

# CMAs can dream big and have the courage to stand by their convictions



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*Your right is to work only and never to the fruit thereof. Do not consider yourself to be the cause of the fruit of action; nor let your attachment be to inaction. – Bhagwad Gita*



As I stand before you, my mind marvels at the vision of our eminent predecessors, in creating 'an institution where any person can find instruction in any study'. I salute the sustained efforts of successive presidents, predecessor colleagues in the Council, the present team and all of you in strengthening that vision.

However, we have to travel a long way to make significant progress in enhancing social capital in the world – trust, concern for the less fortunate, honesty and fairness. I am reminded of the words of economist-thinker John Maynard Keynes who said, 'when the capital development of a country becomes the by-product of the activities of a casino, the job is likely to be ill-done'. It is not much of a consolation that such behaviour is not limited to one country but is a discernible pattern in almost every country today.

I sincerely trust that our CMA professionals are competent to transform into an extraordinary work force for the country and their organizations. I believe that we can contribute significantly to solving the myriad problems we are faced with. CMAs can dream big and have the courage to stand by their convictions. The contribution of our members is highly recognized in enhancing the integrity, effectiveness and outcomes in the value system. It is facilitating the stakeholders to progress on a sustainable basis. Compliance to a value system requires people who have high aspirations, self-esteem, confidence in

the future and enthusiasm to take up apparently difficult tasks. We need people who will walk the talk and demonstrate their commitment to a value system. In Mahatma Gandhi's words, "We must become the change we want to see the world." I urge all stakeholders, specially the members of the Institute, to come forward and contribute their best towards the growth of the profession and the Indian economy. I also invite all those qualified finalists who are yet to seek membership of the Institute to join hands for a better future.

A National Advisory Board under the Chairmanship of Shri M. Damodaran, I.A.S (Retd), Former Chairman, SEBI and Chief Secretary, Govt. of Tripura with Shri Jitesh Khosala, I.A.S., Additional Chief Secretary, Assam, CMA D. Sundaram, Vice Chairman and Managing Director, TVS Capital Funds Limited, CMA M.V. Tanksale, Former Chairman Cum Managing Director, Central Bank of India, CMA G. Srinivasan, Chairman Cum Managing Director, New India Assurance Company Ltd, CMA A.K. Awashti, Former Deputy CAG and CMA Dr Asish Bhattacharyya, Professor and Head, School of Corporate Governance and Public Policy, Indian Institute of Corporate Affairs has been formed to provide inputs for preparing a Vision 2030 document for the Cost and Management accounting profession.

I had the opportunity to meet Shri Narsing Rao, Chairman, Coal India limited on 30th July 2013 with the Vice President, Council colleagues and senior executives and discussed various issues relating to the coal sector and the areas of work and study by the Institute that will give an edge to optimization of operation and cost by the industry.

I had also the opportunity to meet Shri Arun Kaul, Chairman and Managing Director, UCO Bank on 8th August, 2013 and Shri B.P. Kanungo, RD, RBI with the Vice President, Council colleagues and senior executives and discussed various issues relating to the banking sector and the areas of work and the role of CMA's in Risk based internal audit and other areas for performance improvements and sustainability of the banking industry.

## 10th National Award for Excellence in Cost Management

The landscape of businesses is changing rapidly and becoming complex and highly volatile. The policy framework based on cost management was not prevalent 50 years ago. Certainly professionals involved need skills to handle such complex situation. The recognition for a robust internal cost accounting

mechanism as mandated by the New Companies Bill both for manufacturing and services sector, is a path-breaking initiative which underlines the importance the Government is giving to the efficient and effective utilization of scarce resources. The role of Cost and Management Accountants gets stratified into value creating, value enabling, value preserving and value reporting. The entire organization becomes an integral cog in the wheel for value creation and the subsequent processes.

To recognize these efforts, the Institute presents National Awards to felicitate and recognize corporates/organizations in their journey towards excellence in cost management. **Mr. Sachin Pilot**, Hon'ble Union Minister of State for Corporate Affairs (I/C) presented **10th National Award for Excellence in Cost Management** in a function organized by the Institute on 22nd August 2013 at New Delhi. **Mr. Naved Masood**, IAS, Secretary, Ministry of Corporate Affairs and **Mr. M.J. Joseph**, Additional Secretary, Ministry of Corporate Affairs, were also present and addressed the participants and award winners.

