



# WIRC BULLETIN

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For Members only

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## *From the Desk of Chairman*



Dear all Professional Colleagues and Seniors of Profession,

While reading this communication you must have been enjoying Auto Expo 2014 simultaneously. Different automobile manufacturers present their new models of cars in the exhibition. It's a show of strength by Automobile Manufacturers and known as thermometer of Indian

Economy! Even though Rupee has reached to its lowest since November 2013, the future winds of economy are still stronger. RBI raised interest rates by a quarter points to 8%. It definitely came as surprising move by Apex Bank to many analysts. Leading banks has shown no impact of such rate increase and all prime lending rates look to be not impacted by this move of RBI. Inflation has shown slowing down trends despite the consumer price inflation remains high. RBI has set a new target of 4% inflation in the year 2016. And something to cheer for Mumbai people! The first Monorail in the country has started operating in the commercial capital and soon will be known as second life line of the city.

### **Students**

I can understand the anxiety of students those who have appeared for final examination this December 2013. I would like to congratulate all Foundation and CAT passed students for the results declared for the examination of December 2013. Those who have failed to cross this first hurdle in their professional journey can take additional chance in April 2014. Forms are available on HQ website for April 2014.

I was fortunate to attend Placement Committee meeting at New Delhi last month. Looking at economic slowdown, we have decided to change the strategy for campus interviews. I request all our members to participate in Campus Placement Program through their companies, which are expected to take place in April/ May 2014. There will be 3 locations in region where we will conduct the same namely; Mumbai, Nagpur and Ahmadabad. Dates will be declared very soon.

### **Members**

I attended Member's Meet at Mumbai and Ahmadabad in the months of January 2014. Across the region there was only one voice is to test all the possibilities to fight against Draft (Cost Audit and Report) Rules 2013. I would like to

assure all the members that WIRC will not leave any stone unturned before the final outcome is achieved. We have left with very few options and we are contemplating effects of all such possibilities. I must congratulate efforts made by NIRC and some Past Presidents in publishing their comments/ articles in National Daily. Such type of awareness will put some pressure on lawmakers to take cognizance of our contribution to society.

I was invited by Ahmadabad Chapter for their seminar on Service tax. I was extremely happy to meet Mr. Navneet Goel Commissioner of Central Excise and Customs. On the occasion I once again raised voice for mechanism towards valuation of captive consumption of services. After FIAT case decision, we have realized that CAS 4 and Cost Audit is the only mechanism for valuation of Cost of Production. On the similar lines to value all types of services we should have strong mechanism especially in the case of related party transactions. We will try our level best to convince lawmakers to create such mechanism which is revenue earning for government.

I have no doubts that Bhubneshwar is a beautiful city! And it's calling us as well for National Convention 2014. I request all members to attend NCC 2014 which is scheduled on 22nd and 23rd February 2014. All information related to that is available on HQ website.

### **Other Institutions**

I take this opportunity to thank all Hon. Members of Parliament who heard our side on Draft Rules. Many Hon. Members have also issued letters in our favor. WIRC is in the process of compilation of such letters so that more support can be generated. I am also happy to inform you that Subordinate Legislation Committee of Rajya Sabha and Loksabha has taken note of our representations. I also thank Hon. Members of Parliament Shri Sanjay Nirupam ji and Smt. Sumitra Mahajan who issued letters in our support with a copy to WIRC.

### **New Initiatives**

Friends, Renovation of WIRC premises has reached to final stage and very soon we will see the brand new face of it. We are planning to inaugurate the renovated premises soon. Please be in touch with WIRC website for the exact dates.

I wish all the members, their families and friends on the occasion of Shiv Jayanti and Maha Shivaratri.

With Warm Regards

**CMA Ashish Thatte**

## Glimpses of Members Meet organized on 24-1-2014 at Ahmedabad



CMA R B Kothari,  
Chairman ICAI-Ahmedabad



CMA Ashish Thatte,  
Chairman WIRC



CMA Amit Apte,  
CCM-ICAI



CMA Chandra Wadhwa,  
Past President - ICAI



CMA D V Joshi,  
Past President - ICAI



View of Audience



Interaction with Members



Vote of Thanks by CMA Ashish Bhavsar -  
Secretary ICAI-Ahmedabad

## Glimpses of Seminar on Service Tax organized by Ahmedabad Chapter on 25-01-2014



CMA R B Kothari,  
Chairman, ICAI-Ahmedabad Chapter



CMA Ashish Thatte,  
Chairman WIRC



Chief Guest Mr. Navneet Goel



CMA V S Datey



CMA N.K.Nimkar



CMA Ashish Bhavsar,  
Secretary - ICAI-Ahmedabad Chapter



CMA S R Bhargave,  
CCM-ICAI



View of Audience



Felicitation of Chief Guest Mr. Navneet Goel - Commissioner, Central Excise & Customs  
by CMA Ashish Thatte - Chairman WIRC



## JOINT COSTS: Apply CAS-19 w.e.f. 1st April 2014

*CMA Dr. Niranjan Shastri (Treasurer & Ex Chairman Indore-Dewas Chapter)*

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### 1. INTRODUCTION:

With an objective to bring uniformity & consistency in the principles & methods of determining cost of specific items of general purpose cost statement and their classification, measurement & assignment for determination of the cost of product or service along with the presentation & disclosure in cost statements, The Institute of Cost Accountants of India has issued 19 cost accounting standards till date. The latest amongst the series of these cost accounting standards is number 19 popularly known as CAS-19 which is on Joint Costs. This standard deals with the principles and methods of measurement and assignment of Joint Costs for determination of the cost of product or service, and the presentation and disclosure in cost statements.

### 2. A BIRDS EYE –VIEW ON COST ACCOUNTING STANDARDS:

Till date the Institute of Cost Accountants of India has issued the following cost accounting standards:

**CAS-1:** Classification of Cost

**CAS-2:** Capacity Determination

**CAS-3:** Overheads

**CAS-4:** Cost of Production for Captive Consumption

**CAS-5:** Average (equalized) Cost of Transportation

**CAS-6:** Material Cost

**CAS-7:** Employee Cost

**CAS-8:** Cost of Utilities

**CAS-9:** Packing Material Cost

**CAS-10:** Direct Expenses

**CAS-11:** Administrative Overheads

**CAS-12:** Repairs and Maintenance Cost

**CAS-13:** Cost of Service Cost Centre

**CAS-14:** Pollution Control Cost

**CAS-15:** Selling and Distribution Overheads

**CAS-16:** Depreciation and Amortisation

**CAS-17:** Interest and Financing Charges.

**CAS-18:** Research and Development Costs

**CAS-19:** Joint Costs

### 3. OBJECTIVE, SCOPE & APPLICABILITY OF CAS-19:

What are Joint Costs? What are the methods of measuring and assigning the Joint Costs? How are they presented

and disclosed in cost statements? In fact with intent to settle all these type of issues, the Institute of Cost Accountants of India has recently come up with CAS-19 on “Joint Costs”.

The objective of this standard is to bring uniformity and consistency in the principles and methods of measurement and assignment of the Joint Costs with reasonable accuracy.

This standard should be applied to cost statements that require classification, measurement, assignment, presentation and disclosure of Joint Costs including those requiring attestation.

This Cost Accounting Standard shall be effective from the period commencing on or after 1st April 2014 for being applied for the preparation and certification of General Purpose Cost Accounting Statements

### 4. IMPORTANT TERMS USED IN CAS-19:

A brief description of terms used by this standard is as under:

**a) Terms adapted from CAS:** This type of terms includes those which are already defined under CAS-1 to CAS-18 and adapted by this standard. These terms are as under:

**i) Imputed Costs:** These are hypothetical or notional costs not involving cash outlay, computed only for the purpose of decision making.

**ii) Scrap:** These are discarded material having some value in few cases and which is usually either disposed of without further treatment (other than reclamation and handling) or reintroduced into the production process in place of raw material.

