for scale and two, cheaper labour. But, pure labour cost arbitrage less important. Lead times and flexibility of supply chains are far more important, leading many companies to move manufacturing back closer to the big markets and this is visible in the West clearly.

The above is the agenda of this year's National Cost Convention, which was inaugurated on 31st January 2015 at Hyderabad by the Chief

Guest Shri Bandaru Dattatreya, Hon'ble Union Minister of State for Labour and Employment (I/C). Shri Y.S. Chowdary, Hon'ble Minister of State for Science & Technology & Earth Sciences was the Guest of Honor of the event. Padma Bhushan CMA Dr. Mritunjay B Athreya presented the Keynote address. The convention is being attended by more than 800 delegates. As I am writing this page, there are great deliberations going on during the two day annual event of the Institute. More on this will reach you soon.

I thank the members of the Institute for making the 56th NCC 2015 a grand success. I also would like to thank all the sponsoring organisations and associate & knowledge partners for their continued guidance and support to the professional development initiatives of the Institute.

MOU with TCS

The Institute signed a Memorandum of Understanding (MOU) on 31st January 2015 at Hyderabad with Tata Consultancy Services Ltd to Enhance the Learning of students through Collaborative Learning Environment. The MOU will provide for Learning Exchange (Anchor Pack) solution for ICAI students, faculty and administrators for collaborating with one another. All registered students of ICAI will be able to use the solution.

MOU with CIMA UK

The Institute has an MoU with CIMA, UK since 2008 based on the Syllabus 2008 of our Institute and CIMA 2010 Syllabus. Thereafter, CIMA has introduced Syllabus 2015 while our Institute has also launched Syllabus 2012. To extend the professional opportunities for CMAs the Institute has renewed the MoU with CIMA, UK on 31st January 2015 at Hyderabad under the revised terms and conditions, which attaches wider recognition to CMAs, while pursuing CIMA-UK Course. CMAs under the revised terms would be appearing TOPCIMA and pursuant to clearance would be recognized as CGMA (Certified Global Management Accountants) which is having a global recognition.

MOU with ASSOCHAM

With a view to make India's micro, small and medium enterprises (MSMEs) globally competitive, highly innovative and create first-generation entrepreneurs, apex industry body ASSOCHAM and The Institute have together set up country's first Virtual Centre for Development of MSMEs and MOU in this regard was signed on 31st January 2015 at Hyderabad. ASSOCHAM – ICAI-CMA Virtual Centre for Development of MSMEs endeavors to overcome the stagnating productivity in the sector through technology upgradation, improving credit flow, updating the MSMEs as per latest trends and demands, developing globally competitive human resource, ensuring better compliance with government policies and facilitating their participation in international trade thereby eliminating the bottlenecks in successful business operations. Besides, providing

consultancy services on various critical issues, imparting training to nurture experts who are skilled and trained on state of art technologies, cluster development of MSMEs and generating awareness about holistic corporate social responsibility (CSR) related practices for sustainable development are certain key objectives outlined in the vision document concerning growth and development of the sector.

During the Convention several publications of the Institute are being released for the benefit of members and stakeholders. A knowledge portal for the benefit of members was also opened up during the Convention which has several articles, presentations, and other reference material and this portal will have continuous updation with knowledge material periodically.

WIRC RCC

Keeping in tune with the clarion call given by our Hon'ble Prime Minister, Shri Narendra Modi for a "Make in India" Mission, the Western India Regional Council and the Navi Mumbai Chapter of the Institute of Cost Accountants of India jointly organised a Regional Cost Convention-2015 on 16th and 17th January, 2015 at Navi Mumbai on the theme Role of CMAs-Mission-Make in India.

Shri Bipin Shah, President of Thane Belapur Industries Association was the Chief Guest on the occasion. Speaking on the occasion, Shri Bipin Shah congratulated the Institute for the timely discussion on the relevant theme and stated that there is a huge scope for the Cost Accountants in this project of "Make in India". He stated that "Money saved is Money Earned" and the efforts of Cost Accountants in the direction of cost control and cost reduction would be highly helpful for the Manufacturing and Service Industry.

Speaking on the occasion Shri M.V. Tanksale, Chief Executive, Indian Banks' Association brought out how the CMAs can play a major role in Make in India mission. He stated that doors for Concurrent audit and project appraisal for big projects are being opened to Cost Accounting professionals. He congratulated the Institute for this timely convention.

EIRC RCC

Eastern India Regional Council & Bhubaneswar Chapter of the Institute of Cost Accountants of India jointly organized the 36th Regional Cost Conference – 2015 at Puri on 11th & 12th January, 2015 on the theme "Make in India-CMA Connect". Shri Jual Oram, Hon'ble Union Cabinet Minister of Tribal Affairs, Govt. of India was the Chief Guest of the RCC. There were many eminent speakers and guests who addressed the participants. It was transpired from the discussions that Make in India will not be possible if Cost and Management Accountants are not connected to the system. CMAs always play a major role in strategy formulation of companies. While addressing the participants I spoke about significant contribution CMAs can make towards development of India not only in optimizing resources and managing cost of economic enterprises but responsible reporting which propels the growth story of our country.

