



B. M. Sharma, President

A leader is a dealer in hope.

– Napoleon Bonaparte

Dear Professional Colleagues,

You may be aware Hon'ble Prime Minister of India Dr. Manmohan Singh during his visit to African countries has focused on new opportunities awaiting professionals if India opens up to that great continent. This would result in coming together of two civilisations and trade of services including those in the domain of Cost and Management Accounting shall also emerge.

In addition to above, while presenting the Annual Policy for 2011-12, the Governor of Reserve Bank of India pointed out the factors that have shaped the outlook and monetary strategy for 2011-12 and the policy announced on 3rd May, 2011 highlighted three key factors. Firstly global commodity prices, which have surged in recent months, are likely to, at best, remain firm and may well increase further over the course of the year. Second, headline and core inflation have significantly overshoot even the most pessimistic projections over the past few months. In terms of the likely trajectory of inflation over the year, the first suggests that high inflation will persist and may get worse. The second raises concerns about inflationary expectations becoming unhinged. The third factor, countering these forces, is the likely moderation in demand, which should help reduce pricing power and the extent of pass-through of commodity prices.

The monetary policy trajectory that is being initiated in this Annual Statement is based on the premise that over the long run, high inflation is inimical to sustained growth as it harms investment by creating uncertainty. Current elevated rates of inflation pose significant risks to future growth. Bringing them down, therefore, even at the cost of some growth in the short-run, should take precedence.

As you can see these factors have basic directional flow from the information relating to Cost and Management Accounting only which are the core areas of our avocation.

Professional Development Directorate

I am happy to share with you a very significant development regarding the profession. In my last month's communiqué I had informed you that other issues concerning our profession as recommended by the Expert Group will be implemented shortly. You may be aware that the basic tenet of the recommendations of the Expert Group was maintenance of principle based cost accounting records. The Expert Group had also recommended that instead of individual product/industry based cost accounting records, the Government should adopt principle based uniform cost accounting record rules. I am extremely happy to inform our members that the Central Government has now issued Companies (Cost Accounting Records) Rules 2011 vide notification number G.S.R. 429 (E) dated 3rd June 2011.

The Central Government has also notified revised Companies (Cost Audit Report) Rules 2011 vide notification number G.S.R. 430 (E) dated 3rd June 2011. The revised structure of the cost audit report is also based on recommendations of the Expert Group. In the era of price control and administered interventions, attested cost structure had a major role to play and hence the cost audit emphasized on this aspect. In the changed economic environment the emphasis has to shift to efficiency review. Further, in a market economy, regulators are required to frame right regulations in the interest of the industry as a whole and also in the interest of the consumers and other stakeholders. The restructured Cost audit report, supported by cost accounting standards, would provide relevant and credible cost and revenue data to regulators to support their decisions. Moreover, cost audit report along with the performance appraisal report would provide relevant reports to the board of directors to strengthen its oversight function.

I would also like to inform you that subsequent to issue of General Circular No. 15/2011 dated 11th April 2011 regarding changing the methodology of appointment of cost auditors, the Central Government has prescribed Form 23D which a cost auditor would be required to

file with the Central Government after receipt of formal letter of appointment. The Form can be downloaded from the site of the Ministry as well as of the Institute.

Meeting with Special Secretary, MOEF

A Team comprising Mr. Kunal Banerjee, Past President of ICWAI; Mr. A.N. Raman, President, SAFA & CCM, ICWAI and Director (Professional Development) made a presentation on Management Accounting Guidelines issued by ICWAI on Environmental Management and its Accounting to a team headed by Special Secretary, Ministry of Environment & Forests (MOEF) and other officials. The deliberations were extremely fruitful.

The MOEF has requested the Institute to develop guidelines that would help industries and the Ministry to adhere to the environmental norms stipulated by the Ministry. The Institute is also planning to organize workshops for the members of Institute to familiarize them on the environmental issues and environmental accounting. The matter is under further discussion with MOEF to crystallize the framework.