**iii) Waste:** This is material loss during production or storage due to various factors such as evaporation, chemical reaction, contamination, unrecoverable residue, shrinkage, etc. and discarded material which may or may not have a value.

**b) Terms adapted from International Professional Bodies:** This type of terms includes those which are already defined by any other international professional bodies of repute and adapted by this standard. Terms adapted from The Chartered Institute of Management Accountants - U.K are as under:

**i) By-Product:** This is defined as output of some value produced incidentally while manufacturing the main product.

- ii) **Joint product:** This is defined to include two or more products produced by the same process and separated in processing, each having a sufficiently high saleable value to merit recognition as a main product.
- iii) **Cost Object:** This is defined to include a product, service, cost centre, activity, sub-activity, project, contract, customer or distribution channel or any other unit in relation to which costs are finally ascertained.
- c) **Terms appeared afresh:** This type of terms includes those which are defined under this Cost Accounting Standard afresh. These terms are as under:
- i) **Joint Costs:** These are defined as the costs of common resources used to produce two or more products or services simultaneously.
  - ii) **Split off (Separation) Point:** This is defined as that point in the production process at which joint products become separately identifiable.
  - iii) **Net Realisable Value:** This is defined as the net selling price per unit multiplied by quantity (Quantity sold). Net realizable value is to be adjusted for the post- split off costs.
- 5. PRINCIPLES OF MEASUREMENT PRESCRIBED IN CAS-19:**
- The measurement of cost under this standard involves combined application of principles of inclusion, exclusion and reduction which are as under:-
- a) **Inclusion:-** Cost of Joint/By-Products shall include the following elements:-
- i) **Joint Costs up to the Split-Off Point:** These should be measured through same methods and principles as made applicable by earlier Cost Accounting Standards.
  - ii) **Separate Costs after the Split-Off Point:** These should be measured for the resources consumed by each Joint/By-Product. These shall be the aggregate of direct and indirect costs incurred for further processing.
  - iii) **Cost of Outsourcing:** These should be determined for further processing activity carried out by outside parties at invoice or agreed price net of discount (except cash discount) inclusive of the following items:
    - (1) Duties and taxes except those refundable and creditable.
    - (2) Other expenditure directly attributable to such activity.
    - (3) Cost of resources provided to outside party.
- b) **Exclusion:** Cost of Joint/By-Products shall exclude all the costs that are not relevant with normal activity of their production for example:-
- i) Fines, penalties, damages and similar levies paid to statutory authorities or
  - ii) Fines, penalties, damages and similar levies paid to other third parties.
- c) **Reduction:** Cost of Joint/By-Products shall be reduced by all the credits/recoveries which are relevant with the costs inclusive in the measurement of cost of Joint/By-Products for example:-
- i) Subsidy / Grant / Incentive or amount of similar nature received / receivable with respect to Joint/ By-Products.
  - ii) Realized or realizable value, net of disposal cost of scrap and waste generated during production of such Joint/By-Products.
- 6. ASSIGNMENT OF COSTS IN CAS-19:**
- Different treatments are provided for assignment of costs under this standard which are as under:
- a) **Assignment of Joint Costs:** These shall be assigned to joint products based on benefits received, which are measured using any of the following methods:
- i) Physical Units Method
  - ii) Net Realisable Value at Split-Off Point
  - iii) Technical Estimates
- b) **Estimation of Value of By-Products for Adjusting Joint Costs:** These shall be estimated by using any of the following methods:
- i) Net Realisable Value at Split-Off Point
  - ii) Technical Estimates: This method may be adopted where the By-Product is not saleable in the condition in which it emerges or comparative prices of similar products are not available.
- 7. PRESENTATION OF COSTS IN CAS-19:**
- The element wise cost of individual products produced jointly and the value assigned to By- Products shall be presented in the Cost Statement.
- 8. DISCLOSURES IN CAS-19:**
- Disclosures should be made in the body of cost statement or as a foot note to the same or as a separate schedule attached with the same relating to following issues wherever they are material, significant and quantifiable:
- a) Basis of allocation of joint costs to the individual products and the value assigned to the By-Products.
  - b) Any change in the cost accounting principles and methods applied for the measurement and assignment of the Joint costs and the value assigned to by-product during the period covered by the cost statement which has a material effect. Where the effect of such change is not ascertainable wholly or partly, the fact shall be indicated
- Disclaimer:** This article is written purely with knowledge dissemination purpose and is based on Cost Accounting Standards & relevant Guidance Notes issued till date by The Institute of Cost Accountants of India. The author does not own any responsibility for any error or omission which might have crept in this article inadvertently. ■



## Cost Accountants and Cost Records are not required...Why?

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We are the guards of the Indian economy and we keep a check over the manipulative trade practices. Cost Accountants and Cost accounting profession is neglected. Well injustice to our profession was happening to our profession for more than a decade. There are many reasons for which our profession is being neglected and downgraded. We Cost Accountants work closely with the government and providing many useful reports which needs no introduction. Our various cost accounting reports are being used by the government to design their Budgets and Planned expenditures. Then why Cost Accountants and Cost Accounting does is being neglected. We are neglected since we are the ones who protect the Indian economy from any scam. Currently we are again trying to prove the benefits of the cost accounting records and cost accountants to the society. We are not recognized in the Indian Taxation act in various segments too. Well the anwere to these are interlinked with the various segments of this article. In this article I have tried to depict a part of the reason behind why we are again fighting for our identity.

### **The rising Non Performing Assets and story behind it...**

Currently you must be aware that Indian companies are facing the heat of slow down and due to these debt levels of the companies have swelled. Finally the destination of these debts is now the Non performing Assets of the Banks have swelled. Statistics of the Gross NPAs as on September 30, 2013 stood at Rs 2,29,007 crore, 27 per cent higher as compared to Rs 1,79,891 crore as of March 31, 2013 for 40 listed banks, Out of the total forty listed banks, fourteen banks have reported more than 50% jump in net NPAs during these six months. Now Non Performing Assets means that companies are unable to pay back the money to the Banks. These funds are public money which has been collected from the common people through taxes (indirect as well direct taxes). As a percentage of total loans, nonperforming assets at Indian banks climbed to 4.2% in September, up from 2.4% in 2009, according to the latest data available from India's central bank. When the NPA happens the money is bad debt which cannot be recovered. This money gets added up to the government liabilities books and hence in order to recover this money again the Government hikes taxes through budgets and non budget policies which finally lead to increase in inflation. Now what are the pains of inflation is quite well known to everyone hence I don't need to explain any more. According to ASSOCHAM there are many other causes which are also responsible for

accumulation of NPAs like faulty credit management, lack of professionalism in the workforce, unscientific repayment schedule, mis-utilisation of loans by borrower, lack of timely legal solution to cases, political interference at local levels and waiver of loans by government. Now if cost accountants and their records are abolished then calculate the benefits and the owners of the benefits.

### **Cost Accounting reports helps to Unmask Cost manipulation..**

Now the question comes why cost accountants are not required and even if they are required where they fit in?. If cost accountants come then their cost report would help to unmask the real reasons behind this NPA. Most of the money has been utilized to pay exorbitant salaries of the corporate honcho's. We all know that profitability have declined of the corporate India but at the same time cost have also increased. If the cost of production data is being analyzed we will witness that extensive price and cost manipulation has been done.

Moreover the cost accounting records helps the government to access the raw materials which are imported and in accordance to that develop the industries within India related to those imported raw materials and also design the taxation of indirect taxes on those product so that import of those materials don't affect the balance trade of Indian economy. Now if cost accountants and their reports are scrapped then it would be easy for the corporate to manipulate the numbers and increase the prices and make windfall profit. Cost records restrict and controls these manipulative practices. If cost accounting records are removed then please calculate the immense profitability these companies are going to make. Also calculate the immense pressure the common people will face from manipulative price increases which will damage the economic growth of India as well as wealth of the common people. In short the common people would be squeezed. Now if Cost Accountants are included in banking system then it would help the RBI to design the road map for managing these NPA. But Cost Accountants were never included in Banking segment neither they are recognized in the Indian taxation Acts.

