

Members' Handbook



The Institute of Cost Accountants of India
(Statutory body under an Act of Parliament)

Members' Handbook



The Institute of Cost Accountants of India
(Statutory body under an Act of Parliament)

First Revised Edition: January, 2011

Second Revised Edition: July 2011

Third Revised Edition: January, 2013

Fourth Revised Edition: May, 2022

Published By:

The Institute of Cost Accountants of India

CMA Bhawan

12, Sudder Street, Kolkata- 700016

Delhi Office

CMA Bhawan

3, Institutional Area, Lodhi Road, New Delhi- 110003

The Institute of Cost Accountants of India

© All Rights Reserved

No part of this publication may be reproduced, stored in a retrieval system, or transmitted, in any form, or by any means, electronic, mechanical, photocopying, recording, or otherwise without prior permission, in writing, from the publisher.

Any mistake, error or discrepancy noted may be brought to notice of PD Directorate which shall be taken care of in the next edition.

CMA P. Raju Iyer
PRESIDENT



The Institute of Cost Accountants of India
(Statutory body under an Act of Parliament)
CMA Bhawan,3, Institutional Area, Lodhi Road
New Delhi 110003
Phones:+91-11-24666101, Mobile No.: +91
9910030124
Email ID: president@icmai.in
Website:www.icmai.in



FOREWORD

(FOURTH EDITION)

I am pleased to note that the Professional Development Committee of the Institute is bringing out the 4th Edition of the Member's Handbook. I congratulate the Professional Development Committee chaired by CMA Vijender Sharma, Vice-President of the Institute, for taking this important step towards capacity building of the members and all stakeholders by releasing the updated Handbook.

The updated compilation of relevant information in the handbook seems appropriate in the context of new challenges being faced by the professionals. In the ever dynamic economic, business and regulatory environment, the biggest challenge for the professionals is to streamline audit processes, improve quality of services and maintain time-bound regulatory & other compliances to add greater value to the clients and stakeholders. The emerging demands and expectations being placed on the professionals will certainly lead to the opportunities, but this will also require enhancing capabilities of the professionals by updating their skillset to keep them at pace with the time.

The Handbook contains necessary significant information to help members play their role effectively in the challenging environment. The handbook also contains important information about the avenues available to the members in practice and service. The Handbook will serve as a ready reference in their day to day working and help in ease of doing businesses.

I am sure that the Handbook would provide an excellent platform to the members in updating their professional knowledge. There is always room for the further improvement since we all continue to learn and unlearn things all the time. I urge the users of this Handbook to come up with constructive suggestions for further improvement in the future version of this Handbook.

I wish the readers of the handbook great learning.

27th May, 2022

CMA P. Raju Iyer
President

CMA Vijender Sharma
VICE PRESIDENT
& CHAIRMAN-PROFESSIONAL
DEVELOPMENT COMMITTEE



The Institute of Cost Accountants of India
(Statutory body under an Act of Parliament)
CMA Bhawan,3, Institutional Area, Lodhi Road
New Delhi 110003
Phones:+91-11-24622156-58, Mobile No.: +91
9810166877
Email Id: vicepresident@icmai.in,
Vijender.Sharma@Vsa.Net.In
Website:Www.Icmai.In



PREFACE

(FOURTH EDITION)

I am happy to present the fourth edition of Member's Handbook to the members on behalf of the Professional Development Committee of the Institute. The intention of bringing out with the fourth edition of the Member's Handbook is that Cost Accountant fraternity who are providing professional services to the corporate world have a publication available in their hand which covers comprehensively all materials which a Cost Accountant is required to know and bridges the time gap between the previous editions.

CMA Professionals have been providing the valuable services at different levels in varied sectors of economy. The stakeholders rely on the work of these professionals. The more senior they become, the greater will be their ability and opportunity to influence events, practices and attitudes. Further, the professionals are expected to encourage an ethics-based culture at every level of the activity in order to nurture the sustainability. In order to enhance their skill and build capacity, the Institute has been taking necessary steps and bringing out this Handbook is one of them. There are many new avenues opened for cost accountants under various Statutes, information of which has been incorporated in this publication in order to highlight the role being played by CMA Professionals in the growth of economy, industry and society.

The handbook includes brief about the Institute, important provisions of Cost and Works Act and Regulations 1959, Code and Ethics, career and prospectus as Cost Accountants and the professional avenues available under Government Departments, Ministries, Regulatory Authorities, Acts and Regulations.

The Handbook with updated professional information is expected to be of immense use of the CMA Professionals and other stakeholders. I urge the members to give their suggestions on the publication so that it can be further improved in the time to come.

Wishing you success in all of your professional endeavors;

27th May, 2022

CMA Vijender Sharma
Vice President
& Chairman- Pd Committee

CMA Rakesh Singh
PRESIDENT



The Institute of Cost Accountants of India
(Statutory body under an Act of Parliament)

H.Q. CMA Bhawan, 12, Sudder Street, Kolkata - 700 016

Phones: 91-33-22521031/1034/1035

Fax: 91-33-22527993 /1026

Email: president@icwai.org, Website: www.icwai.org



FOREWORD

I am happy to note that the Professional Development Committee is bringing out 3rd edition of “Members’ Handbook” after incorporating the latest developments in India with respect to regulatory framework. As members are aware that the Ministry of Corporate Affairs issued series of notifications/ circulars modifying the procedure of appointment of cost auditor by the companies, principle based cost accounting records rules 2011, revised cost audit report rules 2011 and filing of Cost Audit Report and Compliance Report in XBRL Format following costing taxonomy. Further, Ministry of Commerce & Industry, Directorate General of Foreign Trade (DFGT) accepted the role of cost accountants in EXIM Policy and Procedures and authorised them to certify all formats and statements of ‘Foreign Trade Policy and Procedures’. All these developments necessitated updation in the “Members’ Handbook”.

I also acknowledge the relentless contribution of CMA J.K. Budhiraja, Director (Professional Development) and all the staff members of Professional Development Directorate in the course of preparing and updating this publication.

I thank CMA S.C. Mohanty, Vice President of the Institute, CMA Sanjay Bhargave, Chairman and other members of the Professional Development Committee for their contributions in bringing out “Members’ Handbook”.

I am sure that the “Members’ Handbook” will prove to be very useful to members in practice and employment and also to students of the Institute.

(CMA Rakesh Singh)

President

2ND JANUARY 2013

NEW DELHI

CMA Sanjay R. Bhargave
CHAIRMAN
PROFESSIONAL DEVELOPMENT
COMMITTEE



The Institute of Cost Accountants of India
(Statutory body under an Act of Parliament)
H.Q: CMA Bhawan, 12, Sudder Street, Kolkata - 700 016
Phones: 91-33-22521031/1034/1035
Fax: 91-33-22527993 /1026
Website: www.icwai.org



PREFACE

Professional Development Committee has brought out “Members’ Handbook” in January 2011. The Ministry of Corporate Affairs issued series of notifications/ circulars on “Cost Accounting Records Rules 2011 and Cost Audit Report Rules 2011” and clarifications thereon in the year 2011-12. Also, during the year 2012 the Ministry of Commerce & Industry, Directorate General of Foreign Trade (DFGT) after considering the request of the Institute, issued Public Notice in October 2012 authorizing the cost accountants to certify all Formats and Statements at par with our sister Institute. Telecom Regulatory Authority of India (TRAI) also revised its Accounting Separation Regulations through “*The Reporting System on Accounting Separation Regulations, 2012*” and the Fertilizer Industry Coordination Committee (FICC) also changed the system of “Retention Price Subsidy Scheme”. There were other changes in the regulatory framework, which required updation in “Members’ Handbook”. I am pleased to mention that all such changes have been incorporated in the revised edition of “Members’ Handbook”. The earlier editions of “Members Handbook” have been of great use for member and students.

This handbook covers comprehensively all materials which a Cost Accountant is required to know about the Institute. It includes brief about the Institute, MOUs entered into by the Institutes with other bodies, important provisions of Cost and Works Act and Regulations 1959, Code and Ethics, career and prospectus as Cost Accountants, practising areas under various Government Departments, Ministries and Regulatory Authorities, Acts and Provisions of Companies Act, Income Tax Act, VAT Acts etc. In addition to material that was previously published in the Members' Handbook, this third edition bridges the gap between the previous editions and includes updated information on all such areas mentioned above.

I would like to convey my sincere thanks to President CMA Rakesh Singh and Vice President CMA S.C. Mohanty for providing guidance and able leadership in the affairs connected with the PD Committee.

I would like to acknowledge the contributions of members of Professional Development Committee enabling to bring out revised and updated 3rd Edition of “Members’ Handbook”.

I would also like to acknowledge the untiring efforts of CMA J.K. Budhiraja, Director (Professional Development) and Secretary and his team to bring the handbook in the present form.

I am confident that this Handbook will be extremely useful to the members and students of the Institute and others interested in the subject.

(CMA Sanjay Bhargave)
Chairman
Professional Development Committee

New Delhi
4th January 2013

**CMAB.M.Sharma
PRESIDENT**



**The Institute of Cost and Works Accountants of India
(Established by an Act of Parliament)**

12, Sudder Street, Kolkata-700016

Phones:91-33-2252-1021/34/35.2252-1602/1492

Fax: 91-33-22527993/1026

E-mail: president@icwai.org

Website: www.icwai.org



FOREWORD

The Institute of Cost and Works Accountants was born as a limited company in 1944, to assist the Government's desire for checking valuation, costing and pricing after war. The Cost and Works Accountants Act was passed in 1959, as an Act of Parliament, and the ICWAI was born as a statutory body to promote, propagate and regulate the profession of cost accounting in the country.

ICWAI has since then grown from strength to strength and today it functions all across the country and has an active presence in all the Internal Accounting Bodies. ICWAI, being a professional Institute, is providing support to the Nation in academic excellence, knowledge-sharing and exploring their intellectual capital for socio-economic development. Today we have 4 regional councils, 91 chapters, 6 overseas centers, three centers of excellence, with the headquarters at Kolkata, catering to the needs of the members, occupying eminent positions in government, industry, academic world, and regulatory bodies. ICWAI's constant endeavour is to equip members both in service and profession so as to serve the Nation. The members' strength of ICWAI has also shown a remarkable growth, crossing 55,000 in this year.

I am happy to note that, as a continuation of this endeavour, has come out with this enlarged publication, titled "Members' Handbook", which shall be a first hand information for the members of our esteemed profession. I also congratulate all the staff members of the Directorate of Professional Development and Directorate of Studies for their relentless efforts and contribution in the course of preparing this publication. I hope that this publication will be useful reference to the Cost & Management Accountants.

With Best wishes,

**B.M.Sharma
President**

5th day of January, 2011

CMA Kunal Banerjee
CHAIRMAN
PROFESSIONAL
DEVELOPMENT
COMMITTEE



The Institute of Cost and Works Accountants of India
(Established by an Act of Parliament)
12, Sudder Street, Kolkata-700016
Phones:91-33-2252-1021/34/35.2252-1602/1492
Fax: 91-33-2252-7993/1026
Email:banerjee.kunal@gmail.com
Website: www.icwai.org



PREFACE

I have the pleasure in introducing “Members’ Handbook” – a ready reference for the members of the Institute both in practice and service. This handbook is divided in three volumes.

I have always been of the opinion that the cost and management accounting profession has a very important role to play in the economy. The increasing recognition for our professionals in different spheres of economic activity bears testimony to this fact. Our profession has an excellent window in terms of creating these services which will meet the need of the hour with the focus on enterprise governance with application of appropriate cost management tools and techniques, better and transparent reporting and providing a platform for serious examination of the risks of inadequate information.

In the changed economic environment the emphasis is shifting to efficiency review. Regulatory apparatus needs to foster efficiency and investment by eliminating outdated restrictions and promoting sustainable growth. Regulators are required to frame right regulations in the interest of the industry as a whole and also in the interest of the consumers and other stakeholders. Cost audit, supported by cost accounting standards, can provide relevant and credible cost and revenue data to the regulators to support their decisions.

The economic crisis shows that businesses run on solid fundamentals with clear assessment of profitability and liquidity requirements across different business segments will be able to sustain as well as enhance shareholder value. The management accountant’s major role will be in application of appropriate tools and analysis of business decisions for corporate sustainability and risk mitigation.

I hope that this publication will be a useful reference to all the members.

With Best wishes,

Kunal Banerjee Chairman,
Professional Development Committee

5th day of January, 2011

LIST OF CONTENTS

S. No.	Contents	Page No.
1	About the Institute	1-53
2	Section 8 Companies of the Institute	54-84
3	Membership with International Accounting Bodies	85-91
4	Boards of the Institute	92-102
5	Career and Prospect as Cost Accountant	103-114
6	Independent practice by a Cost and Management Accountant	115-160
7	Important Code of Ethics for members	161-164
8	Cost Accounting Records and Cost Audit	165-174
9	Internal Audit	175-177
10	Stock Audit in Banks	178-183
11	Audit in Co-operative Sector	184-200
12	Excise, Customs and Rubber Board Audit	201-210
13	Appearance as an Authorised Representative	211-242
14	Transfer Pricing and Predatory Pricing	243-274
15	Role of Cost Accountants in Panchayat	275-280
16	Municipal Accounting on Accrual Basis	281-287
17	Role of Cost Accountants in Power Sector	288-292
18	Other Regulatory Authorities	293-318
19	Management Consultancy Services	319-330
20	Anneuxure I	331-361

ACKNOWLEDGEMENT

Professional Development Committee (2021-22)

CMA Vijender Sharma, Vice President	Chairman
CMA (Dr.) Balwinder Singh	Member
CMA Ashwin G. Dalwadi	Member
CMA Neeraj D. Joshi	Member
CMA (Dr.) Ashish P. Thatte	Member
CMA (Dr.) K Ch A V S N Murthy	Member
CMA Niranjan Mishra	Member
CMA H Padmanabhan	Member
CMA Chittaranjan Chattopadhyay	Member
CA Mukesh Singh Kushwah	Government Nominee
CMA Amitabh Mitra	Co-opted Member
CMA Robin Singh	Co-opted Member
CMA Subodh Gupta	Co-opted Member
CMA P Raju Iyer	President, Permanent Invitee
CMA Nisha Dewan,	Additional Director & HOD (PD)
CMA Tarun Kumar,	Additional Director & Secretary to PD Committee



1

About the Institute

Introduction

The Institute of Cost Accountants of India (hereinafter referred to as the Institute) is a premier, dynamic, vibrant professional institution actively associating itself in the industrial and economic development of the nation. The profession places itself at the service of the nation, government, industry, and the society to realize the objectives of a welfare state resulting in the prosperity and the well being of its people - a fact increasingly realized with the opening up of the country's economy and change in the economic scenario of the world. In today's world, the profession of conventional accounting and auditing has taken a back seat and accountants increasingly contribute towards the management of scarce resources like funds, land and apply strategic decisions. This has opened up further scope and tremendous opportunities for Cost Accountants to shoulder responsibility as Management Accountants in accordance with new dimensions and vision here in India and abroad. Members of this profession will be the driving force in the team of management while in employment and a key consultant, an effective Cost and Management Auditor and an appropriate advisor in place. This is why Cost Accountants in India are called Management Accountants all over the world.

ICAI, a founder member of International Federation of Accountants (IFAC), Confederation of Asian and Pacific Accountants (CAPA) and South Asian Federation of Accountants (SAFA) is the only statutory institute in the country specialised to develop and to regulate the profession of Cost and



The Institute of Cost Accountants of India

Management Accountancy in India.

ICAI set up in 1944 as a Company has been in the forefront with a special edge over other Institutions for its contribution to the society at large by creating wealth through increased efficiency and accelerating growth. It has not only developing the profession of Cost and Management Accountancy but also contributing services of the members and the Institute towards conservation and better optimal utilisation of scarce national resources. During the current meltdown, even the G-20 has recognised the importance of the profession of cost and management accountancy for cost reduction and risk management for survival and revival of industry and economy. Worldwide, businesses have given cognizance to the cost management practices for their survival and revival in their annual reports.

History of the Institute

It was during the early years of World War II, that the concept of cost as an independent entity made its beginning in the industrial circles of the world. Due to the prohibitive cost of defense operations, the then governments at war found it difficult to ascertain the price of defence purchases and thus evolved the concept of cost plus contracts. This forced the contractors to submit the cost of the work to be undertaken by them so that the contracts may be awarded them.

1945 brought the end of the war, and the nations ravaged by the effects of war began large-scale reconstruction of their economies through industrialization. The end of colonialism meant that many nations gained their independence, and this process increased rapidly. The importance of cost accounting as being central to the formation of government policies provided the foundation of the rapid growth of the profession. What began as a mere exercise in estimating the cost later developed into a movement for efficiency and optimum utilisation of scarce resources.

The Institute of Cost Accountants of India (erstwhile The Institute of Cost and Works Accountants of India) was first established in 1944 as a registered company under the Companies Act with the objects of promoting, regulating and developing the profession of Cost Accountancy.



The Institute of Cost Accountants of India

On 28th May, 1959, the Institute 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.

It has since been continuously contributing to the growth of the industrial and economic climate of the country.

The Institute is the only recognised statutory professional organisation and licensing body in India specializing exclusively in Cost and Management Accountancy.

A Cost Accountant is a person 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

The Head Quarters of the Institute is situated at CMA Bhawan, 12, Sudder Street, Kolkata 700016 and operates through four regional councils at Kolkata,

Chennai, Delhi and Mumbai as well as through a number of chapters situated across the country in India and abroad.

Statutory Recognition

The Estimate Committee of the Parliament in its 9th report in 1956 made specific recommendation that in the light of the government policy of rapid industrialization, advent of public sectors deploying huge funds from public exchequer and the increasing importance of cost accounting in all economic activities, the Government should take steps to constitute an Institute of Cost Accountants as a statutory body under the Act of Parliament for producing adequate number of qualified Cost Accountants. To grant statutory recognition to the Institute, while moving the Cost and Works Accountants Bill for reference to the Joint Committee, the Deputy Minister of Commerce and Industry explained the nature and purpose of cost accounting as follows (Lok Sabha Debates, Vol. XXIV, dated 20th December, 1958, pp. 6608-09):

“Cost accounting is a function entirely different from general or financial accounting. Cost accountancy covers a wide range of



The Institute of Cost Accountants of India

subjects, with special emphasis on cost accounting, factory organization and management, engineering techniques, and knowledge of the working of the factories. The cost accountant performs services involving pricing of goods, preparation, verification, certification of cost accounts and related statements, or recording presentation or certification of cost facts or data. In a manufacturing concern, he works out the economical cost of production and evaluates its progress at each stage of production. In mass production enterprises, he points out wastage of manpower due to overstaffing or inefficient organization and indicates the output, the capacity of the machines and labour, the stock position, the movement of stores and weakness in the production process. The systematic determination of cost in every single and distinct process of manufacturing provides a continuous check on the margin of waste in the processing of raw and semi-finished materials, on the utilisation of machinery installed, on manpower expended and the percentage of rejection of finished products. This pinpoints also the particular process in which defects and deficiencies exist, thereby enabling immediate remedial measure being taken. Costing, in short, aims at making the organization efficient and economical, by providing the minimum of labour and material and getting the full capacity of the machine output. The cost accountant, therefore, is concerned solely and mainly with the internal economy of the industry, and renders services essential to the day-to-day management of the undertaking.”

Name Change

After passing the aforesaid Bill by both houses of Parliament, the Cost and Works Accountants Act 1959 came into effect on 28th May 1959. The Cost and Works Accountants Act, 1959 has been amended by the Cost and Works Accountants (Amendment) Act, 2006.

The name of the Institute has been changed to The Institute of Cost Accountants of India in the year 2012 by the Cost and Works Accountants (Amendment) Act 2011 passed by the both houses of Parliament. Name change was effected from 1st February 2012 and the members of the institute have been re-designated as ACMA and FCMA.



The Institute of Cost Accountants of India

Mission Statement

“The Institute of Cost Accountants of India Professionals would ethically drive enterprises globally by creating value to stakeholders in the socio-economic context through competencies drawn from the integration of strategy, management and accounting.”

Vision Statement

"The Institute of Cost Accountants of India would be the preferred source of resources and professionals for the financial leadership of enterprises globally"

Motto

From ignorance,
Lead me to truth from darkness,
Lead me to light from death,
lead me to immortality Peace, Peace, Peace.

Objectives of the Institute

- i. To develop the Cost and Management Accountancy profession as a powerful tool of management control in all spheres of economic activities;
- ii. To promote and develop the adoption of scientific methods in cost and management accountancy;
- iii. To develop the professional body of members and equip them fully to discharge their functions and fulfill the objectives of the Institute in the context of the developing economy;
- iv. To keep abreast of the latest developments in the cost and management accounting principles and practices, to incorporate such changes which are essential for sustained vitality of the industry and other economic activities;
- v. To exercise supervision for the entrants to the profession and to ensure strict adherence to the best ethical standards by the profession;
- vi. To organize seminars and conferences on subjects of professional interest in



The Institute of Cost Accountants of India

different parts of the country for cross-fertilization of ideas for professional growth;

- vii. To carry out research and publication activities covering various economic spheres and the publishing of books and booklets for spreading information of professional interest to members in industrial, education
- viii. and commercial units in India and abroad.

Management and Organization

In terms of Section 9 (1) of the Act, the management of the Institute is vested in the Council hereinafter referred as Central Council. The Central Council is comprised of 20 members. Out which 15 members are elected by the members of the Institute from amongst the fellows of the Institute chosen in such manner and from such regional constituencies as specified by the Central Government and 5 members are nominated on the Council in specified manner by the Central Government. No person holding a post under the Central Government or State Government is eligible for election to the Central Council in terms of Section 9 (2) (a) of the Act. Also a person who has been auditor of the Institute shall be eligible for election to the Central Council for a period of three years after he ceases to be an auditor.

Institute with its present organizational structure operates through four Regional Councils at Kolkata, Chennai, Delhi & Mumbai and 112 Chapters situated at important cities in the country and 11 Overseas Centres mainly to provide coaching facilities to the students, organize professional development programmes for members, public relations drive to propagate the message of the profession among the local industries, government and other bodies, with its headquarters at Kolkata and an office at Delhi. The Regional Councils shall advise and assist the Central Council in carrying out provisions of the Act. The Institute is under the administrative control of Ministry of Corporate Affairs.

Students and Members

Due to recent changes in the fields of maintenance of cost accounting records and cost audit mechanism and changes in the other regulatory



The Institute of Cost Accountants of India

requirements, the scope for practice and employment opportunities for members of the Institute has increased tremendously. The students intake has also witnessed exponential growth. The Institute is the largest Largest CMA Body in Asia and 2nd Largest CMA Body in the World. Presently Institute has more than 5,00,000+ students and more than 84,000+ Qualified CMA Professionals.

Institute's Main Course

CMA Curriculum is based on four knowledge pillars – Management, Strategy, Regulatory Framework and Financial Reporting. It is aimed at nurturing young business leaders of tomorrow who can convert the noble initiative of Make in India and Aatmanirbhar Bharat into reality with their strategic decision-making thought process in both the National and International arena.

As a long-term vision of the Institute and professional social responsibility towards the society and being an organisation under the administrative control of the Ministry of Corporate Affairs, Government of India, the Institute needs to ensure that the students pursuing the CMA Course should possess and acquire robust employability skills to cope with the global challenges and become a future-ready professional. Hence, the Institute has introduced mandatory SAP Finance Power User Training & Certification, Microsoft Office Training & Certification, Cambridge University Press Soft Skill Training & Certification and E-filing Training & Certification as a bouquet of WorldClass Employability and Techno-Skill Training facilities for its students.

Aim of the Syllabus

CMA Syllabus is designed to nurture young business leaders of tomorrow who can convert the dream of 'MAKE IN INDIA' into reality by taking strategic management decisions effectively in both the National and International arena. The syllabus is based on International Standards set by IFAC (International Federation of Accountants) and IAESB (International Accounting Education Standards Board) and Initial Professional



The Institute of Cost Accountants of India

Development – Professional Skills (Revised) through IEG (International Educational Guidelines):

- To create awareness and promote cost & management accounting education
- To achieve six skill sets - knowledge, comprehension, application, analysis, synthesis and evaluation based on four knowledge pillars - management, strategy, regulatory framework and financial reporting
- To inculcate skills for employability
- To lay increased emphasis on Accounting, Reporting & Control, Strategy, Performance Measurement, Analysis, Reporting, Corporate & Allied Laws, Taxation, Ethics and Governance
- To extend professional expertise to ensure transparency and governance as desired by the government
- To enhance competency level of cost and management accounting professionals at par with international level.

Structure of CMA Syllabus

- Foundation Course is an Entry Level Programme for non-graduate students which is held twice in year
- The next step is Intermediate Course. Intermediate Course & Final Course comprise sixteen subjects. These subjects provide balanced and comprehensive knowledge which is evenly distributed among four knowledge pillars
- A percentage weightage is shown amongst topics for all subjects. This is intended to provide better guidance to the students as to the spread of coverage of different topics in a subject. Moreover, this will be useful for examination system to rationally evaluate the knowledge of students in different topics in a subject.



Skill Mapping of Syllabus

In developed nations like U.K., USA, Canada etc. focus of Cost and Management Accounting professionals is on three knowledge pillars. In India, Cost and Management Accountants are providing useful services to the industry in regulatory areas also. Keeping the same in mind, the syllabus has been framed with due care of knowledge requirement of professionals in the field of Regulatory services.

The syllabus for the CMA Course has been designed to strengthen the following four knowledge pillars:

- Management
- Strategy
- Regulatory Framework
- Financial Reporting

Syllabus 2022

In view of the changes in financial and economic scenario, the Institute has revised its existing syllabus 2016 to syllabus 2022 w.e.f. August 2022. The first examination under Syllabus 2022 shall be conducted in June 2023.

Structure of Syllabus 2022

Under Syllabus 2022, Institute is introducing choice of Elective papers in Final

- Strategic Performance Management and Business Valuation
- Risk Management in Banking and Insurance
- Entrepreneurship and Start-up

Placement & Training

The Institute has a vibrant Placement Cell to facilitate the placements for all deserving students. It works round the clock to facilitate the placement



The Institute of Cost Accountants of India

opportunities for both qualified and semi-qualified CMAs. The Placement Directorate works closely with Corporate Sector to groom students as per industry requirements. Industry is always on the lookout for students with sound academic background, who are vibrant, knowledgeable, energetic, attentive, fast learners, adaptive, good communicator and ready to accept challenges. The Institute is committed to offer best talent for corporates.

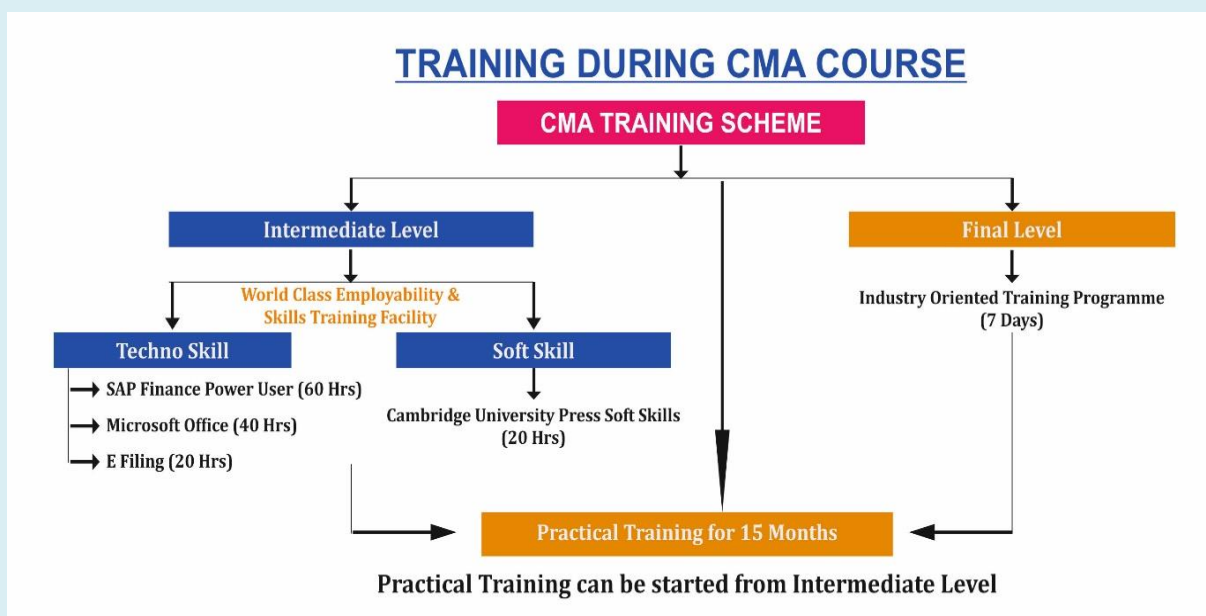
Placement Cell of the Institute intends to provide 100% placement assistance to all CMA students and offers support, guidance and assistance to them at pre-placement stage which is immensely helpful in grabbing a lucrative job.

Functions

- Guiding students to choose right career path and to provide domain knowledge, skill and right aptitude to cater the skilled manpower requirements of the Industry.
- Training and guidance opportunity by the eminent industry members and professionals for capacity building and enhancing domain knowledge.
- Maintaining and regularly updating database of students for possible placements.
- Maintaining database of companies and establishing strategic links and network for campus recruitments.
- Coordinating with companies to understand their requirements and recruitment procedures.
- Identifying the needs and expectations of the companies to assist them in recruiting most suitable candidates.
- Organizing pre-placement Orientation program/training/workshops/seminars for students to keep them up-to-date.
- Arranging CFO & HR Discussion Meet pan India basis.
- Collecting feedback from employers to know where our students stand in the selection process and guiding them accordingly.
- Assisting students for industrial training before or after the completion of the Course.
- Acting as a link between students, alumni and the recruiters.

Training During CMA Course

CMA students shall have to undergo prescribed mandatory training at Intermediate and Final levels. The Institute is having a robust Training Scheme to groom its students to acquire and apply the knowledge, skills, abilities, and attitudes needed by a particular job and organization and to develop professional expertise.



Cost and Managementaccountancy Profession in India

- With the globalization of all economic activities, the industries both in manufacturing and service sector have recognized the potential of Cost and Management Accounting profession in giving support in effective resource management and making the operations more cost effective for facing the challenges of management
- Cost and Management Accountants provide services in investment planning, profit planning, project management and overall managerial decision making process. Many members of the Institute are holding top management positions, viz., Chairman, CEO/CFO, Managing Director, Finance Director,



The Institute of Cost Accountants of India

Financial Controller, Chief Accountant, Cost Controller, Chief Internal Auditor etc.

- Central Government has constituted an all-India cadre known as Indian Cost Accounting Service (ICAS) at par with class-I services for framing fiscal and tax policies
- The Specialised knowledge and skill of the professional members of the Institute are being given due recognition for different Audit or Certification work under different statutes like maintenance of Cost Accounting Records and Cost Audit under section 148 of The Companies Act, 2013 and Valuation Audit
- Cost and Management Accountants (CMAs) have a leading and important role to play in GST era. Advisory services like Impact Study, Contract Review, Impact on Pricing Model, Business Structure revamping, Supply Chain Management, Logistics and Distribution Systems, Business process mapping in GST etc. including filling up of Monthly/Quarterly/Annual return.

Job Opportunities for Cost and Management Accountants

- Cost Accounting
- Accounting
- Financial Management
- Financial / Business Analyst
- Auditing / Internal Auditing / Special Audits such as Environment Audit, Forensic Audit, CSR Audit etc.
- Direct & Indirect Taxation
- Systems Analysis & Systems Management
- Functional Consultancy in ERP implementation
- Process Analysis in BPO houses
- Academic Careers in College / Management Institute etc.
- Implementing Business Intelligence Systems



Certificate Course– CAT

The Institute launched a “Certificate in Accounting Technicians”- CAT Course in the year 2008 in view of heavy demand of accountants at junior level, in consultation with the Ministry of Corporate Affairs, Government of India. This course paves the way for the students with a job-in hand on successful completion of the course. The course is chiefly beneficial for 12th passed/appearing students, who can gain employable skills by virtue of passing it. After successfully passing its Part-I, the student can apply for the intermediate level of CMA course as well. The course is helpful in developing among the students the necessary skills required to apply theoretical knowledge of accounting to practical situations in different functional areas of accounting. The CAT course is aligned with the Qualification Pack BSC/Q8101 - Accounts Executive of BFSI Sector Skill Council of India (BFSISSC).

The CAT course has been designed to equip the candidates with the knowledge of maintenance of accounts, preparation of Tax Returns, Filing of Returns under Companies Act, Filing of Returns under Income Tax, GST, Customs Act, Export & Import documentation etc. The CAT passed candidates would be instrumental in fulfilling the huge gap between demand and supply in various sectors, like Small and Medium Enterprises (SMEs), Business Process Outsourcing (BPOs), Knowledge Process Outsourcing (KPOs), Retail, e-Chaupals, etc

The importance of CAT course can be gauged by the fact that the Institute has been associated with the Skill Development mission of the Government of India and running CAT course in various States under their Skill Development Schemes. It also has been recognized by the Government of India to run CAT course under its Deen Dayal Upadhyaya Grameen Kaushalya Yojana (DDUGKY)-a Government of India youth employment scheme. The course is gaining importance day-by-day from the Central and State Government/Universities & Institutions of repute as various states are actively considering running it under their Skill development schemes. Recently, the Institute has been tasked by the Ministry of MSME to train SC/ST aspirants across India in CAT course.



Advanced Studies Courses

The Institute has introduced the following advanced courses for members of the Institute and non- members. The above advanced courses have been conceived and structured to reflect the Current trends in the Market. The courses are monitored by the Board of Advanced Studies & Research constituted with eminent experts from Academia, Industry, Government and Profession. These Programs are designed to ensure a continuous supply chain of Capable and Competent Leaders, to cater to the demanding needs of Industry, Government and the Regulators. For more details regarding courses are hosted on the Institute website.

1. Diploma in Forensic Audit

For CMAs & CMA Students Only

Duration: 100 Hrs

Forensic Audit is assuming critical importance in India and globally in the wake of numerous financial frauds, corporate misconduct and unethical business practices and high incidence of cyber-crime. Forensic Audit uses accounting, auditing, CAAT/ Data Mining, Data Analytics, behavioural and investigating skills to conduct investigations, in case of embezzlement, financial misconduct, contract non-compliance and other fraud cases. Forensic auditors also have significant opportunities of working in the banking and financial services sector.

