

# CMA COMPETENCIES CAN ENSURE THAT WORLD-CLASS COST AND MANAGEMENT ACCOUNTING MODELS ARE ADOPTED



**CMA Dr A S Durga Prasad**  
President, The Institute of Cost Accountants of India

*Don't judge each day by the harvest you reap but by the seeds that you plant. – Robert Louis Stevenson*

## My Dear Professional Colleagues,

Resource optimisation is one of effective ways to accomplish the goals of the government and industry in strategic planning. The tool has helped top management to plan for a future of sustained high performance by linking traditional strategy and performance management plans with real, fact-based workload data to demonstrate what is required to achieve desired business outcomes. The emphasis for the Government should be on resource optimization through application of cost and management accounting competency.

CMA competencies can be applied as a part of growth process by ensuring adoption of world class cost and management accounting models, best suited to the needs of the country. This will facilitate empowerment of governing bodies at all levels of government with resource management models which will result in more Governance & Less Government. It will help in performance management to monitor the outcomes of resources utilized and developing pricing models aimed at proper pricing of goods and services, health care, education and government services. This will provide corporate governing bodies with mechanism to assure that decision making models are taking care of proper resource utilization; risks are within appetite and environmental resource management do not impose huge costs of carrying on business on the society. CMA competencies provide society with mechanisms to assure derivation of value for price paid through empowering consumers and informing them of unfair pricing.

Optimisation of resources combined with cost management

strategies will help Banking and Finance sector in implementing a methodology to go beyond the financial reporting mechanism of delinquent borrowers and provide a methodology to segregate between viable and unviable Non Performing Assets (NPA). In Infrastructure sector this will help in arriving at a right price for PPP projects, evaluation of cost benefit analysis and developing a viable and affordable Tariff and Pricing Model. In Energy sector resource optimisation process will help in developing an appropriate nation centric methodology for power and coal tariff fixation and allow cost effective utilisation of nation's resources to rekindle the economy. In Healthcare sector this will enable developing a methodology to allow free health care delivery to the poor throughout the country, by judiciously involving private sector health care providers with a compensatory cost model of Government Health Schemes. This will help in spreading literacy throughout the country and in attaining objectives of all important education sector by developing a cost model for using Government's educational facilities by private sector on a cost plus contribution model.

Resource Optimisation should be made necessary in Government, covering its programs and schemes by adoption of suitable CMA techniques, targeting growth outcomes and efficiency ensuring timely and effective societal welfare. It accurately links responsibilities with resource decisions and provides the decision makers transparent and relevant information. This will support evaluation of Government schemes for public welfare from a cost of delivery point and ensure that benefit is delivered efficiently at the right price. It will facilitate benchmarking of productivity and efficiency as per parameters developed by productivity councils and developing a methodology for incorporating cost factor as an incentive in appropriate Government Programs to revitalise the economy.

## Health Summit

Recognizing the need of affordable healthcare and complexity of cost management in healthcare sector, the Institute organized "Asian Summit on Health Care Cost Management" on the theme "Touching Lives through Cost management in Health Care" on 12th & 13th March 2015 at New Delhi with the objective to provide necessary assistance healthcare industry in bringing down cost pressure to provide healthcare delivery at affordable cost. Speakers highlighted the importance of providing healthcare at affordable cost to all sections of society. It was transpired from the discussions that standardization of clinical procedure, practices and cost may bring in equilibrium in the entire process to achieve the objective of health for all at affordable cost. I highlighted the need to bring in sound costing management system to improve efficiency and reduce cost and also stressed on the need to have a Cost Reference Index as is available in other countries.

Towards this the Institute would work with the Ministry of health and family welfare. Since funding in this sector is also major problem, CMA fraternity has a role to address this issue in order to bring affordability in healthcare deliveries. The event was coordinated by the Cost and Management Accounting Committee of the Institute.

The take away from this Summit will be to fine tune the approach to managing the health care cost without compromising the quality of services rendered, evolve performance measurement of all the cost and revenue drivers, define the healthcare delivery value chain system and to enable determination of fees or tariffs for services in the healthcare sector. Towards this, the Institute plans to constitute an Expert Group consisting of service providers, CMAs and Government officials who are closely associated with the healthcare sector and evolve a knowledge delivery chain consisting of Workshops, Approach Papers, Guidance Notes and practice manuals on Health Care Cost Management which will be useful to all health care service providers.

#### **Seminar on Companies (Cost Records and Audit) Rules 2014**

As informed in my previous communiqué a Seminar on "Decoding the amended Companies (Cost Records and Audit) Rules, 2014" was organized at New Delhi. Buoyed by the success of this Seminar, the Professional Development Directorate in association with Southern India Regional Council of the ICAI and ASSOCHAM organized the similar Seminar on 27th March, 2015 at SIRC, Chennai. Shri B.K. Bansal, Regional Director (South), Ministry of Corporate Affairs was the Chief Guest of the seminar. The program received over-whelming response from the CMAs in Practice and employment and also from the Industry.

