

PRESIDENT'S COMMUNIQUE



CMA P.V. Bhattad
President

The Institute of Cost Accountants of India

Desire is the key to motivation, but it is determination and commitment to an unrelenting pursuit of your goal - a commitment to excellence - that will enable you to attain the success you seek.

- Mario Andretti

My Dear Professional Colleagues,

Namaskar.

I congratulate CMA Fraternity for stupendous success of the NCC 2016 on Building Cost Competitiveness – Mission “Make-in-India” during- 30th and 31st January 2016 at VigyanBhawan, New Delhi. The event inaugurated by Hon’ble Shri ArunJaitley Ji, was one of the most successful and well organized events of the Institute.

I am overwhelmed by the spectacular success of the NCC 2016 and pleased to inform that around 1200 delegates participated in the event to make it a grand success. I am thankful to the dignitaries, guests and speakers, my council colleagues, members of regional councils and chapters, past presidents, sponsors, members, students, press & media, foreign delegates, Institute’s staff and each one of you for this historic success. I am sure the event has been able to showcase the strength of the CMA profession to all the stakeholders and our members are motivated to perform their duties with a renewed vigor. I take this opportunity to reiterate that Institute and its members are ready to wholeheartedly support the Government in its National Building Plan “Make In India”. The CMA fraternity has taken oath to give its humble support to the Government in its endeavor of optimising costs, improving efficiency and ushering an era of accountability.

The NCC 2016 started with a spiritual session which was addressed by Shri Deep Trivedi, renowned spiritual speaker.

Friends, the highlight of the Inaugural session was the gracious presence of Hon’ble Shri Arun Jaitley ji, Union Minister of Finance, Corporate Affairs and I&B. In his address, he congratulated the CMA fraternity for its untiring efforts for the cause of profession, nation and society. He said that cost competitiveness is the key for any economic activity. India has become a service hub due to the low cost of its services. CMAs have a significant role in cutting costs of various components of pricing. If ‘Make In India’ has to succeed, CMAs have to take lead. CMAs’ professional training and experience they inculcate is of immense advantage in determining the roadmap of the cost effectiveness.

Guest of Honor, Hon’ble Shri Tapan Ray, Secretary to the Government, Ministry of Corporate Affairs also highlighted the role of CMAs in nation building and urged CMAs to come forward and take lead inculcating the sense of cost competitiveness and cost efficiency in the corporate world through its members. He urged the members to think beyond filing the cost audit report as scope of cost audit goes further. To take the matter forward, we have taken the initiative and very soon, we shall come out with relevant material on the matter.

ICON of the Profession, Shri DK Sarraf, Chairman, ONGC Ltd, Guest of Honor of the inauguration session also highlighted the significant role played by the CMAs in the growth of economy. He humbly mentioned that he could reach at this position because of the CMA degree. I hope this will inspire many of the

members to reach the newer heights in their career.

The Institute honors the excellent achievements of its members by awarding the ICON of the year award during the NCC. This year the recipients of this award were CMA Manoj Mishra, CMD of National Fertilizers Limited and CMA Ratan Lal Nolkha, Chairman of Nitin Spinners Limited.

Session wise role of CMAs

The Plenary Session on the main theme Building Cost Competitiveness Mission: ‘Make in India’ was immensely important as the speakers deliberated on the ways of building cost competitiveness and cost effectiveness. It was highlighted that continuous reengineering of the working methods, products and activities to simultaneously create value at competitive prices for the consumers is the key to achieve the cost competitiveness. It is important to develop products suitable to a segment of customers as the customer satisfaction is of paramount importance. CMAs as to ensure the complete understanding of how customer “value” is created and full information on costs is available to the decision-maker.

Technical Session 1 on Cost Competitiveness through Cost Audit highlighted the role of Authentic Cost Data Base to ensure free trade and absence of unfair practices for the industries to improve their performance to face competitive environment. It is useful to various stakeholders for meeting their respective objectives. Authenticated

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cost data also acts as a shield for the dumping charges levelled against the industries. It was also underlined that financial reporting in isolation has the problem of Focus on compliance while cost audit report reflects effective utilization of resources like material and labor and also allocates various expenses to different products, which results in working out product wise cost and profitability instead of overall profitability as being reported in the financial reports. Hence Cost Audit has a perfect synergy with Enterprise Governance framework.

Technical Session II on Nation Needs - Goods and Service Tax (GST) deliberated upon the role of CMA in the most awaited tax legislation of the country. It was informed that the CMAs have a very important role to play in Strategic Consultancy, Functional Support, IT & ERP Systems, Audit, Assurances & Legal Compliances, Accounting & Taxation and Partnering in Transition while implementing and seamless rolling out of GST.

