



M. Gopalakrishnan, President

**"The more you dig more water flows from the spring;  
The more you learn and disseminate the knowledge grows."**

*Thirukurral by Thiruvalluvar (550 AD)*

Dear professional colleagues,

### **Greetings!**

1<sup>st</sup> February 2012, will be written in letters of gold in the annals of the Institute history, as it is the effective date from which the notification passed by the parliament for the change of name of the Institute to The Institute of Cost Accountants of India and to use the designated letters ACMA and FCMA came into effect. Immediately following that the Institute was also able operationalise the decisions taken by the Council to use the title CMA before the name to denote the profession. Since it is not possible to write ACMA and FCMA which has been allowed by the Act, on each and every communication the Council decided to use the common letters in both of the designated letters viz., CMA as the title. The Council also decided to promote the Brand CMA for all the education, training & placement, membership, examination, CEP and other activities of the Institute. The Institute buildings including the Regional Councils and Chapters will be known as 'CMA Bhawan' and the name of the Regional Councils will be designated as "The Institute of Cost Accountants of India ..... Regional Council / Chapter". The detailed guidelines are being worked out by the office and will be issued shortly. The Council decided to retain the existing logo with the new name incorporated into it, as it has been well recognized throughout India and abroad since the inception.

In addition to the name change, the amendment also enabled formation of LLPs amongst professionals. With this, the practicing members of our Institute can now enter into a Limited Liability Partnership, which has no company as its partner in accordance with the Limited Liability Partnership Act, 2008. The detailed guidelines in this regard are uploaded on the Institute's website [www.icwai.org](http://www.icwai.org).

### **Events**

The month of February was a busy month in terms of series of events taking place across India, where there was active participation from the Institute. The key events started with the India Corporate and Investor Meet (ICIM) programmes by the Ministry of Corporate Affairs across India starting with Kolkata and followed by Bangalore, Chennai, Delhi and Mumbai. The Honourable Union Minister of Corporate Affairs, while addressing the meetings, informed the new policies that are being framed by his Ministry for the corporate sector and highlighted the role of professionals in proper implementation of the policies of the Government. I represented the Institute in the CII programme on Integrated Reporting at Delhi, on 1<sup>st</sup> February 2012, where Dr. Bhasker Chatterjee, Director General & CEO of Indian Institute of Corporate Affairs was the Chief Guest. The role played by our Institute in the area was well acknowledged during the event.

Indian Institute of Corporate Affairs organized a "Seminar on Study of State of Corporate Governance in India: Stakeholders Consultation" at New Delhi on 21<sup>st</sup> February, 2012 at New Delhi. I along with various senior officers of the Institute attended this important programme. An empirical study presented by Indian Institute of Management, Kolkata, revealed the inadequacies of the present form of Corporate Governance, with little deviation of the quarterly results on a quarter on quarter basis, in spite of

the widely publicized business risks that they faced. It points out to the need for a new form of business reporting, which delineates the results from the non business or one off transactions, to be disclosed separately, so as to differentiate normal results from abnormal flows during the period of reporting. I am sure that the emerging Corporate Governance policy of Ministry of Corporate Affairs addresses these concerns. I am sure that the new Cost Accounting reporting mechanism can possibly address these concerns.

### **Region and Chapters Connect**

The Navi-Mumbai Chapter of Cost Accountants held a Seminar on Cost Accounting Records and Cost Audit Report Rules on 11<sup>th</sup> February 2012. I could see the effect of "Train the Trainers programme" launched by the Institute as the entire seminar was handled by local experts from Navi Mumbai. I also took the opportunity to visit the land we have acquired for Navi Mumbai Centre of Excellence and had discussion on the modalities of starting the centre soon. I have already informed about the good progress made in getting Govt. approval in my previous communique. I visited the Coimbatore Chapter on 15<sup>th</sup> February 2012, and used the occasion to address the CFOs from the region on the Institute-Industry connect on many of the key areas of cost and management accounting. The industry representatives agreed that the performance reporting under the new notifications on CARR & CAR will be a major value addition which can be made use of by the industry. During the members meet, the members complimented the Council for achieving the name change with the use of designated letters for denoting membership of the Institute and thanked the Ministry of Corporate Affairs for the same. The event also showcased the PR capabilities of our chapter as the press conference was widely covered by the press in Business Line, The Hindu and Indian Express, which are popular in the southern part of the country.

