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The Institute of Cost Accountants of India

55th National Cost Convention 2014

Theme: Nation Building through Cost Competitiveness and Responsible Governance

Hotel Mayfair Lagoon, Bhubaneswar (Odisha), 23rd-24th February, 2014



Advertorial

COST COMPETITIVENESS — KEY FOR SUSTAINABLE GROWTH OF FIRMS AND ECONOMY

PROPER COST MANAGEMENT IS CRUCIAL TO ENHANCING PRODUCTIVITY AND EFFICIENCY WHILE DECREASING WASTAGE. MAKING COST MANAGEMENT A PART OF BUSINESS CULTURE WILL LEAD TO MORE RESPONSIBLE BUSINESS AND INCREASED TRANSPARENCY



(Left to Right): Chitra Agarwal, Chairperson, EIRC of ICAI and Co-chairperson, Convention Committee; M Gopalakrishnan, Past President and CCM, ICAI and Chairman, Technical Committee; S C Mohanty, President, ICAI; Surya Narayan Patro, Minister, Revenue and Disaster Management, Odisha; Padma Bhushan Mrityunjay B Athreya; Dr B C Tripathy, Vice-Chancellor, Ravenshaw University; TCA Srinivasa Prasad, CCM, ICAI and Convener, Convention Committee, at the inaugural session of ICAI's 55th National Cost Convention 2014, in Bhubaneswar, yesterday

“JIGYASA” (CURIOSITY) is probably the most pertinent quality needed in a Cost and Management Accountant (CMA), as Padma Bhushan Dr Mrityunjay B Athreya, management advisor, put it. This was during the 55th National Cost Convention, 2014, organised by the Institute of Cost Accountants of India (ICAI). The theme: Nation Building Through Cost Competitiveness and Responsible Governance. Being held in Bhubaneswar on February 23-24, 2014, the convention has no less than 600 delegates visiting from outside the state and includes those from all over India and abroad.

CMA S C Mohanty, President, ICAI, welcomed the delegates and speakers to the inaugural session and expressed hope that the convention will give everyone significant takeaways by the end of it.

Today's increasingly competitive business world is being challenged by a global economy that is still not

completely back on its feet. Needless to say, competencies have become critical to survival of businesses. It is worth mentioning here that the ICAI pursues the crucial vision of cost competitiveness, cost management, efficient use of resources and structured approach to cost accounting as key drivers of the profession. “What is most important is business strategy that facilitates sustainable growth,” said CMA Chitra Agarwal, during her welcome address. “And in that sense, ICAI has become the pillar in country's growth.”

In his presidential address, ICAI President, Mohanty said, “Competition today is not among companies, but between supply chains. Cost management is a culture. It is about positively influencing people's behaviour towards cost management.”

CMA (Dr) Mrityunjay B Athreya, Padma Bhushan and a management advisor, congratulated the



(Left to Right): ICAI President S C Mohanty with Surya Narayan Patro, Minister, Revenue and Disaster Management, Odisha; and G Srinivasan, CMD, New India Assurance Co Ltd, at the MoU signing ceremony on the inaugural day of the ICAI Convention yesterday

Odisha government for its efficiency in handling the recent natural disaster, the cyclone Phailin that hit the state in October, 2013. “But we need to be a regular in management, not just disaster management,” he stressed.

The welcome session also saw Surya Narayan Patro, Minister, Revenue and Disaster Management, Government of Odisha felicitating distinguished ICONS for

2014. Among those recognised for their efforts included Padma Bhushan Dr Mrityunjay B Athreya; CMA P Madhusudan, Chairman and Managing Director, Rashtriya Ispat Nigam Ltd.; CMA R K Jain, IAS, Additional Secretary to Government of India, Ministry of Health and Family Welfare; and R Misra, Chairman and Managing Director, Heavy Engineering Corp. Ltd. The minister also awarded three CMAs

in recognition of their exemplary work post-Phailin.

The highlight of the session was the signing of the Memorandum of Understanding (MoU) between The Institute of Cost Accountants of India (ICAI) and The New India Assurance Co Ltd. As per the MoU, there will be tailor-made policies such as professional indemnity policy; office protection shield policy; mediclaim policy; personal accident cover; motor insurance policy exclusively for members and students of the institute.

In his keynote address, Dr Athreya talked about the importance of seven dimensions in the world of cost management -- inclusive growth, affirmative corporate action; our professional dharm; energising MSMEs; fiscal governance; services as key enabler for sustainable growth and cost accountants self-actualisation.

CMA Madhusudan shared his experience of working with PSUs and the importance of cost management. “The journey has been a long one for me and at every workplace, be it SAIL or RINL, I had ample opportunity to show my cost competency,” he said.

Delegates on the dais also released a book on e-governance by Dr Sambhu Nath Mukherjee, CFO, ILFS Engineering Services Ltd. Special Guest Prof B C Tripathy, Vice Chancellor, Ravenshaw University, underlined the importance of higher education and the need for improved education through proper research. The Chief Guest, Minister S N Patro, took the opportunity to laud his government's efforts – from better road infrastructure, surplus power and better irrigation facilities to efficient disaster management. “We made a drastic change and changed the policy in the state. And all this has been possible because of disciplined financial system,” he summed up. A vote of thanks was delivered by CMA TCA Srinivasa Prasad, CCM, ICAI and Convener, Convention Committee.

SOUND BYTES



Total cost management provides a holistic framework to optimise costs for competitive advantage. Practically, it implies gathering, analysing and presenting cost information for decision making. The key feature is to identify the need and fill the information gap. Cost competency includes revenue management, cost containment and yield maximisation. It requires unbundling of the costs and breaking them into pieces for better control. This is the essence of activity-based cost management system.