The Hon'ble Minister said at the event that the performance of participating companies has tremendously improved over the years and it was a gigantic task for the Screening Committee and the Jury to select the best company from among them. The minister stressed that the Institute should work out norms for cost of health care procedures and should play a much bigger role in public interest.

**Sixteen Indian companies** in manufacturing (private and public) and divided into large, medium and small organizations were awarded for best cost management practices in **11 different categories**. The winners for the award were selected by a distinguished **Jury** headed by **Justice V. N. Khare, Former Chief Justice of India** and consisting of eminent persons from Industry, Academics and Administration. The criteria for selection were better practices for resource management, efficient utilization of capacity and working capital, quality augmentation, expenditure on CSR and precise information on performance.

Referring to the Companies Bill 2013, Shri Sachin Pilot said that the CSR provisions were aimed at welfare and environment measures. Companies spending on brand building and CSR activities will create goodwill and compassion in society. He further said that the company has full freedom to choose how it wants to invest (not to consider it as expended/spending) the funds. This is an investment for the corporates who are spending on CSR activities.

On behalf of the Institute, I congratulate the Hon'ble Union Minister of Corporate Affairs, Shri Sachin Pilot and his esteemed team members for their unstinted efforts in reforming corporate legislation in tune with global reality and the Indian economy. The new Companies Bill will ensure impetus for growth as the Bill will enhance transparency, compliance, self-reporting, regulatory and disclosure with fewer regulations.

We have formed a Task Force with four Council colleagues for suggestions in framing of the Rules for both Cost Audit and Cost Accounting Record Rules and other areas to be discussed with the Government.

### **Meeting with the industry**

To understand and cater the expectations of the Industry and also to appraise them about the initiatives taken by the Institute, better interaction with the industry is of prime importance. We are indeed privileged by the overwhelming response of the industries and trade associations, and their suggestions to meet the greater interest of the stakeholders while serving the national requirement.

To apprise all the members of the activities / initiatives undertaken by the Departments/ Directorates of the Institute, I now present a brief summary of the activities.

### **Professional Development Directorate**

The new Companies Act 2013 vide Section 138 (1) empowers Cost Accountants for internal audit work. The section reads: "such class or classes of Companies as may be prescribed shall be required to appoint an internal auditor, who shall either be a chartered accountant or a cost accountant, or such other professional as may be decided by the Board to conduct internal audit of the functions and activities of the Company".

I am happy to inform that as an endeavour towards knowledge-sharing with our esteemed members, the Institute is working on Sector Specific Internal Audit Guidance Notes. The Institute has already pronounced two Internal Audit Guidance Notes on Pharmaceutical Industry and Depository Participants for comments/suggestions from the public and others are under the process of finalization.

### **Research Directorate**

I am happy to inform the members that the Research Directorate of the Institute has released two research publications at Kolkata viz. a book on the topic "Capital Markets in India" and "Research Bulletin -Vol. No. 37" in the presence of Shri B. Madhab Reddy, MD and CEO, Calcutta Stock Exchange, Shri Rakesh Shah, VP, Bharat Chamber of Commerce, Shri Suresh Pal, Government Nominee of the Institute and Shri K. Govindaraj, Government Nominee of the Institute. Past Presidents, Council Members, Officials of the Institute and other eminent dignitaries from Industry, academics and professions were present at the event.

### **Examination Directorate**

It is a matter of happiness for all of us that the Intermediate and Final examination results for June 2013 were declared as per schedule, i.e., on 23rd August 2013.

I congratulate all the students who qualified and wish them a bright and prosperous career. This day marks a milestone from

where you continue your quest for more knowledge. Your dreams and your enthusiasm are of utmost importance. As you step into the real world, remain young at heart and be open to new ideas. Never accept the status quo. Endeavour to be the best in the world in whatever you choose to be. Build your reputation with your achievements. The nation needs you.