Speakers on Technical Session III on Reach the Unreach discussed and highlighted that CMAs have a major role in ensuring that the intended benefits of the social schemes launched by the Government are actually percolating down to the grassroots level. For this, CMAs may engage in project monitoring, project evaluation and performance and project appraisal activities including social audit of these projects. CMAs also play significant role in prevention of misappropriation of funds and perpetuation of frauds.

The most high profile technical session IV on Develop Yourself-Develop III-Tier consisted of top civil servants of the country, deliberated upon the role of CMAs in helping out PRIs to move away from "compliance orientation" to "strategic local thrust" and become catalysts of inclusive & sustainable development of rural India to lay down control systems keeping pace with increasing & diversified resources and also in management of Fund and asset. It was also described that this area has most of the opportunities for CMA professionals.

Role of CMAs in healthcare services was highlighted in the Technical Session V on Your Health-Economic Health. Speakers mentioned that the biggest challenge for healthcare providers was to balance the costs while providing high-

quality care and universal access. CMAs can play a very important role by assisting healthcare specialists in controlling costs, improving quality, and enhancing safety by way of adopting process improvement, waste reduction and defects prevention. During the session Hon'ble Shri Shyam Ji Jaju, Vice-President, BJP graced the stage and also addressed the participants. He urged the CMA professionals to contribute wholeheartedly to the cause of the nation and the society.

The Technical session V on You & Your MSME was the last session but it had very inspiring discussion on the role of CMAs in helping and strengthening the MSMEs in the Country. There are major challenges facing MSMEs and as a result they get their pricing and product mix decisions wrong. There comes the role of CMAs who are equipped to fill this vital need through a unique blend of core competencies in accounting, management and strategy. During the Session the National President, All India MSME Association Management presented its honorary membership to the Institute, which was accepted by me.

Chief Guest of the valedictory session was Mr. Mongy Aly Badar, Hon'ble Minister Plenipotentiary (Commercial), Embassy of Egypt, who hailed the 'Make In India' mission and offered to set up CMA Institute in Egypt to highlight the importance of Cost and Management Accounting. The session concluded with the vote of thanks by the Convener of the NCC-2016. It was also announced that WIRC of ICAI will hold the next NCC (58th NCC) in its region. The dates and venue shall be announced later.

Publications released (NCC 2016)

I wish to inform you that the following publications of the Institute got released during the NCC 2016.

- NCC 2016 Souvenir (released by Hon'ble Shri ArunJaitley Ji)
- Guidance Note on Companies (Cost Records and Audit) Rules, 2014 (released by Hon'ble Shri Tapan Ray Ji)
- Guidance Note on Reporting on Fraud under Section 143 (12) of Companies Act, 2013 (released by Hon'ble Shri Tapan Ray Ji)
- Research Bulletin - Vol. 41, No. IV (released by Sri Girish Murmu, IAS, Additional Secretary, Plan Finance-I, Ministry of Finance)
- Research monograph on the topic "An Insight into Corporate Social

Responsibility" (released by Hon'ble Shri Shyam Ji Jaju).

Speakers speak:

Some of the prominent speakers who presented their views on the role of Cost and Management Accounting in Make In India mission are placed below:

- Shri Sushil Behl

There is today a greater need to retrospect and take action to nurture an enabling framework so that all effort be it policy, regulation, taxation or infrastructure is aligned to a National Mission for Responsible Competitiveness.

- CMA Dr. SK Gupta

CMAs can make MSMEs roar as MSME stands for My Strength My Efficiency. CMAs arise and awake. Mission -Make in India is a professional responsibility. Support SMEs to Create and Deliver value.

- CMA Kunal Banerjee

The compliance framework of the Cost Audit mechanism aligns Business Governance with the Performance Framework for the Board.

- CMA Sanjay Jaju

You may be disappointed if you fail, but you are doomed if you don't try'. Time to put our acts together.....

- Dr Ashutosh Ravavikar

Financial inclusion can be achieved with active and collaborative involvement and support of policy-makers, regulators, governments, it solution providers and public at large.

- CMA S Subhashini

Rural population in India is around 67.63% and investing in this segment of population is the best way to leverage nation's competitive advantage – its demographic dividend.

- Dr. Paritosh Basu

There are seven seas of dramatic improvements in systems and procedures; Quality, Cost, Volume, Relation, Speed, Flexibility and Sustainability

National CMA Practitioners' Convention at Kolkata 21st February 2016

After the super success of NCC 2016, I am inviting the members of the Institute to the National CMA Practitioners' Convention at Kolkata on 21st February 2016. There will be widespread deliberations during the conclave in three technical sessions; Scope of Practicing CMAs under various statutes; Session on clarifications by the team from Cost

Audit Branch of Ministry of Corporate Affairs on difficulties faced by members in implementation of Cost Rules 2014 and suggestions for further improvement within the legal framework and a session on Cost Accounting Standards & Cost Auditing and Assurance Standards issued by the Institute. I urge you to attend the event and get benefitted by deliberations on important professional matters.

