



B. M. Sharma, President

**“Kaun Kehta hai, soorakh aasman mein nahin ho sakta,  
Ek patthar to tabiyat se uchhalo yaron.”**

An Urdu Couplet

(Who says it is impossible to pierce even the sky, all you require is a spirited effort.)

Dear Professional Colleagues,

My Greetings to all fellow Indians on the 64th Independence Day. I had the privilege of hoisting the National Flag at the ICWAI, H.Q, Kolkata in the presence of Council Members and officials of Kolkata Office. I am also happy to note that similar celebrations took place in our regions and chapter offices.

### **The Companies Bill 2009**

We compliment the Standing Committee on Finance for paving the way for smooth passage of one of the most important pieces of legislation for corporate governance in the country by giving its recommendations to the Parliament on The Companies Bill, 2009. In its forward looking approach, the Committee has concurred with many of the proposals given by the Institute. New Clause 122A has provided for appointment of internal auditor for certain class or description of companies to be prescribed who shall be a Chartered Accountant or a Cost Accountant.

The Committee has also recommended to the Ministry of Corporate Affairs to consider favourably the suggestions of the ICWAI for appropriate coverage of corporate sector for mandatory maintenance of cost records, bringing within its ambit exploration, mining, processing, manufacturing, infrastructure and utilities, keeping in view the significance of cost control for industry. The Committee has also recommended changes in the methodology of appointment of cost auditors.

The Committee has expressed their concern to make the process of statutory audit and functioning of financial auditors truly independent, especially in view of the recent instances of corporate fraud committed in respect of Satyam. Constitution of National Advisory Committee for Auditing and Accounting Standards (NACAAS) to oversee the auditing standards is a right step towards achieving right standards of auditing.

### **Name Change :**

As you are aware, The Cost and Works Accountants (Amendment) Bill, 2010, which was introduced to the Rajya Sabha, on April 28, 2010 was under consideration of the Parliamentary Standing Committee on Finance. The Committee submitted their report on August 31, 2010. It may not be out of place to mention that the same Committee in 2004 had recommended to the Government to change the name of our Institute to “**The Institute of Cost and Management Accountants of India**” after considering the objections of ICAI to the proposal of change of name of ICWAI. They supported the necessity of the change in the name in the context of positive leverage in Mutual Recognition Agreements, enhanced image of the Institute in the international platform strengthening prospects of professional members and in the national interest in having the due share in trade of Management Accountancy services in the world in open competition. In the present report, the Committee has noted that due to the “*vehement opposition expressed by ICAI to the proposal in particular*” has “*prompted a rethink in the matter*” and have indicated that “*upon considering the matter, the Committee are of the view that as proposed in the Companies Bill 2009, it would be preferable to term the designation attached to the profession “cost accountant”; and rename the Institute as the “Institute of Cost Accountants”*”.

It is unfortunate that the Institute of Chartered Accountants of India, which we have always considered as a sister professional body, took such a stand by virtue of their larger number and having members in influential positions. It may be noted that the objections of ICAI to our proposed name change is no different from the grounds that were taken by them in 2004, which was not found to have any merit. We from ICWAI made strong representation to the Standing Committee, refuting the concerns expressed by the ICAI, supported by references to national as well as global international practices.

It appears that the Committee considered the function of our members as defined under Section 2 of the CWA Act in its present form and has proposed to drop the word "Works" from the designation of a Cost Accountant. With due respect, I would like to submit that the Committee should on the same logic propose to change the name of the ICAI to "The Institute of Financial Accountants of India" since section 2 of the ICA Act states the function of its members as auditing and verification of "financial" transactions. In any case, the word "Chartered" is a legacy of the British Raj and the name itself was borrowed from the English Institute which had a Royal Charter. Our legislators should seriously consider whether we should continue with such a designation after celebrating the 64th year of Independence. I call upon our members and right thinking people of the society to impress upon the Legislators, Regulators and the Government of India to seriously consider whether an autonomous body constituted under an Act of Parliament of a sovereign country should be allowed to continue the word and designation "Chartered".