The 'Diploma in Forensic Audit' (DFA) Course is a blend of theoretical, Case studies and practical training and is intended to equip the participants with concepts in Forensic Audit which aims at sensitizing Fraud Investigators, Auditors, security Professionals, and IT executives about the risks and mitigation strategies for an effective business environment. Cost & Management Auditors, Finance Professionals, Internal Auditors, Industry Professionals can thus bolster their client service capabilities and sharpen skills with an in-depth understanding of forensic audit which the Course offers.



2. Diploma in Information System Security Audit

For CMAs & CMA Students Only

Duration: 100 Hrs

Diploma in Information System Security Audit (DISSA) Course provides candidates with the knowledge and skills to assess the Internal Control Environment (ICE) of information systems and perform sophisticated auditing techniques of those systems. In a digitised world, as the breadth of information technology continues to grow, the importance of protecting the organization's information from internal and external threats grows at an even more rapid pace. This growth provides a high demand for qualified individuals with a background in DISSA. Cost & Management Accountants qualified as Information System Security Auditors (ISSA) can apply for roles such as: Compliance Analyst, Internal Auditor, IT Auditor, Audit/ Assurance Services Associate, Risk Advisory Services Specialist, Web Security Specialist apart from providing professional IS Audit services as a practising Cost Accountant. The Programme aims to build capabilities among the participants to take these emerging challenges and to perform assignments in auditing and evaluation in a complete IT environment using IT tools.

The DISSA course combines latest technology, information assurance and information management expertise that enables an ISSA to become a trusted Information Technology advisor and provider of IS Assurance services. DISSA course aspires to create new generation systems auditors who can deliver value added services in the field of information systems to all entities – Banks, Corporate Sector, Regulator etc irrespective of their size, nature and scope of business.

3. Certificate Course in Data Analytics for Finance Professionals

Duration: 100 Hrs

We live in a data-driven world where organizations, irrespective of their size or area of operations, cannot ignore the impact of data analytics in the way they run their businesses. Whether it is to improve customer experience or managing resources better, data analytics is being used at every level of the organization to make informed decisions.

Today, data is everywhere. But there is a scarcity of talent with the skills to make sense of it and create value. As the need for analytics becomes more widespread, there is mounting demand for—and a growing shortage of—



The Institute of Cost Accountants of India

professionals with the relevant data skills coupled with an understanding of how the techniques are applied to business and the variety of critical tasks facing decision-makers.

This is true, of course, only for organizations that have already started on their digital transformation journey. Others who have not adapted will soon realize that they have missed the bus to the next era of decision-making. When organizations invest in formal training, communities to foster continued learning, and certifications to measure data literacy, people can thrive with data and make a greater impact on the business – better prepared to be agile as digital transformation demands data literacy at all levels.

At the outset, the Board of Advanced Studies of the Institute has introduced a unique online Certificate Course in “Data Analytics for Finance Professionals” to groom and train the participants with the latest tools and techniques of data analytics for effective decision-making purposes.

4. SAP Finance Power User Course

(SAP Learning Hub & SAP S/4HANA)

Duration: 80 Hrs

About SAP Course:

SAP today is the global leader in business applications and analytics software, a market leader in digital commerce, and the world’s largest enterprise cloud company with over 130 million cloud users.

SAP solutions help customers address technology trends such as cloud computing, Big Data, the Internet of Things (IoT), and artificial intelligence that go hand in hand with the social trends that are changing how we live and work.

Majority of the World's largest companies uses SAP ERP. In India also majority of large companies using Enterprise ERP use the SAP systems / software. Even government organizations in India use SAP. People working in these organizations have to use or operate SAP system(s) to perform their business functions.

SAP FICO - Power User Course:

The SAP FICO - Power User Course will provide the students the basic idea of SAP and its Financial Accounting and Management Accounting processes.



Students will learn concepts of how to use and operate SAP finance and CO modules and will be introduced to SAP Finance integrations with other modules like MM, SD and Production.

5. Certificate Course in Advanced Business Excel for Finance Professionals

(With Microsoft Certification)

Duration: 50 Hrs

Microsoft Excel spreadsheet software has become an integral part of most business organizations across the world. MS Excel is used for various purposes by business establishments.

MS Excel offers a grid interface that allows the user to organize any type of information they require. One of the major advantages MS Excel spreadsheet software is its flexibility feature. This feature allows the user to define the structure of information they need to manage with ease, and this spreadsheet software is very easy to use and even a novice user can use this software. For specialized tasks, the user needs to undergo training and gain hands-on experience to use it in a better manner.

This 'Certificate Course in Advanced Business Excel for Finance Professionals [with Microsoft Certification]' intends to train and up-skilling the participants with the advanced and latest tools in Microsoft Excel along with Microsoft Certification. Live online interactive sessions with the apt application of advanced tools and case studies in different business scenario are the major attractions of this Course. Participants attending this Course will be tremendously benefitted to learn this powerful tool and to apply the same to solve complex business scenario.

6. Executive Diploma in Business Valuation

(With Financial Modeling)

Duration: 100 Hrs

Valuation, particularly financial valuation, is emerging as an important profession, with the growth in the profession of financial analysts, increased interest in mergers, acquisitions as also demerger and divestiture, etc. increased interest of PE firms in Indian business and implementation of Ind-AS.



The Institute of Cost Accountants of India

The valuation profession is expected to get a boost with the introduction of the concept of Registered Valuers in the Companies Act 2013. Registered Valuers will provide valuation in respect of property, stocks, shares, debentures, securities, goodwill or any other assets or net worth of a company or its assets or liabilities.

This diploma course aims to develop proficiency in Valuing assets and liabilities through a learning process that blends concepts with applications.

The course is an advanced knowledge module that presupposes understanding of management accounting and corporate finance. The participants will get extensive exposure through project work on Valuation and by analyzing case studies.

7. Executive Diploma in Cost & Management Accounting for Engineers

Duration: 100 Hrs

In modern competitive business environment, suitable business decision making is very crucial. All professionals irrespective of their domain expertise need to understand the commercial aspects of the business, to contribute effectively and efficiently to the strategic business decision making.

Engineers being the frontline technocrats are a part of the team for taking various commercial decisions in the interest of the organization, which requires adequate expertise to understand the various facets of Cost, Finance, Taxation, Business Laws, Commercial aspects etc.

This course has been specifically designed for Engineers to synergies their domain expertise with the commercial link in the most practical oriented manner.

8. Certificate Course in Arbitration

Duration: 50 Hrs

Arbitration is a form of alternative dispute resolution (ADR) is a technique for the resolution of disputes outside the courts, the parties to a dispute refer it to Arbitration by one or more persons (the arbitrators arbiters or arbitral Tribunal) and agrees to bound by the arbitration decision (the award). A third party reviews the evidences in the case and imposes a decision that is legally binding on both sides and enforceable in the courts. In fact Arbitration is a process in which disputants can resolve dispute amicably.



The Institute of Cost Accountants of India

This method can bring solutions disputes as well as among disputants.

The objective of this course is to make familiarize the participants with legal framework of arbitration, arbitration procedures, and arbitration practice. It is also designed to cover practical aspects covering case analysis and mock arbitral proceedings.

9. Advanced Certificate Course in Internal Audit

Duration: 50 hrs Online Live Sessions

10. Diploma in Management Accountancy

For CMA Members

Management Accountancy is the study of managerial aspect of accounting. It is that system of accounting which helps the management in carrying out its function more efficiently and effectively. The complexities of business environment have necessitated the use of management accounting for proper planning, coordinating, decision making and controlling functions of management. Management accountancy is the process of identification, measurement, accumulation, analysis, preparation, interpretation and communications of financial information used by management to plan, evaluate, and exercise control within an organisation and to assure the appropriate use of and accountability for its resources.

This diploma course is an advanced knowledge module that aims to develop further proficiency in various facets of management accounting activities of CMAs in various organisations.

CMA Support Centres

The Institute has 56 CMA Support Centers and the institute has set up Regional Councils and Chapters at several places all over the country for providing services and facilities to the students and members. The institute has decided to set up CMA Support Centres in the areas/cities/towns where the chapters could not be set up for want of the requisite number of Members and students, but have the potential for the growth of the profession. CMA Support Centers may give the requisite guidance and the sense of direction to the prospective students undergoing or aspiring to undergo the courses of the institute in such areas. If the following



The Institute of Cost Accountants of India

individuals/ Institutes/ Organizations meet the conditions as laid down in the guidelines for setting up CMA Support Centers, they may be recognized as CMA Support Centres:

CMA Support Center could be an Individual, AOP, College, Institution or ROCC as already constituted for the CAT course of Institute.

CMA Support Center seeking such recognition should apply in the prescribed format.

On becoming CMA Support Centre, name and/or Identification number shall be allotted by the Institute for each of the CMA Support Center.

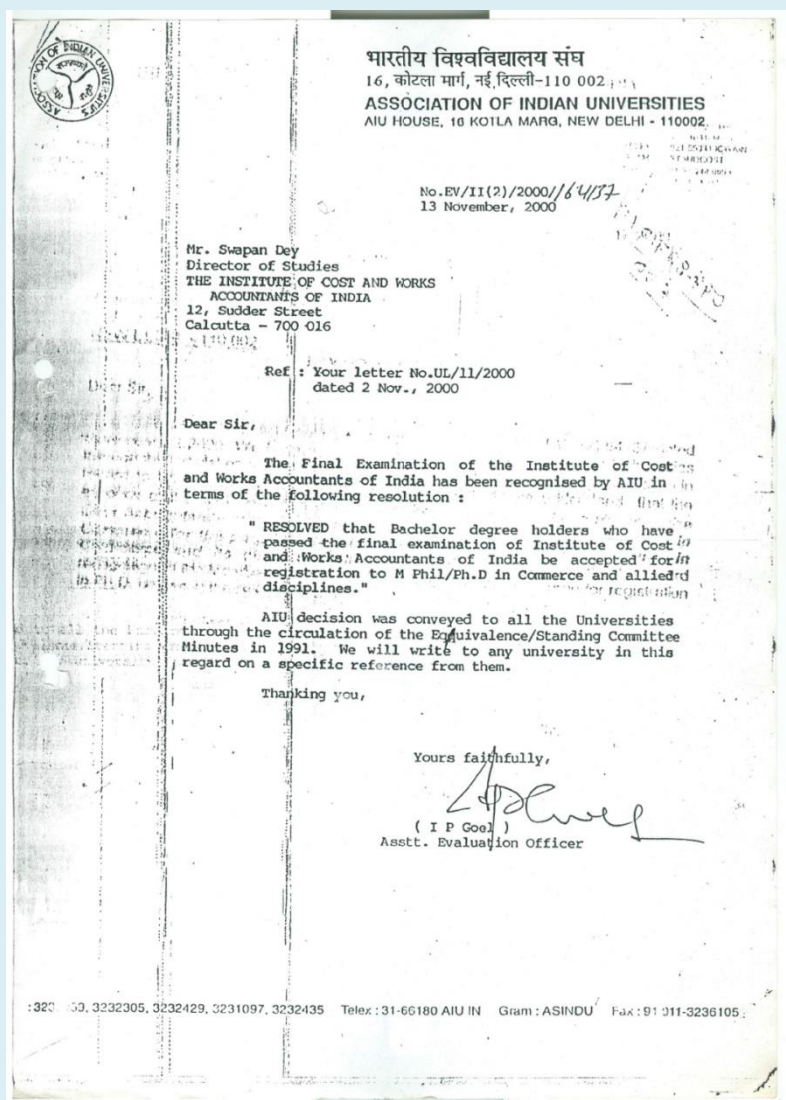
The guidelines for setting up CMA Support Centers have been hosted on the Institute website.

https://icmai.in/upload/Institute/CMASC_With_Coaching_Training-02072018.pdf



Recognition of CMA qualification for Ph.D. purpose

CMA qualification has been recognised by the Academic Councils of many Universities in India including IGNOU for the purpose of admission of the Ph.D courses in Commerce. It was resolved by Association of Indian Universities to accept Bachelor Degree-holders who have CMA Qualification for registration as M.Phil. and Ph.D candidates in commerce and allied disciplines vide their letter nos. EV/II/(2)/91/80878 dated 16.8.1991 and EV/II/(2)/2000/179741 dated 29.11.2000. AIU indicated in the aforesaid letter that their 'Resolution' has been conveyed to all the Universities vide their minutes in 1992.

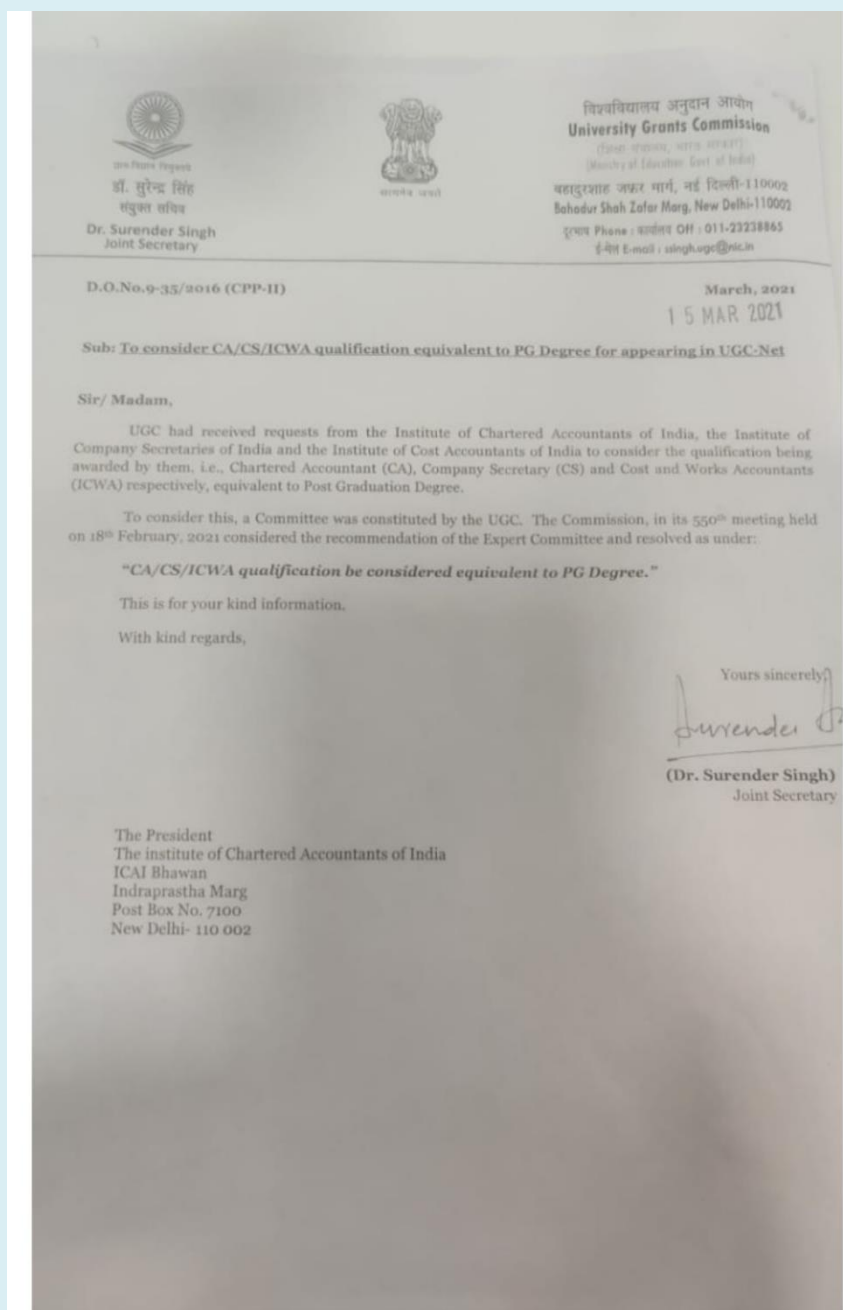




The Institute of Cost Accountants of India

Recognition of CMA Qualification as equivalent to PG Degree

The University Grants Commission (UGC), Ministry of Education, Government of India vide letter no DO 9/35-2016(CPP II) dated 15 March 2021 has recognized CMA Qualification equivalent to PG Degree for appearing in UGC Net.





The Institute of Cost Accountants of India

Universities who have already recognized the membership of the Institute of Cost Accountants of India has sufficient qualification for pursuing Ph.D Courses

https://www.icmai.in/icmai/aboutus/PHD_CMAs.php

https://icmai.in/icmai/aboutus/IIMs_list.phphttps://icmai.in/icmai/aboutus/Universities_list_Recognizing_CMA.php

https://icmai.in/icmai/aboutus/Universities_list_Recognizing_Prof_Degree.php

Global Recognition of CMA Qualification

Benchmarking of Intermediate and Final Course of The Institute of Cost Accountants of India by (National Recognition Information Centre of UK (NARIC, UK)

- CMA Qualification is now recognized by NARIC,UK as equivalent to Master's Degree in UK and UAE
- CMA Intermediate Qualification is also recognized by NARIC as equivalent to Bachelor's Degree in UK and UAE.
- This independent benchmarking of the CMA qualification would ensure widespread international acceptance of CMA qualification.
- It would also provide opportunities for higher studies and enhanced professional opportunities for CMA members/ semi qualified professionals in UK, Middle East and other foreign jurisdictions accepting NARIC evaluation.

Journal and Publications

- The Pioneering Journal of the Institute, "The Management Accountant" bearing (ISSN 0972-3528) started its Journey in 1966. This was introduced as a mouthpiece of the Institute and the CMA profession likewise and also to cater to the informational needs of members, students and readers in general. It is being published regularly keeping in mind the needs of the Cost and Management Accountants (CMA), and provides wide



The Institute of Cost Accountants of India

knowledge on the recent developments and changes in the global, national, financial and economic scenario.

- We have expanded our Readership from 1 to 94 Countries. The Management Accountant Journal is indexed at Index Copernicus and J-gate. It is also having Global Impact and Quality factor (2015):0.563. The Management Accountant journal is available on apps for reading through third parties viz. Magzter and Readwhere and we are also trying to enlist the same to other platforms mainly at the International Level. “The Management Accountant” has also got enlisted in the “UGC-CARE Reference List of Quality Journals” [UGC-CARE List {Link: <https://ugccare.unipune.ac.in/Apps1/Home/Index>}].
- The Institute publishes Research Journal-Research Bulletin – A peer-reviewed Quarterly Journal of the Institute (ISSN 2230 9241).

Professional Development Directorate

- Maintaining Professional Development Portal for dissemination of professional activities relating professional updates; list of representation letters sent to various organizations on periodic basis; details of recognition of CMA’s on representations made by the Institute in various areas like Internal Audit, Taxation, Physical Verification of Stock and Other professional services and List of tenders for professional opportunities due in next 7 days.
- Making representations to the Central and State Governments in connection with matters of professional and business interest with a view to raising the standard and status of the profession.
- Making representations to concerned authorities for inclusion of cost accountants if tenders/EOIs have not included them in respect of Internal Audit, Taxation and other matters;
- Maintaining contacts with the various Departments of the Central and State Governments and other public and private bodies with a view to enlisting their support in the furtherance of the interest of the members of the Institute;
- Offering suggestions to the Council for amendment of various Acts, both Central and State, for betterment of the profession;



The Institute of Cost Accountants of India

- Arranging interaction among the members of the Institute by regular meetings, conferences, seminars, talks and lectures for the acquisition and dissemination of useful information in connection with the profession of accountancy;
- Doing such things as may be considered necessary for general upliftment of the status of the Institute and the profession of cost accountancy and all other things which are incidental or conducive to the attainment of the above objectives.

Publication of Guidance Notes

To bring out new Guidance Notes in the areas where members/industry may need technical assistance and also bring out updated versions of Guidance Notes already brought out by the Institute in past. PD publications are available in the download format at PD portal at link <https://icmai.in/ProfessionalDevelopment/GN-Sale-download.php>. The list of publications is given below:

1. Guidance Note on Internal Audit of General Insurance Companies
2. Guidance Note on Blockchain Technology
3. Professional Avenues for Cost Accountants - A Listicle
4. Guidance Note on Maintenance of Cost Records & Cost Audit of Construction Industry
5. Guidance Note on Anti-profiteering
6. Hand Book on Stock and Book Debts Audit
7. Guidance Note on the Concurrent Audit of Commercial Banks
8. Monograph on Internal Audit of Treasury Functions of Commercial Bank
9. Monograph on Risk Based Internal Audit of Commercial Bank
10. Guidance Note on Cost Management in Healthcare Sector
11. Performance Enablers for Msmes–3p Model, Performance, Productivity And Profitability
12. Guidance Note on Cost Management in Higher Education
13. Guidance Note on Architecture, Training and Guidance Manual for filing of Cost Audit Report in XBRL Format (2ndEdition)



The Institute of Cost Accountants of India

14. Guidance Note on Maintenance of Cost Records & Cost Audit of Construction Industry
15. Guidance Note on Internal Audit of Engineering Industry
16. Guidance Note on Internal Audit of Plantation Industry
17. Guidance Note on Internal Audit of Telecommunication Industry
18. Guidance Note on Internal Audit of Power Industry
19. Guidance Note on Internal Audit of Stock Brokers and Depository Participants
20. Guidance Note on Internal Audit of Pharmaceutical Industry
21. Guidance Note on Compliance Report
22. Guidance Note on Performance Appraisal Report (Form III)
23. Members' Handbook
24. Guidance notes on Maintenance of Cost Accounting Records
25. Management Accounting Guidelines–I (Implementing Benchmarking)
26. Management Accounting Guidelines–II (Valuation Management A Tool Of Management Accountant)
27. Management Accounting Guidelines–Iii (Implementing Corporate Environmental Strategies)
28. Management Accounting Guidelines–Iv (Tools and Techniques of Environmental Accounting For Business)
29. Guidance Note on Internal Audit
30. Guidance Note on Corporate Insolvency Resolution Process
31. Guidance Note on Electricals and Electronics Industry
32. Guidance Note on Special Economic Zone
33. Guidance Note on Companies (Cost Records and Audit) Rules, 2014.
34. Guidance Note on Reporting On Fraud Under Section 143 (12) of The Companies Act, 2013.
35. Compendium on Cost Competitive Practices in India
36. Risk-Based Internal Audit & Concurrent Audit of Commercial Banks.



Continuing Education Programme (CEP) Directorate

To meet the requirement of professional skills in the current changing dynamic economic scenario, Cost Accountants in practice and in service should equip themselves with the new skills and concepts to meet the challenges and render service to trade, commerce and industry. The objective of Continuing Education Programme Department is to assist the members in widening their knowledge base and in improving their skills to be at the cutting edge of technology by providing training and expertise in critical areas of Taxation, Cost Management & Strategic Management, Companies Act, Auditing, Financial Management, Corporate Governance & Sustainability, Standards on Cost Auditing, Indian Accounting Standards etc.

The mandatory requirement of CEP hours are as under

Members holding Certificate of Practice

Below the age of 65 years: The member should undergo minimum mandatory training of 15 hours per year and 50 hours in a block of 3 years.

Above the age of 65 year: The member should undergo minimum mandatory training of 50% of the minimum CEP hours per year and block of 3 years as per the category of the members holding Certificate of Practice below the age of 65 years, i.e. 7 hours per year and 25 hours in a block of 3 years.

Members not holding Certificate of Practice: It is recommended that a member should undergo minimum training of 7 hours per year and 25 hours in a block of 3 years.

Guidelines for mandatory training for all members of the institute

UNDER CONTINUING EDUCATION PROGRAMME

1. INTRODUCTION

- 1.1 The Institute of Cost Accountants of India was set up under the Cost and Works Accountants Act, 1959, as amended to educate, impart training and develop the profession of Cost Accountancy. In the current changing dynamic economic scenario it is essential for Cost Accountants in practice and in employment to continuously update and equip themselves with the new skills and concepts to meet the challenges and render efficient service to



The Institute of Cost Accountants of India

trade, commerce, industry and the society at large. A profession cannot maintain the cutting edge unless its members regularly update their knowledge.

- 1.2 As advised by the Quality Review Board, recommended by the Members' Facilities & Services Committee and approved by the Council at its 291st Meeting held on 30th January, 2015, the Institute is pleased to announce revised CEP requirements for members in practice & industry vide Notification dated 12th February 2015. At least 50% of the CEP hours of the members should be in respect of the subjects pertaining to the topics of professional relevance for members as per **Schedule-I** of the said Guidelines.
- 1.3 In line with the recommendations of the International Federation of Accountants (IFAC) and feeling the need to have compulsory and continued training of the members of the Institute, the Council has made training mandatory for all members to ensure constant updating of knowledge and skills of members. The Council has framed the following guidelines covering the requirement of eligible training, awarding and recording of credit hours as well as features for considering programmes eligible to award credit hours.
- 1.4 The objective of Continuing Education Programme is to assist the members in widening their knowledge base and in improving their skills to be at the cutting edge of technology by providing training and expertise in critical areas.

2. KEY DEFINITIONS

- 2.1 **"Institute"** means the Institute of Cost Accountants of India.
- 2.2 **"Continuing Education Programme (CEP)"**—Programmes of the Institute specifically designed to cater to specific learning activity imposing continuing education requirements on members intended to expand their knowledge base and stay up-to-date on new developments.
- 2.3 **"Approved CEP Programmes"** means programmes organized by the Institute including programmes of the Regional Councils and Chapters, approved Study Circles, or any entity recognized by the Council from time to time for this purpose, National Cost Conventions, Regional Cost Conventions, participative certificate programme of ICAI, Seminars or Conferences organized jointly with other professional bodies and Chambers of Commerce that are approved by the CEP Directorate for granting CEP Credit Hours.



The Institute of Cost Accountants of India

- 2.4 **“Year”** for the purpose of these guidelines shall mean the period commencing from 1st day of April and ending on 31st of March.
- 2.5 **“Continuing Education Programme Directorate (CEP Directorate)”** means the directorate of the Institute set up for overseeing the academic, technical and administrative functions of CEP programmes.
- 2.6 **“Continuing Education Programme Committee (CEP Committee)”** means a committee of the Council of the Institute entrusted with the task of setting strategic directions and overseeing CEP activities.
- 2.7 **“CEP Credit Hours”** means credit hours awarded to the member for participating in any approved CEP Programme.
- 2.8 **“Permanent Disability”** means a person suffering from not less than 40% of any disability as certified by a medical authority.

3. AUTHORISATION AND REGULATION

- 3.1 In terms with the powers vested with the Council of the Institute under the Cost and Works Accountants Act, 1959 and the Regulations framed thereunder, the Council of the Institute is empowered to frame rules and guidelines for the maintenance of the status and standard of professional qualifications of the members of the Institute.
- 3.2 1[Compliance with these guidelines is mandatory for the members in practice and recommendatory for other members.]
- 3.3 In case of any queries concerning these guidelines, the clarifications and interpretations of issued by the CEP Directorate shall be final.

4. EFFECTIVE DATE

- 4.1 These guidelines are effective from 1st April, 2015.

5. APPLICABILITY OF GUIDELINES

- 5.1 The requirement of CEP Credit Hours is divided in various categories and need to be met by the members as prescribed in **Annexure A**.
- 5.2 All members of the Institute are required to meet the CEP requirement(s) as specified by the Council from time to time subject to the category **exempted** as below:

¹ Amended as per the decision in 300th Council Meeting held on 21st July 2016. Prior to this, clause no. 3.2 was as under: Compliance with these guidelines is mandatory for the members in practice below the age of 65 years and recommendatory for other members.



The Institute of Cost Accountants of India

- (i) ¹[****]
- (ii) For the first year for a member who is admitted to the membership of the Institute. A year in this context is to be considered as the period from April 1 to March 31.
- (iii) A member who is having permanent disability and members who have been handicapped due to an accident/ sickness for a prolonged period may be exempted from fulfilling the requirement of CEP Hours on submission of valid documents in support of the same.
- (iv) A member who is resident outside India.
- (v) In case of members residing outside India for a period of not less than 6 months may be exempted from the requirement for the particular year on submission of valid documents in support of the same. However, no such exemption/relaxation is available to a member who has obtained membership of the Institute in accordance with the MOU entered into between the Institute and any other foreign Institute and such member would be considered to have earned Credit Hours if the member has fulfilled the Credit Hour requirement of that foreign Institute.
- (vi) The CEP Committee may in their absolute discretion grant full/partial exemption specifically or generally to a member or a class of members based on facts and circumstances on a case to case basis.

6. BASIS OF AWARDING CEP CREDIT HOURS

A member is awarded the credit of CEP Hours by the CEP Committee on the basis of the learning activities undertaken during the year. To undergo the mandatory training, the CEP Committee has specified various learning activity options for a member which may be attended by the members. These are:

- i. Attending an approved CEP Programme.
- ii. Attending an approved Webinar conducted by the Institute for members. Mere registration for Webinar will not be sufficient to earn the credit hours and the members must attend the full session.

¹ Deleted as per the decision in 300th Council Meeting held on 21st July 2016. Prior to this, clause no. 5.2 (i) was - A member who attained the age of 65 years.



The Institute of Cost Accountants of India

- iii. The in-house trainings imparted by an organization, having a turnover of Rs.100 Crores or above per annum, to their employees subject to the condition that the training programme should be on a subject of professional relevance and provided the organization seek prior approval by the CEP Directorate. The organization would be required to submit the attendance records of the members attending the programme to the CEP Directorate.
- iv. ¹[****]
- v. Any other activity as specified in Annexure B.

The basis of awarding CEP Credit Hours for attending the aforesaid programmes in para 6 would be guided by the conditions prescribed in **Annexure B**.

7. Monitoring and Review of CEP activities

The CEP Directorate under the supervision and guidance of the CEP Committee will monitor and review the programmes conducted by the various regions, chapters, and study circles from time to time.

Mechanism to be followed by the organizer of the CEP Programme:

- i. Seek prior approval from CEP Directorate for holding the programme on topics of professional relevance and importance **as per the Schedule-I**.
- ii. Submit online details of the programme to the CEP Directorate at least 5 days prior to the scheduled date of the programme. Detail of online submission mechanism is available with the CEP Directorate.
- iii. Maintain attendance records of the programme in the manner as stipulated by the CEP Directorate from time to time.
- iv. Submit the attendance records to the CEP Directorate within 3 working days of the programme to upload the CEP Credit Hours in the portal.
- v. In case of any missed attendance, CEP Credit Hours of a member can be claimed within 90 days from the date of programme.

¹Eliminated as per the decision in 300th Council Meeting held on 21st July 2016. Prior to this, clause no. 6.(iv) was - Members attending CEP programmes of the Institute of Company Secretaries of India under the reciprocal arrangement between the Institute and ICSI.



8. POWER TO MODIFY GUIDELINES

The Council of the Institute on the basis of recommendation of the CEP Committee can modify these guidelines at any time to meet the requirements of CEP.

9. OBLIGATIONS OF THE MEMBERS

9.1 Compliance with the said guidelines is mandatory for the Members of the Institute of Cost Accountants of India read with Clause 5. Members can view the status of CEP Credit Hours awarded during the year on the Institute's website in Members' Section.

9.2 The Institute shall maintain the record of attendance of members at approved CEP Programmes. However, members should also maintain a personal record of compliance with the requirements of Credit Hours as also for undertaking other CEP Learning activities for which CEP Hours are granted and produce the same for verification.

9.3 Members holding Certificate of Practice are required to confirm that they have secured the minimum annual CEP Credit Hours at the time of renewal of membership and certificate of practice.

10. ACTION AGAINST NON-COMPLYING MEMBERS

The Certificate of Practice of members who fail to comply with the requirements of these guidelines shall not be renewed as provided in Regulation 10(1) of the Cost and Works Accountants Regulations, 1959 (as amended).



Annexure A

Applicability and CEP Credit Hours requirement

Para 5 of the Guidelines

The new block is effective from 1st April, 2021 to 31st March 2024.

Effective April 1, 2015, the requirement of CEP Credit Hours are as below subject to exemptions under para 5 of the guidelines.

CEP Credit Hours requirements for the block of three (3) years to be complied with by different categories of members.

Members holding Certificate of Practice

Below the age of 65 years: The member should undergo minimum mandatory training of 15 hours per year and 50 hours in a block of 3 years.

Above the age of 65 year:

The member should undergo minimum mandatory training of 50% of the minimum CEP hours per year and block of 3 years as per the category of the members holding Certificate of Practice below the age of 65 years, i.e. 7 hours per year and 25 hours in a block of 3 years.

Holding Certificate of Practice for part of the year:

A member holding Certificate of Practice is exempt from the CEP requirement for the first year or part of the year.

Members not holding Certificate of Practice

It is recommended that a member should undergo minimum training of 7 hours per year and 25 hours in a block of 3 years.

Note:

- No carry forward is allowed for excess Credit Hours from block of three years to the next block of three years.



Annexure B

The Basis of awarding CEP Credit Hours

Approved CEP Programmes:

Duration of the approved CEP Programme	Credit Hours
Less than 1 hour	Nil
1 hour and more and upto 2 hours	1
More than 2 hours and upto 4 hours in a single day	2
Beyond 4 hours in a single day	4
Programme spanning 1 and half day	6
Programmes spanning 2 days	8
Programme spanning beyond 2 days (minimum 6 hours per day)	10

Note:

- No credit hours will be given to a participant who attends a programme partially.

Approved CEP Webinars/(E-Learning):

Duration of the approved CEP Webinar	Credit Hours
Less than 1 hour	Nil
1 hour and more and upto 2 hours	1
More than 2 hours and upto 4 hours in a single day	2
Beyond 4 hours in a single day	4

Note:

- No credit hours will be given to a participant who attends a Webinar partially.



Other Eligible Learning Activities and CEP Credit Hours:

Sl.No.	Learning Activities	CEP Credit Hours
1.	<p>Acting as a Speaker or Discussion Leader</p> <p>A member who is acting as a visiting faculty/guest faculty in a programme or seminar offered by any UGC recognized University/AICTE approved Institution/Management Institutions/Institutions of National Importance.</p> <p><i>Members are not eligible for CEP Credit Hours for acting as a faculty in Oral Tuition Classes for students.</i></p>	Equivalent to the basis of the CEP Credit hours for the approved CEP Programme or Webinars/E-learning.
2.	<p>Technical Materials Submitted for Publication</p> <p>A member whose Technical articles, monographs, or books are published is eligible for CEP credit hours subject to the condition that the publication is accorded International Standard Serial Number (ISSN)/ International Standard Book Number (ISBN).</p> <p>For joint authorship, the hours will be equally divided.</p>	6 hours each
3.	<p>Books and Monographs</p> <p>For the first time of publication. <i>(Note: The Institute will assign specific CEP hours on receipt of a copy of the publication)</i></p> <p>For joint authorship, the hours will be equally divided.</p>	10 hours for each publication



The Institute of Cost Accountants of India

Sl.No.	Learning Activities	CEP Credit Hours
4.	Articles Published in Management Accountant A member whose article is published in 'Management Accountant'. For joint authorship, the hours will be equally divided.	[6 hours] ¹
5.	Diploma Courses/Certificate Courses On successful completion of Diploma Courses/Certificate Courses (including e-Learning) as monitored by the Institute, its Central Committees [and all such courses in IPA-ICAI and RVO-ICMAI] ² .	Equivalent to the basis of the CEP Credit hours for the approved CEP Programme or Webinars/E-learning.
6. 6.1 6.2	Participation in Meetings Members who participated in Meetings of the Council Committees/Technical Committees of the Institute/Task Force/Technical Discussions in the Council/Study Groups. Attending meetings/Seminars/workshops by SAFA/CAPA/IFAC or any other International bodies where the Institute is a member.	Equivalent to the basis of the CEP Credit hours for the approved CEP Programme. (Subject to a minimum meeting duration of one hour).