Forthcoming seminars in the series in partnership with ASSOCHA M are being organized at Hyderabad on 10th April in association with Hyderabad Chapter, at Kolkata on 17th April and at Bengaluru on 18th April 2015 in association with Bangalore Chapter. Similar seminars will also be organized at other places in partnership with PHD Chamber of Commerce & Industry, ASSOCHAM, SCOPE and other Chambers of Commerce and Industry on pan India basis. Series of Webinars on Amended Companies (Cost Records and Audit) Rules 2014 are also planned for April 2015 and May 2015. Members are requested to regularly visit Institute website for updates.

#### **National Student's Convention**

With the objective of assisting and contributing in preparing and developing top quality Costing & Finance Professionals needed by Industry and to make students actively participate and exhibit their skills, knowledge and expertise, the NIRC of Institute organized National Student's Convention (NSC) on 26th March 2015 at FICCI House, New Delhi on the theme "Leaders of Tomorrow". As Chief Guest of the event I addressed the participants and said that versatile professionals with a vision and a goal to move forward together as a team have become Game Changers in the growth strategy for industry in order to achieve sustainable growth. To fit them in this slot our students need to fully equip themselves to face the challenges and we are committed to support them in their development as a true professional. I also apprised them ten good qualities a Leader should possess dwelling upon the Theme of the Convention "Leaders of Tomorrow". CMA Rakesh Singh,

Former President, CCM and Chairman, NSC in his address said that new developments, amendments and widening of scope of profession has motivated us to organize National Students Convention-2015 and this will open up galore of opportunities for the budding CMAs who are the future leaders. He hoped that the views expressed by eminent speakers during the event will help the participants in shaping their career path. Amongst the dignitaries, CMA JK Puri, CMA DC Bajaj, CMA GB Rao, CMA KL Jaisingh, CMA Dr. SC Mohanty, Former Presidents of the Institute graced the event which was attended by around 600 students & members of the Institute.

#### **National Students' Convocation**

The Institute organized its annual National Students' Convocation – 2015 on 20th March 2015 at Kolkata. Shri Keshari Nath Tripathi, Hon'ble Governor of West Bengal was the Chief Guest of the event while Swami Atmapriyananda, VC, Ramakrishna Mission Vivekananda University, Dr. Ajoy Kumar Roy, Director, IEST and Padmabhushan CMA Dr. M B Athreya were the guests of the event. In the Convocation Rank holders of the Institute were felicitated with Rank Certificates and medals. There were 500 students whom gold/silver medals and book prizes were given.

Addressing the students, Chief Guest said that the Institute pursues the vision of cost competitiveness, cost management, efficient use of resources and structured approach to cost accounting as the key drivers of the profession. The society should be indebted to the visionaries who initiated the Institute and also all those luminaries who have sacrificed for the greater cause of our Nation and continue to strengthen the value chain to address the needs of its stakeholders. He congratulated the young CMA professionals by saying them "torchbearers of CMA profession" who are conferred with the 'token of appreciation' of their hard work, dedication and sincerity.

I addressed students and reminded them that they are representatives of India's aspirations to stand shoulder-to-shoulder with the changing global scenario. I informed them about the recently signed MoUs with international organisations and other initiatives to tie up with industry leaders in India across various sectors for various exchange programs.

#### **National CMA Practitioners' Convention**

The Institute and WIRC jointly organized National CMA Practitioners' Convention-2015 on 16th March 2015 at Mumbai Cricket Association, Mumbai which was attended by practicing members across the country. Mr. M. Narendra, Former CMD of Indian Overseas Bank was the Chief Guest of the Convention. In his address Chief Guest emphasized the importance of professionals including CMAs rendering value added services in financial field including Banking Sector. He underlined the importance of benchmarking of standards for the profession to do justice on the role given to CMAs.

CMA Dr. Sanjay R. Bhargave, Chairman of the Convention in his welcome address explained the theme of Convention "CMA Profession-Enhancing Performance" and gave the overview of the Technical Sessions. He mentioned that better performance and continuous update of knowledge are the key factors to face the challenges and responsibilities by the professionals. I apprised the participants of

various developments from the Institute in the professional arena and underlined importance of emerging opportunities in Banking and SME sectors. CMA M.V. Tanksale, Chief Executive of Indian Banking Association assured all sort of co-operation to the Institute by IBA in providing newer opportunities in Stock Audit and other allied areas in Banks. During the technical sessions eminent speakers gave insightful presentation to members, which was appreciated by all the participants.