Cost Accounting records would help the government to keep a check over the Inflation and manipulative trade practices of the corporate. This is reason why cost accountants and cost accounting records are not required. Cost records if abolished would help to make huge import of cheap goods which will kill the domestic industry but will make a windfall gain for the importers.

## Quick Glance at the NPA numbers...

If one looks at the impaired assets ratio, which also takes into account restructured advances and write-offs, then the asset quality is worse for the non-priority sector. The impaired assets ratio for the priority sector is about 9%, while for the non-priority sectors, it is close to 13%. The largest beneficiaries of these largesse from lenders have been big firms. About 91% of total restructured loans on 31 March was accounted by large and medium industries. Thus, about 14% of large and medium industry loans have been recast compared with 5.8% of overall bank loans. The deterioration in asset quality is the highest for the industries segment, and within it large and medium enterprises, a segment which accounts for nearly half of the bank credit. According to ASSOCHAM Restructured accounts have grown at a compounded annual growth rate of 47.86 per cent in public sector banks. The corresponding figures for private sector and foreign banks are 8.12 per cent and 25.48 per cent respectively. Net non-performing assets (NPAs) or bad loans of 40 listed banks jumped by 38% or around Rs. 35424 crore in the first six months of current financial year, according to a study done by NPAsource.com, a portal which focuses on resolution of stressed assets. Net NPAs of these banks

stood at Rs. 93109 crore as on March 31 this year. Top public sector banks like State Bank of India (SBI), Bank of Baroda, Punjab National Bank, Central Bank, IDBI Bank and Union Bank have all reported more than 30% rise in net NPAs during this period. HDFC Bank and SBI were among the large banks that recorded a sharp increase (in percentage terms) in net NPAs. Out of the total 40 listed banks, 14 banks have reported more than 50% jump in net NPAs during these six months.

(Rs. Crore)				
Bank	Sep-2013	Mar-2013	Amount Change	% Change
ING Vysya Bank	62	9	53	584.8
Bank of Maharashtra	1535	393	1142	290.7
Syndicate Bank	2547	1125	1422	126.4
United Bank	4385	1970	2415	122.6
Corporation Bank	2668	1411	1257	89.1
South Indian Bank	440	250	190	76.3
Kotak Mahindra Bank	547	311	236	75.8
IDBI Bank	5174	3100	2074	66.9
HDFC Bank	767	469	298	63.6
<b>TOTAL – 40 Banks</b>	<b>1,28,533</b>	<b>93,109</b>	<b>35,424</b>	<b>38.0</b>

(Source: BSE)

Well I hope I was able to justify myself with the rationales behind why cost accountants are neglected and why cost records are not required.

# BUSINESS & ECONOMY

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Jammu, Tuesday 21 January 2014 | RisingKashmir

Dr. D. Mukhopadhyay



## CMAs: The Business Strategists

*Is India utilizing their expertise properly?*

Today's business world faces economic and market challenges at every moment of every day. This is the era of globalization and impact of functioning of a business house in India does create a consequential effect on a business house in the USA. This is more or less true for all kinds of business houses - small, medium and big business houses owned and governed by the corporates or big corporations. The market is uncertain for the goods and services produced by a business. Competition is the order of the day and it is very much subject to Darwinism - 'survival for the fittest'. It is quite difficult to have command and control over the customers in the buyers' market and the customers flock to one who offers maximum comparative benefit. In the business world, nothing is static but everything is dynamic and ever changing in nature. Business needs to have strategies for survival, growth and development - both in short run as well as in long run. It needs to decide strategies for mergers and acquisitions of the companies, addition or deletion of products, consolidation or expansion of the existing business lines and so on forth. Whatever it does, it needs to make cost-benefit analysis in systematic and scientific way and more specifically with the application science in the place of rule thumb as F. W. Taylor (1856-1915), the father of Scientific Management pronounced in the in his thesis-Principles of Scientific Management dates back in 1911. In the contemporary context, a business needs to have a dynamic and evolving business strategist and Cost and Management Accountants (CMAs) of India, the Members of the Institute of Cost Accountants of India (popularly known as ICAI-CMA) by professional designation ACMA (Associate Cost & Management Accountant) / FCMA (Fellow Cost & Management Accountant) is the perfect choice before them. Enterprises are either to perform or to perish and enterprise performance management experts are definitely CMAs. A business is not only supposed to ascertain cost of doing something but also the cost of not doing something. Strategy formulation and framing on the background of contemporary commercial perspectives is essential not only in the private business conglomerates but also in public and government owned business undertakings and strategic management is the core competencies of the CMAs. USA, Canada, UK, Australia besides India, Bangladesh, Pakistan and Sri Lanka are the major practitioners of the Profession of Cost and Management Accountancy. CMAs are not just bean counters but bean growers too. They are forward looking, professionally life giving force and dynamic by virtue of their rigorous education and training and their primary responsibility is to monitor economic and commercial performance of the business entities. Productivity management is another domain of the CMAs. It is the essence of business to find out cause-effect perspectives for each and every financial transaction undertaken in day to day commercial operations. A business is to pass through the business cycle whose average age is thirty to fifty years and it is important to make comprehensive planning and cause-effect analysis in all the phases commencing with introduction to ending on recession. Now is the phase of global

recession and almost every country across the globe is experiencing the burn of recession and India is of no exception. Before production of goods and services commences, market for the same has to be created. In the language of P.F. Drucker, 'customer is the business'. Cost and quality are two dominating factors responsible for the success of a business. Cost management through elimination of waste, loss and variance analysis is the heart of every business. A Business needs raw materials, labour and aids of overheads as the basic and fundamental factors of production. Purchase manager remains responsible for efficient purchase functions, production manager is to ensure minimum loss and waste during production process, marketing manager has to keep ready the customers for the products and finance manager is to make judicious procurement of funds and effective utilization of the same. All the functional heads are imperatively required to listen to the whistle blown by the CMAs in the case of any irregularity in their modus operandi. CMAs go beyond the day to day finance and accounting functions - they are the doctors of the business, they diagnose the causes of underperformance of the corporate, they recommend the means and strategies for overcoming the weakness and finally make the business on the proper track and hence performance starts improving. CMAs use various tools and techniques of modern management. They imperatively make product-wise, segment-wise, region-wise as well as holistic profitability analysis of a business house against the functional budgets and then to make a comparative study and finally place the report before the CEO of the concerned firm. CEO in turn places the same before the board for taking appropriate decisions. CMAs are both accounting centric as well as decision centric. They are professionally equipped to give the red signals as warning about a particular product or business segment when something goes wrong with the same and this makes the management of the concerned firm take necessary and adequate damage controlling measures. CMAs are friend, philosopher and guide of business and corporate world as was aptly pronounced by the late Morarji Desai, former Prime Minister of India and this is his perception and understanding about the CMAs in particular and Cost and Management Accountancy Profession in general. Desai played a great role when the Cost & Works Accountants Act (the Principal Act) was legislated in the Indian Parliament in 1959.