¹Substituted for 4 CEP Credit Hours as per the Decision in 331st Council Meeting held on 30th - 31st May 2021

²Amended as per the Decision in 331st Council Meeting held on 30th - 31st May 2021



The Institute of Cost Accountants of India

Sl.No.	Learning Activities	CEP Credit Hours
7.1	<p>Courses/ Programmes by Foreign Institutes</p> <p>A member who has obtained membership of the Institute in accordance with the MOU entered into between the Institute and any other foreign Institute.</p>	<p>It would be considered to have earned Credit Hours if the member has fulfilled the Credit Hour requirement of that foreign Institute.</p>

Note: The CEP Credit will be given to the member only after submission of authenticated proof in this regard to the CEP Directorate.

Schedule-I

List of Topics of Professional Relevance

- (i) Goods and Service Tax
- (ii) Insolvency Professionals
- (iii) Anti Profiteering
- (iv) Cost Accounting Standards
- (v) Cost Auditing and Assurance Standards
- (vi) Ind-As and IFRS
- (vii) Role of CMAs in Risk Management
- (viii) Forensic Audit
- (ix) Role of CMAs in Health sector
- (x) Role of CMAs in Education sector
- (xi) Role of CMAs in Internal Audit
- (xii) Role of CMAs in Banking sector
- (xiii) Role of CMAs in Insurance sector
- (xiv) Role of CMAs in Capital Markets
- (xv) Role of Independent Directors, Board members



The Institute of Cost Accountants of India

- (xvi) Valuation of assets - Role of CMAs
- (xvii) Cost Audit
- (xviii) Direct Taxation
- (xix) Indirect Taxation
- (xx) Corporate Laws

The above list is illustrative only and not an exhaustive one.

The CEP guidelines are available at Institute's website at

https://icmai.in/upload/Institute/CPD/CEP_Guidelines_01042021_31032024.pdf

Guidelines for Cep Study Circles for the Members of The Institute Of Cost Accountants Of India W.E.F. 1st January, 2016

Specific Norms for Members in Industry on the formation and functioning of CEP Study Circles within India

1.0 Context

1.1 These Guidelines are issued for the formation of Study Circles, which will carry out functions as specified in this document in order to further the objectives of the Continuing Education Programme Committee of the Institute.

1.2 In view of the mandatory CEP credit hours requirements for members of the Institute as laid down by the Council of the Institute of Cost Accountants of India, it has been thought prudent to create another level of Programme Organising Units (POUs) to facilitate the members in complying with the said requirements.

1.3 These guidelines shall supersede earlier guidelines issued by the Institute on the subject.

2.0 Definition of a CEP Study Circle

2.1 A Study Circle is a forum of members of the Institute of Cost Accountants of India who reside/serve in a particular geographical locality and who constitute themselves as such for the purpose of carrying out the objectives which are given hereinafter.



The Institute of Cost Accountants of India

- (i) Study circle within the group of same organization.
- (ii) Study circle comprise of participants of same location.

2.2 The constitution, formation and functioning of a CEP Study Circle are subject to the rules as given in these Norms.

3.0 Objectives of a CEP Study Circle

3.1 To provide CEP learning activities to the members of the Institute

3.2 To foster and develop professional fellowship, and exchange professional knowledge amongst the members of the Institute of Cost Accountants of India residing/ serving in a particular locality

4.0 Rules governing Constitution and Formation

4.1 The CEP COMMITTEE of the ICAI is empowered to approve, supervise, support and regulate the functioning of these CEP Study Circles

4.2 Subject to the provisos under Para 2.0 above, CEP Study Circles for members may be formed by minimum 20 and maximum 150 members. The Study Circles formed prior to the effective date of these amended guidelines should increase their minimum no. of members to 20 within six months from the effective date of the guidelines and submit the details in the prescribed format.

4.3 CEP COMMITTEE is empowered to reduce the minimum number of members required to form these study circles with due justification.

4.4 Application for the formation of CEP Study Circles for members is to be made to the CEP Committee of ICAI following the rules given below:

(i) In prescribed format as laid down in the **Annexure 'A'** to these Norms through the chapter to the concerned Regional Office of the ICAI within whose geographical jurisdiction the proposed CEP Study Circle falls. In case there is no Chapter then application will be route through Regional Council.

(ii) If CEP COMMITTEE wishes to reject the application, may deny permission for the formation of a CEP Study Circle Study Circle for members. Such refusal of application will have to be recorded within 30 days of the receipt of the application and intimated to the applicants.

4.5 The number of Study Circles allowed to be formed in a particular city/town where Headquarter/Regional Council/Chapter is situated should not exceed the number, which is arrived by dividing the total number of



The Institute of Cost Accountants of India

members in that particular city/town by 250.

4.6 A member of the Institute can become member of only one CEP Study Circle.

5.0 Rules for naming the CEP Study Circles

(i) The Study Circle so formed shall be called (name of the locality/industry etc.) CEP Study Circle for Members of The Institute of Cost Accountants of India (as the case may be).

(ii) The name of a CEP Study Circle should not be the same or similar to that of an existing CEP Study Circle. Name of a CEP Study Circle proposed should reflect its location/Industry only. The CEP Committee has the right to accept or to reject any name that has been proposed by the applicants of a CEP Study Circle.

(iii) The name of the Study Circle so formed should not be on the name of any Company/Organization and also should not reflect the names of the same.

6.0 Registration of CEP Study Circles in the CEP Database

6.1 The CEP COMMITTEE on approving the formation of the proposed CEP Study Circle would update its records and register the newly formed CEP Study Circle on the CEP Portal.

6.2 Once the CEP Study Circle is registered on the CEP Portal, the study circle may seek approval for its programmes through the CEP portal. The approval of the programmes of the CEP Study Circles would be given on the CEP Portal by CEP Committee and a copy of the said approval would also be forwarded to CEP COMMITTEE.

7.0 Rules for Functioning of CEP Study Circles

7.1 The CEP Study Circles shall not have their own rules and bye-laws and should not be registered under any other Act.

7.2 The CEP Study Circles shall not acquire any capital assets except one computer, one printer and related accessories.

7.3 Study Circles shall work under the guidance, supervision and control of the CEP COMMITTEE or any other organ of the Institute which it may develop for this purpose.

7.4 Study Circles are allowed to hold a-maximum of 12 CEP hours of



The Institute of Cost Accountants of India

programmes during a month. Within this limitation, they may conduct their learning activities subject to a maximum of 4 CEP credit hours per day and programme should not be continued beyond one day at a time.

7.5 CEP Study Circles should only invite academicians and subject experts as dignitaries for the inauguration / valedictory functions, if any for their CEP programmes.

7.6 The date, topic, venue and faculty for CEP Study Circle programmes have to be informed to the CEP Directorate to seek permission for the programme as per the clause no.7 of Guidelines for all members of the Institute under Continuing Education Programme (clause relating to Monitoring and Review of CEP activities).

7.7 CEP Study Circles shall not use the logo of the Institute on their letterhead or on any of their official stationery. Furthermore the official stationery of the CEP Study Circles should only contain the name of the Convener/Dy. Convener along with their postal address & other contact details like e-mail id, phone nos. etc. for correspondence without mentioning the names of organisations in which they serve. The names of the Past Conveners and other office bearers should not be mentioned on the official stationery of the CEP Study Circles.

7.8 CEP Study Circle cannot conduct any diploma/certificate course.

7.9 CEP Study Circles are not permitted to publish any newsletters of their own.

7.10 Administration

7.10.1 CEP Study Circles are mandatory to elect every year a Convener and a Deputy Convener to look after the day-to-day affairs/activities of the CEP Study Circles as well as, maintaining proper accounts of the CEP Study Circle. A person can serve as Convener/ Dy. Convener of a CEP Study Circle for a maximum of two terms of one year each.

7.10.2 Conveners and Deputy Conveners are not permitted to get their visiting cards printed, which contain the details of their association with their CEP Study Circle.

7.10.3 One member can become the Convener or Deputy Convener of only one CEP Study Circle at a time.

7.10.4 The Conveners are responsible for conducting at least one programme



The Institute of Cost Accountants of India

per month for the members of the CEP Study Circles to discuss various matters of topical interest, at such predetermined place as may be convenient to members.

7.10.5 The conveners should send copies of the notices convening the programmes and report of such CEP learning programmes including the membership number and names of the members who had attended such programmes to the CEP Directorate within three days of organizing such programmes.

7.10.6 A Convener and a Deputy Convener of any Study Circle cannot hold a position of an office bearer of the Central Council/Regional Council/Chapter of the Institute.

7.10.7 The Study Circles shall organise/ conduct programmes/ meetings/ seminar/ workshop within 3 km radius of its registered office.

7.10.8 CEP study circle shall not conduct any CEP programme/activity coinciding with the programme /activity of their respective Regional Council/Chapter. However, the respective Regional Council/Chapter may permit programme /activity by such CEP study circle coinciding with their programmes, if they feel it appropriate.

7.10.9 Code of Conduct as applicable in the Institute's Election and such other notifications/directives issued by the Institute in this regard from time to time shall be applicable to the Study Circles and it is the responsibility of the concerned Regional /Chapter to disseminate this information for necessary compliance by the Study Circle.

7.11 Accounts

7.11.1 CEP Study Circles are authorized to open Bank Accounts in the names of the respective Study Circles and Conveners and Deputy Conveners are authorized to operate the accounts jointly.

7.11.2 Every CEP Study Circle should maintain annual accounts and submit annually to the members of the Study Circle within one month from the end of the fiscal year.

7.11.3 Conveners of CEP Study Circles may collect a reasonable amount per member to defray the cost of holding learning activities and other incidental charges.

7.11.4 The cost of learning activities would include rent for the venue for



The Institute of Cost Accountants of India

organizing CEP programmes, refreshments/lunch/dinner for the participants, traveling cost of faculties, memento to the faculties, printing and postage for circulating the invitation for the programme to the members and printing of the background material only.

7.11.5 The responsibility for ensuring financial propriety in the financial management of the Study Circle, for production of proper audited accounts, whenever required by the CEP COMMITTEE or any other authorized organ of the Institute shall be that of the Convener and Deputy Convener.

7.11.6 The CEP study Circles are not entitled for any grant or financial assistance/sponsorship from the Institute of Cost Accountants of India and/or by the Regional Council/Chapters/by a Charity or any other Institutions. However, Study Circles which are being formed under the category of corporate are to be sponsored only by the concerned Corporate and its associated companies/institutions and not by any other companies/institutions not connected with the concerned corporate.

7.11.7 It should be the endeavor of the conveners to conduct the CEP Programmes on cost competitive and self-financing basis.

7.11.8 Surplus funds of CEP Study Circles at the end of every financial year should be immediately committed for subsidizing future programmes to be conducted by CEP Study Circle. The surplus funds at the end of each financial year must be utilized within one year from the end of that financial year for the benefit of the members. A report and the plan by the CEP Study Circle should be submitted to the CEP COMMITTEE. In case the amount remains unspent, the same shall be transferred to the Cost Accountant Benevolent Fund of the ICAI through CEP COMMITTEE.

7.11.9 The Study Circle shall not be allowed to offer Corporate Membership Scheme or such other schemes to the members.

7.12 Joint Programmes

Two or more Study Circles may jointly organize a programme or a Study Circle may organize together.

7.13 Monitoring of Programmes conducted by CEP Study Circles

CEP COMMITTEE or any other organ designated/developed by the CEP COMMITTEE for this purpose has the power of monitoring the programmes conducted by CEP Study Circles. Such monitoring is to be done in terms of the Advisory issued by the CEP COMMITTEE from time to time in these



regards.

7.14 Incidental and Related Matters

7.14.1 There should be no restriction whatsoever placed by the Study Circles on any member of the Institute intending to become a member of a particular Study Circle.

7.14.2 CEP COMMITTEE has the responsibility of publicizing the programmes intended to be conducted by the Study Circles.

7.14.3 For the purpose of information to the general membership, the Continuing Education Committee will maintain a Billboard in the CEP Portal of the Institute where Study Circles may host such information, which they deem to be of general and professional interest.

The Committee shall monitor the content of the billboard.

7.14.4 Enrolment to the programmes, organized by a particular Study Circle where CEP credit is desired should be open to the members of that Study Circles as well as other members of the Institute including those who are not members of that study circle. Reasonable fees for such enrolment may be charged for enrolling such non-Study Circle members for such a programme.

8.0 Dissolution of CEP Study Circles

8.1 The CEP COMMITTEE has the powers to derecognize a CEP Study Circle in the following cases:

8.1.1 If the CEP Study Circle is not functioning in accordance with the norms and other decision(s) of the CEP COMMITTEE or the Central Council of the Institute.

8.1.2 If the CEP Study Circle is found to be working against the interest/policies of the Institute

9.0 Residual Matters

9.1 In the event of lack of clarity in any matter in the formation of Study Circles or their administration, application should be made to the CEP COMMITTEE, which is entrusted with the responsibility for providing such clarification.

9.2 The Chairman of CEP COMMITTEE acting in consultation with the President of the Institute shall have absolute discretion to decide and



The Institute of Cost Accountants of India

intervene in matters concerning Programmes organized by a Study Circle, whether conducted by itself or jointly with any other body as permitted under these Guidelines, and also to

9.2.1 Prescribe such additional conditions in regard to the conduct, monitoring, content, faculty etc. for any such programme and to grant CEP credit hours to such programme conditional upon compliance with any such conditions as may be prescribed, and

9.2.2 Refuse CEP Credit Hours to any such programme if in their view the grant of such CEP Credit hours is not in the overall interest of the Institute, its Programme Organizing Units, the members or for some other reason not in consonance with the policy or objectives of the CEP Committee as laid down from time to time.

9.3 The CEP COMMITTEE, through its administrative arm, is authorized by the Council of the Institute to intervene in any matter so as to either remove hardship or to ensure compliance with the above norms.

Annexure A

Format of Application for seeking approval of the CEP COMMITTEE for forming a Study Circle by Members of ICAI

Date:

THE CHAIRMAN

CONTINUING EDUCATION PROGRAMME COMMITTEE

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

[Statutory body under an Act of Parliament]

'CMA Bhawan', 3 Institutional Area, Lodi Road, New Delhi.

Through the Chairman of the Regions/Chapter office of the ICAI under which the location of the proposed Study Circle falls

Dear Sir/Madam,

Sub: Formation of Study Circle for Members

We, on behalf of the members of the Institute of Cost Accountants of India from(name of the locality), whose details are given below, desire to form a Study Circle for Members under the



The Institute of Cost Accountants of India

name
..... We have read the Norms framed in this respect by the
Institute and we shall abide by the same.
Mr./Mrs. and
Mr./Mrs. have expressed their consent to be
the first convener and first deputy convener of the Study Circle.

We shall be pleased if the approval is granted at the earliest.

Thanking you,

Yours Faithfully,

(Convener)

(Deputy Convener)

Signatures with Name and Membership Number (Name of the
Organisation, Designation, Address of Organisation for the members in
Industry)*

Email id, Mobile No. and Landline No.

Not less than twenty members of the proposed Study Circle

**Signatures of the members to be verified by the Membership Department
of the Institute.*

Note: The details of each signatory members, *(With Name, Membership
Number, COP Status (whether holding or not), Name of the
Organization, Designation, Address of Organization, Professional Address,
Residential Address, Email ID & Mobile No.) may be given in Columnar Sheet
for all Members.*

Annexure B

Format of Letterhead of the CEP Study Circle for the Members:

-----CEP Study Circle for the Members of the ICAI

Approval reference no. of CEP COMMITTEE of ICAI

The name of the Convener and Dy. Convener

Postal address

e-mail id,

Phone nos.



Fax nos

The Guidelines for CEP Study Circle are available at Institute's website at

https://eicmai.in/external/PublicPages/WebsiteDisplay/docs/StudyCircleRevisedGuidelineswef_01012016.pdf

Tax Research Department

The Institute of Cost Accountants of India has Indirect Taxation Committee and Direct Taxation Committee of the Council of the Institute. The Tax Research Department, which works on the guidance of both the Committees, is result oriented and consists of a dedicated team that works together to provide members, students, Governments and other stake-holders with the highest possible level of service, suggestions, training and advisory.

The **“Fortnightly Tax Bulletin”** is one of the important activities of the Department. The Tax Bulletin contains articles informing about the recent developments in taxation, both direct and indirect taxes. It also contains the latest tax rulings, circulars, judgements, press releases, opinions and decisions from Government agencies such as CBEC, CBDT and GST Council. It is aimed at knowledge enhancement of the members and stakeholders.

The department also conducts various **Taxation courses** which are designed for the finance professionals, Tax Practitioners and officials from Industries. Details of the Courses are as follows:

- (i) **Certificate Course on GST:** This would be the basic course on GST which takes a person through the implementation and filing of various returns. It also addresses some crucial aspects in GST at the end of the session. Details is available at the link

<https://icmai.in/TaxationPortal/OnlineCourses/index.php>

- (ii) **Advanced Certificate Course on GST:** This is a further advanced course in GST. The main aim of this course is to brush up the basics and it introduce the participants to the critical issues that one may face while GST compliance. It is entirely case based and is specifically for practitioners and middle/top management professionals. Details is available at the link <https://icmai.in/TaxationPortal/OnlineCourses/index.php>



The Institute of Cost Accountants of India

(iii) Advance Course on GST Audit and Assessment: This is the most advanced course in Indirect Tax and it helps a participant to glide through the GST Audit and Assessment procedure and issues faced thereon. Details is available at the

link <https://icmai.in/TaxationPortal/OnlineCourses/index.php>

(iv) Certificate Course on TDS: This course in Direct Tax was aimed to address the various provisions and implementation of TDS and how it is to be dealt with. Details is available at the link <https://icmai.in/TaxationPortal/OnlineCourses/index.php>

(v) Certificate Course on Income Tax Return Filing: This is one of the most important courses in Direct Tax. The course takes us through all the forms that are to be filled by various assessee while filing Income Tax Returns and the glitches that one may face there on. It is entirely a practical session all through out. Details is available at the link <https://icmai.in/TaxationPortal/OnlineCourses/index.php>

(vi) Advance Course on Income Tax Appeals and Assessment: This advanced level course aims to take one through the process of Appeals and Assessment and the ways to address the same. Details is available at the link <https://icmai.in/TaxationPortal/OnlineCourses/index.php>

Following courses have been in vogue for the college and university students also.

GST Course for College and University Students

This course can be undertaken by colleges and universities for their students. This course aims at giving basic working knowledge of GST to the student community to develop a GST savvy future generation. Students can do basic jobs on GST after availing this course.

Crash Course on Income Tax for College and University Students

Similar to the GST Course, this course can be undertaken by colleges and universities for their students. This course aims at giving basic working knowledge of Income Tax to the student community to enable the students to do basic jobs on Income Tax.

Workshops are the newest forms of dissemination of information on an online platform for our members and other stakeholders. Workshops concentrate on providing skill based training on practical issues including



The Institute of Cost Accountants of India

case studies on different aspects of taxation.

The Tax Research Department also conducts **Webinars/Webints** on different topics for upgradation of knowledge of Members and Stakeholders.

The department has also come up with various **publications on both Direct and Indirect Tax**. The publications are a ready reckoner for the members addressing the practical issues in each field and ways to handle them.

Taxation Portal is being updated with latest amendments, notifications, judgments, extension in due dates, GST Council meeting decisions etc on real time basis. One can get all the updates in taxation front of the country by going through the taxation portal.

A **Taxation Helpdesk** has also been set up to address the queries of the members and stakeholders.

The department submits representation/suggestions to CBIC and CBDT on various topics of Taxation as and when required including from Pre Budget Memorandum.

Technical Cell of the Institute

The Council of the Institute of Cost Accountants of India has constituted the Technical Cell (Cost Audit, Compliance & Others) of the Institute consisting of eminent professionals from across the Country, committed to take initiatives for the capacity building of members and stakeholders.

Objectives of formation of the Technical Cell are as follows

- To bring out technical literature for the information of Industry and members on relevant professional matters;
- To resolve professional queries of members with regard to Cost Records and Audit thereof, Compliance and related matters;
- To provide expert opinion and technical guidance to the stakeholders with regard to Cost Management Mechanism, Cost Accounting, Maintenance of Cost Records, Cost Audit, Standards (CAS & SCAs) issued by the Institute, Companies (Cost Records and Audit) Rules and such other relevant issues;
- To issue relevant advisories / guidelines on various professional



The Institute of Cost Accountants of India

matters to the members of the profession;

- To have views of all the members spread across the Country by holding meetings of cell in different regions and inviting therein eminent professionals of the respective regions;
- To organise programs, seminars, webinars etc. on relevant professional topics in order to build capacity of members and also to improve proximity to Industry;
- To provide relevant Technical Inputs to other committees and boards constituted by the Council of the Institute.

Seeking professional queries from members

The Technical Cell has decided to give proper emphasis on providing assistance to the industry and the members of the Institute in resolving their queries relating to Maintenance of Cost Records, Cost Accounting Standards, Standards on Cost Auditing, Cost Audit and Companies (Cost Records and Audit) Rules, 2014 (as amended from time to time).

Members are encouraged to send their queries to the Technical Cell through email (technicalcell@icmai.in) and the same shall be responded to by the Technical Cell in due course. Members are requested to keep their queries limited to the above mentioned areas only.

Charging Fee by the Institute in respect of queries made by the Corporate Clients before the Technical Cell

(As approved by the Council of the Institute in its 329th meeting)

The Rules governing the Advisory Services of Technical Cell, as approved by the Council of the Institute, are appended hereunder:

1. Technical Cell shall take up matters relating to the Cost Accounting and / or Auditing Principals and allied matters, Cost determination and interpretations of “Cost” and “Revenues”, and such other relevant issues. This will cover Industry specific matters, and relevant operational issues.
2. Companies, Stakeholders and members of the Institute are not encouraged to send general queries to Technical Cell, for which another



The Institute of Cost Accountants of India

mechanism / helpdesk is available in the Institute “Response to the professional queries of members.”

3. Matters relating to taxation and interpretation of laws, matters before an appropriate Department of the Government etc. shall not be taken up by the Technical Cell. Similarly hypothetical cases will not be considered by the Technical Cell.
4. Matters relating to legal, disciplinary and matters involving professional misconduct etc. shall not be entertained by the Technical Cell in any condition.
5. Matters related to issues which are subjudiced in any court of law shall not be entertained by the Technical Cell.
6. Matters should be referred in clear and unambiguous language and should contain all relevant facts and information, which may assist the Technical Cell in forming its opinion. The sender should provide the background of the industry or the business to which the matter relates.
7. The sender may suggest his view or opinion in the matter referred to, and the Technical Cell will consider the same but will not be restricted by such views or opinion.
8. The sender will have to present additional information or relevant facts relating to the matter on requirement of the Technical Cell.
9. Identification of the entity, to which the matter relates, shall not be revealed to anyone by the Technical Cell, if so requested by the querist.
10. Matters received from the members of the Institute shall be accompanied by the membership number of member.
11. The sender shall give a signed declaration that the matter sent is not subjudiced in any court of law.
12. The Technical Cell will take all necessary steps to respond to the matter within **30 days** of receiving the matter. However depending on the nature and implication of the matter, the Technical Cell may take more time to form its opinion, which shall be intimated to the sender by the Technical Cell beforehand.
13. The matter to be resolved along with all relevant facts and required attachments shall be sent by the sender to the Secretary, Technical Cell at technicalcell@icmai.in or hardcopy of all the documents can also be sent



The Institute of Cost Accountants of India

to The Secretary, Technical Cell, The Institute of Cost Accountants of India, CMA Bhawan, 4th Floor, 3, Institutional Area, Lodhi Road, New Delhi – 110003.

14. Technical Cell reserves the right to decline taking up any matter without assigning the reason for declining the same.
15. Technical Cell shall have all the rights of reproduction of the matter and the opinion given thereon. Technical Cell may publish the matter alongwith its opinion without disclosing the identity of the sender and / or the entity, in Management Accountant Journal or any Guidance Note or any Technical Paper/ Publication of the Institute.
16. Any views expressed or opinion given by the Technical Cell shall represent the views and opinion of the Technical Cell member/s and shall not form the official opinion of the Council or the Institute.

The queries received by the Technical Cell can be classified under the following categories:

- (a) **Category 'A'** – Matters relating to applicability of provisions of Companies Act, 2013 and rules made thereunder regarding maintenance of Cost Records and Audit thereof. These also include matters that arise on account of any conflict in the provisions under AS or Ind AS vis-à-vis that given in Cost Accounting Standards.
- (b) **Category 'B'** – Matters seeking clarifications on presentation of cost statements, or interpretation of relevant provisions of Cost Accounting Standards relating to classification, measurement, assignment, presentation and disclosure of various elements of cost.
- (c) **Category 'C'** – Matters that are in the form of suggestions for improvements / changes proposed in the Companies (Cost Records and Audit) Rules, 2014 or that relating to any changes required in Cost Accounting Standards or Standards of Cost Auditing issued by the Institute. Such suggestions are either required to be forwarded to the Government or to the concerned Committee/Board of the Institute for examination and action as deemed fit & appropriate.

As regards corporate queries, these may either be raised by the companies themselves or through any Member of the Institute.

Keeping in view the efforts required in processing of such queries and the practice followed by other sister Professional Institutes, the Council of the



The Institute of Cost Accountants of India

Institute has approved the following proposals regarding charging of reasonable fee for the queries made to the Technical Cell by Corporate clients.

Fee for the queries raised by the corporate clients:

- a) Matters relating to an enterprise having turnover exceeding Rs.500 crores during the year immediately preceding the date of reference - **INR 50000 per query plus taxes**
- b) Matters relating to an enterprise having turnover exceeding Rs.100 crores and less than Rs.500 crores during the year immediately preceding the date of query - **INR 30000 per query plus taxes**
- c) Matters relating to an enterprise having turnover less than Rs.100 crores during the year immediately preceding the date of query - **INR 10000 per query plus taxes.**

Technical Cell shall decide whether the query pertains to Category 'A' or Category 'B' or it is mere suggestion falling under Category 'C'. Depending upon its decision, the related fee shall become payable by the corporate entity.



2

Section 8: Companies of the Institute

ICMAI Management Accounting Research Foundation (MARF)

ICMAI Management Accounting Research Foundation (MARF) is a non-profit section 8 company promoted in 2009 by the Institute of Cost Accountants of India. The registered office of the company is CMA Bhawan, 3, Institutional Area, Lodi Road, New Delhi-110003. This company is governed by professional Board of Directors supported by a Chief Executive Officer & few Advisers. The company is equipped with very eminent Experts in Cost & Financial Management and Corporate Strategies. MARF have on its panel domain experts in Banking, Insurance, Railways, Telecom, Posts, Education, Healthcare, Taxation, GST, various Manufacturing & Services Sectors, & Academics.

MARF undertakes basic & applied research and provide consultancy services in wide ranging subjects. It has expertise in developing management & control systems, business strategies, manpower rationalization measures, and cost optimization drives. MARF teams focus on value creation & value addition through lean management, enhanced efficiency & utility of systems & processes, and highest level of customer satisfaction.

MARF also conducts training programs & management development programs across the country and abroad on various issues/subjects of contemporary importance. Its' clientele includes Central/State Government Ministries, Regulators, govt. organizations, Navaratnam CPSEs, and eminent private sector entities.



Work Profile

As a professional organization dedicated to the Service of Nation, ICMAI MARF undertakes research studies and consultancy projects on no-profit basis. The sole purpose is to extend best hand to the government, policy makers, regulators, industry, and academia. Few areas of our work profile are indicated below:

- ❖ Building Corporate Governance Framework
- ❖ Designing world-class Cost Management Systems
- ❖ Strategic Business Planning, Restructuring, Mergers & Amalgamation
- ❖ Evaluating the need/efficacy of various Systems & Processes
- ❖ Finding measures to enhance Efficiency, Productivity, Profitability, & Sustainability
- ❖ Corporate Social Responsibility (CSR) – policy, projects & their impact analysis
- ❖ To ascertain adequacy of existing Manpower and find areas of rationalization
- ❖ Undertaking Risk Based Internal Audit
- ❖ Taking assignments on Corporate Valuation
- ❖ Providing Guide for Enterprise Governance & Regulatory Landscape
- ❖ Undertaking Cost Optimization & Cost Management Drives
- ❖ Developing Internal & External Financial monitoring and control systems & processes
- ❖ Building Competitiveness & Change Management
- ❖ Undertaking Studies relating to GST impact, process-flow, manpower rationalization, project management, valuation, restructuring, systems, sustainability, etc.
- ❖ Holding online & offline Training Programs & Workshops

This company is strong in building a robust cost accounting & reporting framework that generates product/activity-wise and cost center-wise cost & performance data/information which is of immense assistance to the management in taking vital business decisions to bring improvements in efficiency, economy, effectiveness, productivity, value creation, profitability, risk management, and sustainability.



Clientele Journey

ICMAI MARF's long list of clientele includes [only few are indicated; else the list is long]

- Ministry of Railways
- Department of Economic Affairs
- Department of Public Enterprises
- Department of Posts
- Ministry of Corporate Affairs
- Indian Navy, & Indian Air Force
- Department of Personnel & Training
- Ministry of Tourism
- State Governments of Delhi, Maharashtra, Tamil Nadu, Kerala, Karnataka, etc.
- Comptroller & Auditor General (CAG) of India
- Nepal Electricity Authority
- Central Electricity Regulatory Commission (CERC)
- National Academy of Custom, Indirect Taxes and Narcotics
- National Academy of Defence Accounts
- Airports Economic Regulatory Authority of India (AERA)
- Council for Scientific & Industrial Research (CSIR)
- Airports Authority of India (AAI)
- ONGC Limited
- GAIL (India) Limited
- Indian Oil Corporation Limited
- Coal India Limited
- NBCC Limited
- Hindustan Aeronautics Limited



The Institute of Cost Accountants of India

- Maruti Udyog Limited
- Bharat Heavy Electricals Limited
- National Highways Authority of India (NHAI)
- Rajasthan Rajya Vidyut Utpadan Nigam Ltd
- Dedicated Freight Corridor Corporation of India
- Delhi Transco Limited
- North Eastern Electric Power Corporation Limited (NEEPCO)

Few Recent Projects

- Undertaken Study to find normative, most-competitive & efficient cost of Healthcare Services in India to recommend uniform rates for all medical procedures. The study will help large corporate hospitals to implement structured Performance Costing System & Reporting Framework; strengthen healthcare delivery system in the country; reduce healthcare insurance costs; give improved return on healthcare investments; reduce healthcare cost for private patients; and enable India to achieve Health for all at affordable rates.
- Undertaken a professional study of Artificial Limbs Manufacturing Limbs Corporation of India (ALIMCO)- PSE on the Costing system in the Rehabilitation Aids and Appliance Industry, Inter-firm Comparisons and Norms of Cost Structure prevalent in the Industry in which the corporation operates. To design a detailed activity-wise costing framework to provide necessary interface with the modernized ERP system being designed by ALIMCO, norms for benchmarking of ALIMCO's Products etc. and also suggest dynamic MIS System to enable the Corporation to generate periodic MIS Reports for decision-making.
- Developed Performance Costing System for Indian Railways - Project comprise of various components, as indicated below. The New System would help Indian Railways to improve usage of limited resources; to arrive at appropriate pricing or tariff decisions for passenger and freight services; to identify profitable, loss making and non-value-added activities; and to control and improve the business planning, budgeting, resource allocation/utilization, and investment decisions. The New System will have



The Institute of Cost Accountants of India

regular & timely flow of accurate cost data integrated with IT systems that will help take management decisions to maximize the utilization of fixed infrastructure that would result in optimum utilization of available resources and maximization of Indian Railway's revenues/profits.

- Comprehensive study of the existing costing system in Indian Railways,
- Proposing suitable up-gradation of the existing system and developing detailed costing framework as an extension to the existing IT Applications based on the Activity Based Costing (ABC) for various Passengers and Freight Services, Line of Business, Line of Services, Segments of Services etc.,
- Implementation Manual of Performance Costing System,
- Pilot Run of Performance Costing System at Delhi and Ambala Divisions of Northern Railway - Study on Costing of Kalka Shatabdi Train,
- Pilot Study and Recommendation of Workshop Costing in Indian Railways,
- Pilot Study on Activity Cost Centres for Delhi Division, Northern Railway, and
- Pilot Study on Cost of Social Service Obligations for Indian Railway.
- ❖ Preparation of Finance & Accounts Manual for North Eastern Electric Power Corporation Limited (NEEPCO)
- ❖ Advised on Modernized Costing System for devising a costing system for tariff fixation, segmented report of cost for premium products, foreign mails, agency services (such as savings bank, cash certificates, PLI, Pension Payments etc.) and traditional services offered by the Department of Posts, Ministry of Communication, GOI based on Marginal Costing and Activity Based Costing Systems.
- ❖ GST impact on Real Estate projects of NBCC w.r.t. Anti-profiteering provisions.
- ❖ Cost Rationalization in Project Reports of Coal India Limited.
- ❖ Development of Integrated Spares Forecasting and Pricing Models for Hindustan Aeronautics Ltd. (HAL).



The Institute of Cost Accountants of India

- ❖ Tariff determination in respect of major airports as consultant to Airports Economic Regulatory Authority of India (AERA) by Airports Authority of India (AAI).
- ❖ Study of Pricing Methodology of Bank Notes for Department of Economic Affairs.
- ❖ Fixation of Testing Charges of Biological Products for National Institute of Biologicals.
- ❖ Development of Approach Paper for Multi-Year Tariff Proposal in respect of other than major Airports.
- ❖ Ease of Doing Business project for Ministry of Corporate Affairs.
- ❖ Implementation of Indian Accounting Standards (Ind ASs) in THDC (India) Limited.