Directorate of Advance Studies

Friends, I am happy to share with you that a new directorate "Directorate of Advance Studies" has started functioning at New Delhi Office of the Institute with effect from 29th April 2011 and has been envisaged to carry out the following tasks :

1. the core activity of conducting and delivering industry-relevant post qualification courses for the members of the Institute. The Directorate shall conduct Post qualification Certificate/ Diploma courses in Indirect Taxation, Business Valuation and Risk Management for the members as well as other interested professionals.
2. to support the Institutes' representation and deliverables at the various meetings and platforms with the Ministry of Corporate Affairs and other Ministries of the Government of India, regulators, industry associations and other stakeholders.

CEP Directorate

During the month of May, 2011 following two programmes and a meeting were organized by the CEP Department of ICWAI.

1. IFRS Certificate Course at Mumbai during 4-8 May, 2011.
2. IRCON International Programme on Finance and Accounts on 13 May, 2011.

Dr Peter Byers, Deputy Pro-Vice Chancellor and Ms Marilyn Miles, Head of International Business Development, University of Birmingham visited Delhi office on 20th May, 2011 and had discussion regarding International Training Programmes exclusively for IRAS Officers of Ministry of Railways, Government of India, exchange programmes and also MBA Course for the members of the Institute.

International Affairs

You will be pleased to know that the ICWAI has entered into an MoU with the Institute of Certified Management Accountants of Sri Lanka (ICMASL), Colombo on 2nd June, 2011 paving the way

for closer interaction on various issues on regional development between the two bodies. Mr. A N Raman, President SAFA and CCM, ICWAI and I also participated in the International Seminar on "CMA Management Accountant's Conference-2011" organised by ICMASL at Colombo.

Dr Alok Pandey, Director - Advance studies also attended the Seminar at Colombo as an expert in the session 'Establishing a globally competitive Program for Management Accountants in Sri Lanka' having representation from Pakistan, Sri Lanka, UK and Australia. Dr. Alok Pandey has also been formally invited to help the ICMASL in its academic activities and programs in future as well.

Inauguration of Pimpri-Chinchwad-Akurdi Chapter of the Institute

I had the privilege to be present at the inauguration of Pimpri-Chinchwad-Akurdi Chapter of Cost Accountants, which was inaugurated by Shri Yogesh Behl, Hon'ble Mayor of Pimpri Chinchwad Metropolitan Corporation whereas Shri Gajanan D Babar, Hon'ble Member of Parliament has inaugurated oral coaching classes of the Chapter, on 25th May, 2011. Shri Yogesh Behl, Hon'ble Mayor has felicitated me with Puneri Pagdi & shawl, on the said occasion. We had the pleasure of the company of Ms. Aparnatai Doke, Hon'ble ex-Mayor of the municipality of Pimpri-Chinchwad on the august occasion. A large number of members and students attended the inaugural function.

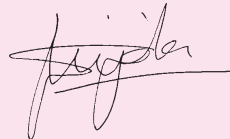
LLPs of Cost Accountants

I am happy to inform you that the Ministry of Corporate Affairs, Government of India vide its General Circular dated 4th April, 2011 has mentioned the word "partnership" wherever occurring in the Cost and Works Accountants Act, 1959, the Chartered Accountants Act, 1949 and the Company Secretaries Act, 1980 shall be applied to include those Limited Liability Partnerships (LLPs) where all the other partners are natural persons and that the word "partner" to be interpreted accordingly. I hope this shall augur well for creation of LLPs of Cost Accountants.

Elections to the Central Council and Regional Councils

The elections for the new Central Council and Regional Councils have been held peacefully across the country on 3rd June, 2011. I congratulate the members of the Institute for participating in the elections enthusiastically and thank the Returning Officer, Polling Officers, Observers and others including employees of the Institute for holding the election process in an exemplary manner.

With best wishes,



Brijmohan Sharma

President

6th June, 2011