The ICAI in its argument has stated that the change in the name of ICWAI to ICMAI would create confusion about the role and scope of the members of the two Institutes. As per the proposal of the Committee, if our name is changed to "The Institute of Cost Accountants of India" (aka ICAI), we should then logically be allowed to use the abbreviations "ACA" and "FCA". I leave it to the judgment of the members of our Institute, members of the ICAI and the Government to decide which will be more confusing – the proposed name change as per original bill or as expressed in the Standing Committee Report.

The ICAI, which got constituted under an act of Parliament before ICWAI, have had the advantage of statutory and regulatory backing from the beginning which unfortunately ICWAI never had. As a true professional body, our Institute has always supported the cause of professionalism even during the period when the profession of Chartered Accountants faced the crisis of public confidence in their profession recently. We have always been of the opinion that all the three professional bodies should work hand in hand for the development of the country and improving

the competitiveness and corporate governance of the economy. In the country's economic growth each profession has a vital role to play within the space which are clearly distinct and have been earmarked by the respective Acts of Parliament. The power that lies with the professionals should be harnessed to the country's development and not bent upon trying to stifle and suppress the growth of fellow professions.

I am sure that the Ministry of Corporate Affairs headed by an intellectual par excellence Hon'ble Minister of Corporate Affairs Shri Salman Khurshid ji with able support from team of experts led by Shri R Bandyopadhyay, Secretary, MCA will take into consideration all the issues and I am sure the Institute will get justice.

The Report provides in detail the arguments by the ICWAI and the solid and logical grounds put forward by the Ministry of Corporate Affairs, for the name change. The report is available on the website [www.loksabha.nic.in](http://www.loksabha.nic.in)

#### **Direct Tax Code Bill 2010**

The Ministry of Finance tabled the Direct Tax Code Bill 2010 in the Lok Sabha on August 30, 2010. The new Code aims to replace current Income-tax Act, 1961 and Wealth tax Act, 1957. It is proposed to be made effective from April 1, 2012, if enacted. The DTC will pave way for the Indian corporate and taxpayers to rethink on the existing structure and mode of conducting business.

The bill has been referred to Parliamentary Standing Committee on Finance and ICWAI will be making its representation before the Committee for recognition of its due role in the DTC and various other provisions.

#### **Goods and Services Tax**

All of you are aware that despite the best efforts put in by Hon'ble Finance Minister Shri Pranab Mukherjee to bring reforms in commodity taxation from April 1, 2011, this is getting deferred. The Constitutional amendment required and agreement of all the State Governments on various issues is the basic hurdle in the implementation of GST. In this connection, ICWAI has brought out a publication on "Guidance Note on GST" which has been widely appreciated by the Regulators and other professionals.

#### **Other activities :**

I along with the Vice-president Shri M.Gopalakrishnan met Shri Salman Khurshid ji, Hon'ble Minister of State (I/C) for Corporate Affairs and Minority Affairs on July 26, 2010. We apprised him of the developments and challenges being faced by the profession and offered all assistance from the Institute for undertaking various programmes of Government. We also met Shri R. Bandyopadhyay, Secretary, MCA, and thanked him for his constant guidance and cooperation from the Ministry. We apprised him the various relevant developments in the Institute also.

We called upon Shri P.D. Sudhakar, Special Secretary, MCA and Smt. Renuka Kumar, Joint Secretary, MCA on July 26, 2010. We also met Shri T.V. Somanathan, a member of our Institute, appointed recently as Joint Secretary, MCA and apprised him about the activities of the Institute.