Management Accounting & Managerial Costing

ICMAI MARF has been engaged in providing high value consulting services to various business entities engaged in complex chain of multiple products, multiple processes, multiple customers, multiple markets & multiple competitors. Use of management accounting & costing is critical for competitive environment as it enables management's decision-making by devising planning and performance management systems and providing guided resources to implement an organization's strategy. Hence, in a competitive environment, the effective outcome of value creation chain is a determinant of the usage & application of cost and management accounting practices. A robust management accounting & costing framework is used to assist the management in areas like

Managerial Objectives	Cost Control, Cost Reduction, Cost Optimization & Cost Management
Product/Service Pricing	Building Cost Competitiveness
Detecting Wastages and Inefficiencies	Value Creation & Value Chain Thinking
Valuation of Inventories	Resource Utilization
Segmental Reporting	Strategic Planning
Dealing with Transfer Pricing Matters	Good Corporate Governance
GST Reconciliation & Assessment	Risk Management, etc
Efficiency Improvement	

In recent times, the usage of technology has enabled real-time reporting of performance parameters, such as productivity, machine efficiency, operator efficiency, machine tool efficiency, customer satisfaction, process capacity alignment etc. embedded in the IT systems. Therefore, with the application of different analysis, as indicated below, ICMAI MARF assists the entities to bring improvements in efficiency, economy, effectiveness, productivity, value creation, profitability, risk management, and sustainability.

- Business Process Flow Analysis
- Operating Cycle Analysis
- Capacity Utilization Analysis
- Productivity Efficiency Analysis
- Benchmarking Analysis
- Energy Efficiency Analysis
- Utilities Efficiency Analysis
- Key-Costs & Contribution Analysis
- Product/Service Profitability Analysis
- Market Profitability Analysis
- Customer Profitability Analysis
- Segment Profitability Analysis
- Working Capital Management Analysis
- Inventory Management Analysis
- Manpower Efficiency Analysis
- Price-Sensitivity Analysis
- Risk Mapping Analysis
- CSR Analysis
- Environmental Analysis, Sustainability Analysis

Management Accounting & Managerial Costing Tools

The managerial accounting & costing tools that are used to analyse the performance with different purposes are:

<ul style="list-style-type: none">• Absorption Costing• Activity Based Costing (ABC)• Balance Scorecard• Benchmarking• Budgetary Control• Business Metrics Development	<ul style="list-style-type: none">• Market, or Geographic Analysis• Performance Based Costing• Price-led Design Costing or Design-to-Cost• Product Profitability Analysis• Quality Costing
---	--



<ul style="list-style-type: none">• Business Segment Analysis• Buy vs. lease analysis• Cost-volume-profit analysis• Customer Profitability Analysis• Environmental costing• Kaizen Costing• Lean Accounting• Life Cycle Costing• Marginal Costing (GPK)	<ul style="list-style-type: none">• Resource Consumption Accounting• Responsibility Accounting• Sales management scorecards• Standard costing• Strategic cost control and analysis• Target Costing• Theory of Constrains• Throughput Costing
---	---

Training Initiatives

ICMAI MARF conducts high-level Training & Management Development Programs on varied topics of professional relevance for the Senior Executives of Government Departments/ Organizations, Public & Private Sector Companies, Banking & Insurance Companies, Financial Institutions, Multinationals, and Regulatory bodies. The programs are delivered, both online & offline, to build and improve the skill set of human resources. Few topics are listed below:

- International Financial Reporting Standards (IFRS)/ Ind AS
- Corporate Governance & Managerial Effectiveness
- Analysis of Financial Statements & Financial Econometrics
- Internal Financial Control Systems, Management & Accountability
- Contract Management/ Safeguards in tendering, procurement and contracting
- Risk Based Internal Audit for Effective Management Control
- Corporate Valuation and DCF Modelling
- Performance/Activity Based Costing



The Institute of Cost Accountants of India

- Efficacy/Effectiveness of Cost Accounting & Reporting Framework
- Cost Analysis, Control, Effectiveness, and Management
- Integrated Technical Analysis & Advanced Derivatives
- Credit Management & Treasury Operations
- Artificial Intelligence & Data Analytics
- Corporate Tax-Planning, Compliance and Management
- Contracts, Dispute Resolution, & Arbitration
- Derivatives and Risk Management
- IT Audit, Systems Audit & Forensic Audit
- Internal Auditing of Integrated Management System

Website Link: https://www.icmairmf.in/icmairmf_new/index.html

The Insolvency Professional Agency: The front-end regulator of the IPs

The Insolvency and Bankruptcy Code, 2016 (IBC) is the bankruptcy law of India which intends to consolidate the existing framework of handling stressed assets by creating a single law for insolvency and bankruptcy.

The Insolvency and Bankruptcy Code, 2015 was introduced in the Lok Sabha in December 2015. It was passed by the Lok Sabha on 5th of May 2016 and by the Rajya Sabha on 11th May 2016. The Code received the assent of the President of India, Shri Pranab Mukherjee, on 28th of May 2016. Certain provisions of the Act came into force from 5th of August, 2016 and 19th of August 2016. The Bankruptcy Code is a one stop solution for resolving insolvencies which previously was a long process, without an economically viable arrangement. Neither did any of the previous frameworks emphasised on a time bound resolution methodology. The Code aimed to protect the interest of small investors and make the process of doing business less cumbersome.

With 255 sections and 11 Schedules in IBC, it aims to tackle the weeding out of the bad loans in a time-bound resolution process that affect the banking system. When a default in repayment occurs, the creditors gain their control over the debtor's assets and they should opt to take the decisions to resolve the insolvency through IBC. The uniqueness of IBC is that the debtor as well as the creditor, both can initiate proceedings.

A maximum time limit, for completion of the insolvency resolution process, has been set for corporates and individuals. For companies, the process will have to be completed in 180 days, which may be extended by 90 days if a majority of the creditors agree. For start-ups (other than partnership firms), small companies and other companies (with asset value less than Rs. 1 crore), resolution process would be completed within 90 days of initiation of request which may be extended by 45 days. The Insolvency and Bankruptcy Code (Amendment) Act, 2019 has increased the upper time limit to 330 days, including time spent in legal process to complete resolution process.

Insolvency Professional Agency

Insolvency Professional Agency (IPA) means any person registered with the Insolvency and Bankruptcy Board of India (IBBI) under section 201 of



The Institute of Cost Accountants of India

Insolvency Code, 2016 as an Insolvency Professional Agency – section 3(20) of Insolvency Code, 2016. The Insolvency Professional Agencies are the frontend regulators to develop professional standards, code of ethics and first level regulator for Insolvency professionals members to lead to development of a competitive industry for such professionals.

Insolvency and Bankruptcy Board of India (Insolvency Professional Agency) Regulations, 2016 made provisions for registration of Insolvency Professional Agency. Such Agency should be incorporated as a section 8 company with a minimum net worth of Rs. 10 crores and paid-up capital of Rs. 5 crores. Application for registration as Insolvency Professional Agency should be made to IBBI in prescribed form with a fees of Rs. 5 Lacs to be paid every year.

In India, we have three Insolvency Professional Agencies of The Institute of Cost Accountants of India, The Institute of Chartered Accountants of India and The Institute of Company Secretaries of India.

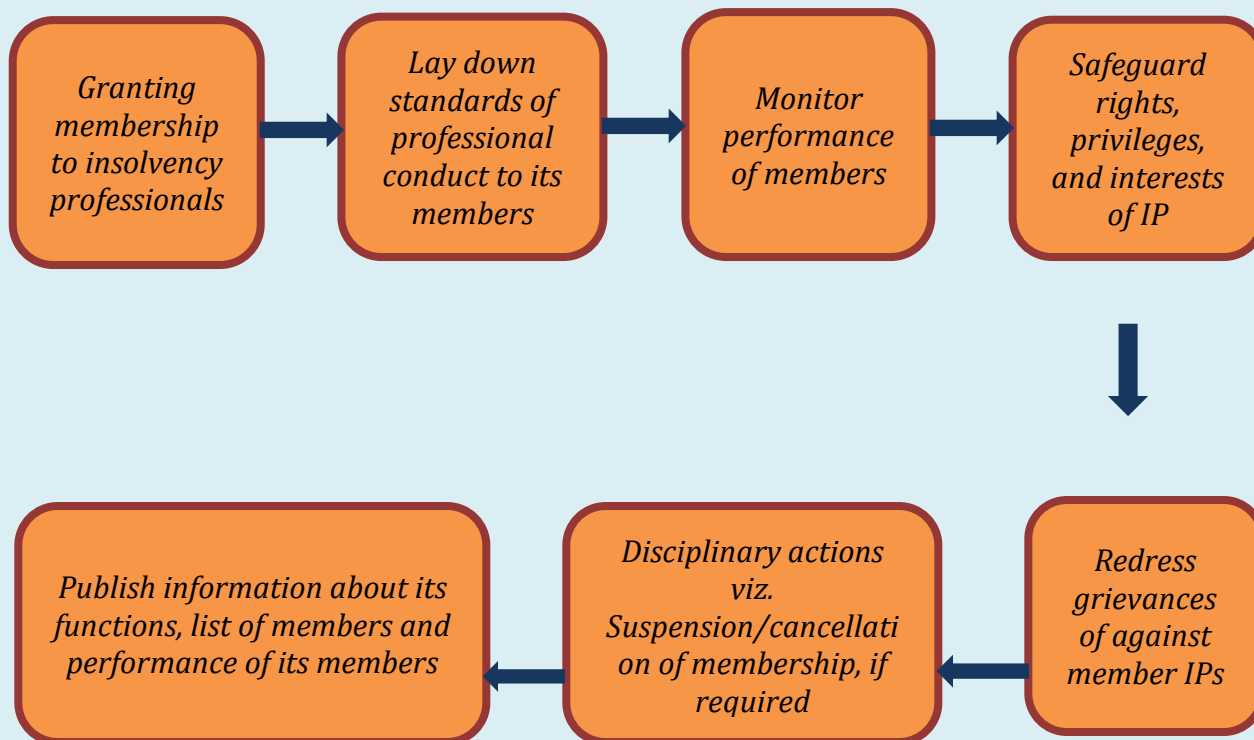
The Institute of Cost Accountants of India formed the section 8 company and registered it with IBBI as Insolvency Professional Agency on 30th of November, 2016 was conferred the registration number IBBI/IPA/16-17/03 and is known by the name of Insolvency Professional Agency of ICAI (IPA ICAI). As on date IPA ICAI has 390 enrolled members. The Code mandates that an IPA should not be a subsidiary of any subsidiary.

Role of an Insolvency Professional Agency (IPA)

Work relating to insolvency resolution is handled by Insolvency Professionals (IP). These professionals are required to be registered with Insolvency Professional Agency (IPA) before their registration with IBBI. The IPA enrolls, regulates, develops the professional standards, code of ethics and leads to development of a competitive industry for such professionals. Being the frontline regulators for Insolvency professional members, the IPA monitors, inspects, investigates and initiates disciplinary proceedings against its enrolled professional member, if need be.

Functions of the Insolvency Professional Agency

The major functions of an Insolvency Professional Agency (IPA) as specified in the Regulations is as detailed below:



Model Bye Laws of Insolvency Professional Agency and provisions relating to Governing Board of Insolvency Professional Agency have been specified in Insolvency & Bankruptcy Board of India Regulations, 2016, notified on 21-11-2016 and elaborate the duties of the Insolvency Professional Agency.

Duties of the Insolvency Professional Agency

The duties of an Insolvency Professional Agency (IPA) as specified in the Regulations are enumerated below, that it:

- a) ensures compliance with the Code and rules, regulations and guidelines issued thereunder governing the conduct of insolvency professional agencies and insolvency professionals;
- b) employs fair, reasonable, just, and non-discriminatory practices for the enrolment and regulation of its professional members;
- c) be accountable to the Board in relation to all byelaws and directions issued to its professional members;

- d) develop the profession of insolvency professionals;
- e) promote continuous professional development of its professional members;
- f) continuously improve upon its internal regulations and guidelines to ensure that high standards of professional and ethical conduct are maintained by its professional members; and
- g) provide information about its activities to the Board.

The Insolvency Professional Agency has different committees to address the different processes and mechanisms like the Advisory Committee, Membership Committee, Monitoring Committee, Grievance Redressal Committee, Disciplinary Committee or/and Appellate Panel and any other committee as may be deemed required by the Governing Board of the IPA ICAI. The Chairperson of the committees is an Independent Director, as provisioned in the regulations.

IBBI exercises its control over Insolvency Professional Agency and Insolvency Professional. Complaints, if any, can be made to IBBI under section 217 of Insolvency Code.

IBBI can carry out investigation of Insolvency Professional Agency and Insolvency Professional under section 218 of Insolvency Code. Disciplinary action can be taken against Insolvency Professional Agency or Insolvency Professional by appointing disciplinary committee under section 220 of Insolvency Code. All these sections have been notified and made effective from 15-11-2016.

Insolvency Professionals

An Insolvency Professional (IP) helps companies and individuals who have become insolvent or are under substantial financial burden. These professionals work with the directors of the companies, debtors, creditors, etc. and advise them on the insolvency procedures. Comprehensively, they also help maximize the returns for the stakeholders and creditors.

As per the Insolvency and Bankruptcy Code, 2016 (the Code), an Insolvency Professional (IP) means an eligible person who is:

- a. enrolled with an insolvency professional agency (IPA) as its member and,
- b. registered with Insolvency and Bankruptcy Board of India (IBBI/the Board)

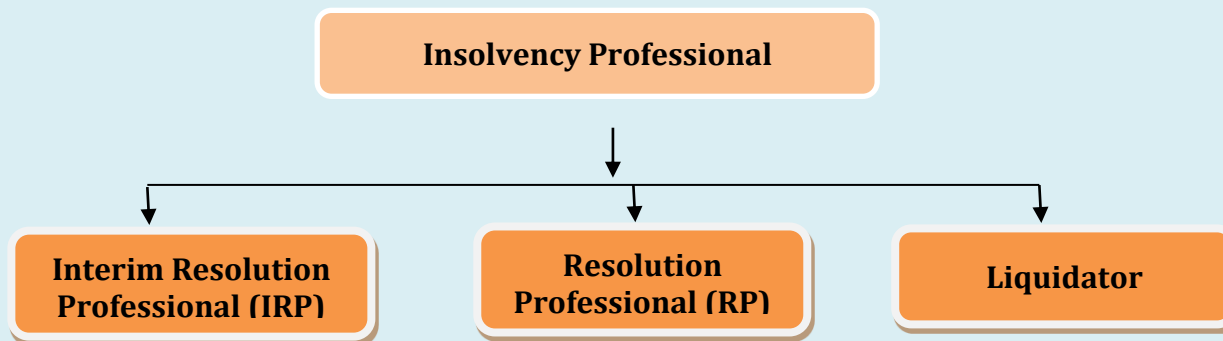
as an insolvency professional (IP).

IP is defined as a person enrolled under section 206 within IPA as its member and registered with IBBI as an Insolvency Professional under section 207. They act as intermediaries who would play a key role in the efficient functioning of the insolvency and bankruptcy processes. They are governed by the Insolvency and Bankruptcy Board of India has also issued the regulations namely Insolvency and Bankruptcy Board of India (Insolvency Professionals) Regulations, 2016 wherein detailed provisions relating to the appointment of IP has been provided.

Career prospects of Insolvency Professionals

An eligible individual as per eligibility norms laid out in the Code, after clearing the Limited Insolvency Examination and registration as an Insolvency Professional with IBBI would be able to practise as an Insolvency Professional.

The different hats worn by an Insolvency Professional during handling of an assignment are:



Other roles under IBC for Insolvency Professionals

Apart from IP, a Cost Accountant and other professionals have following opportunities:

- **As Valuer:** As per IBC code IRP need to appoint two valuers to determine liquidation value. Valuers also required for valuation of current assets (akin to stock audit) Valuer is also required for valuing the assets under liquidation. Cost Accountants with 3 years of practice experience and registered with IBBI as registered valuers are allowed to do valuation.



The Institute of Cost Accountants of India

- **Preparation of Resolution Plan:** Multiple resolution plan can be submitted to IP by interested parties who are called as resolution applicant. Cost Accountants can assist resolution applicants in preparation of Resolution plan.
- **Due Diligence:** As per code IRP needs to collect all information relating to the assets, finances and operations of the corporate debtor for determining the financial position of the corporate debtor, including information relating to—
 - i. business operations for the previous two years;
 - ii. financial and operational payments for the previous two years;
 - iii. list of assets and liabilities as on the initiation date; and
 - iv. such other matters as may be specified
- **Data processing:** As per IBC code IRP and RP are needed to collate and verify claims of the creditors. In a large operating company data could be huge. IRP/RP may avail services of practicing Cost Accountants for data processing.
- **Management of Corporate Debtor (CD):** IRP/RP are required to manage business of the borrower on a going concern basis. IRP/RP may engage Cost Accountants and other professionals for assisting in management e.g. as CFO or other related works.
- **Secretarial and legal work:** CIRP process requires huge amount of book-keeping, holding of meeting, recording minutes, communication with NCLT etc. IP are expected to take help of professionals in this regard.
- **Representing lenders:** Any creditor who is part of CoC are allowed to appoint other IP (other than RP) as their representative in CoC. FCCB and ECB holders are expected to use this facility.
- **Representing before NCLT / NCLAT:** A party to any proceeding or appeal before the Tribunal or the Appellate Tribunal, as the case may be, may either appear in person or authorise one or more Cost Accountants/other professionals to present his/her case before the Tribunal or the Appellate Tribunal.
- **Forensic Audit:** IBC provides for look back period of 2 years in case of related parties and 1 years in case of other parties. It might be needed to

conduct a forensic audit in some matters wherein Cost Accountants can provide services.

- **Stock Audit:** Most Corporate Debtors enjoy working capital limits. It may be necessary to conduct periodic Stock Audit of the CD during the CIRP process.
- **Internal / Concurrent Audit:** RP can appoint Internal / Concurrent Auditors during the business under CIRP.
- **Monitoring and Supervision of Resolution Plan:** IBC requires provision of Monitoring and Supervision of Resolution Plan after its approval by NCLT during its period. Cost Accountants can provide services of such monitoring and supervision.
- **Consultation and Strategizing:** Enjoy the fruit with less risk and legal responsibility.
- **Better employment scopes:** The Financial Institutes, Fintech Institutes, Banks and ARCs have developed a special cell under IBC and incumbents with proficiency in IBC are given preference.

Career prospects in Insolvency Professional Regime for Freshers or professionals having experience less than 10 years

The career prospects for young professionals who are commerce graduates, students of Economics, Law and/or Management, students who have cleared CMA (Inter), CMA (Finals), CAT, Chartered Accountants, Company Secretaries or practising Cost Accountants, Company Secretaries, Chartered Accountants, Lawyers but having experience less than 10 years but wish to be a part of the Insolvency Resolution Regime are:

- As an assisting professional/support staff to the Insolvency Professional
- Secretarial, compliance and legal work to the Insolvency Professional
- a consultant or Advisory services to Insolvency professional
- Accounts related work/ due diligence
- Drafting insolvency petitions
- Assisting in developing resolution plan



The Institute of Cost Accountants of India

- Advisory in relation to a merger or acquisition or takeover
 - Representation before the Debt Recovery Tribunals
 - Representation before the NCLT or NCLAT
 - Monitoring and Supervision of Resolution Plan

Eligibility to become an Insolvency Professional (IP)

An individual is eligible to become an Insolvency Professional (IP) provided he/she:

- a) is a person resident in India,
- b) is not a minor,
- c) is solvent (i.e., he / she is not an undischarged insolvent or he / she has not applied to be adjudicated as an insolvent)
- d) is of sound mind,
- e) has the qualification and experience as specified by the Board,
- f) has not been convicted by any competent court, for an offence punishable with imprisonment for a term exceeding six months, or for an offence involving moral turpitude, and a period of five years has not elapsed from the date of expiry of the sentence.
- g) is a fit and proper person.

Every IP shall abide by the following code of conduct:

1. To take reasonable care and diligence while performing his/her duties;
2. To comply with all requirements and terms and conditions specified in the bye-laws of the IPA of which he is a member;
3. To allow the IPA to inspect his/her records;
4. To submit a copy of the records of every proceeding before the Adjudicating Authority to the Board as well as to the IPA of which he/she is a member; and
5. To perform his/her functions in such manner and subject to such conditions as may be specified.

The role of the IP is very significant because, in the resolution process, they

are required to verify the claim of the creditor, constitute a Committee of Creditors (CoC), run the corporate debtor's business during the moratorium period, and help the creditor in reaching a consensus for a revival plan. In liquidation, the IP acts as a liquidator and/or bankruptcy trustee. Insolvency professionals play different roles, like an IRP, RP, Liquidator, Administrator, Supervisor or nominee, or a trustee in bankruptcy for the Insolvency Bankruptcy Code proceedings.

An individual who is not a resident of India cannot render services as an IP. However, he/she may become a partner or director of an Insolvency Professional Entity (IPE) recognised by the Board.

Age Restrictions - There is no such upper age limit for seeking registration. However, age restrictions are applicable for practicing as an IP to the maximum age of 70 years.

Process to become an Insolvency Professional

Stages to be followed to become an IP:

- A. (i) For Professionals (Cost Accountants, Chartered Accountants, Company Secretary, and/or an Advocate) having 10 years of experience, or Graduates having 10 years of experience in the field of law or Masters' Degree holders/Post-Graduate Diploma holders, in management, having 10 years of managerial experience, or

(ii) Graduates having 15 years of managerial experience:

- Stage 1: Pass the Limited Insolvency Examination (LIE)
- Stage-2: Enrol as a professional member with an insolvency professional agency (IPA), within a period of 12 months of clearing the LIE
- Stage-3: Complete a pre-registration educational course (PREC) conducted by the IPA.
- Stage-4: Apply to the Board for registration as an 'Insolvency Professional' (IP)

The Registration of an IP with IBBI is valid for a period of 5 years. To continue with the registration with the Board, subject to other terms and conditions as applicable, an IP shall also:

- a. continue to satisfy the eligibility criteria,
- b. undergo continuing professional education, as may be required by the Board,



The Institute of Cost Accountants of India

- c. pay renewal fees to the Board, every five years
- d. file annual statement (Form E)
- e. abide by such other terms and conditions, as may be specified vide IP Regulations.

B. For Young Professionals, having less than 10 years of experience or no experience:

The Graduate Insolvency Programme (GIP) is the first of its kind of programme for those aspiring to take up the discipline of Insolvency Profession as a career or seeking to take up other roles in the value chain, in India and in foreign jurisdictions. A student who completes the GIP will be eligible for registration as an IP under the Code, without having to wait to acquire the 10-year experience as required by the Code at present.

- Stage 1: Complete the Graduate Insolvency Programme (GIP)
- Stage 2: Pass the Limited Insolvency Examination (LIE)
- Stage-3: Enroll as a professional member with an Insolvency Professional Agency (IPA), within a period of 12 months of clearing the Limited Insolvency Examination (LIE)
- Stage-4: Complete a Pre-Registration Educational Course (PREC) by the IPA.
- Stage-5: Apply to the Board for registration as an 'Insolvency Professional' (IP)

C. The National Insolvency Programme, which is yet to be notified by the Board in due time.

Enrolment of Insolvency Professional

An individual seeking registration as an Insolvency Professional (IP) with the Board must be enrolled as 'Professional Member' of an IPA. The agencies registered as an Insolvency Professional Agency (IPA) with the IBBI, an IP may approach any one of the three IPAs for enrolment viz.:

- a. Insolvency Professional Agency of Institute of Cost Accountants of India [IPA-ICAI]



The Institute of Cost Accountants of India

- b. ICSI Institute of Insolvency Professionals [ICSI-IIP]
- c. Indian Institute of Insolvency Professionals of ICAI [IIIP-ICAI]

In terms of applicable regulations made under the Code, after passing of the LIE and completion of PREC is mandatory for becoming an IP.

Functions of an Insolvency Professional

The primary function of an Insolvency Professional is to assess the financial position of the company, partnership, LLPs, individual etc and to ensure smooth process of its dissolution. These professionals, in certain possible cases look for opportunities to rescue businesses. Otherwise, the main functions of an Insolvency Professional are:

- Analyse the financial statement of the company and understand the position.
- Plan to sell all the assets of the liquidating Individual or company.
- Understand the receivables position of the company/Individual and look after the collection process.
- Conduct formal discussions with debtors/creditors and manage their settlement process.
- Check and agree on the creditors' claims as per the available funds. This is one of the main duties of Insolvency professionals.
- Involve in the fund distribution process after setting aside money required to pay the cost of liquidation.
- Deal with the other competing interest, if any.
- Insolvency professionals are required to prepare and submit report to the National Company Law Tribunal with respect to the following:
 - Liquidation plan and process: This must be submitted within 75 days of commencement of the process by the insolvency professional.
 - Detailed report on the asset memorandum.
 - Interim report on how the liquidation process is progressing from time to time.
 - Details about the sale of all the assets.
 - Discussion with the Debtors and Creditors and the conclusions arrived.

- Final report prior to the dissolution of the company, partnership and others.

Monitoring of the Insolvency Professionals

The Insolvency Professional Agency (IPA) conducts monitoring of the Insolvency Professionals on regular basis. To follow it in a structured manner, IPA has framed a Monitoring Policy. The objective of the Monitoring Policy is to enable IPA ICAI to gather relevant information pertaining to the conduct and performance of its Professional Member(s) and check whether their acts are in adherence to the provisions of the Code and/or Rules, Regulations, Circulars and Guidelines issued thereunder, Bye-laws, the code of conduct and directions given by the Governing Board. The objective of the Monitoring Policy of IPA ICAI is also to develop a mechanism to review, monitor and evaluate performances of its Professional Member(s) in terms of time-based and event-based compliances, code of conduct, directions by Adjudicating Authority, IBBI etc. and monitor the acts and conducts of its Professional Members in terms of the provision as prescribed under the Code.

Therefore, the three-fold objective of the Monitoring is:

- Monitor and evaluate the performance of its professional members with regard to the assignments undertaken by them.
- Obtain information about the professional conduct of its member and their compliance with the Code and Rules, Regulations, Guidelines, Circulars issued thereunder, etc.
- Develop systems and procedures to facilitate monitoring of professional members.

Inspection of the Insolvency Professionals

The objective behind regular Inspection is to provide a mechanism with rules, guidelines and framework for IPA ICAI to comply with and carry out its monitoring mandate vis-à-vis its registered professional members which is to be in line with the letter and spirit of the Insolvency and Bankruptcy Code (IBC).

The objective behind this Inspection is as below:



The Institute of Cost Accountants of India

- a. To ensure that the records are being maintained by all professional members (Insolvency Professional) in the manner as required under the relevant Code, Regulations, Circulars, Notifications, Guidelines, et al;
- b. To ascertain whether adequate internal control systems, procedures and safeguards have been adopted and established and are being regularly followed by the registered members (Insolvency Professionals) to fulfil their obligations under the Code, relevant Regulations, Circulars, Notifications, Guidelines, et al;
- c. To ascertain whether any circumstance exists which would render a professional member (registered Insolvency Professional) unfit or ineligible;
- d. To ascertain whether the provisions of the Code, Rules & Regulations, Guidelines, Circulars, Notifications made thereunder and the directions issued by the IBBI, if any, issued from time to time, are being complied with;
- e. To inquire into all reasonable and credible complaints received from any aggrieved person on any matter having a connection with or bearing on the activities of a professional member (registered Insolvency Professional); and
- f. Such other purposes as may be deemed fit by the IPA ICAI in furtherance of the objectives of the Code, Rules, Regulations et al.
- g. Inspections are also instruments/mechanisms to:
 - Keep and put in place checks and balances on any unauthorised action(s) of the professional members (registered Insolvency Professional) and take cognizance of all reasonable and credible complaints against such registered members and provide appropriate relief to the aggrieved person.
 - Ensure that no false or misleading information is provided by any of the professional member (registered Insolvency Professional) in regard to the assignments handled by him/her.
 - Give a fair chance of hearing to the professional member (Registered Insolvency Professional).
- h. The Inspection shall be carried out through ascertaining the compliance, conduct and performance of the professional members who have taken up role as Resolution Professionals/Liquidators/Voluntary Liquidators/Authorized representatives etc or in any other capacity as specified under the Code/Regulations thereunder, with an unbiased/impartial approach and without any discrimination.

Grievance Redressal of the Insolvency professionals

The Grievance Redressal Policy of the IPA provides the procedure for receiving, redressing and disclosing grievances against the IPA or any other professional member of the agency. The Grievance Redressal Committee may dismiss the grievance if it is devoid of merit or initiate a mediation between parties for redressal of grievances. In order to ensure the timely and systemic disposal of grievances, the grievance redressal policy of the Grievance Redressal Committee provides proper procedure, manner and formats for receiving, processing, redressing and disclosing grievances against IPA or any member.

Disciplinary actions against the Insolvency professionals

The disciplinary proceedings may be initiated by IPA by issuing a show cause notice against the professional members based on a reference made by the

- i. Grievance Redressal Committee;
- ii. based on monitoring the professional members;
- iii. following directions by the Board; or
- iv. suo moto, based on any information received by it. The Disciplinary Committee may pass order including:
 - a) expulsion of member;
 - b) suspension of professional member for certain period;
 - c) admonishment of professional member;
 - d) imposition of monetary penalty;
 - e) reference of the matter to the Board in appropriate cases; and
 - f) directions relating to cost.

Professional Development programs of the Insolvency Professionals

IPA ICAI is vested with the power to educate the profession of the Insolvency Professionals who are enrolled as the professional members with it. The functioning of IPA ICAI also includes laying down the best practices, policies and standards on the different areas developed and emerging areas under the

Code.

IPA ICAI conducts various programs on emerging areas to educate the Insolvency Professional(s) helping them to be sensitized on the evolving matters and also on keep them abreast with the latest developments and amendments.

Members of all IPA

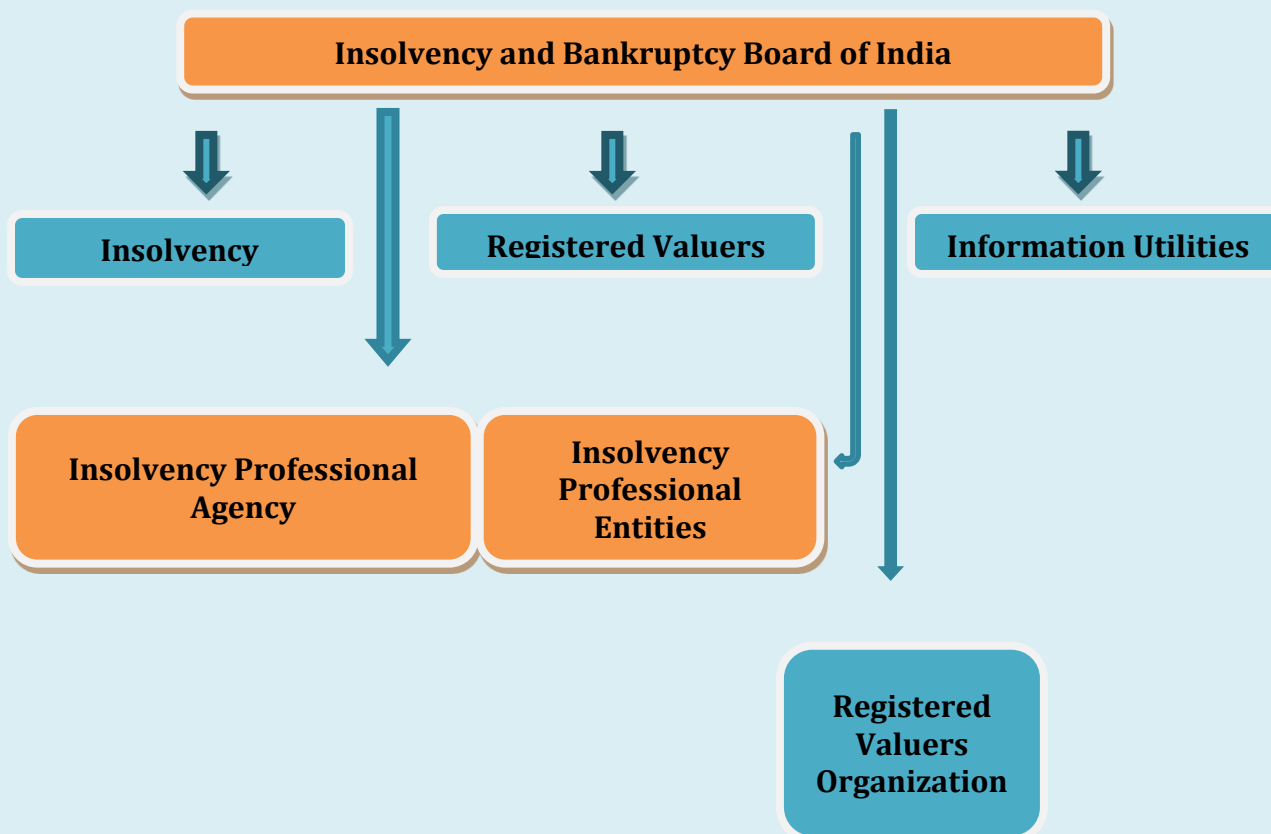
The database of all IPs registered with the Board (including particulars viz. name, registration number, address, e-mail id, IPA of which s/he is a professional member, date of registration and the date of validity of AFA) is available on website of the Board.

Please click on <https://www.ibbi.gov.in/ips-register/view-ip/1>

The enrolled member details of IPA ICAI are available on

https://www.ipaicmai.in/IPANEW/UploadFiles/Other/Members_Enroled_with_IPA.pdf

Related Stakeholders in the Insolvency Professional Regime





Conclusion

The profession of Insolvency Professionals is an evolving profession with wide opportunities in the field of Insolvency and Bankruptcy. Not only as practising IPs but as other service providers such as valuers, service providers, consultants etc. Considering the immense responsibility, workload and strict time-lined compliances-it opens up prospective avenues for many to join the eco-system of Insolvency Professionals. Though five years have passed but the profession is still into a nascent stage and is yet to set its feet. The IPA ICAI extends all its possible support the professional members associated in this field, in all forms, sacrosanct to the Code, Regulations, Notifications, Circulars and guidelines issued by IBBI from time to time to help the professional members draw a niche of their own this profession.