New Building of Thrissur Chapter

I was invited to inaugurate the new building of Thrissur Chapter of ICAI on 19th January 2015. The inaugural ceremony was a grand event attended by members, students and dignitaries. While addressing the participants I reiterated that the journey has just begun and there is a need to be ever resilient, smart, and stable in our efforts to take the profession to greater heights. A Charitable Association formed by the students was formally launched by me. The Chapter also has lent a helping hand as part of our Corporate Social Responsibility.

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.

Continuing Professional Development Directorate

I am proud to inform that increasing initiatives by our Regional Councils and Chapters in organizing various programs, seminars and discussions for the members on the topics of professional relevance such as , The Companies (Cost Records & Cost Audit) Amendment Rules 2014, Advance Tax, TDS and Tax Planning, Risk Based Internal Audit for Effective Management Control, Roadmap to GST Reforms, Balance Score Card, Outsourcing Decisions - Relevance of Marginal Costing and Qualitative Factors, Variance Analysis as a Feedback Mechanism and for Reviewing Current Strategies, Role of Chemical & Fertilizer Industries for the Indian Economic Growth, Value Chain Analysis, Essential Guidelines for Drafting Agreements, Inventory in Changing Market Conditions, Service Tax - Provisions with Spl reference to Reverse charge Mechanism, Inventory Valuation - AS 2 & AS 7, Role of CMAs - Mission- Make in India, and so on. We are sure that our members are immensely benefitted with such programs. Look forward for active participation of our members to enhance professional knowledge and skills.

Cost & Management Accounting Committee

I wish to inform you that the Institute is organizing 'Asian Summit on Health Care Cost Management' on theme 'Touching Lives through Cost Management in Health Care' on 12th & 13th March 2015 at Vigyan Bhawan, New Delhi. Look forward for active participation from members. Cost & Management Accounting Committee continued with the Webinars on "Series on Cost Management" to reach members at large. These webinar sessions are well received by the members. The details of the Series are available on the website of the Institute.

ICWAI MARF Programs

I am pleased to inform that the promotional training program for finance division officers of Delhi Transco Limited was organised during 12-16 January 2015 at New Delhi. The program for the officers of Standardisation Testing and Quality Certification Directorate (STQC) was organised on 'Cost Evaluation and BOM Evaluation' during 19-21 January, 2015 at New Delhi. Programs on 'Risk based Internal Audit for Effective Management Control' and 'Advance Tax, TDS and Tax Planning' were organized during 20-23 January, 2015 at Jaipur and were attended by executives of various organizations.

Hyderabad Center of Excellence

The online mid assessment test for the diploma program in Information Systems audit and control was conducted on 20th January 2015. I attended the 66th Republic Day celebration at the center and unfurled the tricolor. The center hosted the meeting of the Committee on Training and Educational facilities of the Institute and also the Council meeting of the Institute on 30th January 2015.

IT Directorate

The Institute launched an email service for the members of the Institute on the domain icmim.in. This email platform is aimed at digitally empowering members and to keep them updated with the events & developments at the Institute. The members are advised to actively use the email ids not just as a general point of contact for administrative purposes but also to actively engage in the support & development activities of the Institute

International Affairs Department

The International Affairs Committee under the Guidance of CMA Sanjay Gupta, Chairman, International Affairs Committee and Central Council Member organized a full day Conference on "Make in India Crossroads: Ways and Means Anti-Dumping and Transfer Pricing" on 23rd January 2015 at India International Centre, New Delhi. Shri J.K. Dadoo, (IAS) Joint Secretary & Designated Authority, DGAD- Ministry of Commerce and Industry was the Chief Guest of the conference. CMA M.K. Anand, Chief (Finance) CERC and Shri G Ramachandran, Adviser (Cost) -DGAD were the Guests of Honor. The Conference was attended by large number of delegates. CMA Ravi Sahni and CMA S.K. Bhatt, Regional Council Members-NIRC delivered the vote of thanks. The other speakers of the conference were CMA AK Gupta, Cost Accountant, Shri S. Seetharaman, Principal Partner & Country Head (Lakshmikumaran & Sridharan, Advocates and Solicitors, New Delhi), CMA Krishan Vrind Jain (Transfer Pricing Expert, Chandigarh), Shri Avinash Gupta (ACA, LL.M in International Taxation, Vienna University, Europe) and CMA Amit Kumar. The conference discussed the Anti-Dumping and Transfer Pricing Regulations and the role of CMAs in these regulations.

The International Affairs Committee will be issuing its first e-newsletter in the month of February 2015 covering the activities of the Committee and the overseas centers of the Institute. The International Affairs Committee is also planning to organize online classes on Integrated Reporting and Transfer Pricing subjects. The Committee will be organizing a conference on E-commerce in the month of February 2015 at New Delhi.