As business strategists, CMAs are guided by and practitioners of the principles of 3Es where E-1 stands for Economy, E-2 for Efficiency and E-3 is for Effectiveness. 'Economy' advocates for eliminating waste, loss and judicious utilization of resources. 'Efficiency' means doing thing right and 'Effectiveness' leads to doing right thing. SWOT Analysis, a strategic management tool, is vigorously used by CMAs before framing the appropriate strategy for dealing with any financially and commercially strained situations in any business. Cost management and quality control are only processes to make a business successful in the era of intense competition. Performance of a business

house is to be keeping in view the perspectives of these two factors that help a business exist with profitability which is the index showing the efficiency and effectiveness of the management of an economic entity. Cost and management audit is the core competency of the CMAs. Since they go beyond accounting and finance functions, they comfortably evaluate the performance of the management-team in terms of what the management is doing, how it is doing and when it is doing and when, how and what it should do etc. They recommend measures to correct the wrong deeds that are crept into the day to day operational domains of the functional managers. They are equally competent in tax planning and tax management and help the exchequers in revenue mobilization. CMAs discharge their responsibilities as Public Accountants within the meaning of various Central and Provincial Acts remaining prevalent in the country. Productivity and profitability do have linear relationship and combined effect of them determines the economic fate of a business. A Comparative study of actual and targeted productivity and profitability indices made by the CMAs helps the management to frame appropriate strategies for efficient resource management in order to accomplish the budgeted goal of an organization. Cost and Management Accounting is a strategic management tool and Cost and Management Accountants (CMAs) are the business strategists who can help the national economy perform optimally under the ambit of intense and fierce competitive business environment that functions and operates under the globalized business perspectives. It has been mentioned elsewhere above that CMAs are decision centric and 'Behind Every Successful Business Decision There Is Always A CMA'. But is India utilizing the expertise of CMAs properly and to the fullest extent under the situations of business risk management, risk and uncertainty management and uncertainty management? The national economy cannot be afford to remain underperformer or non performer. The government has to be proactive and encourage the private investors to come forward and take part in nation building. It must ensure that the economic functions of their business should be managed and monitored by the professionals. Professionals should be engaged from the project conceptualizing stage to commissioned stage and thereafter their day to day operations should be monitored by the professionals like the CMAs and other professionals. In the language of F. W. Taylor, let there be science in the place of rule of thumb, harmony in the place of discord, cooperative in the place of individualism, maximum output in the place of restricted output and everybody be given equal opportunity to grow and to do so the economy should be managed by the professionals equipped with modern management tools and techniques and attributed with cotemporary and time-honoured skill and expertise so that all round economic success can automatically be fructified and ultimately nation would achieve desired economic growth and development

Writer is Professor in Management at Shri Mata Vaishno Devi University



## Tax Planning Mantra for FY 2013-14

**CMA Jagdish Ahuja**

*Email: ahuja.jag@gmail.com*

We are now in February with just over one month left to complete our investment plans for saving tax for FY 2013-14. Once again we need to spare some time out of our busy schedules to plan our tax liability. The objective is to pay minimum taxes by taking shelter of what has been allowed as per Income Tax Act, of course keeping in mind our long term financial goals. You will agree that most of us are in the habit of postponing our tax planning till the eleventh hour. We simply buy financial products at the year-end in haste just to save on tax without having any insight of our long term financial goals. But never mind, it is better late than never. We still have sufficient time to achieve our goals. Here are a few tips on how to save on our tax bills keeping in mind our long term financial goals.

**Provident Fund:** If you are in employment, some part of your salary is contributed towards provident fund which is an eligible investment for claiming deduction under section 80C up to RS 1 Lac.

One can also invest in **Public Provident fund** for earning a handsome 8+ per centage return on your investment and also claiming tax deduction up to RS 1 Lac.

Premiums paid on **life insurance policies** can cover self, spouse and dependent children at the same time entitling you for deduction up to RS 1 Lac u/s 80C of the Income Tax Act. Kindly note that the deduction is restricted to premium amount not exceeding 10% of the sum assured under the policy.

You can also buy **health insurance** for your family u/s 80D which will entitle you to claim a deduction of up to RS 15,000 in a financial year. Parents cover entitles you for an additional deduction of RS 15,000. Where one of the insured is 60+ years old, you are eligible for deduction of RS 20,000. Ensure that the premium is not paid in cash to avail this deduction. Kindly note that the preventive health check-up premium paid in cash or otherwise is also covered for tax deduction.

The premium paid for the **medical treatment of a physically disabled** person who is your spouse, children, parents or siblings will entitle you for a deduction under section 80DD. The amount of deduction depends on the degree of disability suffered. If the disability suffered is 40%, a fixed amount of RS 50,000 per annum can be claimed as deduction irrespective of the expenses incurred, whereas the deduction goes up to RS 1 Lac if the disability suffered is 80%. One can claim deduction under this section by obtaining a medical certificate issued by a medical authority.

Moreover, u/s 80DDB you are allowed to claim a deduction of up to RS 40,000 or actual amount paid whichever is lesser for expenses incurred for **medical treatment of self or dependents**. Higher exemption of RS 60,000 or actual expenses incurred whichever is less is allowed for senior citizens. You need to obtain a medical certificate from a doctor working in a government hospital in support of your above claim.

A resident Indian suffering from any specified diseases such as blindness, low vision, mental illness, mental retardation, hearing impairment can claim deduction u/s 80U. For availing exemption, one should be suffering from not less than 40 % disability. The amount of deduction is RS 50,000 irrespective of the expenses incurred but where the disability is severe, higher exemption of up to RS 1 Lac can be claimed. You need to obtain a certificate issued by a medical authority in order to avail this benefit.

One can avail deduction up to RS 1 Lac u/s 80C for tuition fees paid for up to two children. However, this does not cover the expenses like transport, hostel and coaching fees. You are even allowed to claim benefit of kid's fees paid to nursery school.

Interest paid on **loan for higher studies** for self, spouse or children will entitle you for a deduction without any limit under section 80E.

The Finance Act 2012 introduced a new section 80CCG on **Rajiv Gandhi Equity Savings Scheme (RGESS)** based on which if a resident individual acquires a listed equity shares in accordance with this scheme, he will be allowed a deduction from his total income of 50% of the amount invested subject to maximum of RS 25,000. As per a fresh Government notification, a new retail investor in the scheme can now invest in one or more financial years in a block of three consecutive fiscal, beginning with the initial year in which the deduction has to be claimed.

Many of us have a strong urge to help others and very often this help is in the form of giving **donations** to charitable institutions for economically and socially depressed section. This also reminds me of the latest movie Jai ho where the film actor Salman Khan appeals others to help at least 3 persons in return for help extended by him. If you choose to help by giving donations kindly note that this may entitle you for a tax deduction of over 50 to 100 per cent of the donated amount. The donations can be made to trusts, charitable institutions and approved educational institutions which will qualify for deduction under Section 80G. The list of trusts/funds where donations are recognized for tax exemptions include inter alia Prime Minister's National Relief Fund, Prime Minister Drought Relief Fund, National Defense Fund, etc.

If you are a salaried employee and are in good terms with your HR department of your company you may seek restructuring of your salary so as to avail maximum tax benefits. I suggest that some of the CTC components of salary must be optional and one must be given a choice to exercise this option every year. For example you may opt for Leave Travel Concession which is exempt twice in a block of 4 years. The choice can also be exercised every year after the Union Budget is announced in the month of February so that you can avail maximum benefit based on the extant provisions applicable.

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*\*Jagdish is a Mumbai based Company Secretary in Practice.* ■

# BUSINESS & ECONOMY

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Srinagar, Wednesday 18 December 2013 | RisingKashmir



Dr. D. Mukhopadhyay

## India a pioneer in Cost Audit

Recently, Shri Pawan Kumar Ruia, the Chairman of Ruia Group of Industries has commented in a function organized by the Western India Regional Council of the Institute of Cost Accountants of India (ICAI) that 21st Century belongs to the Cost & Management Accountants (CMAs).

The comment of Ruia is time honoured and relevant at such a time when the Ministry of Corporate Affairs (MCA), Government of India is to take a decision as to whether it should maintain at least status quo with reference to Cost Audit and Cost Compliance Notifications issued till 12th November 2013 or it shall surrender before industry pressure and curtail the domain of statutory Cost Audit and simultaneously it shall go with the Draft Rules on Cost Audit and Cost Records 2013.

It is imperative to know what the Cost Audit is all about. People of the country should know why the Institute of Cost Accountants of India (ICAI) is in favour of mandatory Cost Audit as has been notified in compliance with the recommendations of the Expert Group 2008 on Cost Audit in particular and relevance of Cost and Management Accountancy Profession in general.