ICMAI Registered Valuers Organisation (ICMAI RVO)

The Institute of Cost Accountants of India (Statutory body under an Act of Parliament) has promoted ICMAI Registered Valuers Organisation (ICMAI RVO), a section 8 company under Companies Act, 2013 on 23rd February 2018, which is recognised by the Insolvency and Bankruptcy Board of India (IBBI) to conduct educational courses on Valuation for three different asset classes - Land & Building, Plant & Machinery and Securities or Financial Assets and to act as frontline regulator as Registered Valuers Organisation. The primary objective of the Company is to enroll, educate and train members to enable them to carry out activities for the effective valuation procedures and methods, develop the profession of Registered Valuers, promote continuous professional development of valuation professionals, establish and promote high standards of practice and professional conduct. **ICMAI RVO is an Academic Member of International Valuation Standards Council.**

ICMAI Registered Valuers Organization Activities

- Release of a monthly Journal – The Valuation Professional
- Release of a Weekly Valuation Newsletter
- Organizing 50 Hours mandatory Educational Course for all the 3 asset classes
- Compiling Study Material for candidates undergoing 50 Hours Course
- Compiling Case Studies of Valuation assignments
- Providing Mock test facility to the members for preparing for the examination
- Conducting various Professional Development Program both in physical and virtual form
- Conducting short term programs on Valuation for Bankers and MSMEs
- Releasing Technical Application Guidance Notes
- Regularly monitoring the activities / performance of members

- Releasing Success Stories of Registered Valuers
- Carrying out Inspection of Members
- Addressing Grievances of members
- Taking Disciplinary action against errant members
- Constituted a Valuation Standards Board with wide representation

How to become a Registered Valuer

An individual has to first enroll as a valuer member with Registered Valuers Organisation and complete 50 hours Educational Course conducted by the RVO. On completion of the Course and receiving a certificate of participation, the valuer member has to clear examination conducted by IBBI. After clearing examination, valuer member to enroll with RVO and to make an application to the Authority in Form A of the Annexure II of the Companies (Registered Valuers and Valuation) Rules, 2017.

Qualification and Experience

As per rule 4 read with Annexure-IV of the Companies (Registered Valuers and Valuation) Rules, 2017, an individual shall have the following qualifications and experience to be eligible for registration as Registered Valuer:

Assets Class	Qualifications	Experience in Specified Qualifications discipline.
Plant and Machinery	(i) Graduate in Mechanical, Electrical, Electronic and Communication, Electronic and Instrumentation, Production, Chemical, Textiles, Leather, Metallurgy, or Aeronautical Engineering, or Graduate in Valuation of Plant and Machinery	Five Years



	or equivalent;	
	(ii) Post Graduate on above courses.	Three years
Land and Building	(i) Graduate in Civil Engineering, Architecture, or Town Planning or equivalent;	Five years
	(ii) Post Graduate on above courses and also in valuation of land and building or Real Estate Valuation (a two-year full time post-graduation course)	Three years.
Securities or Financial Assets	(i) Member of Institute of Chartered Accountants of India, Member of Institute of Company Secretaries of India, Member of the Institute of Cost Accountants of India, Master of Business Administration or Post Graduate Diploma in Business Management (specialisation in finance).	Three years
	(ii) Post Graduate in Finance	Three years
<p>Note: Any other asset class along with corresponding qualifications and experience in accordance with rule 4 as may be specified by the Central Government.</p>		

Subject to meeting other requirements, an individual is eligible to be a registered valuer, if he/She

i) is a fit and proper person,



The Institute of Cost Accountants of India

- ii) has the necessary qualification and experience,
- iii) is a valuer member of a RVO,
- iv) has completed a recognized educational course as member of a RVO,
- v) has passed the valuation examination conducted by the IBBI, and
- vi) is recommended by the RVO for registration as a valuer.

Website Link: <https://www.rvoicmai.in/>

Association of Accounting Technicians (AAT)

Association of Accounting Technicians (AAT) is a Section 8 Company registered under Companies Act 2013, promoted by The Institute of Cost Accountants of India. Its registered office is situated at 3, Institutional Area, Lodhi Road, New Delhi – 110003

The main objects of AAT as follows

1. To initiate, carry out, executive, implement, aid and assist activities towards skill development in the Accounting Sector in India (hereinafter called as “Sector “) and meeting entire value chain’s requirements of appropriately trained manpower in the quantity and quality on a sustained and evolving basis.
2. To develop a skill development plan for the Sector and maintain skill inventory.
3. To determine skills/competency standards and qualifications in consonance with the Sector norms.
4. To plan and execute training of trainers.
5. To promote of excellence in the Sector.
6. To establish a well-structured Sector specific labour market information system (“LMIS”) to assist planning and deliver of training.
7. To facilitate in standardizing the affiliation and accreditation process for the sector.
8. To coordinate participation of social partners, employers in the Private/Public Sector, training providers, professional societies and NGOs/civil society groups in the process of skill development for the Sector.
9. To identify the skill development needs of the Sector, review international trends in Sector sill development and identify Sector skill gaps and technology.
10. To do and undertake the task of educational and vocational skill upgrade for the Sector.



The Institute of Cost Accountants of India

11. To conceiving, formulating, undertaking, conducting, fostering, aiding, promoting and providing facilities for prosecuting core, fundamental, empirical, applied and other kind of research work and projects and studies, either on its own or jointly or collaboration with or at the instance or other persons and entities for the benefits of the Sector.
12. To Conceiving, organizing, holding, conduction and sponsoring training programmes study courses, lectures, meetings, workshops, seminars, conferences and symposia either on its own o jointly or at the instance of other persons and entities.
13. To Conceiving, preparing, bringing out, printing and publishing either on its own or through or in collaboration with other persons and entities, papers, periodicals, magazines, books, journals, either through print or any other print media.
14. To starting, establishing, running, maintaining and providing library and electronic database and exchange facilities and other information services.
15. To organize, conduct and provide education and training programme, courses classes for academic, vocational and competitive examinations.
16. None of the objects of the company shall be carried out on commercial basis.
17. No objects of the company shall be carried out without obtaining prior permission of the competent authorities whenever required and/or prescribed.

3

Membership with International Accounting Bodies

International Federation of Accountants (IFAC)

The Institute is a founder member of International Federation of Accountants (IFAC). Founded in 1977, IFAC is the global organization for the accountancy profession dedicated to serving the public interest by strengthening the profession and contributing to the development of strong international economies. IFAC is comprised of 180 members and associates in 135 countries and jurisdictions, representing more than 3 million accountants in public practice, education, government service, industry, and commerce.

IFAC's work is guided by three long-standing and equally important strategic objectives:

- Speaking out and engaging as the voice for the global profession
- Leading and developing a future-ready profession
- Contributing to and promoting the development, adoption and implementation of high-quality international standards

IFAC Advisory Group

IFAC committees support IFAC's mission and strategic plan execution. They provide advice and counsel on relevant issues for the profession in key areas. Committee members are experts in their fields and their experience and knowledge reflects the depth and breadth of the global accountancy profession. They are nominated by IFAC members and appointed by the IFAC



The Institute of Cost Accountants of India

board following recommendations by the Nominating Committee.

1. International Panel on Accountancy Education
2. Nominating Committee
3. Professional Accountancy Organization Development & Advisory Group
4. Professional Accountants in Business Advisory Group
5. Small and Medium Practices Advisory Group
6. Transnational Auditors Committee & Forum of Firms

IFAC International Standard-Setting Boards

The structures and processes that support the independent standard-setting boards' operations are facilitated by the International Federation of Accountants (IFAC). IFAC's support includes financial, human capital, facilities, and administrative resources, as well as support throughout the nominations and selection process.

1. The International Auditing and Assurance Standards Board (IAASB)
2. The International Accounting Education Standards Board (IAESB)
3. The International Ethics Standards Board for Accountants (IESBA)
4. The International Public Sector Accounting Standards Board (IPSASB)

More details about the IFAC can be seen at: <https://www.ifac.org/>

Confederation of Asian and Pacific Accountants (CAPA)

The Institute is a founder member of Confederation of Asian and Pacific Accountants (CAPA). CAPA is a regional organisation representing thirty-two national professional accountancy organisations (PAOs) from twenty-three jurisdictions that operate in, or have an interest in, the Asia-Pacific region. The membership of these organisations comprises over 2 million professional accountants. CAPA currently has a membership of 31 accountancy organisations in 23 jurisdictions.

CAPA is one of four regional organisations (ROs) recognised by the global

accountancy profession, which is represented by the International Federation of Accountants (IFAC). The other ROs represent PAOs in Europe, Africa, and the Americas.

CAPA has a unique role within the accountancy profession, positioned between IFAC and the national PAOs, which represent the profession in each jurisdiction. Accordingly, CAPA is better placed to undertake certain initiatives and activities than either IFAC or the PAOs.

CAPA provides the structure to enable relationship building and knowledge sharing among PAOs operating in the region and to undertake specific activities consistent with the organisation's vision and mission.

CAPA's mission is supported by medium to long-term strategies and short-term work plans. These embrace both the public and private sectors and all facets of the accountancy profession.

- **Board**

A Board of up to twelve members is elected from within the membership. Members elected to the Board serves the period between one Assembly to the next (normally a 4-year term). Each Board member represents a jurisdiction, and a representative is appointed as a Director of the Board.

- **Governance & Audit Committee**

The Governance & Audit Committee (GAC) is tasked to review and provide recommendations to the Board and members on matters related to finance, audit and governance to ensure consistency with CAPA's objectives, policies and procedures.

- **Member Development Committee**

The Member Development Committee (MDC) is a working committee formed to provide input and recommendations to the Board regarding strategies and activities for CAPA to pursue. Such activities are aligned to CAPA's vision, mission and objectives contributing to the formation and development of strong and sustainable professional accountancy organisations (PAOs) to effectively meet the needs of the jurisdiction in which they operate.

- **Public Sector FM Committee**

The Public Sector Financial Management Committee (PSFMC) is a working committee formed to provide input and recommendations to the Board



The Institute of Cost Accountants of India

regarding strategies and activities for CAPA to pursue. Such activities are aligned to CAPA's vision, mission and objectives with respect to influencing the development of public sector financial management related matters and promoting the benefits of high quality financial management and reporting in the public sector.

More details about the CAPA can be seen at: <http://www.capa.com.my/>

South Asian Federation of Accountants (SAFA)

The Institute is a founder member of South Asian Federation of Accountants (SAFA). SAFA was formed in the year 1984 to serve the accountancy profession in the South Asian Region and uphold its eminence in the world of accountancy. SAFA as an IFAC network Partner represents over 3,75,000 accountants having membership of the national chartered accountancy and cost and management accountancy institutions in the South Asian countries namely Bangladesh, India, Maldives, Nepal, Pakistan and Sri Lanka, Afghanistan. SAFA came into existence at the initiative of the accounting professional bodies in the South Asian Region, which has a bond of culture and homogeneity of professional environment.

SAFA as a forum of professional accountancy bodies is committed to positioning, maintaining and developing the accountancy profession in South Asian Association for Regional Co-operation (SAARC) Region and ensuring its continued eminence in the world of accountancy; in the public interest and towards broad economic development of the region. The role of SAFA in this context is as follows:

1. To understand the profession in the regional context and continuously work towards its development in keeping with global trends;
2. To participate and play the leadership role on the International forums;
3. To promote harmonize accountancy profession in SAARC Region and in keeping with global development;
4. To play promotional role for the countries within its jurisdiction, where the accountancy profession does not exist or is not sufficiently developed;
5. To promote and set professional standards;



The Institute of Cost Accountants of India

6. To act as interface between international bodies and member-bodies;
7. To promote and develop state-of-the-art research compact; and
8. To carry out such other activities as are considered incidental or ancillary to the above or considered expedient in furtherance of the development of Accountancy profession in the SAARC Region.

The current membership of SAFA represents the Eleven Professional accountancy bodies in Afghanistan, Bangladesh, India, Nepal, Pakistan, Sri Lanka and Maldives.

Full Members

India

- The Institute of Cost Accountants of India
- The Institute of Chartered Accountants of India

Bangladesh

- The Institute of Chartered Accountants of Bangladesh
- The Institute of Cost and Management Accountants of Bangladesh

Pakistan

- The Institute of Chartered Accountants of Pakistan
- The Institute of Cost and Management Accountants of Pakistan

Sri Lanka

- The Institute of Chartered Accountants of Sri Lanka
- The Institute of Certified Management Accountants of Sri Lanka

Nepal

- The Institute of Chartered Accountants of Nepal

Associate Members

Afghanistan

- The Certified Professional Accountants of Afghanistan

Maldives



- Institute of Chartered Accountants of the Maldives

More details about the SAFA can be seen at: <http://www.esafa.org>

Foreign Collaborations and MOU

MOU with Association of Chartered Certified Accountants (ACCA), UK

The Institute entered into an MOU with The Association of Chartered Certified Accountants (ACCA), UK on 9th August, 2021 to work together towards co-operation in respect of professional training, education and examinations. Following the understanding, members of both the Institutes will be allowed mutual advanced entry through exemptions from appearing majority of papers to acquire the qualification of the other Professional Body. Both the Institutes have also agreed to offer jointly-organised and co-branded continuing professional development (CPD) courses, workshops and conferences. The two Institutes will also identify suitable research opportunities and undertake joint research and publications.

More details are available at

<https://icmai.in/icmai/aboutus/mou/MOUwithAcca.php>

MOU with Chartered Institute for Securities and Investment (CISI), UK

The Institute entered into an MOU with Chartered Institute for Securities and Investment (CISI), UK for forwarding the membership of CISI to members of the Institute of Cost Accountants of India and concessional fee for CMA students.

The CISI offers entry of its membership to Associate (ACSI) level and Member (MCSI) level to members of the Institute with three years' relevant experience. Both the Institutes also agreed to conduct seminars and conferences on contemporary areas such as IFRS, business valuations etc. Further, they have also agreed to share developments in the areas of common interest at international level.

The MOU pave way for long term cooperation in the field of management accounting, risk management, Assets Servicing, global securities operations and investment in both countries. To give benefit to the students of both the institute it has been agreed by CISI to offer their courses to the student of other institute at as pecial concessional fee.



The Institute of Cost Accountants of India

More details are available at

<https://icmai.in/icmai/aboutus/mou/MOUwithCISIUK.php>

MOU with National Institute of Accountants (NIA), Australia

The Institute entered into an MOU with National Institute of Accountants, Australia on 9th March, 2011, [now known as IPA (Institute of Public Accountants)] with the following aims:

- I. To develop the profession of accounting for the benefit of their members and students in the pursuit of excellence in education and training and continuing professional development in accounting including cost and management accountancy.
- II. To create a harmonious relation between the Institutes to move forward globally, in order to enable, achieve optimum potential, for the member of the profession in the International arena.
- III. To recognize the professional qualifications and professional development programs offered by each Institute.
- IV. To permit members who obtain membership through this alliance to practice subject to the Local Laws applicable.
- V. To enable members to assist and cooperate in conducting applied research on management accounting and related areas through an appropriate mechanism with focus on contemporary domains.
- VI. To enable members to invite, support, attend and conduct seminars, conferences and joint activities mutually beneficial to both the parties with a focus on contemporary areas such as IFRS, Business Valuations, etc.
- VII. To allow the members and students of each Institute to visit, use and consult the libraries of the respective Institutes and access/linkage to the websites of each Institute from their own websites.
- VIII. To share developments in the areas of common interest at the international level including interaction with UN and other Regional/ International/ Multinational bodies and Institutes.

More details are available at

<https://icmai.in/icmai/aboutus/mou/MOUwithIPA.php>

4

Boards of the Institute

Cost Accounting Standards Board (CASB)

The Institute of Cost Accountants of India, recognizing the need for structured approach to the measurement of cost in manufacture or service sector and to provide guidance to the user organizations, government bodies, regulators, research agencies and academic institutions to achieve uniformity and consistency in classification, measurement and assignment of cost to product and services, has constituted Cost Accounting Standards Board (CASB) with the objective of formulating the Cost Accounting Standards.

Keeping in view latest legal and contemporary developments, the Cost Accounting Standards Board develops Cost Accounting Standards. To explain the requirements of Standards and provide the guidance with practical examples and illustrations on technical issues relating to Cost Accounting Standards issued by the Institute, CASB also issues Guidance Notes. Further, there may also be other technical issues relating to topics of importance for which the Cost Accounting Standards are not necessary but these technical issues need guidance to members and industry with respect to measurement, classification, assignment and presentation of cost in cost statements, the CASB issues Guidance Notes on such topics. The Institute/Board has so far issued 24 Cost Accounting Standards, Generally Accepted Cost Accounting Principles, 9 Guidance Notes on Cost Accounting Standards and two Guidance Notes on “Treatment of Costs Relating to



The Institute of Cost Accountants of India

Corporate Social Responsibility (CSR) Activities” and “Maintenance of Cost Accounting Records for Construction Industry Including Real Estate and Property Development Activity”.

The structure of Cost Accounting Standard consists of Introduction, Objectives of issuing standards, Scope of standard, Definitions and explanations of the terms used in the standard, Principles of Measurement, Assignment of Cost, Presentation and Disclosure.

While formulating the Cost Accounting Standards, the CASB takes into consideration the applicable laws, usage and business environment prevailing in India. CASB also gives due consideration to the Cost Accounting Standards, principles and practices being followed by the other countries in the world. If due to subsequent changes in the law, a particular standard or any part thereof becomes inconsistent with such a law, the provisions of the said law shall prevail.

Major announcements by the Board:

- Issued 24 Cost Accounting Standards;
- Issued Generally Accepted Cost Accounting Principles (GACAP);
- Issued Guidance Notes on CAS-2 (Revised 2015), CAS-4, CAS-6, CAS-7, CAS-8, CAS-9, CAS-10, CAS-11 and CAS-12.

CASB issued limited Revision of Guidance Notes on the above CASs in view of changes brought out by Companies (Cost Records and Audit) Rules 2014 with respect to maintenance of cost records.

CASB also issues clarifications and opinions on the queries received from Regulators, Industry and other Stakeholders. The opinions/ clarifications issued as on date are available for download from the webpage.

More details are available at <https://icmai.in/CASB/casb-about.php>

Authority attaching to Cost Accounting Standards

While formulating the Cost Accounting Standards, the CASB will take into consideration the applicable laws, usage and business environment prevailing in India. CASB will also give due consideration to the Cost Accounting Standards, principles and practices being followed by the other countries in



The Institute of Cost Accountants of India

the world. If a particular standard or and part thereof is inconsistent with a law, the provisions of the said law shall prevail.

The Cost Accounting Standards are intended to apply to the items which are material.

The Cost Accounting Standards Board may consider any issue requiring interpretation of and Cost Accounting Standard. Interpretations will be issued under the authority of the Council. The authority of interpretations is the same as that of Cost Accounting Standard to which it relates.

Authority of Application Guidance

This preface recognizes, as one of the functions of the Cost Accounting Standards Board (CASB), the issuance of Application Guidance (AG) relating to individual Cost Accounting Standards. For the purpose, the CASB will identify implementation issues and consider how CASB can best respond to such issues.

The response will take the form of Application Guidance which may take several forms narratives, FAQs, Illustrative examples and others. The objective is to help preparers of cost statement, auditors, and users to understand Cost Accounting Standards better, particularly first-time preparers and users and to ensure consistent application of a standard.

Authority attached to the application Guidance

The Application Guidance will be explanatory to the corresponding Cost Accounting Standard and will not override the same.

Compliance with the Cost Accounting Standards

The Cost Accounting Standards will be mandatory from the respective date(s) mentioned in the Cost Accounting Standard(s). The mandatory status of a Cost Accounting Standard implies that while discharging their attest functions, it will be the duty of the members of the Institute to examine whether the Cost Accounting Standard is complied with in the preparation of the General Purpose / Special Purpose Cost Statement which is required to be attested by the Cost Accounting professionals wherever applicable.



The Institute of Cost Accountants of India

As far as maintenance of cost accounting records under the Companies Act or any other statute is concerned, relevant matter covered under the standards, wherever applicable shall be followed. In the event of any deviation from the Cost Accounting Standard, it will be their duty to make adequate disclosures in their cost audit reports so that the users of cost statements may be aware of such deviation.

Cost Statements cannot be described as complying with the Cost Accounting Standards unless they comply with all the requirements of each applicable Standard.

<https://icmai.in/CASB/casb-about.php>

Cost Auditing and Assurance Standards Board (CAASB)

The Council of the Institute of Cost Accountants of India has constituted a Cost Auditing and Assurance Standards Board (CAASB) entrusting the responsibility to formulate standards and develop guidance notes in the areas of auditing, assurance, related services and quality control.

Objectives and Functions of CAASB

The following are the objectives and functions of the Cost Audit and Assurance Standards Board:

1. To identify areas in which Standards on Quality Control, Assignment Standards, Standards on Auditing and Standards on Related Services need to be developed.
2. To develop Standards on Quality Control, Assignment Standards, Standards on Auditing and Standards on Related Services so that they may be issued under the authority of the Council of the Institute.
3. To develop Guidance Notes on issues arising out of any Standard or on auditing issues pertaining to any specific industry or on generic issues so that they may be issued under the authority of the Council of the Institute.
4. To formulate and issue Technical Guides, Practice Manuals and other Papers under its own authority for guidance of Cost Accountants in the cases felt appropriate by the Board.

The Institute of Cost Accountants of India

5. To review the existing Standards, Guidance Notes, Technical Guides, Practice Manuals and other Papers to assess their relevance in the changed conditions and to undertake their revision, if necessary.
6. To provide Interpretations or formulate General Clarifications, where necessary, on issues arising from the Standards.

Cost Auditing & Assurance Standards Board has issued following Standards on Cost Auditing (SCAs) after considering the comments/ suggestions of stakeholders and subsequently also by the Council of the Institute.

Cost Auditing Standard	Title
101	Planning an audit of Cost Statements
102	Cost Audit Documentation
103	Overall objectives of the independent cost auditor and the Conduct of an Audit in Accordance with Cost Auditing Standards
104	Knowledge of business, its processes and the business environment

Second Proviso to Section 148(3) of the Companies Act, 2013 states that the auditor conducting cost audit shall comply with the cost auditing standards. As per 'Explanation' below this proviso, the expression 'cost auditing standards' mean such standards as issued by the Institute of Cost Accountants of India with the approval of the Central Government.

Standards on Cost Auditing (SCAs) are formulated by the Cost Audit & Assurance Standards Board (CAASB) and approved by the Council of the Institute. The SCAs as approved by the Council are sent to the Ministry of Corporate Affairs (MCA) for seeking approval of the Central Government for



The Institute of Cost Accountants of India

issuance of the Standards. Till date, MCA has conveyed approval to the 4 SCAs (SCA 101 to 104).

These SCAs have been uploaded on the Institute website for the benefit and general information of the members and stakeholders.

More details are available at <https://icmai.in/icmai/caasb/>

Quality Review Board

The Cost and Works Accountants (CWA) Act, 1959 provides for the regulation of the profession of Cost and Management Accountant in India. The CWA Act was amended in the year 2006 and sections 29A to 29D were inserted making provision for the establishment of “**Quality Review Board (QRB)**”. Accordingly, the Government of India, Ministry of Corporate Affairs, vide their notification no. S.O. 1693(E) dated 3rd October 2007 constituted QRB of the Institute of Cost Accountants of India for promoting “Quality” considerations in rendering various professional (*both statutory and non-statutory*) services by the Members of the Institute. The Board has been reconstituted by the Ministry of Corporate Affairs vide notification dated February 6, 2012.

The QRB of the Institute of Cost Accountants of India has brought out “**Guidance Manual for Audit Quality**” which contains the guidelines for members to improve the quality services and adherence to the various statutory and other regulatory requirements. The above Manual covers the policies, procedures and systems that are set in an audit firm to assure that it renders professional services consistently of high quality. Undoubtedly, this would facilitate the members of the Institute to discharge their functions efficiently and effectively.

Further, the Guidance Manual for Audit Quality deals with a firm’s responsibilities for its system of quality control for audits and reviews of cost/financial statements, and other assurance and related services engagements. The nature and extent of quality control policies and procedures to comply with this Manual would depend on a number of factors such as the size and nature of its practice, operating characteristics, geographic dispersion, organization, appropriate cost or benefit considerations and whether it is part of a network. Accordingly, the policies and procedures adopted by individual audit firms vary, so also the extent of their documentation.

Internal Auditing & Assurance Standards Board (IAASB)

The Council of the Institute of Cost Accountants of India has constituted the Internal Auditing and Assurance Standards Board (IAASB) in the year 2019, entrusting the responsibility to formulate and issue standards and develop guidance notes to provide the right guidance to the members of the Institute to discharge their duties as Internal Auditors and to further improve their professional approach to providing an effective internal audit service. The list of publications released by IAASB is given below:

1. Internal Audit & Assurance Standards
2. Guidance Note on Risk Based Internal Audit
3. Guidance Note on Internal Audit of Cement Industry
4. Guidance Note on Internal Audit of Power Industry
5. Guidance Note on Internal Audit of Pharmaceutical Industry
6. Guidance Note on Internal Audit of Educational Sector
7. Guidance Note on Risk Based Internal Audit of Commercial Banks

Banking, Financial Services & Insurance Board

As a continuing professional development of the members of the Institute, Banking, Financial Services & Insurance Board is enhancing the skills of CMAs in Internal Audit Systems of Banks, Basel-III Accord on Risk Mitigation Measures in Banks and Reserve Bank of India Guidelines on Risk Management Practices in Banks through Webinars, Seminars and Workshops. Also, the special issues on Banking Industry are covered in our internationally reputed professional journals “The Management Accountant”, BFSI Chronicle and Industrial Bulletins etc.

Courses Offered

Banking, Financial Services and Insurance Board of the Institute is conducting the following Certificate Courses:



The Institute of Cost Accountants of India

- Certificate Course in General Insurance in association with National Insurance Academy.
- Integrated Technical Analysis and Advance Derivatives in association with NISM
- Online Certificate Course in Investment Management
- Certificate Course on Concurrent Audit of Banks
- Certificate Course on Credit Management of Banks
- Certificate Course on Treasury and International Banking

List of publication

List of publication issued by the Institute is given below:

1. Guidance Note on the Concurrent Audit of Commercial Banks
2. Monograph on Internal Audit of Treasury Functions of Commercial Bank
3. Monograph On Risk Based Internal Audit of Commercial Bank
4. Risk-Based Internal Audit & Concurrent Audit of Commercial Banks
5. Hand Book on Stock and Book Debts Audit
6. Guidance Note on the Internal Audit of General Insurance Companies
7. Supplementary Guidance Note on the Impact of COVID-19 and future strategies for Internal Audit of General Insurance Companies

Mandate from Reserve Bank of India

- Reserve Bank of India vide letter no. DAPM.CO. RIA /349/07.05.01/2005-06 dated 10.05.2006 stated that all scheduled Banks were having discretion of taking professionals, including Cost Accountants for stock audit, revenue audit, concurrent audit, etc.
- For Valuation of Properties - Empanelment of Valuers.
(Circular no. RBI No.2006-2007/224 DBOD.BP.BC No. 50/21.04.018/ 2006-07 January 4, 2007).



The Institute of Cost Accountants of India

- Reserve Bank of India has also authorized Cost Accountants for certification of borrowal companies in respect of Lending under Consortium Arrangement / Multiple Banking Arrangements.

(Circular No.RBI/2008-2009/379 DBOD.No. BP.BC.110/08.12.001/2008-09 dated 10thFebruary, 2009)

- RBI Circular no.DBS. CO.FrMC.BC.No.10/ 23.04.001/2010-11 dated 31stMay, 2011 refer the Forensic Scrutiny- Guidelines for prevention of frauds read with Circular DBS.CO.FrMC.Bc.No.8 /23.04.001/2008-09 dated 24thJune, 2009 on Frauds in borrowal accounts having multiple banking arrangements and circular DBOD No BP BC 46 / 08.12.001/2008-09 dated 19thSeptember, 2008 on Lending under Consortium Arrangement/ Multi Banking Arrangements.

- For Certification in respect of Guarantees, Co-Acceptances & Letters of Credit – UCBs

(Circular no. RBI/2013-14/19 UBD.BPD.(PCB) MC No.4/09.27.000/2013-14 July 1, 2013).

- RBI videBC.No. 97/21.04.2013/2013-14 dated 26th February, 2014 regarding Framework for revitalizing distressed assets in the economy mandated that in respect of all borrowing arrangement exceeding Rs. 500 crore , an Independent Evaluation Committee (IEC) would carry out evaluation of the Techno- Economic Viability (TEV) for restructuring package. Cost Accountant ws included as member of the Independent Evaluation Committee (IEC).

- Valuation Certificate in respect of Foreign Exchange Management (Transfer of Issue of Security by a Person Resident Outside India) (Third Amendment) Regulations, 2014

(Notification No. FEMA.298/2014-RB: dated 13th March, 2014)

- Valuation Certificate for Foreign Direct Investment (FDI) in Limited Liability Partnership (LLP) under Master Circular No. 15/2014-15 dated 1st July, 2014.

- For Certification in respect of Management of Advances – UCBs for Exchange of information–Lending under Consortium Arrangement/Multiple Banking Arrangements



The Institute of Cost Accountants of India

(Circular No.RBI/2014-15/21 UBD.BPD.(PCB) MC No.5/13.05.000/2014-15 July 1, 2014).

- Valuation certificate in the Gazette Notification dated 7th November, 2017 No. FEMA 20(R)/ 2017-RBI Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017.
- RBI/2017-18/194 A.P (DIR Series) Circular No.30 dated June 07, 2018 on Foreign Investment in India -Reporting in Single Master Form addressed to All Category – I Authorized Dealer Banks, RBI considered the ‘Cost Accountants’ for issuing the certificate indicating the manner of arriving at the fair price of the capital contribution/profit shares issued to the persons resident outside India in the para 5 (ii) of the Annexure II : Declaration to be filed by the Authorized Representative.
- RBI vide Circular No RBI/2019-20/21 DGBA.GBD.No.5/31.02.007/2019-20 dated July 31, 2019 included cost accountants for certification of Annexure B for claiming of agency commission .
- Agencies for specialized monitoring (ASM) with respect to monitor big ticket accounts with commercial banks where exposure is Rs. 250 crores and above-Implementation of sanctioned terms of the loans and post sanction formalities of these high value advances on a day to day basis.

Ministry of Finance

Ministry of Finance, Department of Financial has included the Cost Accountants for strengthen the team of Inspection & Internal Audit Department Master Circular F. No. 7/124/2012-BOA dated 26th September 2012 on Audit Systems.

“Inspection & Internal Audit department should be strengthened with adequate manpower having requisite experience. The team should consists of a proper mix of audit officers/Chartered Accountants/ Cost Accountants/CISA Qualified/ Seniors having experience in all the Banking functions/juniors having basis knowledge of various banking functions.

Stock Audit

Indian Banks Association vide its letter No. C & I/ Cir/201516/1217 dated 12th August, 2015 advised all the member Banks for consideration of Cost Accountants / Firm of Cost Accountants for Stock Audit and Risk Based Internal Audit and other Banking Operations.



Forensic Audit

Indian Banking Association have given a circular for empanelment of audit firms for conducting Forensic Audit for the year 2021-23 vide their circular CIB/FA dated July 19,2021.

https://icmai.in/Advanced_Studies/Forensic_Audit/upload/IBA_Notification_3007_21.pdf

5

Career and Prospect as Cost Accountant

In the present scenario, Cost Accountants are in great demand in private enterprises, government sector, banking & finance sector, developmental agencies, education, training & research sector as well as in service and public utility sector. Because of their quality training, they can hold top management position in public and private sectors' enterprises like Chairman cum Managing Directors, Managing Director, Finance Director, Financial Controller, Chief Financial Officer (CFO), Cost Controller, Chief Executive Officer (CEO) and Chief Internal Auditor etc. Those managing their own businesses have found themselves a Manager and an Accountant to control and flourish their businesses. There is no doubt that a Cost Accountant can attain the highest ladder of professional career. There is a sustained demand for qualified, trained and experienced cost accountants in India and abroad in different industries and Government Departments. Many members of the Institute are also engaged in providing professional and cost consultancy services and in teaching cost and management accountancy in Universities and Colleges.

Cost accountancy edges over financial accounting. Cost accounting promotes study and adoption of scientific methods to secure maximum efficiency in industrial, commercial and other spheres, as compared to financial accounting. Financial accounting mainly draws conclusions on the basis of post facto data long after the operations are put through and expenditure were incurred enabling score keeping or at best statistical analysis. Therefore, role of cost accountants go beyond a financial accountant and they help the management in regulating production operations and processes of production.

Cost Accountants are also holding key position in Central and State Governments. In the matter of employment, promotion and prospects, Cost Accountants are recognised by the government, public and private sectors for placement at various levels in the fields of Accounting and Management

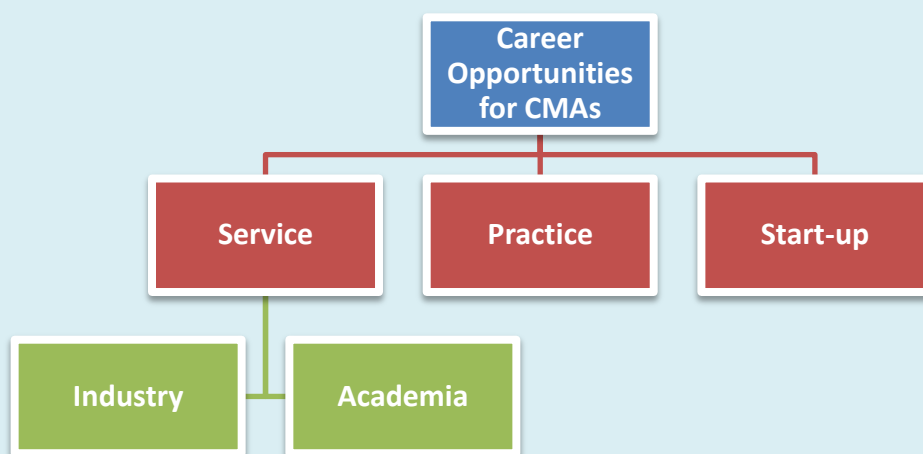
The Institute of Cost Accountants of India

functions. The specialisation in costing is an added catalyst for a successful manager and a policy maker.

Developing countries in the overseas have also evinced keen interest in offering employment opportunities for the members of the Institute. Realising the importance of the profession of the Cost and Management Accountancy in the economic development of the nation, the Central Government has constituted an all-India cadre known as Indian Cost Accounts Service (ICoAS) at par with other Class-I services such as IAS, IFS etc. to advise the government in cost pricing and in framing the appropriate fiscal and tax policies.

Further, a Cost Accountant may build up his own practice by obtaining a licence from the Institute which would enable him to practice as a Cost Accountant, either individually or in partnership with one or more members of the Institute in practice. His clientele include private and public companies, large, medium and small scale undertakings, partnership and proprietary concerns, industrial, commercial and service undertakings etc. There are several areas of practice available for Cost Accountants, a list of which is given hereinafter.