SAFA Events

CMA Dr. S.C. Mohanty, Immediate Past President & CCM and CMA T.C.A. Srinivasa Prasad, Chairman, SAFA-PAIB Committee and CCM represented the Institute in SAFA events hosted by the Institute of Chartered Accountants of India at Bangalore from 28th to 29th January 2015.

Membership Department

It is a well-accepted fact that one of the parameters of judging the credibility of any Institution is its alumni strength or the members' strength. This holds good for our Institute as well. I am happy to share that during the period 2014-15 (till date), 1164 candidates have been brought into the Associateship fold and 169 Associate members have been advanced to Fellowship. I heartily welcome all the new Associate members to the CMA fraternity. I am sanguine that the new members will play a pivotal role and take interest in the activities of the Institute and provide the desired enrichment.

I would like to point out that there are few members who are yet to clear their membership fee for FY 2014-15. I urge upon them to quickly pay off their membership fee to continue to enjoy the benefits of membership.

Professional Development Directorate

Ministry of Corporate Affairs (MCA) has notified Companies (Cost Records and Audit) Amendment Rules, 2014 on 31st December 2014. Through this Notification, many sectors, which were left in the original Notification dated 30th June, 2014, have been included. The amended Rules have linked the products manufactured by different industries with the Central Excise Tariff Act (CETA) Code in order to provide clarity as to which Sectors/ Industries are covered in the Maintenance of Cost Records and applicability of Cost Audit. There are many technical issues which are being addressed by the Institute through issuance of Frequently Asked Questions (FAQs). These FAQs are being finalized by Technical Cell of the Institute and will be shortly hosted on the Institute website. Some of the issues may have not been included in these FAQs for which may I request

our Members to send their queries to Director (PD) on email id pd@icmai.in. Further, the Institute is also in process of developing Costing Taxonomy to enable filing of Annexures to Cost Audit Report (Form CRA-3) in XBRL format.

Research & Journal Directorate

I am glad that the Directorate of Research and Journal of the Institute organized a round table discussion on 'Live & Let Live', an Awareness Campaign Against Brutality on January 2, 2015 at EIRC Auditorium. Syed Nurul Salam, Secretary, West Bengal Board of Madrasah Education, Gnani Sukhwinder Singh, Head Priest, Gurudwara Sant Kuitya, Dr. Ajanta Paul, Principal, Women's Christian College, Rev. Sukrit Roy, Christ Mission Ashram, Ven. H. Dhammaratana Thero, Bhikkhulncharge, Maha Bodhi Society, Dharmarajika Chaitya Vihar, Swami Tadbodhananda, Ramakrishna Math & Mission, Belgharia, Shri Jaynarayan Sen, Social Activist were the key resource persons in the seminar. CMA Manas Kumar Thakur, Council Member, ICAI also deliberated in brief on the said topic. The discussion ended by lighting candles after paying homage to those souls who lost their lives in the savagery with the prayer to rest them in peace.

Another round table discussion on 'Emerging Trends in Management Accounting' had been held on January 16, 2015 at EIRC Auditorium. Prof. Pradyut (PK) Sen, Associate Dean & Professor, University of Washington, Bothell, U.S.A, CMA Dr. Bhabatosh Banerjee, Editor, Indian Accounting Review, President, IAA Research Foundation Guest Faculty, IIM Calcutta, Former Professor of Commerce & Dean of Commerce and Management, University of Calcutta and Former Director of Research, ICAI, CMA Harijiban Banerjee, Former President, ICAI, CMA Amal Kumar Das, Former President, ICAI were among the eminent dignitaries present and shared their valuable views on the concerned theme. CMA Manas Kumar Thakur, Council Member, ICAI and CMA Dr. Debaprosanna Nandy, Director, Research and Journal, ICAI also chaired an important session in the seminar.

I am pleased to note that the Directorate of Research and Journal of the Institute has celebrated the Golden Jubilee Year of our Journal 'The Management Accountant' on January 28, 2015 at EIRC Auditorium with a seminar on the topic 'Be and Make'. Swami Purnatmanandaji Maharaj, Secretary, Swami Vivekananda's Ancestral House & Cultural Centre, Ramakrishna Mission, Shri Sanjib Chattopadhyay, Renowned Author, Shri Jayanta Kushari, Social Activist, Dr. Dibyangshu Kundu, Recipient of the Rashtrapati Award were among the dignitaries vividly discussed on the famous quote of Swami Vivekananda 'Be and Make'- the theme of the seminar and enlightened everyone present over there. Swamiji and other dignitaries released a Golden Jubilee Brochure of the Journal during the seminar. CMA Manas Kumar Thakur, Council Member, ICAI also opined his views. The entire session was highly thought provoking and enriching.

I wish prosperity and happiness to members, students and their family on the occasion of Guru Ravidas Jayanti and Maha Shivaratri.

With warm regards,



(CMA Dr. A S Durga Prasad)
1st February 2015