CMA S C Mohanty
President, ICAI



Where fiscal governance is concerned, we can help the government on the cost-benefit approach to government expenditure, help corporations in their tax planning and help the government in efficient tax collection. Cost

management is also valuable in services sector for sustainable growth. Climate change is a big reality today and we need to look at services that are eco-friendly. The services sector is India's cost advantage and we should capitalise on it. Cost management is also vital for competitive offshore and onshore delivery.

Padma Bhushan Dr M B Athreya
Management Advisor



None of them – be it the President, the Prime Minister, the Chairman of Planning Commission or the Finance Minister – have made any public speeches without mentioning the words “inclusive growth”. I also agree with one of the CMAs who once told me

that CMAs make the profits and those in the financial profession report it. In a way, CMAs are part of the system.

CMA Rakesh Singh
IPP and Council Member, ICAI

What makes for inclusive growth and a robust economy

DYNAMIC COST COMPETITIVENESS ADDRESSES LOP-SIDED GROWTH AND CAN ALSO PROVE TO BE THE ANVIL FOR BETTER GOVERNANCE



Rakesh Singh, IPP and Council Member, ICAI with Gulzari Lal Babbar, Past President, CIMA-UK at the Plenary Session of the ICAI Convention yesterday

can't have islands of prosperity in oceans of poverty.” Srinivasan also emphasised the importance of competitive insurance options that are affordable as well.

“In India, you will find 32,000 tonnes of gold in household savings as well as Rs 2 lakh crore of non-performing assets (NPAs). Between these two are all the challenges and solutions.”

Madhusudan of RINL said it was important to talk about sustainability in terms of profit, governance and environment. “India's per capita consumption of steel is 60 kg, compared to the global average of 220 kg. Prices won't improve further. So, make sure your cost is well-man-

aged,” he said. CMA Gulzari Lal Babbar, Past President, CIMA-UK said management accounting is the buzzword for today and tomorrow. He advised CMAs to think of themselves as not merely employees, but business partners in a firm. “You can share the success of the firm and you can also stand up against a decision that you don't think makes sense,” he said.

CMA Rakesh Singh probably put it best: “In India, you will find 32,000 tonnes of gold in household savings as well as Rs 2 lakh crore of non-performing assets (NPAs). Between these two are all the challenges and solutions.”

In his vote of thanks, Thatte wholeheartedly agreed with the panelists and felt that cost audits and cost budgets need to get more importance. “While we have miles to go, I feel our Institute will make milestones while traveling those miles,” he said, amidst a hearty applause from the audience.

Becoming facilitators rather than regulators

EMPOWERED BOARD, INDEPENDENT DIRECTORS, PLANNING, EVALUATION, AND INFORMATION LEAD TO AN EFFICIENT PROCESSING AND WORKING OF CORPORATE ACTION

THE INSTITUTE of Cost Accountants of India (ICAI) organized the first technical session on Transition from Regulatory to Affirmative Corporate Action for its convention on day one. The session's welcome address was delivered by CMA Sanjay Gupta, CCM of ICAI. The Chairman for Advanced Studies Board, ICAI, Prof. Dr A K Bhattacharya, also session chairman, was the first to address the theme. He expressed his views on the topic and introduced the importance of corporate social responsibility.

CMA Kulamani Biswal, Director of Finance for NTPC, elaborated the provisions every company makes towards the CSR budget and equaled this responsibility to a relationship. Some of the areas on which companies stress on as a CSR activity are health and sanitation, education, women empowerment and such. Kulamani, co-chairman for the session, went on to talk about NTPC's contributions made towards CSR during the year 2013-2014, and said Odisha was one of the major states which receive 19 per cent of their funds. These funds were dedicated to the Phailin victims and the areas affected by the natural calamity. Their present year budget is Rs 100 crore and next year's estimations are at Rs 300 crore, which is a 200 per cent increase.



(Left to Right): Dr A K Bhattacharya, Chairman, Adv. Studies Board, ICAI; Sanjay Gupta, CCM, ICAI; P S Ananthanarayan, Management Consultant; Kulamani Biswal, Director of Finance, NTPC Ltd.; M V Tanksale, CEO, Indian Bank Association; Dr Sambhu Nath Mukherjee, CFO, INFS, Engineering Services Ltd., at the Technical Session - 1 of ICAI Convention yesterday

Odisha was one of the major states which receive 19 per cent of their funds, which were dedicated to the Phailin victims and the areas affected by the natural calamity

session pointed out that failure to carry out CSR is the board's responsibility and not the company's. Independence, accountability and transparency are three keys for independent directors. Informal chats are another way for the committee and the director to work towards a better functioning of the board.

Dr Shambhu Nath Mukherjee, CFO, ILFS Engineering Services Ltd, applied the stakeholder theory to CSR and called it a social contract between the beneficiary and the company. He discussed the feasibility of CSR in a competitive economy and wondered if it can create public goods such as public healthcare and more. The key drivers to CSR are

NGO activism, responsible investment and litigation.

Panelist P S Ananthanarayan, management consultant, said internal audits are very important for planning and working towards an enhanced enterprise performance. Appraisals and analysis are required on the part of the independent director to efficiently carry out the responsibility.

The chairman summed up the session by stressing on Mukherjee's point of liberation of market and emergence of global giants, leading to development of embedded firm and supplier network on a global context. He also pointed out the importance of appointing independent directors.