Career Opportunities for CMA Professionals



After passing final examination of the Institute, there are number of options available to a Cost Accountant, some of these are summarized below:

1. To set up independent practice;
2. Entrepreneurship;



The Institute of Cost Accountants of India

3. Employment in Government Departments;
4. Employment in Public Sector Undertakings;
5. Employment in Public/ Pvt. Limited companies;
6. Employment in Banking and Financial Institutions;
7. Employment in Insurance Sector;
8. Employment in Multi National Companies;
9. Employment in Cooperative Sector;
10. Employment with Stock Brokers, Merchant Bankers, Portfolio Managers in Stock Market;
11. Employment in NGOs;
12. Employment in Mutual Funds managing companies;
13. Employment in Infrastructure and Venture Capital companies;
14. Employment in Large Consulting Firms;
15. Teaching Job in Universities/Research Bodies;
16. Employment in Hospitals & Health Care Services;
17. Employment in Media and Broadcasting;
18. Employment in Tourism and Aviation;
19. Management Consultancy Services;
20. Job Opportunities in Abroad.

The list provided above is not exhaustive and indicative only. The role of members of the profession which was originally envisaged to verify and determine cost of manufactured goods during Second World War has been vastly enlarged to cover assistance in framing the strategic decisions for planning, execution and monitoring of improvement in operational efficiency in all fields like financial resources, human resources, material management, production management, research and development, logistics and marketing management.



CMA – Job Opportunities

Identified Areas	Administrative Services
Cost & Management Accounting	Indian Cost Accounting Services (ICAS)
Finance & Accounts	Indian Administrative Services (IAS)
Taxation	Indian Revenue Services (IRS)
Internal Control & Auditing	Indian Foreign Services (IFS)
Treasury & Investment Management	Indian Economic Services (IES)
Project Management	Indian Audit & Accounts Services (IAAS), etc.
Financial/ Business Analyst	
Systems Analysis & Management	
Academia	
Banking	
Resources Management	
Risk Management	
Financial Reporting & Strategies	
and many more	



Important Job Roles of CMAs	CMA Professionals – Opportunities For Practice
CMD	Cost Auditor
CEO	Internal Auditor
CFO	Valuation and Audits under GST
Director - Finance	Insolvency Professional
President/Vice President - Finance	Registered Valuer
Head of Finance	Loss Assessor, Surveyor
Strategic Head	Tax Consultants and Tax Practitioner
Cost Advisor	Arbitrator
Finance Controller	Advisor on Funds Management
Cost Controller	Financial Services
Risk Managers	Information System Audit, Forensic Audit
Business Analyst	Certification under SEZ, EOU, Foreign Trade Policies
Equity Analyst	Consultancy Services
Dean/ Professor of Finance and many more	

Strategic Decision Maker

CMA's play a very vital role in strategic resource planning and allocation particularly in sectors highlighted by future growth and opportunity. CMA's roles are not limited to preparation of financial statement and merely ascertainment of costs but in this era of global village a CMA's task has



The Institute of Cost Accountants of India

become multifaceted. He is now a key decision maker of the organization whose task includes wide range areas including cost control, cost management as well as strategizing cost to financial planning in the decision making process of the organization.

Independent practice

There is vast scope for practice by a Cost Accountant for which he has to obtain Practice Certificate from the Institute. A Cost Accountant may set up the practice at his own as Proprietor or set up a new partnership firm with like-minded Cost Accountants in practice or may be admitted as new partner in the existing firm of Cost Accountants in practice. His clientele include private and public companies, large, medium and small scale undertakings, partnership and proprietary concerns, industrial, commercial and service undertakings etc. There are several areas of practice available for Cost Accountants, a list of which is given in the next chapter.

Entrepreneurship

Entrepreneurship is the act of being an entrepreneur, which is a French word meaning "one who undertakes innovations, finance and business acumen in an effort to transform innovations into economic goods". This may result in new organizations or may be part of revitalizing mature organizations in response to a perceived opportunity. The most obvious form of entrepreneurship is that of starting new businesses. Therefore, a Cost Accountant who has possession of a new enterprise, venture or idea and assumes significant accountability for the inherent risks and the outcome can start his/her business and the qualification of cost & management accounting will help him in framing the strategic decisions for planning, execution and monitoring of improvement in operational efficiency in all fields like financial resources, human resources, material management, production management, research and development, logistics, marketing management etc.



Employment

Brief description on the areas for employment is as follows:

Employment in Government Departments

Cost Accountants are also holding key position in Central and State Governments. Realising the importance of the profession of the Cost and Management Accountancy in the economic development of the nation, the Central Government has constituted an All-India cadre known as Indian Cost Accounts Service (ICAS) at par with other Class-I services such as IAS, IFS etc. to advise the government in cost pricing and in framing the appropriate fiscal and tax policies. The recruitment under Indian Cost Accounts Service (ICAS) is through Union Public Service Commission (UPSC).

Employment in Public Sector Undertakings

Several Central and State Public Sector Undertakings are engaging CMAs in the area of costing and pricing, budgeting, accounting, finance, direct and indirect taxation, internal auditing, valuation, compliance etc. They also help the management of these public sector undertakings in planning and taking policy decisions etc. to increase the shareholders' value. CMAs in these public sector undertakings are working as Chairman cum Managing Directors, Managing Directors, Finance Directors, Financial Controllers, General Managers, Chief Financial Officers (CFOs), Cost Controllers, Chief Executive Officer, Chief Internal Auditors etc. To name a few PSUs where CMAs are working are: ONGC, BHEL, BEL, Indian Oil, Oil India Corporation, Bharat Petroleum, Hindustan Petroleum, HUDCO, GAIL, NTPC, NHPC, SAIL, HAL, Rural Electrification, MMTC, MTNL, BSNL, Power Grid Corporation, PFC, Coal India, RITES, IRCON etc.

Employment in Public/ Pvt. Limited companies

Likewise similar to Public Sector Undertakings, several Public and Private Limited Sector companies are engaging CMAs in the areas given under Public Sector Undertakings. To name a few Public and Private companies who engaged CMAs are: Reliance Group of companies, Hindustan Motors Ltd., Gujarat Ambuja Cement Ltd., Tata Group of Companies, Tata Consultancy Services, Vedanta Aluminium Ltd., ICICI Bank, HUDCO, Dunlop India Ltd.,



The Institute of Cost Accountants of India

ITC Ltd., Bata India Ltd., Simplex Infrastructures Ltd., Gati Ltd., Genpact Ltd., Custrol India Ltd., Gulf Oil Corporation Ltd. etc.

Employment in Banking and Financial Institutions

The Banks and Financial Institutions are also engaging CMAs for the work relating to Accounting, taxation, product costing, management and other auxiliary services. More particularly, CMAs may

- a) establish, coordinate, as well as maintain an integrated plan for control of operations;
- b) advise financing, investment and dividend decisions so as to maximize the wealth of the shareholders;
- c) conduct internal audit and strengthen the Internal Control System of the Banking Sector;
- d) play a vital role in Credit Management;
- e) evaluate the project appraisal reports before disbursement of loans;
- f) play a constructive role in framing and devising various tools for Risk Minimization and Return Maximization etc.

Employment in Insurance Sector

Similarly Insurance Sector has many openings for our members for the work relating to Accounting, taxation, management and other services.

Employment in Multi-National Companies

CMAs are also being engaged by multi-national companies for the work relating to costing and pricing, cost audit, budgeting, accounting, finance, direct and indirect taxation, internal auditing, valuation, compliance etc. They also help the management of these multi-national companies in international taxation, planning and taking policy decisions etc to increase the shareholders' value. Our members are working there as Managing Directors, Finance Directors, Financial Controllers, General Managers, Chief Accountants, Cost Controllers, Managers, Chief Internal Auditors etc.

Employment in Cooperative Sector

Cost Accountants are also engaged by Cooperative Banks, Regional Rural Banks, and multi-state cooperative societies at middle and top level executives.

Employment with Stock Brokers, Merchant Bankers, Portfolio Managers in Stock Market

Stock Brokers, Merchant Bankers and Portfolio Managers in Stock market are also engaging CMAs for work relating their fields.

Employment in NGOs

A non-governmental organization (**NGO**) is a legally constituted, non-governmental organization created by natural or legal persons with no participation or representation of any government. In India, Government or various international funding agencies in order to implement projects of social importance and area of peculiar needs of the society, such as health, HIV/AIDS, Maternal Mortality, Polio, food, shelter, civil liberty, poverty alleviation etc, give certain work to NGOs. Several NGOs are working in India. For the purpose of accounting, planning, budgeting, auditing and monitoring purpose for the funds allotted to them, they requires services of professionals like cost accountants.

Employment in Mutual Funds managing companies

A mutual fund is a group of investors operating through a fund manager to purchase a diverse portfolio of stocks or bonds. Mutual funds are highly cost efficient and very easy to invest in. By pooling money together in a mutual fund, investors can purchase stocks or bonds with much lower trading costs than if they tried to do it on their own. Like stock brokers, merchant bankers and portfolio managers, mutual funds also engage professionals like cost accountants for the work relating to working out cost efficient options, accounting, management and other ancillary services.

Employment in Infrastructure and Venture Capital companies

Infrastructure is the basic physical and organizational structures needed for the operation of a society or enterprise, or the services and facilities necessary for an economy to function. This refers to the technical structures that support a society, such as roads, water supply, sewers, power grids, telecommunications, and so forth.

Young companies wishing to raise venture capital require a combination of extremely rare yet sought after qualities, such as innovative technology, potential for rapid growth, a well-developed business model, and an impressive management team. Venture capital is most attractive for new

companies with limited operating history that are too small to raise capital in the public markets and have not reached the point where they are able to secure a bank loan or complete a debt offering. In exchange for the high risk that venture capitalists assume by investing in smaller and less mature companies, venture capitalists usually get significant control over company decisions, and in ownership of venture capital companies.

Therefore, Infrastructure and Venture capital are also associated with job creation, the knowledge economy and used as a proxy measure of innovation within an economic sector or geography.

Employment in Large Consulting Firms

Large Consulting Firms are generally management consulting firms have numerous specializations, such as information technology consulting, human resource consulting, virtual management consulting and others. These large consulting firms have base not only in India but have world-wide presence. Some of these are McKinsey & Company, Deloitte Consulting LLP, Price waterhouse Coopers, Ernst & Young LLP, KPMG etc. These large consulting firms engage cost accountants for the above consulting work.

Employment in Hospitals & Health Care Services

Hospital and health care services sector offers job opportunities to cost accountants. CMAs are being engaged for accounting & finance, budgeting, costing of various services being offered by the hospitals, planning and management.

Employment in Media and Broadcasting

Similarly media and broadcasting sector also offers job opportunities to our members. They are being engaged for accounting & finance, budgeting, costing work, planning and management work etc. in this sector.

Employment in Tourism and Aviation

Similarly Tourism and Aviation sector offers job opportunities to our members. They are being engaged for accounting & finance, budgeting, costing work, planning and management work etc. in this sector.

Management Consultancy Services

The cost accountants are offering services like Cost Management, Techno-economic Study, Systems, Computerization, ERP, Insurance companies and

other Financial Institutions, Financial Management, Project Consultancy, Materials Management, Management Accountancy, Tax Planning, Diagnostic Accounting & Revival of Sick Units, Merchant Banking, Investment Counseling & Portfolio Management, Internal Management and Operational Audits, Organization Structure Review, Training and Executive Selection, Incentive Plans, Productivity, Conservation of Energy and Energy Audit and Environmental Audit etc.

Jobs in Abroad

There are good openings for Cost Accountants in abroad. Several companies abroad seek the services of Cost Accountants for the same purpose as are being utilized in India.

Insolvency Professionals

An Insolvency Professional (IP) helps companies and individuals who have become insolvent or are under substantial financial burden. These professionals work with the directors of the companies, debtors, creditors, etc. and advise them on the insolvency procedures. Comprehensively, they also help maximize the returns for the stakeholders and creditors.

As per the Insolvency and Bankruptcy Code, 2016 (the Code), an Insolvency Professional (IP) means an eligible person who is:

- a. enrolled with an insolvency professional agency (IPA) as its member and,
- b. registered with Insolvency and Bankruptcy Board of India (IBBI/the Board) as an insolvency professional (IP).

IP is defined as a person enrolled under section 206 within IPA as its member and registered with IBBI as an Insolvency Professional under section 207. They act as intermediaries who would play a key role in the efficient functioning of the insolvency and bankruptcy processes. They are governed by the Insolvency and Bankruptcy Board of India has also issued the regulations namely Insolvency and Bankruptcy Board of India (Insolvency Professionals) Regulations, 2016 wherein detailed provisions relating to the appointment of IP has been provided.

The Career prospectus for professionals in Insolvency professional regime is discussed in the Chapter 2.



Registered Valuer

An individual has to first enroll as a valuer member with Registered Valuers Organisation and complete 50 hours Educational Course conducted by the RVO. On completion of the Course and receiving a certificate of participation, the valuer member has to clear examination conducted by IBBI. After clearing examination, valuer member to enroll with RVO and to make an application to the Authority in Form A of the Annexure II of the Companies (Registered Valuers and Valuation) Rules, 2017.

The Career prospectus for professionals as Registered Valuer is discussed in the Chapter 2.

6

Independent practice by a Cost and Management Accountant

As mentioned in the previous chapter that there is vast scope for practice by a Cost Accountant for which he has to obtain Practice Certificate from the Institute. A Cost Accountant may set up the practice at his own as Proprietor or set up a new partnership firm with like-minded Cost Accountants in practice or may be admitted as new partner in the existing firm of Cost Accountants in practice. His clientele include private and public companies, large, medium and small scale undertakings, partnership and proprietary concerns, industrial, commercial and service undertakings etc. There are several areas of practice available for Cost Accountants, a list of which is given hereinafter.

I. Cost Accountants are authorized under Companies Act, 2013

- **Expert :**

Cost Accountant included in the definition of expert under Section 2(38).

Section 2(38) of the Companies Act 2013 defines the term 'expert' which includes an engineer, a valuer, a Chartered Accountant, a Company Secretary, a Cost Accountant and any other person who has the power or authority to issue a certificate in pursuance of any law for the time being in force.

- **Incorporation of Company :**

Cost Accountant are included for Signing declaration for incorporation of Company under Section 7(1) (b).

Declaration in Form no. INC-8 certifying that the memorandum and articles of



The Institute of Cost Accountants of India

association have been drawn up in conformity with the provisions of section 4 & 5 and rules made thereunder and that all the requirements of Companies Act 2013 and the rules made thereunder in respect of registration and matters precedent or incidental thereto have been complied with.

- **Internal Auditor :**

Cost Accountant are eligible for appointment as Internal Auditor of the Companies under Section 138(1).

It prescribes, "Such class or classes of companies as may be prescribed shall be required to appoint an internal auditor, who shall either be a chartered accountant or a cost accountant, or such other professional as may be decided by the Board to conduct internal audit of the functions and activities of the company."

- **Cost Auditor :**

Section 148(2) of the Companies Act, 2013 grants the exclusive right to the Cost Accountants to be appointed as "cost auditor".

- **Companies (Cost Records and Audit) Rules, 2014:**

As per Companies (Cost Records and Audit) Rules, 2014, the class of companies which also include foreign companies, are required to maintain "Cost Records". Cost accountant in practice may assist the company to maintain the Cost Records as per the Companies (Cost Records and Audit) Rules, 2014.

Under these Rules, the "cost statements" can be audited & certified only by a cost accountant in practice. The cost audit report is being annually e-filed by all concerned companies, engaged in construction or real estate development activities, with the Ministry of Corporate Affairs, Government of India

- Report to the Central Government: if a fraud is being or has been committed against the company by officers or employees of the company under section 143.
- Certification of scheme of Merger and Amalgamation of companies under Section 232(7),
- Registered Valuer: Eligible to apply for being registered as a valuer under section Section 247(1).



The Institute of Cost Accountants of India

- Appointment as Company Administrator by the tribunal : Appointment as administrator under Section 259(1)
- Appointment as Company liquidator : Appointment as Company Liquidator for winding up of the Company under Section 275(1),
- Appointment as professional Assistant to company Liquidator under Section 291(1),
- Appearance before Tribunal under section 432 in case of examination of Promoters & Directors under Section 300(4)(b),
- Appointment of Technical member of the Tribunal under Section 409(3)
- Legal representative: Legal representative of a person before the tribunal or Appellate Tribunal under Section 432.
- **Under Insolvency and Bankruptcy Board of India (Insolvency Professionals) Regulations, 2016 :**

Regulation 5 and 9 of the Insolvency and Bankruptcy Board of India (Insolvency Professionals) Regulations, 2016 authorized to act as an Insolvency Professional as per the section 206 and 207 of the Insolvency and Bankruptcy Code, 2016.

As per the provisions of the Code, the Cost Accountants having 10 years of experience after passing Limited Insolvency Examination can be appointed as Interim Resolution Professionals, Resolution Professionals, Liquidator, Voluntary Liquidator, Bankruptcy Trustee etc.

- **Under Companies (Registered Valuers and Valuation) Rules, 2017**

The Companies Act 2013 vide sub-section (1) of section 247 has authorized Cost Accountants for registered valuer for Securities or Financial Assets. Ministry of Corporate Affairs, in exercise of the powers conferred by section 247 read with sections 458 and 469 of the Companies Act, 2013 (18 of 2013) issued Companies (Registered Valuers and Valuation) Rules, 2017 w.e.f. 18th October, 2017.

Under Annexure IV of the Companies (Registered Valuers and Valuation) Rules, 2017, the Member of the Institute of Cost Accountants of India are recognised as Registered Valuer for valuation of Securities or Financial Assets.

II. Statutory Special Audits under Tax Laws

Statutory Special Audit of the Financial Accounts, Records & Indirect Taxes under the following Tax laws (some of these provisions have been later modified).

- **Areas under Goods & Service Tax Act**

Cost Accountants are recognized for providing professional service for under Central Goods & Service Tax Act, 2017:

- Audit of Accounts & records under Section 35(Now Repealed)
- Special Audit under Section 66,
- Access to business premises under Section 71,
- Appearance by authorized representative under Section 116 of Central Goods & Services Tax Act, 2017.
- As per Section 48 of the CGST Act, read with Rule 24 and 25 of the Return Rules, authorize Cost Accountants as an eligible person to act as approved GST practitioner. Rule 24 of the Return rules, provides the eligibility conditions to get enrolled as GST Practitioner. As per Rule 24 (C)(V)(b), eligibility criteria to become GST practitioner is that “a person must have pass final examination of ***the Institute of Cost Accountants of India.***”

Further, a goods and services tax practitioner can undertake any or all of the following activities on behalf of a registered person:

- (a) furnish details of outward and inward supplies
- (b) furnish monthly, quarterly, annual or final return
- (c) make deposit for credit into the electronic cash ledger
- (d) file a claim for refund and
- (e) file an application for amendment or cancellation of registration.

In addition, to above a GST practitioner is authorized to appear before any officer of department, Appellate Authority or Appellate Tribunal, on behalf of such a registered person who has authorised him to be his GST practitioner.



The Institute of Cost Accountants of India

- **Special Audit**

- Special Audit under under Section 14A & 14AA of the Central Excise Act 1944 (Now repealed)
- Audit of Service Tax under Section 72A inserted by Finance Act, 2012 (Now repealed)
- Special Audit under Section 11 of the Customs Act, 1962.
- Statutory VAT Audit under Value Added Tax Acts of all States & UTs

Hon'ble Supreme Court upheld the decision of Mumbai High court and held Cost Accountant as 'Accountant' U/S 61 of The Maharashtra Value Added Tax Act. Cost Accountants are recognized as 'Accountants' under the VAT Acts of 22 States of India. (Now repealed)

III. Audits of Assignment

- **Co-operative sector Financial Audit and Cost Audit**

- Statutory Financial Audit of co-operative societies under the respective Co-operative Societies Act of West Bengal, Maharashtra and Karnataka.
- The Registrar of the Cooperative Societies, Govt. of Himachal Pradesh has also included Cost Accountants for the empanelment as Auditor for the audit of Cooperative Societies.
- Hon'ble Karnataka High Court in W.A. No. 31061/2013 (CS) has ruled that 'Auditor' does not mean a person holding the degree of Chartered Accountant.
- Karnataka High Court in W.P. No. 2026-2031 of 2015 (CS-RES) has further ruled that auditing the accounts of a co-operative society is not the exclusive domain of Chartered Accountants.
- Cost Audit and Performance Audit of co-operative societies under the respective Co-operative Societies Act of West Bengal, Maharashtra, Karnataka, Punjab and Delhi.

- **Internal Audit/Concurrent Audit and other Statutory Audits**

- **Internal Audit**

- Statutory Internal Audit of all companies mandated under Section 138 of the



The Institute of Cost Accountants of India

Companies Act, 2013, including Central PSUs, State PSUs and Co-operative Societies.

- **Internal Audit of SEBI and NSDL**

- Stock Brokers and Credit Rating Agencies as prescribed by Securities Exchange Board of India.
- Internal audit of Registrars to an Issue / Share Transfer Agents (RTAs).
- Concurrent Audit of Depository operations under National Securities Depository Ltd (NSDL).

- **Concurrent Audit of Project under Ministry**

- Concurrent Audit of National Health Mission (NHM) empowered by the Ministry of Health & Family Welfare.
- Internal Audit of National Aids Control Organisation (NACO) empowered by the Ministry of Health & Family Welfare.
- Concurrent Auditor/ Internal Auditor in Model Concession Agreement (MCA) on infrastructure for PPP Projects in Highways empowered by Ministry of Road Transport and Highways.

- **Commercial Audit**

- Commercial Audit of State PSUs under the directions of Principal-Director, Commercial Audit, Maharashtra.

- **Telecom Regulatory Authority of India (TRAI)**

Telecom Regulatory Authority of India authorizes cost accountants for following work:

- Billing and Metering Audit and Accounting Separation Audit of Telecom Service Providers mandated by Telecom Regulatory Authority of India (TRAI).
- Audit of Digital Addressable System -in accordance with the regulatory framework for digital addressable systems comprising of the “Telecommunication (Broadcasting and Cable) Service Interconnection (Addressable Systems) Regulations, 2017, “Telecommunication (Broadcasting and Cable) Services Standards of Quality of Service and Consumer Protection (Addressable Systems) Regulations, and“Telecommunication (Broadcasting and Cable) Services (Eighth) (Addressable Systems) Tariff Order, 2017.



The Institute of Cost Accountants of India

• Central Electricity Regulatory Commission (CERC)

- In exercise of powers conferred under Section 62(5) read with Section 178 (2)(u) of the Electricity Act, 2003 (36 of 2003 Issued Gazette notification No. 1-1/9/2009/CERC dated 12.4.2010 “Central Electricity Regulatory Commission (Procedures for calculating the expected revenue from tariffs and charges) Regulations, 2010”. In the above said regulation Cost Accountants are authorized as auditor in the Definitions of Auditor under Para 2(d).
- ‘auditor’ means a practicing chartered accountant or cost accountant or a firm of chartered accountants or cost accountants, qualified to carry out audit in accordance with the provisions of sections 224, 233B and 619 of the Companies Act, 1956 (1 of 1956), or any other law for the time being in force, as the case may be.

Audit in Banks

- Stock Audit and Risk Based Internal Audit, Forensic Audit, GST, Taxation work and other professional services of various Public Sector and Private Sector Banks in India.
- Stock Audit for Working Capital Finance prescribed by National Bank for Agriculture and Rural Development (NABARD).

IV. Securities and Exchange Board of India (SEBI)

Security Exchange Board of India authorized Cost Accountants for providing various professional services:

- Security Exchange Board of India considered the practicing Cost Accountants to carry out share reconciliation audit of issuer companies under the Regulation 76(1) of SEBI (D&P) Regulations, 2018.
- Cost Accountants are considered to carry out internal audit of RTA in the circular no. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018 on Strengthening the Guidelines and Raising Industry standards for RTA, Issuer Companies and Banker to an Issue.
- SEBI circular no SEBI/MIRSD/CRA/Cir-01/2010 dated January 06, 2010 authorized Cost & Management Accountant for Internal Audit on half yearly basis for Credit Rating Agencies (CRAs).



The Institute of Cost Accountants of India

- SEBI authorized Cost Accountant at par with chartered Accountants for Internal Audit on half yearly basis for stock brokers/trading members/clearing members vide circular no MRD/DMS/Cir-29/2008 dated October 21, 2008 read with SEBI circular No. MIRSD/ DPSIII/ Cir-26/ 08 dated August 22, 2008.
- SEBI issued two notifications dated 30th November, 2016 to amended Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014 and Securities and Exchange Board of India (Infrastructure Investment Trusts), Regulations, 2014 wherein the regulation 2 sub - regulation (1) Clause (zz) and regulation 2 sub-regulation (1) Clause (zzf), respectively are amended beside other regulations and definition of valuer in respect of financial valuation has been modified to include a cost accountant in whole-time practice.
- Securities and Exchange Board of India (Investment Advisers) Regulations, 2013 vide Notification dated 21st January, 2013 has authorised Cost Accountants to act as Investment Advisers and exempted the members of the Institute of Cost Accountants of India from registration of Investment Advisers.
- SEBI also considered Cost Accountants for empanelment of resource persons for Financial Education.

V. Certification Areas based on the examination of Financial Records

Ministry of Corporate Affairs:

- **Certification & other Opportunities under the Companies Act, 2013**
 - Section 2(38): An expert who has the power or authority to issue a certificate in pursuance of any law for the time being in force.
 - Section 7(1)(b): Declaration in Form no. INC-8 certifying that the memorandum and articles of association have been drawn up in conformity with the provisions of section 4 & 5 and rules made thereunder and that all the requirements of Companies Act 2013 and the rules made thereunder in respect of registration and matters Precedent or incidental thereto have been complied with.



The Institute of Cost Accountants of India

- Sections 7(1)(c), 168 & 170(2) and Rule 17 of the Companies (Incorporation) Rules 2014 and Rules 8, 15 & 18 of the Companies (Appointment and Qualification of Directors) Rules, 2014 - Particulars of appointment of Directors and the Key Managerial Personnel and the changes among them in form no. DIR-12.
- Section 8: Declaration in Form INC-14 that the memorandum and articles of association have been drawn up in conformity with the provisions of section 8 and rules made thereunder and that all the requirements of the Act and the rules made thereunder relating to registration of the company under section 8 and matters incidental or supplemental thereto have been complied with.
- Section 10A read with Rule 23A of the Companies (Incorporation) Rules, 2014 - Declaration in Form INC-20A at the time of commencement of business.
- Section 12(2) & (4) and Rule 27 of the Companies (Incorporation) Rules 2014 - Notice of situation or change of situation of registered office in form no. INC 22.
- Section 39(4) and 42 (9) and Rule 12 and 14 Companies (Prospectus and Allotment of Securities) Rules, 2014- Return of Allotment in form no. PAS 3.
- Section 64(1) and Rule 15 of the Companies (Share Capital & Debentures) Rules, 2014 - Notice to Registrar of any alteration of share capital in form no. SH 7.
- Sections 71(3), 77, 78 & 79 and Rule 3 of The Companies (Registration of charges) Rules 2014 - Application for registration of creation or modification of charge for debentures or rectification of particulars filed in respect of creation or modification of charge for debentures in form no. CHG 9.
- Sections 77, 78 and 79 and Rule 3(1) of the Companies (Registration of Charges) Rules 2014 - Registration of creation, modification of charge (other than those related to debentures) including particulars of modification of charge by Asset Reconstruction Company in terms of Securitization and Reconstruction of Finance Assets and Enforcement of Securities Act, 2002 (SARFAESI) in form no. CHG 1.
- Section 82(1) and Rule 8(1) of the Companies (Registration of charges) Rules 2014- Particulars of satisfaction of charges thereof in form no. CHG 4.
- Section 117(1) - Filing of resolutions and agreements to the Registrar in form no. MGT 14.



The Institute of Cost Accountants of India

- Section 137 – Filing of Financial Statements to the Registrar in form no. AOC-4.
- Section 143: Report to the Central Government if a fraud is being or has been committed against the company by officers or employees of the company.
- Section 149 (4) read with Rule 5 of the Companies (Appointment and Qualification of Directors) Rules, 2014: Independent Director Possess skills, experience, and knowledge in one or more fields, inter alia finance, to be an Independent Director.
- Section 153 and Rule 9(1) of The Companies (Appointment and Qualification of Directors) Rules, 2014 & Rule 10 of Limited Liability Partnership Rules, 2009: Digital verification of the Form DIR-3: Application for allotment of Director Identification Number.
- Section 196 & 197 and Schedule V of the Companies Act, 2013 and Rule 3 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 - Return of appointment of key managerial personnel in form no. MR-1.
- Section 196, 197, 200, 201(1), 203(1) and Schedule V & Rule 7 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014- Form of application to the Central Government for approval of appointment and remuneration or increase in remuneration or waiver for excess or over payment to Managing Director or Whole Time Director or Manager and commission or remuneration to Directors in form no. MR-2.
- Section 232(7): Declaration of compliance alongwith Statement to be filed with Registrar of Companies.
- Section 259(1): Appointment as Company Administrator by the tribunal.
- Section 275(1): Appointment as Company liquidator for winding up of the Company.
- Section 366: Application by a company for registration in Form No. URC-1
- Section 409(3): Appointment as Technical person of Tribunal.
- Section 432: Appearance in the Tribunal for public examination of promoters/directors.



- Section 455(1) read with Rule 3 of the Companies (Miscellaneous) Rules, 2014–Application to Registrar for obtaining status of dormant company in form no. MSC 1.
- Section 455(5) and Rule 7 and 8 of the Companies (Miscellaneous) Rules, 2014–Return of dormant companies in form no. MSC 3.
- Rule 5(2) of Nidhi Rules, 2014 - Return of statutory compliances in form no. NDH 1.
- Rule 5(3) of Nidhi Rules, 2014 - Application for extension of time in form no. NDH 2.
- Rule 21 of Nidhi Rules, 2014 - Half yearly return in form no. NDH 3.
- Rule 8(8) of Companies (Registration Offices and Fees) Rules, 2014: Documents or form or application filed may contain a power of attorney issued to Cost Accountant.
- Rule 12 (1) of the Companies (Appointment and Qualification of Directors) Rules,2014 - Intimation of change in particulars of Director to be given to the Central Government in form no. DIR 6.
- Rule 12(2) of the companies (Registration offices and Fees) Rules, 2014 - Form for filing an application with Registrar of Companies in form no. GNL 1.
- Rule 12(3) of the Companies (Registration offices and Fees) Rules, 2014 - Particulars of person(s) or key managerial personnel charged or specified for the purpose of sub-clause (iii) or (iv) of clause 60 of Section 2 in form no. GNL 3.
- Rule 20(3)(ix) of the Companies (Management and Administration) Rules, 2014:Scrutinizer for supervising the Voting through electronic means (e-voting) process.
- Rule 31 of Companies (Incorporation) Rules, 2014- Notice of the order of the Court or any other competent authority in form no. INC 28.
- Certifying Annual returns and all e-forms filed by Companies with the Ministry of Corporate Affairs.



Ministry of Finance

- **Department of Revenue**

- **Central Board of Indirect Taxes & Customs (CBIC)**

- Central Board of Indirect Taxes and Custom included Cost Accountant for providing assistance in the audit (Para 6) in the Notification No 45/2018-Customs (N.T.) dated 24.5.2018 on Custom Audit Regulation 2018.

- Central Board of Indirect Taxes & Customs issued Circular No.33/2018 dated 19.9.2018 authorizing Cost Accountants to provide the certificates on sanction of pending IGST refund claims where records have not been transmitted from the GSTN to DG systems.

- **Customs Act, 1962**

- Certification of duty paid on materials used for manufacture of exported goods as required under Forms DBK-I,II, IIA,III, IIIA under the Customs Act, 1962.

- Ministry of Finance amended Circular No.18/2010 Customs dated 08.07.2010 vide Circular No 01/ 2012-Customs dated 5th January 2012 to authorize inter alia Cost Accountants to issue a certificate, certifying that burden of 4% CVD has not been passed on by the importers to any other person.

- Certification of refund of additional duty of Customs on the goods imported for subsequent sale under Indian Customs Act.

- Under the Fixation of brand rate of Drawback without pre-verification – Simplified procedure Scheme, unless there are any special reasons, drawback rates are to be fixed without pre-verification of the date filed, (which should be duly verified by the applicant and Cost Accountant or Chartered Accountant or Chartered Engineers) and the exporter would be authorised by provisional brand rate letters issued by the Ministry to claim the drawback rate considered admissible from the concerned Customs House(s).

- Computation of freight of time chartered/daughter vessel and its inclusion in the assessed value as extended cost of transportation: Accepting of services of the Cost Accountant's may also be considered by the respective Commissionrates depending upon the extent of complexity of the cases as provided under Circular No.04/2006 dated 12 Jan 2006 (F.No.467/79/2005-Cus.V) .



The Institute of Cost Accountants of India

- **Central Excise/Customs**

- The Commissioner of Customs/Central Excise may direct the concerned SEZ developer to get his accounts audited by a Cost Accountant nominated by him in this behalf. The expenses of and incidental to such audit shall be borne by the concerned developer, vide Circular No. 52/2002-Customs dated 14th August, 2002.
- Under Rules 6 and 7 of the Customs and Central Excise Duties Drawback Rules, 1995, the exporters may be asked to furnish the purchase invoice as to the procurement of the raw hides/wet blue leather. They should also furnish a certificate inter alia from the Cost Accountant as to the consumption and cost of processing chemicals used for its processing and other incidental overhead charges incurred.
- Certificate of Cost of production of captively consumed goods as per Rule 8 of Central Excise Act, 1944 in accordance with Cost Accounting Standard CAS – 4 issued by the Institute.
- Certificate for Average Cost of Transportation as per Rule 5 of the Central Excise Valuation (Determination of Price of Excisable Goods) Rules, 2000.

- **Custom Broker**

- Central Board of Excise and Customs (CBEC) Amended Customs Brokers Licensing Regulations, 2013 and included the Cost Accountant qualification for Customs Brokers Examination to be held from the year 2017 onwards.

- **ACES Certified Facilitation Centres (CFCs)**

- The Institute of Cost Accountants of India has entered into an MOU on 13th April 2010 with CBIC to enable Cost Accountants in practice to set up Certified Facilitation Centers (CFCs) under Certified Facilitation Centre Scheme in filing various Excise and Service Tax Returns under the provisions of Central Excise Act and Service Tax Act. The MOU has been extended till 31st March 2013. This effort aims to provide services utilizing ACES to tax payers who do not have the necessary IT infrastructure / resources. These services will be available to the assessee on payment of prescribed service charges for various services, such as digital conversion of paper documents and on-line filing / uploading of documents such as registration in ACES, returns, claims.
- Authorized persons of ACES Certified Facilitation Center (CFC) can work in ACES on behalf of Central Excise and Service Tax assessee. After being

certified by these institutions, their applications will be properly scrutinized and mailed to the CFC by the ACES application giving the information of a temporary user ID and password. The institute will be informed about issuing user ID and password. When the CFC authorized persons logon into the ACES application, they will be asked to change both using temporary ID / password. CFCs using CFCs' own user IDs and passwords will log on to this ACES application and perform tasks that an assessee can perform in ACES such as registration as an assessee, e-filing of returns, filing of return claims.