I also addressed the members in the National Seminar held at Dhanbad-Sindri Chapter on 19<sup>th</sup> February 2012, which was addressed by Shri T.K.Lahiry, Chairman and Managing Director of Bharat Coking Coal Ltd. On the sidelines of the Seminar the CMD offered to promote a programme of financial literacy amongst the displaced families in the Region, who have young persons passing the Higher Secondary Examination. He also suggested that BCCL can also impart practical training to the selected candidates for skill development in financial accounting. I readily accepted the offer and have asked the CAT Directorate to implement the scheme. This can be a pilot scheme which can trigger similar

Industry-Institute partnership across the country even in remote regions. This will also give a major opportunity to the youth in that region to achieve a higher level of earning. I thank the CMD of BCCL for kick starting a major initiative, which can prove to be a game changer in the region. I was also pleasantly surprised by the good infrastructure the chapter is having in a centre locality in the city. I requested the Chapter Managing Committee to make the infrastructure as part of Knowledge Centre for Mining industry instead of concentrating only on student coaching, which they readily agreed.

### **Students' matters, Examination Results and First Convocation**

The results of the Examination held in Dec 2011, have been published on dot on 20<sup>th</sup> February 2012, with a major difference this year that they were published in the morning itself. I compliment the Examination Directorate for this achievement, keeping in view of the record number of candidates who appeared for the examination. I also congratulate the successful candidates who have passed the examination. As mentioned in my previous communication, the convocation is being held on 1<sup>st</sup> March 2012, at Science City Auditorium at Kolkata, for students who passed the examinations in June 2011.

It was decided that from December 2011 term examination, the suggested answers will be available for download from our website to all the registered students of the Institute. The details will be notified shortly. I am certain that this step will go a long way in helping the student community as a whole to prepare themselves in a better way for future examinations.

The Institute has also entered into an MOU with Food Corporation of India, for engaging 500 inter passed cost trainees throughout their offices across the country, under the Training scheme of the Institute. I thank the Chairman and Managing Director Mr. Siraj Hussain, CMA. A. K. Kapoor, Adviser Cost –Ministry of Food and the Company Senior management for enabling this key initiative. The Campus Placement drive has been started by the Training and Placement under the Committee for Members in Industry (CMI), with a joint meet of the Chairmen of all the four Regions participating in a pre- placement meeting at Kolkata. I am also encouraged with request to the CMI from some major corporate to organize exclusive campus placement for their organization.

### **Government of India Ministry and other Meetings**

In order to provide an update on the Institute matters to the Ministry of Corporate Affairs, myself along with Vice President met the Honourable Minister of Corporate Affairs, Secretary, Joint Secretary and other

officials. In the meeting with the Honourable Minister, he highlighted the need for incorporating the cost competitiveness in the new corporate governance policy that is being updated by the Ministry. We also highlighted the important role our profession can play in the policy framework of the Ministry during the meeting with the Secretary. He also highlighted the key role that can be played by the profession, and we agreed to help the Ministry in providing intellectual support in cost and pricing of the health care sector including drugs and pharmaceuticals. We also shared the decisions taken by the Council after the name change notifications with the MCA officials.

The Honourable Minister of Corporate Affairs, asked the Institute to present the scenario on cost competitiveness to the Exporters Convention which was held on 13<sup>th</sup> February 2012 at Mangalore. Among the various initiatives launched by the Ministry, I was able to establish a connect between the new notifications on Cost Accounting Records and Cost Audit Report and the aim of the Ministry of Corporate Affairs to promote cost competitiveness across the industry. The Honourable Minister while addressing the convention, brought out the need for an Study on Cost Competitiveness of the Indian Ports, which are the life line of exports. I agreed to the Minister's suggestion to bring out the study on exports jointly with Federation of Indian Exporters Organisation. Another study which was deliberated during the Convention was Costing in Agriculture with special reference to commercial crops for export. I am happy to inform you that the Institute has formed a study group of experts from Ports and agriculture respectively for both these topics and will come out with a detailed report within the next three months.

### **National Cost Convention**

Friends, the National Convention Committee under the leadership of Shri. Rakesh Singh, Vice President is leaving no stones unturned to make the National Convention, a grand success. Since the IFAC-PAIB Committee meetings will also be held just before the convention, we will have the benefit of international speakers addressing the convention. Since this will be the first national convention that will be held after the change of name of the Institute, I extol all the members to come and benefit from the deliberations.

Myself, alongwith Shri.A.S.Durgaprasad, met Shri.A.K.Awasthi, Deputy Comptroller and Auditor General of India, and thanked him for accepting to chair the Technical Committee of the National Convention. Under his intellectual leadership, the Technical Session and speakers have been finalized and I am sure that the convention will be providing

technical deliberations of a high caliber which will benefit the profession.

### **CARR & CAR Initiatives**

As we are moving towards the first year end which will start seeing the implementation of the CARR & CAR notifications, it is very important that the members both from industry and practice get fully trained in the new framework. Towards this the CEP 2 directorate as well as the Regional Councils and chapters are conducting a series of programmes aimed at expanding the limited no. of experts who are able to train the practitioners and members in the new cost audit framework. From the Institute we are also holding frequent meetings of the key working groups which have been formed to release the guidance to members in the form of FAQs, guidance notes and clarifications. The feedback control loop, which is an essential part of management decisions are equally applicable to this also, as the clarifications can be issued in consultation with the Ministry only if we get the feedback on the operational issues. Therefore, I request the members to continue to give the feedback.