It is my pleasure to share with you that Cost Accounting Standards issued by ICWAI are getting recognised in the corporate world. ICWAI and Standing Conference on Public Enterprise (SCOPE), a representative body having all Central Public Sector Undertakings as its members, jointly organised a Seminar on Cost Accounting Standards on July 30, 2010 at New Delhi. Shri Jitesh Khosla, Additional Secretary and OSD, IICA was the Chief Guest. I had the privilege to participate in this forum and exchange the views with senior officers of Central PSUs some of which are one of the largest employers for our members. I am happy to inform you that the Cost Accounting Standards is already having wide acceptability and the application of the standards, made mandatory for all cost certifications from April 1, 2010, is going to help the economy and the society at large in taking informed decision about matters related to cost and management accounting.

I was invited at AGM followed by the felicitation function for the newly elected President of ICWAI by NIRC on July 31, 2010 at New Delhi. During this widely attended function, as a Chief Guest, I interacted with senior members of the Institute who were presented with mementos and other awardees of the various programmes of the Regional Council. It was an opportunity to share and receive various suggestions from the members in respect of students' services, increasing the areas and scope of members in practice and opportunities for updating the knowledge of members in employment and practice.

I was also invited by WIRC to attend the felicitation function organised by them on July 31, 2010 in Mumbai. I have noted the suggestions and expectations of the members and I would like to inform that we are taking necessary steps in this regard.

Cuttack Bhubaneswar Chapter organized a seminar on August 27, 2010 on "The Role of Management Accountants in the inclusive growth of Indian economy". I participated in the seminar where Shri R. Bandyopadhyay, Secretary, MCA was the Chief Guest and Shri Saurabh Garg, Commissioner-cum Secretary, Department of Public Enterprises, Government of Orissa, was the Guest of Honour.

Government of Orissa celebrated "Investor Day" on August 28, 2010 and organised "Investor Awareness Programme". This programme was graced by Shri Salman Khurshid ji, Hon'ble Minister for State (I/C), Corporate Affairs and Minority Affairs, Government of India; Shri Navin Patnaik ji, Hon'ble Chief Minister, Government of Orissa; Shri R Bandyopadhyay, Secretary, Ministry of Corporate Affairs, Government

of India and other senior state government officials. A guide for Investors, which is translated and printed by ICWAI in Odiya language, was released. I had the privilege to attend the panel discussion with Mr. J K Mohapatra, Secretary, Finance Department who was the Chairman of the Session.

The SAFA meeting was held on August 8 & 9, 2010 at Dhaka and I attended it along with Shri G.N. Venkata-raman, Immediate Past President and Shri A.N. Raman, CCM and Vice-president SAFA. The meeting addressed various issues confronting the profession in our region.

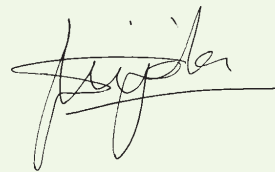
I am glad to inform members that UGC has recognized CWA Qualification for appointment as teaching faculty in universities and colleges in the area of Management/Business Administration as Assistant Professor, Associate Professor and Professor and Principal/Director/Head of Institution subject to fulfillment of other requirements. The relevant extract and full text of the Notification is available at the websites of the Institute and the UGC respectively.

The results of the June 2010 Examinations of the Institute have been declared. I congratulate all the students who have passed the examination and urge others to work harder for their future efforts. The Campus Placement initiative by the Training and Placement Directorate at New Delhi has been doing a commendable job and there is good response from the Corporates to participate in the Campus placement. They are also continuously approaching other corporates for more and more participation in the campus. The passed finalists are requested to upload their resume in the Institute website, so that they can participate in the Campus Placements to be held throughout the country.

We have proactively contacted many organizations within the Government and outside, for due recognition for our profession, wherever it has been brought to our notice. We assure our members that we will continue to take up all issues with the Government and other bodies, either proactively or as and when it is brought to our notice.

With the onset of festival season my best wishes for Janmashtami, Vinayak Chaturthi and Eid-ul-Fitr to all of you,

Yours sincerely,



(B.M. Sharma)

President

Date : 1<sup>st</sup> September, 2010