Other Initiatives by the departments of the Institute

CAASB Initiatives

I am happy to inform members that Cost Auditing and Assurance Standards Board (CAASB) has taken the task of developing 15 more Standards on Cost Auditing (SCAs) vigorously so that these may be sent to the Central Government by 31st March 2016 for its approval. The Institute has already sent the following SCAs for approval of Central Government in view of mandate under section 148(3) of the Companies Act 2013:

1. SCA-105 Standard on Cost Auditing, "Agreeing the Terms of Cost Audit Engagements";
2. SCA-106 Standard on Cost Auditing, "Audit Sampling";
3. SCA-107 Standard on Cost Auditing, "Audit Evidence";
4. SCA-108 Standard on Cost Auditing, "Materiality in Planning and Performing Cost Audit";
5. SCA-109 Standard on Cost Auditing, "Cost Auditor's Responsibility Relating to Fraud in an Audit of Cost Statements"

Once the above Standards are approved by the Central Government, the compliance of them shall be mandatory for the cost auditors auditing the cost records under section 148(2) of the Companies Act 2013. Cost Auditing and Assurance Board (CAASB) in its meeting held on 18th January 2016 approved (i) SCA on Cost Auditing on Written Representation and (ii) SCA on Cost Auditing on Evaluation of Misstatements identified during the Audit. These Standards are being sent to Central Government for its final approval after approval of the Council. CAASB in the above meeting also approved Exposure Draft of SCA on The Cost Auditor's Responses to Assessed Risks for public comments/ suggestion. This Standard is hosted on the Institute website and I request all stakeholders to send the comments/ suggestions to CAASB by 27th February 2016 so that it may be

improved upon before the same is sent to Central Government for its approval. I urge all Chairmen of Regional Councils/ Chapters to hold seminars/ workshop and Study Circle meets for advocacy of Standards on Cost Auditing (SCAs) so that proper and necessary awareness on SCAs are created among the members of the Institute and Industry.

CPD Initiatives

As recommended by the Continuing Professional Development and Cost Management Accounting Committee and approved by the Council at its 296th Meeting, the Institute has amended two guidelines in the interest of the profession and members of the Institute w.e.f. 1st January 2016, Guidelines for Mandatory Training for all Members of the Institute under Continuing Education Programme and Guidelines for CEP Study Circles for the Members of the Institute. The amended guidelines are available on the website of the Institute. I request members to kindly go through the same.

Examination Department

The Examination Directorate successfully conducted Intermediate and Final Examination for December 2015 term. The said Examination for rain effected Tamil Nadu and Puducherry was conducted from 3rd January to 10th January 2016. However the results would be released as per schedule. I wish success to all examinees.

Professional Development initiatives:

The Professional Development Committee organized a programme titled "Financial Sustainability- the CMA Edge" on 8th January 2016 at Kolkata. I attended the event along with other council members. There were discussions on cyber frauds and precautions to be followed by ordinary citizens. The session was attended by Finance Officers of various colleges of Bhutan and was very well appreciated.

Placement Initiatives

I wish to inform that M/s Genpact has agreed to conduct continuous campus placement for Final and Intermediate qualified students. As per this understanding, the Company will be visiting our Hyderabad Chapter on the first Saturday of every month and the all interested final and intermediate qualified students from any parts of the country can walk in for interview with the Company. This is for the first time

that such a placement initiative has been taken for providing continuous placement for our students. In the month of January 2016, Wipro took 3 and Intercontinental Group 14 passed out students. I am further happy to inform that the Placement Directorate has vigorously started its campaign for placement of December 2015 final qualified students and I am confident that they will be able to continue the success story of earlier placement initiatives.

Tax Research Department initiatives

Taxation Committee continues to serve greater need of the CMA profession through their value addition activities, workshops and seminars. A special session on GST during the NCC 2016 was greatly appreciated. Forthcoming workshop on Indirect Taxation and gearing for GST is rescheduled for Chennai during 5th-7th February 2016. Members are invited to participate and make it a grand success

Friends, by the grace of God and with your support we will continue taking initiatives for the development and growth of Profession and Institute. I would like to inform you that in the coming months we have planned following initiatives and events apart from National CMA Practitioners' Convention. I urge all of you to come forward and be a part of the success stories of the Institute:

- International Conference on 10th & 11th March 2016 at New Delhi
- Chapters and Region meet on 26th & 27th March 2016 at Kerala
- National Students' Convention at Nagpur in April 2016
- Seminar for Members in Industry in June 2016 in Kerala

I wish prosperity and happiness to members, students and their families on the occasion of Basant Panchmi and Guru Ravidas Jayanti.

With warm regards,



(CMA P.V. Bhattad)
2nd February 2016