- **Certification regarding average annual financial turnover of bidder**
 - Certification regarding average annual financial turnover of bidder as per Annexure 9: Prequalification Criteria of Manual for Procurement of Goods 2017 issued by Department of Expenditure, Ministry of Finance.
- **Assessable Value of Casting**
 - Assessable Value of Casting: vide Circular No. 170/4/96-CX dated 23.1.96 [From F.No. 6/14/94-CX.1] Foundry Industries- Calculation of assessable value of castings Addition of value of patterns supplied by the buyers in the assessable value issued by Ministry of Finance (Department of Revenue).

Department of Income Tax

- **Central Board of Direct Taxes (CBDT)**
 - Central Board of Direct Taxes vide notification S.O. 2670(E) dated 9th August 2016 considers Cost Accountants/Firms of Cost Accountants in the list of Qualified E-Return Intermediaries.
 - National Securities Depository Ltd. (NSDL) recognizes Cost Accountants as e-Return Intermediaries to electronically file Income Tax Returns of eligible person under the "Electronic Furnishing of Return of Income Scheme, 2007"

Ministry of Commerce and Industry

- Issuance of various certificates under Foreign Trade Policy & Procedures 2015-20(as amended) and Aayat Nirayat (Import and Export) Forms (ANF). Vide F.No.01/94/180/468-Appendices/AM12/PC4 dated 11th October 2012.



The Institute of Cost Accountants of India

- Certification of Form ANF-3B for claiming Services Exports from India Scheme (SEIS) benefits under Foreign Trade Policy 2015-2020 as amended vide Public Notice 06/2015-2020 dated 07th May, 2019 by Directorate General of Foreign Trade (DGFT).
- Certificate for verification of Local content in case of procurement for a value in excess of Rs. 10 Crores. Order No. P-45021/2/2017-B.E.-II dated 15th June, 2017 on Public Procurement (Preference to Make in India), Order, 2017) issued by Department of Industrial Policy and Promotion.
- Certifying Proforma CI & C2 and Statement of Cost of Production under Anti-Dumping as prescribed by the Ministry of Commerce & Industry.
- **Special Economic Zones**
 - Certification of Form-I Annual Performance Report for Units under Rule 22 (Terms and conditions for availing exemptions, drawbacks and concessions) of Special Economic Zones Rules, 2006 as per Special Economic Zones (2nd Amendment) Rules, 2019 notified by the Ministry of Commerce and Industry on 7.3.2019.
 - Half-yearly certificate regarding utilization of goods and services by the Developer under Rule 12(7) of Special Economic Zones Rules, 2006 as amended by the Ministry of Commerce and Industry vide notification dated 19th September 2018.

Ministry of Consumer Affairs, Food and Public Distribution

Annual utilization certificate under Incentive Scheme for New Sugar Factories and Expansion Projects vide Notification No. F.3 (4)/89-PC/Vol.IV of Ministry of Food Dated 28th February, 1997.

Ministry of Textile

Certificate of fulfillment of Hank Yarn obligation for Textile Industry and Textile Committee Cess – Monthly Return in Form – A.

Central Electricity Regulatory Commission (CERC)

- Certification of various forms prescribed under the Central Electricity Regulatory Commission (CERC) and State Electricity Regulatory Commissions (SERCs)



The Institute of Cost Accountants of India

- Cost accountants have been authorized for certification of various information submitted by the utilities in formats specified by the CERC for determination of generation, transmission and distribution tariff, renewable energy tariff, fees and charges of RLDCs and expected revenue requirement under section 62(5) of the Electricity Act 2003.
- Cost Accountants are being appointed as consultants/ employees to assist regulatory bodies in tariff determination. Cost Accountants also assist the developers in competitive bidding process and traders/buyers/sellers in power procurement through power exchange. Similarly, their services are hired by the utilities and regulated entities in filing tariff applications before the CERC.
- Certification of list of Buyers and Sellers under Central Electricity Regulatory Commission (Procedure, Terms and Conditions for grant of trading licence and other related matters) Regulations, 2020 vide No. L-1/253/2019/CERC dated 2nd January, 2020. <https://cercind.gov.in/2019/regulation/154.pdf>
- Cost Accountants can also appear before the CERC as “Authorized Representative”.

Bureau of Indian Standards

Bureau of Indian Standards included Cost Accountants for the purpose of authentication of production statement in the Guidelines for Renewal of Licence (RoL) as per the conformity assessment Scheme – I of Schedule – II of BIS (Conformity Assessment) Regulations, 2018.

e-Mudhra’s DSC Partner Program

- eMudhra Limited is a Certifying Authority licensed by Controller of Certifying Authorities, under Government of India. eMudhra operates under the guidelines set by Information Technology Act. e-Mudhra recognized Cost accountants as a Partner for issuing e-Mudhra Digital Certificates under e-Mudhra eMudhra’s DSC Partner Program.
- eMudhra’s DSC Partner Program is designed to help partners offer DSC services without large capital associated with building and maintaining an in-house infrastructure. This simple and intuitive program makes it easy for partners to leverage our brand to help uncover new opportunities and easily resell eMudhra’s DSC services to their customers and prospects. We can

help partners become a Digital Certificate Service Provider to their customers by delivering an extensive depth and breadth of expertise and experience that ultimately can lead to repeat business for the partners.

- Joining eMudhra's DSC Partner Program gives access to the benefits that partners need to begin building and selling eMudhra's DSC services to their prospects and customers. The program offers market competitive discounts that lead to higher margins and greater competitive advantages as well as marketing and sales resources to support their growing needs.

National Pharmaceutical Pricing Authority (NPPA)

Certificates in Form-I to VI prescribed by the National Pharmaceutical Pricing Authority (NPPA) under Drugs (Price Control) Order, 1995.

Rubber Rules, 1955

Certifying half yearly return in Form 'N' for Quantity of Rubber purchased & consumed by manufacturers under rule 33 (f) of the Rubber Rules, 1955(now omitted).

Telecom Regulatory Authority of India (TRAI)

Certification Work Telecom Regulatory Authority of India (TRAI)

Fertilizer Industry Coordination Committee (FICC)

All certificates prescribed by Fertilizer Industry Coordination Committee (FICC) in respect of product wise status of production, dispatches & stock; cost data for subsidy scheme, transportation claims, escalation claims, and equalize freight claims.

Directorate of Advertising and Visual Publicity (DAVP)

Certificate towards the authenticated figures of circulation, as per the Annexure XII of the DAVP guidelines representing a statement signed by the both publisher and Cost Accountant with their officials seals giving the details of newsprint and ink stored and consumed during the period.

Insurance Regulatory and Development Authority (IRDA)

Certification of Application for License and renewal thereof to act as Surveyor and Loss Assessor under Insurance Regulatory and Development Authority (IRDA).

The International Financial Services Centre Authority

- The International Financial Services Centre Authority authorized Cost Accountants to issue certificate for Companies registering in the Insurance Business that all compliances of the IFSCA Act has been complied with by the Companies under International Financial Services Centres Authority (Registration of Insurance Business) (Amendment) Regulations, 2021 vide IFSCA/2021-22/GN/REG019 dated 4.1.2022 .
- The International Financial Services Centre Authority authorized for Insurance Intermediary of their paid up capital and net worth and also to certify that regulatory requirements has been complied with by the insurance intermediaries under International Financial Services Centres Authority (Insurance Intermediary) (Amendment) Regulations, 2021 vide IFSCA/2021-22/GN/REG020 dated 4.1.2022.

VI. Recognition by Reserve Bank of India (RBI) & Indian Banks Association (IBA)

Reserve Bank of India

Reserve Bank of India (RBI) authorised the cost accountants in practice to issue certificates vide the following circular:

- Valuation of Properties - Empanelment of Valuers. Valuation Certificate as per RBI Circular No.2006-2007/224 DBOD. BP. BC No. 50 / 21.04.018/ 2006-07 dated January 4, 2007 for valuation of different classes of assets (e.g. land and building, plant and machinery, agricultural land, etc.)
- Certification of borrowal companies in respect of Lending under Consortium Arrangement/ Multiple Banking Arrangements. (Circular No. RBI/2008-



The Institute of Cost Accountants of India

2009/379 DBOD. No. BP.BC.110/08.12.001/2008-09 dated 10th February, 2009).

- Certification in respect of Guarantees, Co-Acceptances & Letters of Credit – Urban Co-operative Banks (UCBs) (Circular no. RBI/2013-14/19 UBD.BPD.(PCB) MC No.4/09.27.000/2013-14 July 1, 2013).
- Certification in respect of Loans and Advances – Statutory and Other Restrictions for Lending under Consortium Arrangement/Multiple Banking Arrangement (Circular no. RBI/2014-15/64 DBOD.No.Dir.BC.16/13.03.00/2014-15 July 1, 2014).
- Certificate indicating fair price of capital contribution/profit share of an LLP and a valuation certificate- Foreign Direct Investment (FDI) in Limited Liability Partnership (LLP) (Circular no. RBI/201314/566 A.P. (DIR Series) Circular No. 123 dated April 16, 2014).
- Certification in respect of Management of Advances – UCBs for Exchange of information–Lending under Consortium Arrangement/Multiple Banking Arrangements (Circular No.RBI/2014-15/21 UBD.BPD.(PCB) MC No.5/13.05.000/2014-15 July 1, 2014).
- Valuation Certificate in respect of Foreign Exchange Management (Transfer of Issue of Security by a Person Resident Outside India) (Third Amendment) Regulations, 2014 (Notification No. FEMA.298/2014-RB: dated 13th March, 2014).
- Valuation certificate in the Gazette Notification dated 7th November, 2017 No. FEMA 20(R)/ 2017-RB Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017.
- As per RBI/2017-18/194 A.P (DIR Series) Circular No.30 dated June 07, 2018 on Foreign Investment in India -Reporting in Single Master Form addressed to All Category – I Authorized Dealer Banks, RBI considered the ‘Cost Accountants’ for issuing the certificate indicating the manner of arriving at the fair price of the capital contribution/profit shares issued to the persons resident outside India in the para 5 (ii) of the Annexure II : Declaration to be filed by the Authorized Representative.
- Certification of Annexure B for claiming of agency commission as per Circular No RBI/2019-20/21 DGBA.GBD.No.5/31.02.007/2019-20 dated July 31, 2019 .



The Institute of Cost Accountants of India

- Regulation 11 of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017 authorises Cost Accountant in practice for valuation of capital instruments of an Indian company and also under Schedule 2 - Purchase/ Sale of capital instruments of a listed Indian company on a recognised stock exchange in India by Foreign Portfolio Investors and Schedule 6 - Investment in a Limited Liability Partnership (LLP) for valuation on an arm's length basis as per pricing methodology.
- Certification of borrowal companies in respect of Lending under Consortium Arrangement / Multiple Banking Arrangements. (Circular No. RBI/2008-2009/382 UBD. PCB.No. 49 /13.05.000/2008-09 dated 12th February, 2009)
- In respect of the Forensic Scrutiny – Guidelines for prevention of frauds (Circular no. RBI/2010-11/555 DBS. CO.FrMC.BC.No.10/ 23.04.001/2010-11 dated 31st May, 2011 read with Circular no. RBI/2008-09/508 DBS.CO.FrMC.Bc.No.8 /23.04.001/2008-09 dated June 24, 2009 on Frauds in borrowal accounts having multiple banking arrangements and Circular no. RBI/2008-2009/183 DBOD No BP BC 46 / 08.12.001/2008-09 dated September 19, 2008 on Lending under Consortium Arrangement/ Multi Banking Arrangements).
- Certificate in respect of Foreign Investment in India (Circular no. RBI/2014-15/6 Master Circular No.15/2014-15 July 01, 2014 (Amended upto February 09, 2015).
- Certification in respect of Loans and Advances – Statutory and Other Restrictions for Lending under Consortium Arrangement/Multiple Banking Arrangement (Circular no. RBI/2014-15/64 DBOD.No.Dir.BC. 16/13.03.00/2014-15 July 1, 2014).
- For Certification in respect of Guarantees, Co-Acceptances & Letters of Credit – UCBs (Circular no. RBI/2013-14/19 UBD.BPD.(PCB) MC No.4/09.27.000/2013-14 July 1, 2013).
- Valuation Certificate under Notification No. FEMA.298/2014-RB: Foreign Exchange Management (Transfer of Issue of Security by a Person Resident Outside India) (Third Amendment) Regulations, 2014 dated 13th March, 2014



The Institute of Cost Accountants of India

- Valuation Certificate for Foreign Direct Investment (FDI) in Limited Liability Partnership (LLP) under Master Circular No. 15/2014-15 dated 1st July, 2014.
- RBI mandated that in respect of all borrowing arrangement exceeding Rs. 500 crores, an Independent Evaluation Committee (IEC) would carry out evaluation of the Techno-Economic Viability (TEV) and proposed Restructuring Package. IBA mandated that every IEC would include a Cost Accountant.

Indian Banks Association (IBA)

- IBA recognized Firms of Cost Accountants for Empanelment as Forensic Auditor for frauds and accordingly advised all its member Banks.
- IBA advised all members Banks to engage Cost Accountants/Firms of Cost Accountants for Stock Audit and Risk Based Internal Audit and other Banking operations.

VII. Recognition in other capacities - Insolvency Professional, Registered Valuer, Arbitrator, E-Return Intermediary, etc.

Insolvency Professional

- Insolvency Professional under section 206 and 207 of the Insolvency and Bankruptcy Code, 2016 read with Regulation 5 and 9 of the Insolvency and Bankruptcy Board of India (Insolvency Professionals) Regulations, 2016.

Registered Value

- Registered Valuer under Annexure IV of the Companies (Registered Valuers and Valuation) Rules, 2017 for valuation of Securities or Financial Assets.
- Securities and Exchange Board of India Infrastructure Investment Trusts Regulations, 2014: Authorized to act as “Valuer” in respect of financial valuation under section 2(zzf) of the Securities and Exchange Board of India Infrastructure Investment Trusts Regulations, 2014 (last amended 14th May, 2022).
- Authorized to act as “Valuer” in respect of financial valuation under section 2(zz) of the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014 [Last amended on August 03, 2021].



The Institute of Cost Accountants of India

- “Valuer” under Rule 5 of Customs valuation (Determination of Value of Export Goods) Rules, 2007.
- Calcutta High Court: Members can now apply directly as ‘Valuer’ for empanelment of Calcutta High Court.

Arbitration:

- “Arbitrator” under the Arbitration & Conciliation (Amendment) Act 2019. Cost Accountants are considered for appointment as arbitrator under "The Arbitration & Conciliation (Amendment) Act 2019" in the gazette notification of India, dated 09th August, 2019.

Extract of THE EIGHTH SCHEDULE : Section 43J (iii): Qualifications and Experience of Arbitrator of the notification as under:

A person shall not be qualified to be an arbitrator unless he— (iii) is a cost accountant within the meaning of the Cost and Works Accountants Act, 1959 having ten years of practice experience as a cost accountant;

- Arbitrator: The Indian Council of Arbitration authorizes Cost Accountants and Cost Accounting Firms for empanelment in the panel of arbitrators under the category of financial experts.

Maharashtra unaided Private Professional Educational (Regulation of Admissions and Fees) Act,2015

Member of Fee Regulating Authority under Maharashtra unaided Private Professional Educational (Regulation of Admissions and Fees) Act, 2015.

Insurance Institute of India

Vide letter dated 15th March 2018, Insurance Institute of India Relaxed five year period condition in respect of Institute of Cost Accountants qualified candidates for seeking Prior learning qualification for appearing in professional examination conducted by Insurance Institute of India.

VIII. Appearance before the Statutory and Quasi-Judicial Authorities

Companies Act, 2013

- **Section 432 - Right to legal representation**

A party to any proceeding or appeal before the Tribunal or the Appellate Tribunal, as the case may be, may either appear in person or authorise one or more chartered accountant or company secretaries or cost accountant or legal practitioners or any other person to present his case before the Tribunal or the Appellate Tribunal, as the case may be.

Company Law Board Regulations, 1991

Regulation 19(2) of Company Law Board Regulations, 1991 - Rights of a party to appear before the Bench(now dissolved).

Central Goods & Services Tax Act, 2017

- Section 116 -Appearance by authorized representative under Central Goods & Services Tax Act, 2017.

Central Excise & Customs - Appearance by Authorised Representative

- Section 35Q of the Central Excises Act, 1944.
- Section 146A of the Customs Act, 1962.
- Rule 2(c) of Customs, Excise and Gold (Control) Appellate Tribunal (Procedure) Rules, 1982.

Central Electricity Regulatory Commission (CERC)

- Authority to represent before the Commission vide Notification No. 8/(1)/99/CERC dated 27th August, 1999.



The Institute of Cost Accountants of India

The Competition Commission of India (CCI)

- Appearance before the Commission: Section 35 of the Competition (Amendment) Act, 2007.
- Right to legal representation: Appeal to the Appellate Tribunal: Section 53(1) of the Competition (Amendment) Act, 2007.

Income Tax Act, 1961

- Appearance by Authorized Representative: Section 288 of the Income Tax Act 1961 read with Rule 50 of the Income Tax Rules 1962.

Securities Exchange Board of India (SEBI)

- Right to Legal Representations: Clause 22C under Conditions for listing: Chapter IV of Listing of Securities.

Depositories Act, 1996

- Right to Legal Representations: Section 23C, Explanation (c) of Depositories Act, 1996.

Service Tax

- Appearance by Authorized Representative: Section 96D (5) of the Service Tax Act 1994.

Special Economic Zone (SEZ)

- Rights of appellant to appear before the Board: Rule 61 of the Special Economic Zone Rules 2006.

Telecom Regulatory Authority of India (TRAI)

- Right to Legal Representation before Appellate Tribunal as per Section 17 of TRAI Act, 1997.

Value Added Tax Acts/ Rules

- To appear before authorities under VAT Acts/ Rules of various State Governments.

Real Estate (Regulation and Development) Act, 2016

- Right to legal representation: Section 56 of the Real Estate (Regulation and Development) Act, 2016.

IX. Statutory Audits based on Cost Records – Areas exclusive to Cost Accountants

- Statutory Audit of cost records under section 148 of the Companies Act, 2013.
- Cost Audit and Performance Audit of co-operative societies under the respective Co-operative Societies Act of West Bengal, Maharashtra, Karnataka, Punjab, and Delhi.
- Valuation Certificate for Cost of goods produced for Captive Consumption, in accordance with Cost Accounting Standard CAS-4 issued by the Institute, under Rule 8 of the Central Excise Valuation (Determination of Price of Excisable Goods) Rules, 2000.
- Certificate for Average Cost of Transportation, in accordance with Cost Accounting Standard CAS-5 issued by the Institute, under Rule 5 of the Central Excise Valuation (Determination of Price of Excisable Goods) Rules, 2000.
- Audit of accounts of SEZ developer as directed by the Commissioner of Customs/Central Excise [refer Circular No. 52/2002-Customs dated 14th August, 2002]
- Computation of freight of time chartered/daughter vessel and its inclusion in the assessed value as extended cost of transportation [refer Circular No.04/2006 dated 12th January, 2006].

For details: Ref: Annexure-1 and link at website:

https://icmai.in/ProfessionalDevelopment/Prof_Avenues.php

Responding to tender by members in practice

Institute vide Gazette Notification No CWA/1/2017 dated 19th April, 2017 issued Guidelines relating to responding to tender(s) by members in practice. The relevant text is reproduced herein below:

“A member of the Institute in practice shall not respond to any tender issued by an organization or user of professional services in areas of services such as audit and attestation services which are exclusively reserved for Cost Accountants by a statute. However, such restriction shall not be applicable where minimum fee of the assignment is prescribed in the tender document itself or where the areas are open to other professionals along with the Cost Accountants.”

रजिस्ट्री सं० डी० एल०-33004/99

REGD. NO. D. L.-33004/99


भारत का राजपत्र
The Gazette of India

असाधारण
EXTRAORDINARY
भाग III—खण्ड 4
PART III—Section 4

प्राधिकार से प्रकाशित
PUBLISHED BY AUTHORITY

सं. 166] नई दिल्ली, बुधस्वतिवार, अप्रैल 27, 2017/वैशाख 7, 1939
No. 166] NEW DELHI, THURSDAY, APRIL 27, 2017/VAISAKHA 7, 1939

दि इंस्टीट्यूट ऑफ कॉस्ट एकाउंटेंट्स ऑफ इंडिया

(संसद के अधिनियम के तहत सांविधिक निकाय)

अधिसूचना

कोलकाता, 19 अप्रैल, 2017

सं. सीवऱ्ऱुए/1/2017.—लागत एवं कार्य लेखाकार अधिनियम, 1959 की द्वितीय अनुसूची के भाग-II के उपवाक्य (1) के तहत दि इंस्टीट्यूट ऑफ कॉस्ट एकाउंटेंट्स ऑफ इंडिया की परिषद को प्रदत्त शक्तियों का प्रयोग करते हुए परिषद एतद्वारा इंस्टीट्यूट के सदस्यों द्वारा अनुपालन किए जाने के लिए निम्नलिखित दिशानिर्देश जारी करती है :

(I) संस्थान में कार्यरत कोई सदस्य लेखा परीक्षा जैसी सेवाओं तथा ऐसी प्रमाणन सेवाओं के क्षेत्रों में किसी संगठन अथवा व्यावसायिक सेवाओं के प्रयोक्ता द्वारा जारी किसी निविदा का उत्तर नहीं देगा जोकि संविधि द्वारा लागत लेखाकारों के लिए विशिष्ट रूप से आरक्षित हैं। तथापि, यह प्रतिबंध वहां लागू नहीं होगा जहां कार्य का न्यूनतम शुल्क निविदा दस्तावेज में ही निर्धारित हो अथवा जहां क्षेत्र लागत लेखाकारों सहित अन्य व्यावसायिकों के लिए खुले हों।

(II) ये दिशानिर्देश भारत के राजपत्र में प्रकाशन की तारीख से लागू होंगे।

कौशिक बनर्जी, सचिव

[विज्ञापन-III/4/असा./37/17]

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

(Statutory body under an Act of Parliament)

NOTIFICATION

Kolkata, the 19th April, 2017

No. CWA/1/2017.—In exercise of the powers conferred on it under clause (1) of Part II of the Second Schedule of the Cost and Works Accountants Act, 1959, the Council of the Institute of Cost Accountants of India hereby issues the following guidelines for compliance by the members of the Institute:

2801 GI/2017

(1)



(i) A member of the Institute in practice shall not respond to any tender issued by an organization or user of professional services in areas of services such as audit and attestation services which are exclusively reserved for Cost Accountants by a statute. However, such restriction shall not be applicable where minimum fee of the assignment is prescribed in the tender document itself or where the areas are open to other professionals along with the Cost Accountants.

(ii) These Guidelines shall come into force on the date of publication in the Gazette of India.

KAUSHIK BANERJEE, Secy.

[ADVT.-III/4/Exty./37/17]

Uploaded by Dte. of Printing at Government of India Press, Ring Road, Mayapuri, New Delhi-110064
and Published by the Controller of Publications, Delhi-110054.

ALOK KUMAR Digitally signed by ALOK KUMAR
Date: 2017.05.04 11:47:44 +05'30'

For notification refer:

<https://icmai.in/upload/Institute/Notifications/Gazette-Compliance-Members.pdf>

Suggested Guideline for Minimum Fee

It is pertinent for a cost accountant to know the guidelines issued by the Institute for charging professional fee for various assignments. However, it may be noted that these are suggested guidelines for minimum fee for each of the indicative activities:

Suggested Revised Minimum Recommended Scale Of Fees As Approved By The Council At Its 316 Meeting Held On 10th December 2018 For The Professional Assignments Done By The Cost Accountants

		Particulars	Rates	
			For Class A Cities	For Class B Cities
			Suggested Revised Minimum Recommended scale of Fees	Suggested Revised Minimum Recommended scale of Fees
I	Cost Audit and Other Assignments			
		Rate per day would depend on the complexity of the work and the number of days spent by each person		
		(i) Principal	Rs. 15,000/- per day	Rs. 10,000/- per day
		(ii) Qualified Assistants	Rs. 7,500/- per day	Rs. 5,000/- per day
		(iii) Semi Qualified Assistants	Rs. 3,000/- per day	Rs. 2,000/- per day



		(iv) Other Assistants	Rs. 1,500/- per day		Rs. 1,000/- per day	
		Subject to minimum indicative Fees as under:				
		(i) Fees for Cost Audit related assignments :				
		Turnover in Rs. Crores	Manufacturing Sector	Service Sector, Trading & Others	Manufacturing Sector	Service Sector, Trading & Others
		1-100	Rs. 2,50,000/-	Rs. 1,50,000/-	Rs. 2,00,000/-	Rs. 1,20,000/-
		100-250	Rs. 4,00,000/-	Rs. 2,40,000/-	Rs. 3,20,000/-	Rs. 2,00,000/-
		250-500	Rs. 5,00,000/-	Rs. 3,00,000/-	Rs. 4,00,000/-	Rs. 2,40,000/-
		500-750	Rs. 7,50,000/-	Rs. 4,50,000/-	Rs. 6,00,000/-	Rs. 3,60,000/-
		750-1000	Rs. 10,00,000/-	Rs. 6,00,000/-	Rs. 8,00,000/-	Rs. 4,80,000/-
		1000-2500	Rs. 15,00,000/-	Rs. 9,00,000/-	Rs. 12,00,000/-	Rs. 7,20,000/-
		2500-5000	Rs. 25,00,000/-	Rs. 15,00,000/-	Rs. 20,00,000/-	Rs. 12,00,000/-
		5000 and above	Rs. 30,00,000/- + Negotiable	Rs. 18,00,000/- + Negotiable	Rs. 24,00,000/- + Negotiable	Rs. 14,40,000/- + Negotiable



The Institute of Cost Accountants of India

		(ii) Maintenanc e of Cost Records		
		Turnover in Rs. Crores		
		1-50	Rs. 1,50,000/-	Rs. 1,50,000/-
		50-100	Rs. 3,00,000/-	Rs. 3,00,000/-
		100-500	Rs. 6,00,000/-	Rs. 6,00,000/-
		500-1000	Rs. 9,00,000/-	Rs. 9,00,000/-
		1000-2500	Rs. 12,00,000/-	Rs. 12,00,000/-
		2500-5000	Rs. 15,00,000/-	Rs. 15,00,000/-
		5000 above	Rs. 15,00,000/- + Negotiable	Rs. 15,00,000/- + Negotiable
		(iii) Costing Assignment		
		(i) Monthly Retainership	Rs. 50,000/- for the first visit & Rs. 10,000/- for subsequent visit	Rs. 35,000/- for the first visit & Rs. 10,000/- for subsequent visit
		(iii) Chamber Consultation	Rs.5,000/- per hour.	Rs.4,000/- per hour.
		(iv) Designing Systems of Cost and Management Accounting		
		Turnover in Rs. Crores		
		Upto Turnover of Rs. 10 Crores	Rs. 3,00,000/-	Rs. 2,50,000/-
		Rs.10 Crores to Rs.50	Rs. 5,00,000/-	Rs.4,00,000/-



		Crores		
		Rs. 50 Crores to Rs. 100 Crores	Rs. 10,00,000/-	Rs. 8,00,000/-
		Above Rs. 100 Crores	Rs. 10,00,000/- + Negotiable	Rs. 8,00,000/- + Negotiable
		(v) Charges for providing Services of Juniors		
		Cost Accountant (Qualified Assistant)	Rs. 3,000/- per day	Rs. 2,000/- per day
		Cost Assistant (Intermediate)	Rs. 1,500/- per day	Rs. 1,000/- per day
		Cost Assistant – Trainee	Rs. 750/- per day	Rs. 500/- per day
II	XBRL Tagging And Conversion Fee			
	a)	For Cost Audit	Rs.10,000/-	Rs.10,000/-
	b)	For Financial Audit	Rs.25,000/-	Rs.25,000/-
III	Goods & Service Tax (G.S.T.)			
	A	Registration Work		
		(a) Registration Under GST	See Note Rs. 5,000/-	See Note Rs. 5,000/-
	B	Filing of G.S.T Return		



		(a) Monthly Challans with Annual Return	Rs. 3,000/- Per Month	Rs. 2,000/- Per Month
		(b) Quarterly Challans with Annual Return	Rs. 4,500/- Per Quarter	Rs. 3,000/- Per Quarter
		(c) Annual Return	Rs. 10,000/-	Rs. 7,500/-
	C	Assessments / Appeals		
		Attending Assessments & Appeals		
		Assessing Officer	Rs. 10,000/- Per Visit	Rs. 10,000/- Per Visit
		Commissioner	Rs. 20,000/- Per Visit	Rs. 20,000/- Per Visit
		Appellate Tribunal	Rs. 30,000/- Per Visit	Rs. 30,000/- Per Visit
	D	GST Audit & Reconciliation		
		Non Corporate	Rs.50,000/-*	Rs.30,000/-**
		Corporate	Rs.1,00,000/-*	Rs.80,000/-**
		Special Audit	Rs.2,00,000/-*	Rs.1,50,000/-**
			*:If more than One Entity then Rs. Additional Rs. 20,000/- Per Entity See Note	**: If more than One Entity then Rs. Additional Rs. 10,000/- Per Entity See Note



IV		Internal Audit		
		(a) Small Pvt. Ltd. Co. (Turnover up to Rs. 2 Crore)	Rs. 45,000/-	Rs. 30,000/-
		(b) Medium Size Pvt. Ltd. Co./ Public Ltd. Co.	Rs. 75,000/-	Rs. 50,000/-
		(c) Large Size Pvt. Ltd. Co./Public Ltd. Co.	See Note	See Note
		(iv) Review of TDS Compliance	Rs. 22,500/-	Rs. 15,000/-
V		Income Tax		
	A	Filing of Return of Income		
	I	For Individuals/ HUFs etc.		
		(a) Filing of Return of Income with Salary/Other Sources/Share of Profit	Rs. 5,000/-	Rs. 3,000/-
		(b) Filing of Return of Income with detailed Capital Gain working		
		i) Less	Rs. 7,500/-	Rs. 5,000/-



		than 10 Transactions (For Shares & Securities)		
		ii) More than 10 Transactions (For Shares & Securities)	Rs. 10,000/-	Rs. 8,000/-
		(c) Filing of Return of Income for Capital Gain on Immovable property	Rs. 20,000/-	Rs. 15,000/-
		(d) Filing of Return of Income with Preparation of Bank Summary, Capital A/c & Balance Sheet.	Rs. 8,000/-	Rs. 5,000/-
	II	(a) Partnership Firms/Sole Proprietor with Advisory Services	Rs.10,000/-	Rs. 7,000/-
		(b) Private Ltd. Company :	Rs.20,000/-	Rs. 12,000/-
		(c) Public Ltd. Company	Rs.50,000/-	Rs. 30,000/-
	B	Filing of Forms Etc.		
		(a) Filing of		



		TDS/TCS Return (per Form)		
		i) Upto 10 Entries (Quarterly fees)	Rs. 3,000/-	Rs. 2,000/-
		ii) more than 10 Entries	Rs. 7,500/-	Rs. 5,000/-
		(b) Filing of Form(Form No. 15-H/G & Form No. 49-A/49-B)	Rs. 2,000/-	Rs. 1,500/-
		(c) Any other Forms filed under the Income Tax Act	Rs. 3,000/-	Rs. 2,000/-
	C	Filing of Appeals Etc.		
		(a) Authorized Representative: Preparation of Statement of Facts, Grounds of Appeal, Etc.	Rs. 25,000/-	Rs. 15,000/-
		(b) Second Appeal (Tribunal)	Rs. 50,000/-	Rs. 30,000/-
	D	Assessments Etc.		
		(a) Attending Scrutiny Assessment/		



		Appeal		
		(i) Corporate	See Note	See Note
		(ii) Non Corporate	Rs. 25,000/-	Rs. 15,000/-
		(b) Attending before Authorities:		
		(i)Assessing Officer	Rs. 10,000/- Per Visit	Rs. 10,000/- Per Visit
		(ii)Commissioner	Rs. 20,000/- Per Visit	Rs. 20,000/- Per Visit
		(iii)Appellate Tribunal	Rs. 30,000/- Per Visit	Rs. 30,000/- Per Visit
		(c) Attending for Rectifications /Refunds/Appeal effects Etc.	Rs. 5,000/- Per Visit	Rs. 3,000/- Per Visit
		(d) Income Tax Search and Seizure	See Note	See Note
		(e) Any other Consultancy	See Note	See Note
VI	Charitable Trust/ Ngo/Co-Operative Societies			
	a	Registration	Rs. 20,000/-	Rs. 15,000/-
	b	Registration Under Income Tax Act U/s 12AA & 80G of Income Tax Act	Rs. 30,000/-	Rs. 20,000/-
	c	Any other work	Rs. 7,500/-	Rs. 5,000/-



	d	Appearing before Authorities in Response to a notice		
		Assessing Officer	Rs. 10,000/- Per Visit	Rs. 10,000/- Per Visit
		Commissioner	Rs. 20,000/- Per Visit	Rs. 20,000/- Per Visit
		Appellate Tribunal	Rs. 30,000/- Per Visit	Rs. 30,000/- Per Visit
	e	The Foreign Contribution Act (F.C.R.A.) Registration	Rs. 25,000/-	Rs. 15,000/-
VII	Company Law And LLP Work			
	a	Filing Application for Name Approval	Rs. 5,000/-	Rs. 3,000/-
	b	Incorporation of a Private Limited Company/LLP	Rs. 25,000/-	Rs. 15,000/-
	c	Incorporation of a Public Limited Company	Rs. 50,000/-	Rs. 30,000/-
	d	(i) Company's/LLP ROC Work, Preparation of Minutes, Statutory Register & Other Secretarial Work	See Note	See Note

		(ii) Certification (Per Certificate)	Rs. 7,500/-	Rs. 5,000/-
	e	Filing Annual Return Etc.	Rs. 7,500/- per Form	Rs. 5,000/- per Form
	f	Filing Of Forms	Rs. 2,000/- per Form	Rs. 1,500/- per Form
	g	Increase in Authorized Capital		
		E Filing & preparation of Revised Memorandum of Association/A rticle of Association/L LP Agreement	Rs. 20,000/-	Rs. 12,000/-
	h	DPIN/DIN per Application	Rs. 3,000/-	Rs. 2,000/-
	i	Company Law Consultancy including Petition drafting	See Note	See Note
	j	Representatio n before NCLT and NCLAT	See Note	See Note
	k	ROC Representatio n	See Note	See Note
VIII	ADVISING ON DRAFTING OF DEEDS/AGREEMENTS			
	a	i) Partnership Deed	Rs. 10,500/-	Rs. 7,500/-
		ii) Partnership	Rs. 15,000/-	Rs. 10,000/-



		Deed (With consultation)		
	b	Filing of Forms with Registrar of Firms	Rs. 4,500/- Per Form	Rs. 3,000/- Per Form
	c	Supplementary / Modification in Partnership Deed	Rs. 9,000/-	Rs. 6,000/-
IX	Forensic Audit			
		Rate per day would depend on the complexity of the work and the number of days spent by each person		
		(a) Principal	Rs. 30,000/- + per day charge	Rs. 20,000/- + per day charge
		(b) Qualified Assistant	Rs. 15,000/- + per day charge	Rs. 10,000/- + per day charge
		(c) Semi Qualified Assistant	Rs. 7,500/- + per day charge	Rs. 5,000/- + per day charge
X	Certification Work			
		Issuing Certificates		
		Small Scale Units	Rs. 3500/-	Rs. 2500/-
		Others	Rs. 7000/-	Rs. 5000/-
		For certification involving in-depth scrutiny	Rs. 2500/- per hour	Rs. 2000/- per hour

		and study.		
XI	Consultation & Arbitration			
		Rate per hour would depend on the complexity of the work and the number of hours spent by each person.		
		(a) Principal	Rs. 30,000/- (initial fees) + additional fees @ Rs. 7,500/- per hour	Rs. 20,000/- + additional fees @ Rs. 5,000/- per hour
		(b) Qualified Assistant	Rs. 5,300/- per hour	Rs. 3,500/- per hour
		(c) Semi Qualified Assistant	Rs. 2,300/- per hour	Rs. 1,500/- per hour
Notes:				
	1	Fees to be charged depending upon the Technicalities involved and the expected number of days spent on the particular assignment.		
	2	The above recommended minimum scale of fees is as recommended by the Professional Development & CPD Committee of the Institute of Cost Accountants of India and duly considered by the council.		
	3	The aforesaid table states recommendatory minimum scale of fees works out by taking into account average time required to complete such assignments. However, members are free to charge higher rates depending upon the nature and complexity of assignment and time involved in completing the same.		
	4	Office time spent in travelling & out-of-pocket expenses would be chargeable. The Committee issues for general information the above recommended scale of fees which it considers reasonable under present conditions. It will be appreciated that the actual fees charged in individual cases will be matter of agreement between the member and the client.		
	5	GST should be collected separately wherever applicable.		