### **Meeting with Industry / Academicians**

In order to improve the visibility of the Institute and continue dialogue with Industry captains and leading academicians, I have been meeting with Heads of prominent Industrial groups, both in private and public sector and also heads of leading Institutions / universities. I had an opportunity to meet Mr. AV Krishnan, Executive Director, BHEL, Trichy on 17th March in his office. The issues of mutual interest were discussed during the meeting. I also had a meeting with Mr. B Surender Mohan, CMD, Neyveli Lignite Corp. Ltd. on the same day. This meeting was very cordial and the CMD requested Institute to organize exclusive programs for employees of the Company. On academics front I had a meeting with Prof R Sethuraman, Vice-Chancellor, SASTRA University on 18th March 2015 to discuss issues of mutual benefits and to explore possibilities of working together in the Education Sector to pave way for inclusive growth in Education domain. I am looking forward to the professional development in education sector with mutual understanding on both sides.

### **Member's meet at Baroda Chapter**

I had an opportunity to visit and address students & members of Baroda Chapter of Cost Accountants on 27th March, 2015. During the meeting many issues, beneficial to the Profession and the Institute, were discussed. I informed them about the new initiatives taken by the Institute in every aspect of its activities and urged them to come forward to contribute to the growth of profession and Institute. The meeting was also attended by members of management committee and office bearers of Baroda Chapter.

### **Bhumi Pujan at Aurangabad Chapter**

I visited Aurangabad for the Bhoomi Poojan and foundation laying ceremony of new building of Aurangabad Chapter of the Institute on 25th February 2015. A meeting was organized in the evening which was attended by the members, students, staff and office bearers of Aurangabad Chapter. I stressed on the need to be ever resilient, smart, and stable in the efforts to contribute to the growth of the Institute & profession and to scale new heights of success and growth.

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.

### **Administration Department**

A meeting of Coordination Committee of Sister Institutes was held on 3rd March, 2015 to discuss issues like Multi-Disciplinary Partnerships and issuance of certificate of practice to members who are members of more than one Institute and finalizing the modalities for Common

Certification program for Valuers with respect to Companies Act, 2013, and also for designing syllabus, pattern of common test, maintenance of panel of Company Liquidators etc.

### **CAT Directorate**

The first ever campus placement program for CAT-ASAP students is scheduled at Kochi on 28th March and I join you all in wishing these students a successful career.

### **Continuing Professional Development Directorate**

I wish to inform you that the Institute is associated with PHD Chamber of Commerce and Industry for '12 Weeks Workshop Series on Companies Act 2013' from 13th March to 29th May 2015 at PHD House at New Delhi. This workshop will cover the Act, Rules & Circulars. Details are available on website of the Institute. During the month, webinar was organized for members on 'Cost Competency'. The session was well received by the large number of CMAs.

It is good to see Regional Councils and Chapters taking initiatives in organizing programs, seminars and discussions for members on topics of professional relevance such as, Companies Act 2013 - Responsibilities of CMAs, Stock Audit, Practical Aspects of Internal Auditing, Ind AS aligned to IFRS, Goods and Services Tax (GST), Amended Cost Accounting Records & Audit Rules 2014, Discussion on Union Budget 2015-16, Forensic Audit, Woman's Day Program-Health Care Industry & Applicability of Cost Audit & on Infrastructure Industry, Transfer Pricing and International Taxation, People, Productivity, Profit, Enterprise Risk Management and so on. We are sure that our members are immensely benefitted with such programs.

Institute is associated with Institute of Directors for Dubai Global Convention – 2015 on theme "Leading 21st Century Organization Through ICE (Innovation, Creativity & Excellence)" to be held on 20-22 April 2015 at Dubai. I have been invited to present my views in one of the Technical Sessions. CPD Department is preparing a Training Manual on Decoding the Amended Companies (Cost Records and Audit) Rules, 2014. Also series of Seminars and webinars will be announced shortly for the same.

### **Cost & Management Accounting Committee**

As already mentioned that the CMA Committee organized the Asian Summit on Health Care Cost Management at New Delhi, the archive link of the webcast of the event is available on the website of the Institute. 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.

### **Hyderabad Center of Excellence**

The Webinars for the 1st batch of the diploma courses will be completed by 20th April 2015. The examinations in various diploma courses will be conducted along with the Intermediate and Final examinations of the Institute in the month of June 2015.

### **ICWAI MARF Programs**

A program for the officers of Nepal Electricity Authority, Kathmandu was organized on 'Procurement and Contract Management for World

Bank Funded Projects' during 8th to 15th March 2015 at New Delhi/ NCR, Agra and Jaipur. Another program on 'Recent Trends in Financial Management including Companies Act 2013' was organized during 23-26 March 2015 at Mysore which was attended by executives of various organizations.

