

Capacity Building & Cost Competitiveness

CMA Manas Kumar Thakur, vice president, ICAI shares his views on the necessity of a robust cost and accounting framework for effective results in business



Global competitiveness is a challenge for all. The availability of professionals and their expertise happen to be the backbone of any development initiatives

taken by industry and government. A robust cost and management accounting framework is the need of the hour and not just any international financial reporting standards.

Changing phase of Management Accounting

The field of management accounting is experiencing a punctuated shift towards more progressive methods and practices. In the cur-

rent challenging arena, competency and capabilities with analytics provide a competitive edge.

Changing role of Cost and Management Accountant

The role of management accounting is also shifting its focus to a broader spectrum of 'cross-functional disciplines' such as performance management, asset management, business control management, environmental management, financial management, etc.

Skillset for Cost and Management Accountants

Necessary skills for Cost and Management Accountants (CMA) identified in the changing scenario include adapting management accounting technologies to new forms of manufacturing process, using modern information technology in managing organisational change,

using a deeper understanding of organisational structuring etc.

Role of CMAs in Government Activities

The Institute of Cost Accountants of India (erstwhile The Institute of Cost and Works Accountants of India) has been involved in providing inputs on cost and management accounting to the government in various sectors. Some of the key emerging sectors taken up by the Institute include health care, airports, infrastructure and education. Cost and time overrun are a common phenomenon in urban infrastructure projects. Effective monitoring of projects benefits the industry immensely. The nature of manufacturing is changing. In making the present government's initiatives such as Make in India, ease of doing business, smart cities, etc effective, we need to have clear strategy on low cost products and differentiated products.

Role in Industrial Development

Major engineering sectors have been included for 'Maintenance of Cost Records' and also for cost audit by the GoI. This will help the industry to improve productivity of all the resources, including natural re-

sources, which in turn leads to the optimum utilisation of resources.

Cost Audit

'Cost Audit' is an independent examination of cost records and other related information of an entity with a view to expressing an opinion thereon. Cost Audit is a tool for assisting management in improving efficiency of operations, rationalising costs, improving profitability and enhancing stakeholder's value.

About the Institute

ICAI was established by a special Act of Parliament, namely, the Cost and Works Accountants Act, 1959 as a statutory professional body for the regulation of the profession of cost and management accountancy in India. The Institute is a member of IFAC, CAPA, A4S and SAFA. It has introduced a one-year, short-term employment-oriented course 'Certificate in Accounting Technicians (CAT)'. The Kerala and Rajasthan governments have already roped in the Institute. In the pipeline are a few other states.

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