

'New Cos Act gives bigger role to Cost Accountants'

Adi Singh

A statutory body set up under an act of Parliament, the institute of cost accountants of India (ICAI) was started with the objective to develop the Cost and Management Accountancy function as a powerful tool of management control in all spheres of economic activities.

As per the ICAI website a Cost Accountant is a person defined as someone who offers to perform or perform services involving the costing or pricing of goods and services or the preparation, verification or certification of cost accounting and related statements

With over 37 years of experience in Financial Management and Cost Management in a variety



clients on the future plan related to fund raising.

In an interview to Vizag Industrial Scan CMA Prasad talks on the institute and its significance. Below are edited excerpts of the interview.

ICAI has 68,000 members of which 4800 are practicing

of industries CMA Dr. A.S. Durga Prasad is the current president of the institute.

He has been involved in all facets of corporate strategic management, including developing business models, financial structuring, Mergers and Acquisition, Valuation of Companies, Capital structuring and advising

Could you briefly talk on the role of ICAI?

Sure. The institute of cost accountants of India is a statutory body set up under the act of Parliament and comes under the Ministry of Corporate Affairs. The Institute was started with the object to cultivate cost competitiveness and also promote the education of cost accountancy.

I must also mention that the institute was earlier known as institute of cost and work accountants and we have been requesting for a name change to include the word management. Management is a broader term and encompasses finance, accounting etc. however our request for the name change is still pending. We would like it to be called the institute of cost and management accountants of India.

How many students pursue this course?

Currently there are about 5.5 lakh students pursuing this course. The syllabus is designed by the ICAI and is industry oriented and aligned with International Federation of Accountants Education Guidelines. Three years of

compulsory practical training for students besides providing knowledge on latest accounting software has been made mandatory.

After one completes his/her plus 2 the Course at entry level has 3 stages and for someone willing to pursue after his graduation there are just 2 stages.

What is the pass percentage?

Well it is quite low. You could say about 7%.

What are the job prospects for them?

Cost accountants are very much in demand. I must point out that many of our members are highly placed in the corporate sector. CMAs are also employed in Software companies for development of ERP software.

Salaries could range anywhere between Rupees five lakhs to rupees eleven lakhs, depending on the organization that is recruiting. Out of the 68000 members we have around 4800 practicing i.e. have their own set up while the rest are employed.

What is the fundamental difference between a Chartered Accountant and a Cost Accountant?

The basic difference is that a Chartered

Accountant prepares the financial account of a company i.e. preparing profit & loss account, preparing of balance sheet, basically dealing with the financial affairs of a company. On the other

Accountants. Under the new Cos act of section 148 -1 and 2 both cover maintenance of cost accounts & cost audit also the services sector has now been more widely included.

5.5 lakh students pursuing the cost accountancy course

Pass percentage a mere 7%

hand cost accountancy is done to arrive at the elements of cost such as manufacturing of a product or rendering a service etc.

Which type of companies are required to have a cost accountant?

It is Mandatory for certain class of companies. Till the new rules came, companies that were above Rs.20crs or companies that have a net worth of Rs.5 crs and above or companies that are listed on stock exchange were required to have a cost accountant. In the new rules we have certain concerns and clarifications which are still awaited to be cleared.

What has the new companies Act for Cost Accountants?

The new company's act of 2013 has given a bigger role to Cost

Practicing Cost Accountants can incorporate a company, undertake internal audit, mandatory cost audit, certification and valuation of works under statute apart from other consultancy services.

Also business valuation i.e. mergers acquisitions has been officially recognized for cost accountants.

Does the institute have any agreements with similar organizations abroad?

Yes. The institute has a MRA (Mutual Recognition Agreement) with the Institute of Management Accountants, USA. This was signed in 2009 and renewed this year. Similarly we have with the Institute of Public Accountants, Australia and a MoU with Chartered Institute of Securities and Investments, UK.

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Make India leading silk producer: Gangwar

HONOURS 54 WOMEN ACHIEVERS IN SERICULTURE

VIS News Service

New Delhi: The Minister of State (Independent Charge) for Textiles **Mr Santosh Kumar Gangwar** honoured 54 women from 27 Indian states who have achieved significant success in production, productivity and adoption of best practices in the field of Sericulture across the country in a National Workshop on "Empowering Women Through Sericulture".

Pointing out the fact that sericulture has been providing gainful livelihood opportunities to rural

women he said that the women achievers are role models for other farmers and added that "I would appeal to you to promote sericulture for enhanced silk production in the country."

The minister emphasised on putting all efforts and making India the leading producer of silk and said that "it is the right time for us to focus on high quality silk and become truly world class."

He said that the Ministry would like to take the development process through participative

approaches leading to inclusive growth. He also expressed happiness about the innovative practices adopted by the women in sericulture and hoped that this workshop will help in augmenting production of quality silk in the country substantially.

Making a presentation on the matter, **Dr. Sanjay Kumar Panda**, Secretary, Ministry of Textiles, stressed that sericulture is an effective tool for poverty eradication in rural areas and empowerment of women.

Speaking on some of

- ▶ India 2nd largest producer of Silk in the world
- ▶ All time increase of 11.8% in silk production in last fiscal

the challenges he said that the challenges ahead lie in producing quality bivoltine silk for meeting the need of the silk weaving industry. He further highlighted that quality silk worm food plants, robust silk worm races, production of quality silk worm seed and effective marketing should be the focus areas.

India is said to be the second largest producer of silk in the world. The silk production has shown a remarkable progress during the year 2013-14. There was an all-time increase of 11.8% growth

in silk production during 2013-14 when compared to the production during 2012-13. The raw silk production in India during 2013-14 was 26480 MTs which includes 1.9476 MTs of mulberry silk, 2619 MTs of tasar silk, 4237 MTs of eri silk and 148 MTs of muga silk.

During the current financial year (2014-15) it is targeted to produce 28500 MTs silk which includes 3500 MTs of quality bivoltine silk. This also covers production of 2785 MTs of tasar silk, 4760 MTs of eri silk and

150 MTs of muga silk.

The focus, at the same time, is also on production of quality bivoltine silk to cater to the requirements of weaving sector. The demand for superior quality bivoltine silk is increasing in India for domestic consumption as well as value added silk products for the export market. The Ministry of Textiles Government of India and Departments of Sericulture in various states provide for technical and financial assistance for enhancing the bivoltine silk production.

- ▶ Current FY target to produce 28500 MTs silk
- ▶ Focus on producing quality 'bivoltine silk'