This is not the first time that question of derailing Cost Audit and Cost Compliance Reporting system has been initiated by the Government of India through its arm of MCA. Cost Audit is a novel concept aiming at examining the cost of production of the goods and services with reference to the input costs and as to how shifting the burden of the same is made to the common people of India.

To be back to the comment of Mr. Ruia, 21st century is the century of

competition and survival is a possible phenomenon for those who sustain the shock of competition. In order to survive in competitive economic environment, it is a necessity to take the support and expertise of CMAs since they are considered to be the navigator of business.

Competition rules not only domestic markets but the international markets too. There is an alarming current account deficit of India which simply means import is more than export. Indian corporate sector is not in a position to compete with her counterparts in terms of cost of production in the global market. It is needless to mention that a group of industrialists do not want disclosure of cost data through statutory Cost Audit and Cost Compliance Report. If government knows the authentic cost information, then it will easily know the scope of manipulation in pricing strategy of the products and services generated by the business enterprises.

A business organization is supposed to pay tax on profit and the fundamental equation of profitability is Selling price minus cost equals to profit and narrow the gap between the two, less is the profit and less is the scope of incidence of tax. The business community does not want cost audit and cost compliance because of this reason. In order to make country cost conscious, cost competitive and cost cultural, the Institute of Cost & Works Accountants of India (ICWAI), now ICAI, was created by an Act of Parliament in 1959 and this is known as the Cost & Works Accountants Act 1959.

India is a country of 125 crore people and 40% of the same is below poverty line and therefore profiteering is unethical, unfair and opposed to

mission of Indian Constitution. The Cost & Management Accountancy Profession is practiced by the qualified CMAs (ACMAs/FCMAs) in order to ensure that cost of production of goods and services is true and correct. The ICAI has developed at least twenty Indian Cost Accounting Standards (CASs) and the Companies Act 2013 has duly recognized the same. The essence of the Companies Act 2013 is not de-recognition of the necessity of Cost Audit and Cost Compliance but to strengthen the same.

It is worth mentioning that, the Institute of Cost & Works Accountants of India (ICWAI) was statutorily incorporated in 1959 to cover up the limitations of the functioning of the financial accountants because it cannot help in performance measurement of the factors of production. Financial accountants can offer a post mortem picture when hardly anything can be done.

Cost and management accounting's very fundamental purpose is to monitor and control costs in details and provide relevant and meaningful information to the management of the business for the purpose of decision making. Cost and management accounting to assist the management in the sphere of continuity or shutting down a factory, profit planning, cost control and cost management with the help of standard costing and budgetary mechanism, pricing goods and services in all sector of the economy, deciding tariff in power and electricity generating companies, pharmaceutical sector, baby foods industries, strategic sectors, mining and processing industries and what not.

Cost Audit is an effective tool of performance management and productivity measurement of the

corporate houses. It can effectively point out mechanism by which revenue leakage of the exchequer takes place. It is therefore immaterial whether industries want Cost Audit and Cost Compliance or not. It is in the best interest of the nation, the government should not make any compromise with implementation of the recommendations of the Expert Group 2008 through the Companies Act 2013. The quality of decision depends on quality of information and the cost data being filtered through Cost Audit is more relevant for the purpose national economic planning and developmental schemes and project management. It is worth mentioning that "behind every successful business decision, there is always a CMA".

Moreover, it is pertinent to mention that there are more than sixty thousands qualified CMAs in India who are ceaselessly engaged in this noble profession i.e. the Cost & Management Accountancy Profession. This profession as what we see today is the result of last seventy years' toil and diligence the CMAs have exercised to bring it in today's shape. Indian CMAs are represented by the Institute of Cost Accountants of India (ICAI) in the International Federation of Accountants (IFAC), South Asian Federation of Accountants (SAFA) and Confederation of Asia-Pacific Accountants (CAPA).

The ICAI is one of the leading Cost & Management Accountants Professional Bodies across the globe and it brings glory to India while Global Professional Accountants Bodies appreciate the role that is being played by ICAI both nationally and internationally as well. The role of ICAI in international and national economy is well accepted by the

international community of Accountants as mentioned above and the society of India. About six lakhs students are on its roll who are aspiring to be CMAs. If Government of India starts walking backward on the issues concerning Cost Audit and Cost Compliance, it will deprive the common people of India of the professional services of the CMAs. The ICAI is a watch dog of the nation and it acts as a monitor of the cost conscience of the same. The relevance of Cost Audit is time tested and it is well established on the foundation of national need and there is hardly any scope for further debate on the usefulness of Cost Audit and Cost Compliance.

Moreover, there are Mutual Recognition Agreements (MRAs) of ICAI with that of the Institute of Management Accountants, USA and the Institute of Public Accountants, Australia and the same may come across a problem if the practicing scope of the CMAs are reduced and statutory recognition is at stake. Now questioning the necessity of Cost Audit is nothing but walking backward which means retardation in economic progress.

The government should not curb the importance of Cost Audit and Cost Compliance but work in consonance with the true spirit of the Companies Act 2013 and restore the locus standi of Cost Audit and Cost Compliance as it was prior to 21st November 2013's issuance of Draft Cost Records and Cost Audit Rules 2013.

**[\*The writer of the Article is Professor in Management at Shri Mata Vishno Devi University]**

RisingKashmir  
Srinagar, Saturday 14 December 2013

## Business & Economy

09

COMMENT

# India on an economic back foot

## When will we become cost competitive?

Dr. D. Mukhopadhyay



It is a truth that India is far behind the industrially developed countries because of many reasons and one of them is incompetence to compete with them in terms of cost and quality of the products she produces. Cost of production of goods and services in India is alarmingly high.

The economically developed countries are much more transparent in term of disclosure and degree of corruption is less in those countries as the level of integrity, ethical behavior, fairness in dealing with commercial transactions and awareness of civil rights and duties are noteworthy as well as praiseworthy in general. In order to make the country much more cost conscious and cost competitive, the Institute of Cost Accountants of India (ICAI) formerly the Institute of Cost and Works Accountants of India (ICWAI) was established by an Act of Parliament in 1959 (by dint of the Cost Works Accountants Act 1959, 23 of 1959) and statutory recognition was given to the Cost and Management Accountancy Profession in India.

The ICWAI of India actually came into being in 1944 as a Company Limited by Guarantee under the model of the British Institute of Cost & Works Accountants, UK. The ICWA, India, was producing Cost Accountants to meet the requirement of trained manpower specialized in cost and financial management of the British India. After independence, the Government of India felt necessary for a statutory professional body of Cost Accountants and passed the Cost and Works Accountants Act 1959 in the Parliament after dissolving the erstwhile ICWA, India, Limited by Guarantee and the Institute of Cost



and Works Accountants of India (ICWAI) came into being as Statutory Body of professional Cost Accountants. Thereafter, Government of India included Section 233B in the Companies Act 1956 by an amendment and the concept of statutory cost audit, by Professional Cost Accountants within the meaning of the Cost and Works Accountants Act 1959 emerged in corporate sector.

Over the years, there has been eye-catching development in the Cost and Management Accountancy Profession and today the Members of the Institute of Cost Accountants of India are designated as ACMA (Associate Cost & Management Accountant) and FCMA (Fellow Cost & Management Accountant)

by virtue of Cost & Works Accountants (Amendment) Act 2011, No. 10 of 2012 which makes the Indian Cost Accountants at par that of members of other Professional Bodies of Cost and Management Accountants across the globe.

The Cost & Management Accountants (CMAs) play advisory role in guiding the management of industry, commerce, trade and economy by providing meaningful and significant information for the purpose of operational, tactical and strategic decision making by the management of an organization.