The Technical Cell of the National task Force also accelerated its efforts in finalizing the next series of FAQs, while also retuning the ones already issued. The Working Group on construction industry also conducted its first meeting on 24<sup>th</sup> February 2012, in which I was also present.

### **Cost Accounting Standards and Cost Audit and Assurance Standards**

Cost Accounting Standards Board, has started retuning the earlier CAS to fit in with the new framework and has released the Exposure Draft of Revised Cost Accounting Standard - 2 on Capacity Determination (CAS - 2). I am also happy to inform you that the work on guidance notes are also progressing well, with the release of Exposure Draft of Guidance Note on Cost Accounting Standard - 7 on Employee Cost (CAS - 7).

The new series of Cost Audit and Assurance Standards were also by the CAASB of the Institute in its meeting held on 1st February 2012 and the Exposure Drafts of Cost Audit and Assurance Standards on Planning an Audit of Cost Statements (CAAS - 320) and on Audit Documentation (CAAS - 340) have been released for public comments.

All the Exposure Drafts have been uploaded on the institute website and I request the members to send comments / suggestions on the same to the respective Secretariats.

### **International Events**

I am happy to inform the members that our Institute

co-hosted the International Federation of Accountants – Donor Community meeting which was held at Jaipur, India on 22<sup>nd</sup> February 2012. This was the first meeting of the MOSAIC Steering Committee of IFAC-Donor Community, aimed at establishing Professional Accounting Organisations in developing countries. During the meeting the efforts of both the Accounting Bodies from India, the costing institute and the chartered institute shared the various initiatives, which have been taken by us, in developing countries. The Institute was well represented during the meeting with the presence of Shri. Sanjay Gupta, Council Member; Shri B L Jain, Chairman, NIRC; Dr. Ashok Jain and Shri Sanjay Jain, Chairman and Secretary respectively of Jaipur Chapter of the Institute. The IFAC- Donor Community complimented the organization of the meeting, and was of the opinion that it facilitated very key decisions taken during the meet. The meeting was preceded by a meeting with Mr. Anthony M. Hegarty, Chief Financial Management Officer, World Bank, at Delhi, who heads the MOSAIC Steering Committee.

As all members are aware, we have always been harping on the view that Internal Audit is not the preserve of chartered accountants alone. The function has metamorphosed beyond mere compliance orientation, with cross functional teams working on the area within enterprises, to have a futuristic assessment of not only managing risks and mitigating them. In order to institutionalise this concept, we had a meeting with the officials of Institute of Internal Auditors (USA) On 7th February, 2012 at our New Delhi office. Mr. Richard F. Chambers, President & CEO, Mr. Dennis K. Beran, Chairman of the Board, Mr. Hal A. Garyn, Vice President IIA, Mr. Anil Bhandari, President, IIA-India and Mr. Ravi Hariharan Iyer, Secretary-IIA-India were part of the IIA delegation. Shri Rakesh Singh, Vice President and Senior Officers of the Institute were present in the meeting. We also explored the possibility to areas of

mutual co-operation in membership recognition and joint programmes with IIA.

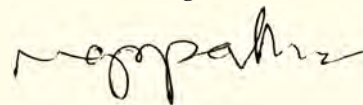
#### CEP Events

I am happy that the professional development continues to be on a robust path with intensive specialized inhouse as well as common programmes launched by the CEP Directorate. The Exclusive Training programmes on 'IFRS and Converged Indian Accounting Standards' by Dr. TP Ghosh, for Mahanadi Coalfields Ltd; Direct and Indirect Taxation and Costing for GAIL India Limited at Jaipur; Recent Trends in Financial Management including IFRS and New Schedule VI of the Companies Act and Management of Taxation during 14-17 February, 2012; and 'Corporate Tax-Planning, Compliance; Management and Strategic Cost Management' during 21-24 February, 2012; 'Project Appraisal and Internal Audit' at Guwahati on 27<sup>th</sup> and 28<sup>th</sup> February 2012; are some of the programmes.

I also wish to inform that the CEP 2 Directorate is in dialogue with CII for conducting a Training Course on 'Accountability Accredited Certified Sustainability Assurance Practitioner' for the members at Chennai in the first week of April 2012. The venue and the details will be available in the website as soon as they are finalized.

On behalf of the Institute, I wish members on the occasion of Holi, Navaratri and other festivals during the month.

With warm regards,



CMA M. Gopalakrishnan  
President,  
The Institute of Cost Accountants of India  
1<sup>st</sup> March 2012