#### International Affairs Department

The Institute organized SAFA Conference on 'Impact of Basel Accords on Banking & Financial Sector' on March 21, 2015 at The Park, Kolkata. There were two technical sessions held in the conference viz. Need & Developments of Basel norms and Role of Professionals. Shri Rudra Narayan Kar, Regional Director, Reserve bank of India, CA Subodh Kr. Agarwal, Former President, SAFA and Former President, ICAI, CMA Dr. S.C. Mohanty, IPP & CCM, CMA Muzaffar Ahmed, Former President ICMA & Chairman SAFA Task Force, Shri Sukamal Chandra Basu, Former CMD, Bank of Maharashtra, Shri Arijit Chakraborty, Consultant, Dr. Saibal Kar, Economist & Professor, Centre for Studies in Social Science, Kolkata, Shri Syamal Ghosh Ray, Zonal Manager, Andhra Bank, were among the eminent dignitaries present in the dais and shared in detail about the Basel accords, latest trends in banking and financial sector reforms, approach to bank risk management, rating agencies, IFRS compliances, Forensic Audits, etc. Delegates from banking and financial institutions, professionals from India and abroad attended the conference.

#### Membership Department

The month of March heralds the yearly ritual of renewal of Certificate of Practice for members in practice and it is during this time of the year that members in practice have to get their Certificate of Practice renewed for the FY 2015-16. Practicing members, therefore, are requested to comply with the formality of filing the prescribed form and COP renewal fee with the Institute for renewal of their CoP for FY 2015-16 well in advance to avoid any inconvenience. A write-up on 'Advisory for renewal of Certificate of Practice' is published elsewhere in this journal for general guidance of the practicing members.

I wish to share that w.e.f. 1st April 2015, 253 candidates have been admitted to Associateship, 52 members have been advanced to Fellowship, 11 candidates of IMA, USA and 03 candidates of IPA, Australia have been admitted to Associateship of this Institute and 01 member of IPA, Australia has been advanced to fellowship of the Institute. I heartily welcome all the new Associate members to the CMA family and congratulate those members who have been advanced to Fellowship of the Institute.

#### Placement Directorate

The Campus Placement for December 2014 passed out students has been scheduled in four metros during the months of April and May 2015. I am sure more employers would find CMAs as part of their growth plan and recruit them through this campus placement. Taking forward the MoU signed M/s Genpact has conducted first of its kind pre-placement orientation program for the December 2014 passed out students at Delhi on 19th & 20th March 2015. Similar program will take place at Hyderabad on 9th & 10th April. This initiative has provided much required Industry linkage to our students and enhance their interview

skills. I wish all the success to December 2014 passed out students in their campus placement process.

#### Professional Development Directorate

Apart from organizing NCPC at Mumbai and Seminars of Cost Rules, the Professional Development directorate of the Institute has published first FAQs on Maintenance of Cost Accounting Records and Cost Audit under Companies Act, 2013 on 19th March 2015. These FAQs have been prepared by Technical Cell led by CMA Kunal Banerjee, Past President of the Institute. The FAQs clarified many issues which required authentic clarification/ interpretation on these amended Rules. Further, Technical Cell also looks after the individual queries of the members and the Industry on these Rules. The queries on the Rules may be sent at email id: technicalcell@icmai.in.

#### Research & Journal Directorate

I wish to inform that PHD Chamber of Commerce and Industry of India (PHDCCI) organized the PHD Global Rail Convention-2015 on the theme 'Indian Railways – On the Fast Track' on March 27, 2015 at PHD House, New Delhi. The Institute was proud to be associated as the Knowledge Partner of the convention. The Knowledge Report prepared by the Institute on the theme of the convention was highly acclaimed. Dr. Suresh Prabhakar Prabhu, Hon'ble Union Minister for Railways, Shri Manoj Sinha, Hon'ble Minister of State for Railways, Shri A.K. Mittal, Chairman, Railway Board & Ex-officio Principal Secretary to the Govt. of India, Ministry of Railways, Shri Anil Swarup, IAS, Secretary, Ministry of Coal, Government of India, Shri Alok B Shriram, President, PHD Chamber, CMA Rakesh Singh, Past President of the Institute, Shri Mahesh Gupta, Sr. Vice President, PHD Chamber, Shri Sandeep Aggarwal, Chairman, Railways Committee, PHD Chamber were among the eminent dignitaries present in the inaugural and plenary session. During the panel discussions eminent panelists discussed Indian Railway's Mission & Vision, Sector Expectations, Development & Strategic Investment, Innovation Trends and Best Practices-Worldwide & National.

#### Technical Directorate

The Glossary of Terms of Cost Accounting Standards (CAS 1 - 22) and GACAP has been issued by the CASB and is available on the CASB portal of the Institute. I wish to inform you that the limited review of Cost Accounting Standards issued by the CASB is under process.

I wish prosperity and happiness to members, students and their family on the occasion of Mahaveer Jayanti, Ambedkar Jayanti, Baisakhi and Bengali New Year.

With warm regards,



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