Ministry of Corporate Affairs, Government of India, being the administrative controlling body of the Institute of Cost Accountants of

India had appointed an Expert Committee to look into the contemporary strength and weakness of the Cost and Management Accountancy Profession in general and the said committee submitted a comprehensive report containing its recommendations for enlarging the umbrella of cost audit and cost compliance report and cover small and medium enterprises within the purview cost audit and cost compliance report having certain quantum of net-worth/Turnover cap. The Expert Group so appointed recommended for greater coverage of Indian industrial and commercial sector under the ambit of statutory cost audit in order to develop a healthy culture of cost competitiveness in the country. The recommendation of the said committee was implemented by the Ministry of Corporate Affairs in 2011. Recently, New Companies Act 2013, Act 18 of 2013, has been enacted and Ministry of Corporate Affairs has published Draft Cost Audit & Cost Records Rules 2013 wherein it has taken a complete U-turn and back to the original point almost as it was begun with in 1968 when the concept of cost audit had just emerged.

It is important to mention that 'cost' and 'quality' are the twin factors that decide the question of sustainability of a business undertaking under the era of global competition and unless India becomes a cost competitive, she shall not be able to compete with her counterparts in the sphere of international trade. Somebody may argue that cost competitiveness may be practiced by the industrial enterprises without being subject to statutory cost audit. In counter argument, it may be placed that as far as India is concerned where degree of corruption and statutory non-compliance is increasing by leaps and bounds day by day, even a trader does not like to write books of accounts unless

it is statutorily required.

It is worth mentioning that India is the first country in the world which takes pride of having the role of statutory cost audit and cost compliance and almost every country appreciates India's pioneering role of statutory cost audit in developing cost awareness and cost competitiveness as it is today. What exchequer is going to gain out of cost compliance and cost audit are needed to be answered. Firstly, the business enterprises shall be able to manage their cost of production in more professional way. In market driven economy, the producers do not have any control over price which is determined by demand-supply interaction but it is the cost which can be managed, controlled and reduced with the application of various cost and management accounting techniques.

For example, target costing is such a technique which can help the entrepreneurs to manage the target cost in more effective manner. CMAs not only audit the cost accounts but they offer constructive suggestions that emerge out of such audits. Secondly, the exchequer shall lose revenue in absence of statutory Cost Audit and Cost Compliance Report since cost audit and cost compliance is only mechanism through which produce as well as segment-wise profitability can be ascertained.

Government shall be able to and get filtered cost information which is essential for effective planning of the national economy. If Ministry of Corporate Affairs, Government of India, does not review the Cost Audit and Cost Records Rules 2013 and act arbitrarily without going by rational thinking, then the very purpose of Cost and Management Accountancy Profession in India shall be defeated.

**The Writer is Professor in Management at Shri Mata Vishno Devi University**







## Cost Estimation and Implication on Financial Channel Distribution Business

*Global Macro Economic Researcher and Business Strategist Master of Economics, MBA in International Management, ICWAI (Final)*

**Indraneel Sen Gupta**  
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Today I will discuss about an industry which has grown to Rs 8.5 lac cr based upon the distribution business model over the last decade. Well this same industry was Rs. 1,21,805 lac crores in January 2003. This simply gives a clear indication about the stupendous growth the industry has achieved over the decade. I have been working in this industry more than 10 years and I am fortunate enough to see the business models of the financial distribution business. From 2003 the financial distribution industry moved into a revolutionary growth phase with diverse products. Mutual Fund used to be the prime business for the distribution models. I remember that Mutual Funds, Equity IPO are used to be sold like a hot cake. Days and Nights used to be busy with prospecting with clients and deep focus for acquisition of clients. Distribution business models are based in two segments 1) Direct client model and 2) Sub broker/channel business model. I will be covering the business model cost and also the strategy for growing the business of the sub-broker/channel business model.

The 2nd business model was the most easiest and fruitful business model which is currently being run by the financial distribution business. Direct client models ruled the financial market from 2003 to 2008 and after the abolishment of entry loads concept in mutual funds the business took a hit. But the sub broker or channel business kept on ringing its business growth and this business model is very much cost initiative. The financial distribution cost component comprises mainly of employee cost followed with working capital cost. It does not involve investments in Fixed Assets hence much of the business in the initial days are being started based on low capital requirements. It can also be said that variable component of the cost is more since if the business grows well the organization converts variable cost into fixed cost and vice-versa. Well cost estimation before any business is being started and working capital projection strategies needs to be prudent enough to provide support to the business in the long run. I have seen many companies who have dried out due to initial outlay of huge cost, without making realistic projections about revenue growth.

Standing today at 2014 the business cost of this type of segment is low since one needs to invest more on technology and employees to drive the business growth. One of the major differences between direct business

model and sub broker model is that in the former one the employee cost remains high followed with a substantial growth in fixed cost and variable cost in the form of office rent etc.

In sub broker model the clients are majorly mapped or brought into the system by the agent. Hence if you don't have an office say in Duragpur (West Bengal) or Pune (Maharashtra) but your office is in Kolkata or Mumbai, your sub broker gets business from these places without a penny being spent from your pocket. In other words you don't have to set up any office and incur fixed or variable cost but still you develop business network and procure business through channel business model. If I compare this business with CMA practices we will find that we have to open new branch offices to provide services and increase business where as in financial distribution model based upon sub-broker/channel business model leads to a significant business growth without incurring any cost component. Well this was about the business set up model of sub-broker or channel based model now I would bring the growth model of this business segment where judicious cost measurement is required to set up the business.

The success process in this business model is that one needs to get deeply into the cost components of the sub-broker/channel business segment. It can be compared with FMCG industry where the success of the business partner/franchise is being taken care by the company itself. For a sub broker the cost component always remains a high since he has to spend after keeping aside his fixed expenses. Hence the marginal expenditure all ways remains a hindrance for his growth. He has to take calculative steps and often these steps are setbacks for his business. Hence as a manager of a financial distribution business model one should follow the below process to develop and grow his business which would finally lead to the distribution business growth. One of the prime things one should keep in mind that your cost saving is dependent on the growth of the sub-broker business. If he fails to grow then you might have to take the step of setting up a new office in that place to get business.

First calculate all the cost involved in the business of the sub-broker. The below checklist can be handy for a quick reference. (All cost have been estimated)

Monthly Cost of Office (Annual)	Rs. Amt
Office Rent	180000
Telephone	24000
Conveyance	60000
Staff/Peon Cost	60000
Miscellaneous	360000
Total	684000

Monthly Family Expenses (Annual)	Rs. Amount
Grocery/Vegetables Etc	120000
School Fees	60000
Flat Maintenance Cost	12000
Gas/Electricity	26400
Servant cost	12000
Total House hold cost	230400
Monthly Cost of Office (Annual)	684000
Total Cost Yearly for the Sub-Broker	\914400

After this cost calculation of his business one distributor needs to take other cost segments also so that profitability calculation for his business can be measured and designed.

His personal and family expenses needs to be taken into account so that to make his more viable. This cost component aspect is being taken mainly to keep the business of the sub-broker/channel distributor to alive. Well every one earns for his family hence we need to take all these things into account so that his distribution

business turns out to be profitable from all sources. Hence we find that his total cost yearly stands around Rs.9 lacs. On the overall it can be said that proper estimation of cost (fixed and variable) is required in the financial business segment. Majority of the distribution business segment falls apart due to improper and uncontrolled cost estimations.

Hence now we need to develop his business plan where he can earn more than Rs 9 lacs so that he can live a reasonable life supported from his distribution business. One of the key aspect of this segment is that we did not take into account other cost like borrowing/loans which he might have taken for setting up his business and also as working capital. When we take into account all these cost factors we would find a substantial growth in the cost components of the sub-broker.

No the distribution company can design the business plan and customer acquisition plan based upon the cost factors and revenue generation target of the sub broker. This type of business planning is required to develop a sub broker based distribution market. Moreover in the above all calculation the profit game is dependent on the type of client is being procured by the sub broker. The distribution company should focus more on client acquisition process for the sub broker. Since this is the key area to kill the entry of any type of distributor from taking away your sub broker. Providing clients to the sub broker leads to a substantial growth of business. ■

### MEMBERS MEET

WIRC had organized Members Meet on Saturday, 18th January 2014 at PTVAs Institute of Management, Vile Parle, Mumbai. to discuss and formulate the action plan regarding the Draft Cost Audit Report Rules 2013 issued by MCA.