The process for campus placement programme for the June 2013 final passed out is being organized at eight locations in October and November 2013 has been initiated by the placement directorate. I am sure this time also will get maximum benefit from the initiative.

### Hyderabad Centre for Excellence (HCE)

The HCE has organized a program on "Stock Audit-Process and Analysis" on July 27th by Shri. Dhaveji with Twenty Two participants and Professor Prasanna Chandra, delivered a lecture to the Participants of BVCR Programme on "Reflections on Valuation" on 4th August, 2013.

### ICWAI-MARF Programmes

To continue with its fast pace, ICWAI-MARF organized a programme for Naval and Civilian Officers on 'Cost and Contracts Management' from 29th July to 2nd August 2013 at CMA Bhawan, New Delhi. A programme for Indian Air Force on 'Contracts Management' was also organized at CMA Bhawan, New Delhi. Two self-run programmes were organized on 'Advance Tax, TDS and Tax Planning' and 'Recent Trends in Financial Management' at Tirupati.

The IRAS Training Programme for the fourth batch for Ministry of Railways will be organized during September 2013. Proposals have also been submitted to Ministry of Railways for organizing Exclusive International Training Programmes at New Delhi, London and Paris for Senior HR officers of Ministry of Railways.

Reviewing of multi-year tariff proposals of different airports is under progress. The Ministry of Health and Family Welfare, Government of India has assigned the development of Costing system for cardiovascular disease.

### CPD Programmes

The Institute organized a session on 'Role of CMAs in Internal Audit' at Kolkata. The Institute in association with Sri Aurobindo Foundation for Integral Management (SAFIM) organized a National seminar on 'Governance by Inner Consciousness' at New Delhi. It was my privilege to be present at the seminar which was inaugurated by Hon'ble Justice Ramesh Chandra Lahoti, Former Chief Justice of India and SAFIM Advisory Board and Shri R. Bandyopadhyay, Member, Central Administrative Tribunal, Former Secretary, MCA and Member SAFIM Advisory Board followed by deliberations by eminent experts in the Technical sessions and concluded by Shri Jitesh Khosla, IAS, Additional Chief Secretary, Govern-

ment of Assam.

### CAT Directorates

The admission to Certificate course on Accounting Technicians is in full swing in Kerala and Rajasthan. Orientation programme has been conducted for the faculty members in Kerala at three locations to ensure quality delivery. Similar initiatives have been moved with other states to start the employment oriented short term CAT Course.

### International affairs

The Institute has been requested to nominate its experts to the workshop on Cost Audit for various sectors like sugar, textile, fertilizer, pharmaceuticals, etc., to be organized by Institute of Cost and Management Accountants of Bangladesh (ICMAB) at Dhaka on 12th and 13th September 2013. I am happy to inform that my colleagues CMA M Gopalakrishnan, Past President and CMA Rakesh Singh, Immediate Past President will represent the Institute in this august forum.

The institute has constituted a Board of Studies to provide improved inputs to the students to improve their skills. A Tax Research Department has been created to support the initiatives of taxation committees and to meet the requirements of the stakeholders and the nation.

The Institute partnered with ASSOCHAM for the Seminar on Companies Bill 2012 held at New Delhi. During the month our Regional Councils and Chapters conducted many programmes on contemporary topics to update the knowledge of our members.

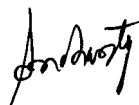
The Institute is associated as the "Knowledge Partner" with CII for organizing the 12th Cost Congress in the month of November at New Delhi. CMA Dr Durgaprasad, Vice President attended the 1st Steering Committee of the Cost Congress held at New Delhi.

The Institute has joined hands with the Institute of Directors as associate partner for the 13th international Conference scheduled during 1st week of October 2013 at London.

A word of gratitude to my Teachers and all Faculty Members on the occasion of Teacher's Day. I sincerely believe that my esteemed and dedicated Faculty Members would continue sharing their knowledge and experience to train the minds of Indian youth to become efficient CMAs to meet the needs of the nation.

I wish all the members and their family on the occasion of Vinayaka Chaturthi, Vishwakarma Puja and Onam.

With warm regards,



CMA Swesh Chandra Mohanty  
1 September 2013