CMAs Ashish Thatte, Chairman WIRC, Neeraj Joshi, Vice Chairman WIRC, Vijay Joshi, Hon. Secretary WIRC, Amit Apte CCM-ICAI and CMA Dhananjay V Joshi, Past President ICAI were present on the occasion.

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### CEP REPORT

On 25th January 2014 WIRC organized CEP on Discussion on Exposure Draft of Cost Accounting Standard on Royalty and Technical Know-how Fee (CAS-20) at Sydenham College, Churchgate, Mumbai and on 1st February 2014 at Exposure Draft of Cost Accounting Standard on Quality Control (CAS- 21) at Borivli SMF Centre. CMAs Nimish Kothari & Vaibhav Joshi lead the discussion respectively.

Large number of members attended.

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### CAREER FAIR

WIRC participated in Career Fair organized by Sathe College, Vile Parle on 10th & 11th January 2014. Large Number of students visited the Institutes stall.

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### CMA Vijay P. Joshi Addressed ICSI Workshop

Western India Regional Council of The Institute of Company Secretaries of India Jointly with the Indore Chapter of The Institute of Company Secretaries of India organized a two days workshop and panel discussion on The Companies Act 2013 at Hotel Fortune Landmark Indore on 4th & 5th January, 2014.

CMA Vijay P. Joshi, Hon. Secretary WIRC was invited to deliver a talk on Cost Audit under the Companies Act, 2013. He compared the existing provisions and draft rules in very lucid language. He emphasized on the need of united efforts of all the three professional bodies in the interest of entire professional community.

## 55th National Cost Convention – 2014

**Theme: Nation Building through Cost Competitiveness and Responsible Governance**

**Venue: Hotel Mayfair Lagoon, Bhubaneswar (Odisha)**

**Date: 23rd-24th February, 2014**

Particulars	Fees
Corporate Delegates	5,500/-
Members	4,500/-
Cost Accountant-in-Practice	3,500/-

Particulars	Fees
Student	2,500/-
Spouse	2,500/-
Foreign Delegates	US \$ 200/-

*For enquiry and further details, Please contact at :*

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CMA Bhawan  
12, Sudder Street, Kolkata 700 016.  
Phone: 033-22521031-34-35 • Fax No. 033-22527993  
Email: ncc2014@icmai.in • Website: www.icmai.in

**Eastern India Regional Council :**  
CMA Bhawan  
84, Harish Mukherjee Road, Kolkata 700 025.  
Phone : 033-24553418/5957 • Fax No.033-24557920

**Delhi Office :**  
CMA Bhawan,  
3, Institutional Area, Lodhi Rd., New Delhi 110 003.  
Phone: 011-24622156-58, 24666100  
Fax No. 011-24666 166, 43583642

**Cuttack -Bhubaneswar Chapter of Cost Accountants :**  
CMA Bhawan,  
A-122/2, Nayapalli, Nilakantha Nagar, Nayapalli,  
Bhubaneswar 751 012.  
Tel.: 0674-2396622/2395622 • Fax No. 0674-23956622

### Programme Schedule

DAY 1 :	23rd February,2014 (Sunday)
08:30 a.m. to 09:30 a.m.	Registration
09:30 a.m. to 11:00 a.m.	Inaugural Session
11:00 a.m. to 11:30 a.m.	Tea Break
11:30 a.m. to 01:00 pm	Plenary Session: Cost Competitiveness for Inclusive Growth (CEO Forum)
01:00 p.m. to 02:00 p.m.	Lunch Break
02:00 p.m. to 03:30 p.m.	Technical Session I : Transition from Regulatory to Affirmative Corporate Action
03:30 p.m. to 04:00 p.m.	Tea Break
04:00 p.m. to 05:30 p.m.	Technical Session II : Professional Perspective – Response to the Emerging Challenges and Opportunities
7:30 p.m. to 10:00 p.m.	Cultural Programme followed by Conference Dinner
DAY 2 :	24th February,2014 (Monday)
09:30 a.m. to 11:00 a.m.	Technical Session III : Energizing MSMEs for Sustained Economic Development
11:00 a.m. to 11:30 a.m.	Tea Break
11:30 a.m. to 01:00 pm	Technical Session IV : Government Perspective – Tax & Expenditure Management
01:00 p.m. to 02:00 p.m.	Lunch Break
02:00 p.m. to 03:30 p.m.	Technical Session V : Service Sector as a Key Enabler for Sustainable Growth
03:30 p.m. to 04:30 p.m.	Valedictory Session : CMA Growth Perspective (CFO Forum)

## CHAPTER NEWS

### AHMEDABAD

#### Brief on Members Meet – 24/01/2014

The ICAI - WIRC and Ahmedabad Chapter jointly organized Members Meet to discuss and formulate the action plan regarding the Draft Cost Audit Report Rule 2013 issued by MCA on 21st November 2013 at Haribhai Auditorium, Ahmedabad. CMA R. B. Kothari Chairman of The ICAI – Ahmedabad welcome the guest and members. CMA Ashish Thatte Chairman of The ICAI – WIRC briefs the action plan of WIRC in the matter. CMA Amit Apte – CCM ICAI update the members about latest happenings. Past President CMA Chandra Wadhwa and Dhananjay Joshi express their views and feelings on the matter. They have also guided members about future steps in the matter. More than 70 members were attended members meet. At last CMA Ashish Bhavsar – Hon. Secretary – ICAI-Ahmedabad chapter proposed vote of thanks

#### Brief of Program – “Service Tax” on 25/01/2014

Ahmedabad Chapter has organized program on Service Tax issues pertaining to Taxation Rule – 2012, place of provisions of Service Rules-2012 & Service Tax (determination of value) rules 2006 on 25<sup>th</sup> January 2014. CMA R. B. Kothari Chairman of the chapter gave is welcome speech. CMA Ashish Thatte Chairman WIRC – ICAI also give is views on the subject. The program was inaugurated by Shri Navneet Goel – Commissioner Central Excise & Customs Commission rate-II Ahmedabad. First two technical sessions were taken by CMA V S Datey – well known author of the subject. While 3<sup>rd</sup> technical session taken by CMA N. K. Nimkar - a practicing cost accountant from pune and 4<sup>th</sup> technical session taken by CMA Sanjay R. Bhargave – CCM of ICAI. All sessions were very interactive. More than 90 participants from industry and practice attended the seminar. At last CMA Ashish Bhavsar – Hon. Secretary – ICAI-Ahmedabad chapter proposed vote of thanks.

### BARODA

Baroda Chapter organised one evening talk on "An overview of the Companies Act, 2013". This was addressed by Shri Devesh Pathak, a leading practicing Company Secretary of Baroda and Past Chairman of Baroda Branch of Company Secretaries of India. The same was attended by around 55 members. The session was interactive and since the talk was on live subject, many clarifications were sought by the participants.

### NASIK – OJHAR

#### HALF DAY SEMINAR ON ‘NEW COMPANIES ACT, 2013’

Nasik Ojhar Chapter of Cost Accountants and Nasik Chapter of WIRC of ICSI had arranged a post lunch

seminar on ‘New Companies Act, 2013’ held on 15th Jan. 2014 at Hotel Emerald Park, Nasik. The Guest Speakers for the seminar was the eminent Author of Indirect Tax – Mr. V. S. Datey, Renowned Practicing Company Secretary from Mumbai – Mr. Makarand Joshi and Eminent Practicing Company Secretary – Mr. Vrushal Saudagar.

Mr. Datey explained about overview of new companies Act – 2013, NCLT & NCLAT, Related Party Transaction, Auditors Responsibilities, One Person Company (OPC) etc.

Mr. Makarand Joshi covered new definition and concepts under New Companies Act – 2013. He also explained on New Provisions about penalties, Types of Companies, Changes in Financial Transactions, Statuts of Private Limited Company and opportunities to Cost Accountants as well as Company Secretaries etc.

CS Mr. Vrushal Saudagar explained about compliances and certificates.

CMA Sanjay Bhargave was the Chief Guest of the seminar. CMA R. K. Deodhar, Chairman of Nasik Ojhar Chapter of Cost Accountants welcomed the audience. CMA Sanjay Parnerkar Vice Chairman of Nasik Ojhar Chapter of Cost Accountants proposed vote of thanks and CMA Pradnya Chandorkar introduced the speakers.

The seminar was extremely good and learning oriented. Response to seminar was overwhelming and students, practicing members and corporate members attended in large numbers.

### INDORE-DEWAS

Republic Day was celebrated with great enthusiasm by Indore Dewas Chapter of Cost Accountants. The programme began with the Chairman IDCCA CMA Sunil Singh hoisting the national flag at Indore. The gatherings sung the national anthem. A cultural programme presented by the students & members delighted the audience as it was a pleasant mix of patriotic songs, poetry and speech. CMA Dr. Niranjan Shastri (Treasurer & Ex-Chairman IDCCA) presented a very encouraging poem. Hon. Secretary of IDCCA CMA Shailendra Jain were present along with staff, students and members.

#### New Address

#### Vapi Daman Silvassa Chapter of Cost Accountants,

C/o. B F Modi & Associates,  
20, 2nd floor, Girnar Khushboo plaza,  
Near Vishal Mega Mart,  
GIDC, Vapi-396195

**NAVI MUMBAI****THINK BEYOND HORIZON**

The Institute of Cost Accountants of India  
Navi Mumbai Chapter

**Announces**

a full day Seminar as per following details

- Title of the Seminar** : An Insight into Special Economic Zone and Foreign Trade Policy
- Date of Seminar** : Saturday, 15th February 2014
- Time of Seminar** : 09.00 A.M to 05.00 P.M
- Venue of the Seminar** : Barrister P. G. Patil Auditorium, K. B.College (Modern College), Sec 15A, Vashi, Navi Mumbai 400 703.
- Speaker** : **1. Mr. Sudhakar Kasture**  
**2. Mr. A. N. Mishra, ITS**
- Contact Details** : E-mail: seminar@nmcca.in

**Note:** The members of The Institute of Cost Accountants of India will be allowed 4 CEP hours

**PIMPRI-CHINCHWAD-AKURDI****CEP SEMINAR ON "CO MODULE IN SAP - PART I"**

The Pimpri-Chinchwad-Akurdi Chapter of the ICAI organized a seminar on "CO Module in SAP - Part I" on Saturday, January 18th 2014, at Chapter Office, Akurdi.

CMA Laxman Pawar, Chairman of the Chapter presided over the function. The guest speaker was CMA C S Adawadkar, Practicing Cost Accountant. Shri Pawar gave a brief introduction of the speaker to the audience, and welcomed him.

In the technical session, CMA C S Adawadkar explained the basic functioning of the FI/CO Module of SAP. SAP is the only ERP having all the modules and each module is integrated with each other. Integration of FI/CO with other modules explained in detail with basic organization structure. CO specific sub modules like Cost Center Accounting, Profit Center Accounting, Internal Order Accounting, Activity Based Costing, ECPCA & COPA will be covered in coming sessions. The session was very interactive. It was well attended by members in practice and from industry. After the technical session, CMA Pradeep Deshpande, Secretary - PCA Chapter gave vote of thanks.

**PUNE****REPORT OF ACTIVITIES IN JANUARY 2014****1. Oral Coaching commenced for January – June 2014 session on 2nd January 2014**

The above session was inaugurated by Managing Committee members at various oral coaching centres of Pune Chapter of Cost Accountants

**2. Report of CEP Program on Cost & Management Accountant's Role in Internal Audit organized by Pune Chapter of Cost Accountants on 11<sup>TH</sup> JANUARY 2014.**

The CEP was conducted by CMA Pradip Pathak.

Mr. Pathak's made an excellent presentation in a very lucid style. There was good interaction between the attendees and Mr. Pathak. CEP ended with a vote of thanks by CMA Chaitanya Mohrir.

**3. Documentary on 'The Legends of Business' on Ratan Tata on 25<sup>th</sup> January 2014**

The first session of this new initiative took place at the Pandit hall of The Pune chapter of Cost Accountants on 25th January, 2014

The session was actively arranged by CMA Amey Tikale, Past Student and CMA Amit Shahane, Treasurer of PCCA. CMA Harshad Deshpande, Secretary, PCCA opened the session by briefing the students about the benefits of studying closely the lives of businessmen and entrepreneurs and how their principles can be understood and applied by the students in their personal lives. He also explained regarding why general business awareness is equally important as the study of syllabus in the careers of the students.

The session was concluded by Neeraj Abhyankar, a Final Year student after he engaged the students in a brainstorming session vis-a-vis what they learnt from the session about the qualities of Ratan Tata and also how they can be applied in the everyday life of students, thereby adding value to their behavioral approaches in various situations.

The Pune Chapter of Cost Accountants plans to arrange many more such sessions and events for the students in coming days. The students welcomed the concept and were looking forward to more of such programmes which add value.

**4. Flag Hoisting ceremony on 26<sup>th</sup> January 2014**

Pune Chapter of Cost Accountants celebrated India's Republic Day with gaiety when Managing Committee members, faculty and students attended in big numbers to hoist the National Flag in PCCA premises.

**5. CEP on The Companies Act 2013 on 31<sup>st</sup> January 2014**

This CEP was conducted by Dr. Jagan Mohan Rao, Central Council Member and an authority on Companies Act 2013. Dr. Rao was introduced by CMA Narhar Nimkar, Past Chairman, PCCA.

Dr. Rao's presentation was well appreciated by the attendees. Students of Final Year were also encouraged to attend this CEP. The interactive session was very lively. The session ended with a vote of thanks by CMA Amit Shahane, Treasurer, PCCA.



CMA C. S. Adwadkar interacting with members during seminar on "CO Module in SAP - Part I" organised by Pimpri-Chinchwad-Akurdi Chapter on 18th January 2014



View of audience during seminar on "CO Module in SAP – Part I" organised by Pimpri-Chinchwad-Akurdi Chapter on 18th January 2014



Launching of Website - Nagpur Chapter



CMA Pradnya Chandorkar - Treasurer, Nashik Chapter interacting with members during half day seminar conducted at Nashik Ojhar Chapter on 15th January 2014



View of Members during half day seminar conducted at Nashik Ojhar Chapter on 15th January 2014

## Glimpses of Pune Chapter Activities – January 2014



CMA Dr. Mohan Rao, CCM addressing CEP



CMA Harshad Deshpande, Secretary and CMA Amey Tikale



CMA Narhar Nimkar introducing Dr. Mohan Rao



CMA Pradip Pathak being felicitated



Dr. Mohan Rao, CCM being felicitated by CMA Mrs. Sathe, Chairperson, PCCA



CMA Mrs. Sathe, Chairperson hoisting the National Flag



MC members and students on 26th January 2014



CMA Sunil Singh (Chairman IDCCA) along with students and members - on 26th January 2014.



CMA Vijay P. Joshi Addressing the two days workshop on The Companies Act 2013 held at Indore on 4th & 5th January, 2014.

### Glimpses of Members Meet held on 18th January 2014 at PTVAs Institute of Management



CMA Ashish Thatte, Chairman WIRC



CMA Neeraj Joshi, Vice Chairman WIRC



CMA Vijay Joshi, Hon. Secretary, WIRC



CMA Amit Apte, CCM-ICAI



CMA Dhananjay Joshi, Past President ICAI



View of Members



To

If undelivered please return to:

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