6	The Committee also recommends that the bill for each service should be raised separately and immediately after the services are rendered.
7	Class A Cities here includes Delhi, Mumbai, Calcutta, Chennai, Pune, Hyderabad, Bangalore and Ahmedabad. Class B Cities includes all other cities not included in "Class A".
8	The amount charged will be based on the location of the service provider.

Mandatory Capacity Building Training (MCBT)

The Institute vide Notification F.No.Cwa/21/2019 Dated 1st February 2019 and Subsequent Corrigendum Dated 8th March, 2019 made Mandatory Capacity Building Training mandatory for the members who have acquired COP on and after 1st February 2019.

Content of Notification is reproduced here below

In exercise of the powers conferred on it under the Regulation No. 10 of the Cost and Works Accountants Regulation, 1959, the Council of the Institute of Cost Accountants of India hereby issues the following conditions for issuing certificate of practice:

A Cost Accountant is required to undergo a mandatory training before applying for Certificate of Practice or within six months of getting the Certificate of Practice. The duration of the training will be for six days or 36 hours with course fees as may be fixed by the Council from time to time.

Provided the period of 6 months can be increased by the Committee of the Continuing Professional Development of the Institute.

Objective of MCBT


- To upgrade the skills and knowledge of CMA Practitioners, particularly those who have Certificate of Practice recently
- To provide practical knowledge of the practicing area to enhance the professional Competence in the competitive environment

For Whom

For the Practicing Cost Accountants who have obtained Certificate of Practice on and from 1st February 2019

रजिस्ट्री सं० डी० एल०-33004/99

REGD. NO. D. L.-33004/99


सत्यमेव जयते

भारत का राजपत्र
The Gazette of India

असाधारण
EXTRAORDINARY
भाग III—खण्ड 4
PART III—Section 4
प्राधिकार से प्रकाशित
PUBLISHED BY AUTHORITY

सं. 39] नई दिल्ली, सोमवार, फरवरी 4, 2019/माघ 15, 1940
No. 39] NEW DELHI, MONDAY, FEBRUARY 4, 2019/MAGHA 15, 1940

दि इस्टीट्यूट ऑफ कॉस्ट एकाउंटेंट्स ऑफ इंडिया
अधिसूचना
नई दिल्ली, 1 फरवरी, 2019

फा. सं. सी० डब्ल्यू० ए०/21/2019— लागत एवं कार्य लेखा विनियम 1959 के विनियमन संख्या 10 के अंतर्गत प्रदत्त शक्तियों का प्रयोग करते हुए, सर्टिफिकेट ऑफ प्रैक्टिस जारी करने या नवीनीकरण के लिए भारतीय लेखाकार संस्थान की परिषद् निम्नलिखित शर्तें जारी करती हैं।

(i) एक लागत लेखाकार को सर्टिफिकेट ऑफ प्रैक्टिस का आवेदन करने से पहले या उसे प्राप्त करने के 6 माह के अंदर "अनिवार्य प्रशिक्षण" लेना आवश्यक है। प्रशिक्षण की अवधि, समय समय पर परिषद् द्वारा निर्धारित पाठ्यक्रम शुल्क के साथ, 6 दिन या 36 घंटे की होगी।

परन्तु यह 6 माह की अवधि संस्थान की सतत् पेशेवर विकास समिति द्वारा बढ़ाई जा सकती है।

(ii) ये दिशानिर्देश भारत के राजपत्र में प्रकाशन तिथि से लागू होंगे।

एल० गुरुमूर्ति, सचिव (कार्यवाहक)
[विज्ञापन-III/4/असा./515/18]

751 GI/2019 (1)



THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

NOTIFICATION

New Delhi, the 1st February, 2019

F. No. CWA/21/2019.—“In exercise of the powers conferred on it under the Regulation No. 10 of the Cost and Works Accountants Regulation, 1959, the Council of the Institute of Cost Accountants of India hereby issues the following conditions for issuing or renewing certificate of practice :

(i) A Cost Accountant is required to undergo a mandatory training before applying for Certificate of Practice or within six months of getting the Certificate of Practice. The duration of the training will be for six days or 36 hours with course fees as may be fixed by the Council from time to time.

Provided the period of 6 months can be increased by the Committee of the Continuing Professional Development of the Institute

(ii) These Guidelines shall come into force on the date of publication in the Gazette of India”

L GURUMURTHY, Secretary (Acting)

[ADVT.-III/4/Exty./515/18]

रजिस्ट्री सं० डी० एल०-33004/99

REGD. NO. D. L.-33004/99


सत्यमेव जयते

भारत का राजपत्र The Gazette of India

असाधारण
EXTRAORDINARY
भाग III—खण्ड 4
PART III—Section 4
प्राधिकार से प्रकाशित
PUBLISHED BY AUTHORITY

सं. 94] नई दिल्ली, शुक्रवार, मार्च 8, 2019/फाल्गुन 17, 1940
No. 94] NEW DELHI, FRIDAY, MARCH 8, 2019/PHALGUNA 17, 1940

भारतीय लागत लेखाकार संस्थान

शुद्धिपत्र

नई दिल्ली, 8 मार्च, 2019

सं० सी० डब्ल्यू० ए०/21/2019:—भारतीय लागत लेखाकार संस्थान के सर्टीफिकेट ऑफ प्रैक्टिस से संबंधित फा. सं. सी० डब्ल्यू० ए०/21/2019, दिनांक 01 फरवरी 2019 के द्वारा भारत के राजपत्र में प्रकाशित अधिसूचना में, शब्दों "या नवीनीकरण" को हटा दिया जाएगा।

[सं. विज्ञापन-III/4/असा./570/18]

एल. गुरुमूर्ति, सचिव (कार्यवाहक)

THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

CORRIGENDUM

New Delhi, the 8th March, 2019

No. CWA/21/2019:—In the notification of The Institute of Cost Accountants of India published in the Gazette of India vide F. No. CWA/21/2019 Dated 01st February 2019 relating to certificate of practice, the words "or renewing" shall be deleted.

[No. ADVT.-III/4/Exty./570/18]

L. GURUMURTHY, Secy. (Acting)

Uploaded by Dte. of Printing at Government of India Press, Ring Road, Mayapuri, New Delhi-110064
and Published by the Controller of Publications, Delhi-110054.

MANOJ KUMAR
VERMA

Digitally signed by
MANOJ KUMAR VERMA
Date: 2019.03.09 16:52:54
+05'30'

1550 GI/2019

(1)

For notification refer: https://eicmai.in/MCBT_140721/Home.aspx

Unique Document Identification Number (UDIN)

The Council of the Institute in its 322nd Meeting held at Hyderabad on 21st August, 2019 has made UDIN (Unique Document Identification Number) mandatory to be mentioned on the following reports & certificates issued by a practicing Cost Accountant :

- All Cost Audit Reports issued under Section 148 of the Companies Act 2013.
- GST Audit Reports issued under CGST Act 2017.
- All other Audit Assurance & Attest functions.
- All certificates.

The use of UDIN will be mandatory for all the reports, certificates, etc referred above, issued on or after 1st October, 2019.

About the UDIN

- The concept of UDIN (Unique Document Identification Number) is implemented to curb the malpractices of misleading the Authorities and Stakeholders by non-CMAs misrepresenting themselves as CMAs and attesting the Costing Data / documents / certificates.
- UDIN secures the certificates attested / certified by practicing CMAs (in full time practice only). UDIN Web Portal enables the third parties (Authorities / Regulators / Banks / Others) to check the authenticity of the documents.
- Unique Document Identification Number (UDIN) is an 18 digit system generated Unique Number for every document Certified / Attested by Practicing CMAs.
- The configuration of 18-digit UDIN is as under.

18-Digit UDIN – YY-MMMMM-ZZ-NANANANAN.

YY – Last two digits of current year (2 digits).

MMMMM – Membership Number of CMAs (5 digits).

ZZ - Code for Ministry (2 digits).

NANANANAN – Alpha Numeric Random Number generated by system (9 digits).

1920371ZZSBGI4NCRO – Sample UDIN

- UDIN is to be generated at the time of signing of the document [for each assignment] through UDIN Portal; however the same can be generated within 60 days of signing the document.
- UDIN can be generated for the documents / certificates available on the UDIN portal by selecting a document from the list and providing other details like date of signing the document, detail of financial figures and document description [No details of the client to be mentioned anywhere].
- UDIN generation does not require any document upload.
- UDIN has to be printed / watermarked or handwritten on the document for which it is generated. It can be mentioned after signatures and membership number of member.
- UDIN generated through the UDIN portal does not have an expiry however the same can be revoked.
- Authorities / Regulators / Banks / Others can verify the UDIN through the UDIN Web Portal giving few details like Name of person, Mobile No, and Email etc.

To know more about UDIN refer to <https://eicmai.in/udin/umannual.pdf>

FAQs on Unique Document Identification Number (UDIN)

The Institute has issued FAQs on Unique Document Identification Number (UDIN) which is available at https://icmai.in/upload/pd/FAQs_UDIN.pdf

7

Important Code of Ethics for members

As professionals in the field of Cost and Management Accounting, the members of our Institute are bound by code of professional ethics. This code stipulates and binds them to the highest level of care, duty and responsibility to their employers and clients, the fellow professionals, the stakeholders and the society at large.

The Guidelines of the Institute of Cost Accountants of India shall

Set Standards for code of ethics of Cost Accountants such that a member will:

- (i) maintain at all times independence of thought and action;
- (ii) not express an opinion on cost / financial reports or statements without first assessing her or his relationship with her or his client to determine whether such Member might expect her or his opinion to be considered independent, objective and unbiased by one who has knowledge of all the facts; and
- (iii) When preparing cost / financial reports or statements or expressing an opinion on cost / financial reports or statements, disclose all material facts known to such Member in order not to make such cost / financial reports or statements misleading, acquire sufficient information to warrant an expression of opinion and report all material misstatements or departures from generally accepted accounting principles.
- (iv) not disclose or use any confidential information concerning the affairs of such Member's employer or client unless acting in the course of his or her duties or except when such information is required to be disclosed in the course of any defense of himself or herself or any associate or employee in any lawsuit or other legal proceeding or against alleged professional misconduct by order of



The Institute of Cost Accountants of India

lawful authority or any committee of the Society in the proper exercise of their duties but only to the extent necessary for such purpose;

- (v) inform his or her employer or client of any business connections or interests of which such Member's employer or client would reasonably expect to be informed;
- (vi) not, in the course of exercising his or her duties on behalf of such Member's employer or client, hold, receive, bargain for or acquire any fee, remuneration or benefit without such employer's or client's knowledge and consent; and
- (vii) take all reasonable steps, in arranging any engagement as a consultant, to establish a clear understanding of the scope and objectives of the work before it is commenced and will furnish the client with an estimate of cost, preferably before the engagement is commenced, but in any event as soon as possible thereafter.
- (viii) conduct himself or herself toward other Members with courtesy and good faith;
- (ix) not accept any engagement to review the work of another Member for the same employer except with the knowledge of that Member, or except where the connection of that Member with the work has been terminated, unless the Member reviews the work of others as a normal part of his or her responsibilities;
- (x) not attempt to gain an advantage over other Members by paying or accepting a commission in securing management accounting work;
- (xi) not to act maliciously or in any other way which may adversely reflect on the public or professional reputation or business of another Member.
- (xii) at all times maintain the standards of competence expressed by the Institute from time to time;
- (xiii) undertake only such work as he or she is competent to perform by virtue of his or her training and experience and will, where it would be in the best interests of an employer or client, engage, or advise the employer or client to engage, other specialists.

These Guidelines recognize that the objectives of the accountancy profession are to work to the highest standards of professionalism, to attain the highest levels of performance and generally to meet the public interest requirement. These objectives require four basic needs to be met:



The Institute of Cost Accountants of India

- (a) Credibility in information and information systems;
- (b) Professionalism identified by employers, clients and other interested parties;
- (c) Quality of service carried out to the highest standards of performance; and
- (d) Confidence that there is a framework of professional ethics to govern the provision of services.

In order to achieve the objectives of the accountancy profession, cost accountants have to observe fundamental principles, which are:

(a) Integrity

A cost accountant should be straightforward and honest in performing his services.

(b) Objectivity

A cost accountant should be fair and should not allow prejudice or bias or the influence of others to override objectivity.

(c) Competence

A cost accountant must refrain from performing any service which he is not competent to carry out unless proper advice and assistance is obtained to ensure that the service is performed to the satisfaction.

(d) Confidentiality

A cost accountant must not disclose information acquired during the course of his engagement and should not use or disclose any such information without proper and specific authority or unless there is a legal or professional right or duty to disclose.

(e) Professional Behaviour

A cost accountant should act in a manner consistent with the good reputation of the profession.

In addition to the fundamental principles above a cost accountant in practice, should be and appear to be free of any interest which might be regarded, whatever its actual effect, as being incompatible with integrity, objectivity and independence.



The Cost and Works Accountants Act, 1959

A cost accountant whether in practice or not shall comply with the provisions of the First Schedule and Second Schedule of the Cost and Works Accountants Act, 1959. Failure to comply with these provisions will attract the relevant provisions of the CWA Act, 1959.

Section 22 : Professional or other misconduct defined

For the purposes of this Act, the expression “professional or other misconduct” shall be deemed to include any act or omission provided in any of the Schedules but nothing in this section shall be construed to limit or abridge in any way the power conferred or duty cast on the Director (Discipline) under sub-section (1) of section 21 to inquire into the conduct of any member of the Institute under any other circumstances.]

Section 24: Penalty for falsely claiming to be a member, etc

Any person who,—

(i) not being a member of the Institute—

(a) represents that he is a member of the Institute; or

(b) uses the designation cost accountant; or

(ii) being a member of the Institute, but not having a certificate of practice, represents that he is in practice or practises as a cost accountant; shall be punishable on first conviction with fine which may extend to one thousand rupees, and on any subsequent conviction with imprisonment which may extend to six months, or with fine which may extend to five thousand rupees, or with both.

For The Cost and Works Accountants Act, 1959 and The Cost and Works Accountants Regulations, 1959

Ref:https://www.mca.gov.in/Ministry/actsbills/pdf/Cost_and_works_Accountants_Act_1959.pdf

<https://icmai.in/icmai/aboutus/instituteactandrules.php>

8

Cost Accounting Records and Cost Audit

Cost Records and Cost Audit Applicability

Section 148 of the Companies Act, 2013 contains provisions relating to the cost records and cost audit applicability under the Companies Act. The salient feature of section 148 are summarized hereunder –

148. Central Government to specify audit of items of cost in respect of certain companies

(1) Notwithstanding anything contained in this Chapter, the Central Government may, by order, in respect of such class of companies engaged in the production of such goods or providing such services as may be prescribed, direct that particulars relating to the utilisation of material or labour or to other items of cost as may be prescribed shall also be included in the books of account kept by that class of companies:

Provided that the Central Government shall, before issuing such order in respect of any class of companies regulated under a special Act, consult the regulatory body constituted or established under such special Act.

(2) If the Central Government is of the opinion, that it is necessary to do so, it may, by order, direct that the audit of cost records of class of companies, which are covered under sub-section (1) and which have a net worth of such amount as may be prescribed or a turnover of such amount as may be prescribed, shall be conducted in the manner specified in the order.

(3) The audit under sub-section (2) shall be conducted by a Cost Accountant in practice who shall be appointed by the Board on such remuneration as may

be determined by the members in such manner as may be prescribed:

Provided that no person appointed under section 139 as an auditor of the company shall be appointed for conducting the audit of cost records:

Provided further that the auditor conducting the cost audit shall comply with the cost auditing standards.

Explanation.—For the purposes of this sub-section, the expression — cost auditing standards mean such standards as are issued by the Institute of Cost and Works Accountants of India, constituted under the Cost and Works Accountants Act, 1959 (23 of 1959), with the approval of the Central Government.

(4) An audit conducted under this section shall be in addition to the audit conducted under section 143.

(5) The qualifications, disqualifications, rights, duties and obligations applicable to auditors under this Chapter shall, so far as may be applicable, apply to a cost auditor appointed under this section and it shall be the duty of the company to give all assistance and facilities to the cost auditor appointed under this section for auditing the cost records of the company:

Provided that the report on the audit of cost records shall be submitted by the cost accountant in practice to the Board of Directors of the company.

(6) A company shall within thirty days from the date of receipt of a copy of the cost audit report prepared in pursuance of a direction under sub-section (2) furnish the Central Government with such report along with full information and explanation on every reservation or qualification contained therein.

(7) If, after considering the cost audit report referred to under this section and the information and explanation furnished by the company under sub-section (6), the Central Government is of the opinion that any further information or explanation is necessary, it may call for such further information and explanation and the company shall furnish the same within such time as may be specified by that Government.

(8) If any default is made in complying with the provisions of this section,—

(a) the company and every officer of the company who is in default shall be punishable in the manner as provided in sub-section (1) of section 147;

(b) the cost auditor of the company who is in default shall be punishable in

the manner as provided in sub-sections (2) to (4) of section 147.

Companies (Cost Records and Audit) Rules, 2014

The Ministry of Corporate Affairs Vide G.S.R. No. 425 (E) dated 1st July, 2014 and amendment thereof issued on 31st December 2014 under section 148(2), ibid Cost Accountants are exclusively authorized to appoint as Cost Auditor and conduct Cost Audit as per the provisions of the Companies (Cost Records and Audit) Rules, 2014.

Meaning of the Term ‘Cost Records’

The definition of the word ‘cost records’ has been provided under rule 2 (e) of the Companies (Cost Records and Audit) Rules, 2014 which means books of account relating to the utilization of materials, labour and other items of cost as applicable to the production of the goods or provision of services as provided in section 148 of the Act and the Companies (Cost Records and Audit) Rules.

Applicability of Cost Records

Rule 3 of the Companies (Cost Records and Audit) Rules, 2014 contains two table namely Table A – regulated sectors and Table B – Non-regulated sectors.

Cost records need to be included in the books of accounts of the companies being engaged in the production of goods or provision of service as covered under the table A or Table B and the total turnover from all its production or service in more than INR 35 crore during the preceding financial year.

In a nutshell, cost records are mandatory in the case following conditions are satisfied –

The company is engaged in manufacturing goods or provision of services which are listed in Table A or Table B; and

Total aggregate turnover of the company from all its production or service is more than INR 35 Crore in the preceding financial year.

Applicability of Cost Audit

Cost audit applicability provisions are contained under rule 4 of the Companies (Cost Records and Audit) Rules, 2014. According to the said rule 4, the cost audit is applicable in the following situation –



Table A specified goods/services

Overall annual total turnover of the company from all the products/services is INR 50 Crore or more; and

Aggregate turnover from the individual product/service for which cost records are required to be maintained is INR 25 Crore or more.

Table B specified goods/services

Overall annual total turnover of all the products/services should be INR 100 Crore or more; and

Aggregate turnover from the individual product/service for which cost records are required to be maintained should be INR 35 Crore or more.

It must be noted that for the purpose of examination of applicability of cost audit the immediately preceding financial year turnover is to be considered.

Non-Applicability of Cost Audit Requirement

The companies which are covered under rule 3 are not required to get their cost records audited in case of the following situation –

The company's export revenue exceeds 75% of its total revenue. The export revenue needs to be in foreign exchange; or

The company which is operating from the special economic zone;

The company which is engaged in the generation of electricity for captive consumption through Captive Generating Plant.

For complete rule please refer the link https://icmai.in/upload/pd/Companies_CRAR_2019.pdf

Generally Accepted Cost Accounting Principles (GACAP)

The compilation of Generally Accepted Cost Accounting Principles (GACAP) by the Institute of Cost Accountants of India is a unique effort to record principles and practices in the discipline of Cost Accountancy in India, which takes into consideration the global practices as well. While cost data is being used by various stakeholders, the focus has been more on management use. The absence of institutionalization of external cost reporting might explain this lacuna in theory. The Expert Group constituted by the Ministry of Corporate Affairs, Government of India acknowledged the existence of an un-



The Institute of Cost Accountants of India

codified set of generally accepted cost accounting principles in use in Indian industries and by the practicing cost accountants for attestation of Cost Statements. The Expert Group suggested that the principles be codified to provide a formal basis for the practice of Cost Accounting. The Expert Group also recommended review of alternate treatment of items in cost accounting thus eliminating needless diversities in practice leading to the development of cost accounting standards.

The cost records are to be maintained in accordance with the generally accepted cost accounting principles and cost accounting standards issued by the Institute of Cost Accountants of India to the extent these are found to be relevant and applicable. The effort of codifying the GACAP and presenting them in a single volume is the culmination of all the developments in the practice of cost accounting in India.

Cost Accounting Standards and Guidance Notes

The Cost Accounting Standards and Guidance Notes establish standards which have to be complied with to ensure that costing statements are prepared in accordance with generally accepted Cost accounting standards and that cost auditors carry out their audits in accordance with the generally accepted auditing practices.

Cost Accounting Standards

As mentioned under GACAP that application of the Cost Accounting Standards and GACAP has been mandatory in view of the maintenance of cost records in accordance with the generally accepted cost accounting principles and cost accounting standards issued by the Institute of Cost Accountants of India to the extent these are found to be relevant and applicable. The variations, if any, are to be clearly indicated and explained by the cost accountants in their cost statements being certified by them.

The Institute has issued 24 (Twenty Four cost accounting standards as on date). In case the cost accountant is of the opinion that the below mentioned standards have not been complied with for the preparation of the Cost Statements, it shall be his duty to make a suitable disclosure/qualification in his audit report/certificate. The cost accounting standards are summarized below for ready reference:



CAS No	Title	Objective
CAS-1	Classification of Cost	For preparation of Cost Statements
CAS-2	Capacity Determination	To bring uniformity and consistency in the principles and methods of determination of capacity with reasonable accuracy.
CAS3	Production and Operation Overheads	To bring uniformity and consistency in the principles and methods of determining the Production or Operation Overheads with reasonable accuracy.
CAS-4	Cost Accounting Standard on Cost of Production / Acquisition / Supply of Goods / Provision of Services	To determine cost of production or acquisition or supply of goods or provision of services or both.
CAS-5	Average (equalized) Cost of Transportation	To determine averaged/equalized transportation cost
CAS-6	Material Cost	To bring uniformity and consistency in the principles and methods of determining the material cost with reasonable accuracy in an economically feasible manner.
CAS-7	Employee Cost	To bring uniformity and consistency in the principles and methods of determining the Employee cost with reasonable accuracy.
CAS-8	Cost of Utilities	To bring uniformity and consistency in the principles and methods of determining the Cost of Utilities with reasonable accuracy.
CAS-9	Packing Material Cost	To bring uniformity and consistency in the principles and methods of determining the Packing Material Cost with reasonable accuracy.
CAS-10	Direct Expenses	To bring uniformity and consistency in the principles and methods of determining the



		Direct Expenses with reasonable accuracy.
CAS-11	Administrative Overheads	To bring uniformity and consistency in the principles and methods of determining the Administrative Overheads with reasonable accuracy.
CAS-12	Repairs And Maintenance Cost	To bring uniformity and consistency in the principles and methods of determining the Repairs and Maintenance Cost with reasonable accuracy.
CAS-13	Cost of Service Cost Centre	To bring uniformity and consistency in the principles and methods of determining the Cost of Service Cost Centre with reasonable accuracy.
CAS-14	Pollution Control Cost*	To bring uniformity and consistency in the principles and methods of determining the Pollution Control Costs with reasonable accuracy.
CAS-15	Selling and Distribution Overheads	To bring uniformity and consistency in the principles and methods of determining the Selling and Distribution Overheads with reasonable accuracy.
CAS-16	Depreciation and Amortisation	To bring uniformity and consistency in the principles and methods of determining the Depreciation and Amortisation with reasonable accuracy.
CAS-17	Interest and Financing Charges.	To bring uniformity and consistency in the principles ,methods of determining and assigning the Interest and Financing Charges with reasonable accuracy.
CAS-18	Research and Development Costs	To bring uniformity and consistency in the principles and methods of determining the Research, and Development Costs with reasonable accuracy and presentation of the same.



CAS-19	Joint Costs	To bring uniformity and consistency in the principles and methods of determining the Joint Costs.
CAS-20	Royalty and Technical Know-How Fee	To bring uniformity and consistency in the principles and methods of determining the amount of Royalty and Technical Know-how Fee with reasonable accuracy.
CAS-21	Quality Control	To bring uniformity, consistency in the principles, methods of determining and assigning Quality Control cost with reasonable accuracy.
CAS-22	Manufacturing Cost	To bring uniformity and consistency in the principles and methods of determining the Manufacturing Cost of excisable goods
CAS-23	Overburden Removal Cost	To bring uniformity, consistency in the principles, methods of determining and assigning Overburden Removal Cost with reasonable accuracy.
CAS-24	Treatment of Revenue in Cost Statements	To bring uniformity and consistency in the principles and methods for treatment of revenue in cost statements with reasonable accuracy.

These Cost Accounting Standards are available on the Institute website at:
<https://icmai.in/CASB/casb-resources.php>

Guidance Notes

'Guidance Notes' are primarily designed to provide guidance to members on matters which may arise in the course of their professional work and on which they may desire assistance in resolving issues which may pose difficulty. Guidance Notes are recommendatory in nature. A member should ordinarily follow recommendations in a guidance note. If the same have not been followed, the member should consider whether keeping in view the



The Institute of Cost Accountants of India

circumstances of the case, a disclosure in his report is necessary”.

The CASB of the Institute has issued the following Guidance Notes, which are also available on the website of the Institute at <https://icmai.in/CASB/casb-resources.php>

1. Guidance Note on CAS-2 (Revised 2015) Capacity Determination
2. Guidance Note on Cost Accounting Standard Material Cost (CAS-6)
3. Guidance Note on Cost Accounting Standard on Employee Cost (CAS-7)
4. Guidance Note on Cost Accounting Standard on Cost of Utilities (CAS-8).
5. Guidance Note on Cost Accounting Standard on Packing Material Cost (CAS-9)
6. Guidance Note on Cost Accounting Standard on Direct Expenses (CAS-10) .
7. Guidance Note on Cost Accounting Standard on Administrative Overheads (CAS-11).
8. Guidance Note on Cost Accounting Standard on Repairs and Maintenance Cost (CAS-12) .
9. Guidance Note on Maintenance of Cost Accounting Records for Construction Industry Including Real Estate and Property Development Activity
10. Guidance Note on Treatment of Costs Relating to Corporate Social Responsibility (CSR) Activities
11. Guidance Note on Cost Accounting Standard on Cost of Service Cost Center (CAS-13)
12. Guidance Note on Compilation Engagements by a Cost Accountant

Standards on Cost Auditing

The Standards on Cost Auditing have been mandated under section 148(3) of the Companies Act 2013 the compliance of which is mandatory for the cost auditors auditing the cost records. Government of India, Ministry of Corporate Affairs, vide their letter no. 52/33/CAB/2013 dated 10th September, 2015 has, under section 148(3) of the Companies Act, 2013, granted Central Government’s approval to the following Cost Auditing Standards:

1. Cost Auditing Standard-101 on Planning an audit of Cost Statements;



The Institute of Cost Accountants of India

2. Cost Auditing Standard-102 on Cost Audit Documentation;
3. Cost Auditing Standard-103 on Overall objectives of the independent cost auditor and the Conduct of an Audit in Accordance with Cost Auditing Standards; and
4. Cost Auditing Standard-104 on Knowledge of business, its processes and the business environment.

Apart from the above four SCAs, 15 more Standards on Cost Auditing (SCAs) have been forwarded by the Institute to the Ministry of Corporate Affairs, Government of India for its approval in terms of proviso to section 148(3) of the Companies Act 2013. These SCAs have been uploaded on the Institute website for the benefit and general information of the members and stakeholders. The mandatory application of these Standards in an audit of cost records shall come in force after approval of the Central Government and notification by the Institute of Cost Accountants of India.

The SCAs are available on the website of the Institute at https://icmai.in/icmai/caasb/Download_CAAS.php

9

Internal Audit

Internal Audit

In the recent years, the expectations from Internal Audit are changing, and there is a clear shift in how organizations view their corporate governance and control environment. Stakeholders and audit committees are taking keen interest in the effectiveness of Risk Management and Control Assurance areas in their organizations. Stakeholders are increasingly demanding a higher degree of transparency and ethical behaviour. Consequently, organizations are introducing risk-based internal audit plans, which are designed to focus on critical areas. Appropriate risk management systems enable organizations to take advantage of opportunities while effectively managing the accompanying business risks. Managing loss potential, while consciously taking acceptable risks directly enables the management to provide fair returns on investment.

Internal Audit under Companies Act 2013

138. Internal audit.— (1) Such class or classes of companies as may be prescribed shall be required to appoint an internal auditor, who shall either be a chartered accountant or a cost accountant, or such other professional as may be decided by the Board to conduct internal audit of the functions and activities of the company.

(2) The Central Government may, by rules, prescribe the manner and the intervals in which the internal audit shall be conducted and reported to the Board.

List of the organisations who have empanelled cost accountants for providing professional services for Internal audit is given at link https://icmai.in/upload/pd/Internal_audit_070521.pdf

Internal Audit-SEBI

Stock Market Regulator, Securities and Exchange Board of India (SEBI) took many initiatives to protect the interest of investors.

- SEBI in view of bringing more transparency and efficiency in the governance of listed entities asked the members to carry out complete internal audit on a half yearly basis vide its circular dated 17th March 2010 and subsequently some of listing conditions were amended vide its Circular no. CIR/CFD/1/2010 dated April 05, 2010.
- Internal audit of Stockbrokers, Trading/Clearing members, Credit Rating Agencies and Registrars to an Issue / Share Transfer Agents (RTAs) as prescribed by Securities & Exchange Board of India (SEBI).
- Share Reconciliation Audit of Issuer Companies under Section 76(1) of the Securities & Exchange Board of India (SEBI) (D&P) Regulations, 2018.

Internal Audit-NSDL

- Internal Audit and Concurrent Audit of Depository operations under National Securities Depository Ltd. Circular No.: NSDL/POLICY/2009/0105 dated November 10, 2009.

https://www.nsdl.co.in/downloadables/pdf/cirRec_InternalandConcurrentAudit.pdf

- Internal and Concurrent Audit for depository operations under National Securities Depository Ltd. Circular No.: NSDL/POLICY/2011/0031 dated April 8, 2011. <https://www.nsdl.co.in/downloadables/pdf/2011-0031-Policy-Internal-and-Concurrent-Audit.pdf>

Concurrent Audit

- Concurrent Audit of National Health Mission (NHM) and National Aids Control Organization (NACO) empowered by the Ministry of Health & Family Welfare.
- Concurrent Audit/Internal Audit under the Model Concession Agreement (MCA) of infrastructure for PPP Projects in Highways empowered by the Ministry of Road Transport and Highways.



Companies (Auditor's Report) Order, 2020

Ministry of Corporate Affairs vide S.O. 849(E) dated 25th February, 2020

—In exercise of the powers conferred by sub-section (11) of section 143 of the Companies Act, 2013 (18 of 2013) and in supersession of the Companies (Auditor's Report) Order, 2016, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (ii), vide number S.O. 1228 (E), dated the 29th March, 2016, except as respects things done or omitted to be done before such supersession, the Central Government, after consultation with the National Financial Reporting Authority constituted under section 132 of the Companies Act, 2013 issued Companies (Auditor's Report) Order, 2020.

Ref: https://www.mca.gov.in/Ministry/pdf/Orders_25022020.pdf

10

Audit in Banks

Bank Audit

Banks play an important role in the development of any country. It's like an agent of the economy. Like all economic activities, the banking sector is also exposed to various risks in its operations. It is of utmost importance to ensure that the banking sector stays healthy, safe, and sound. For the safe and sound banking sector, one of the most important factors is reliable financial information supported by quality bank audits.

A Bank audit is a routine examination of the records and services of the organization to ensure whether they are in compliance with the laws and standards of the industry. Banks have to get many types of audits done such as statutory audit, revenue audit, concurrent audit, Forensic audit etc.

Stock Audit

To meet working capital need, the companies generally take working capital short-term loan from their banks. The Bank either may give the loan itself or through consortium of banks. A major part of working capital requirement of any Company unit would consist of maintenance of inventory. Finance against such inventories by banks is generally granted in the shape of cash credit facility where drawings will be permitted against stocks of goods. It is a running account facility where deposits and withdrawals are permitted. The companies taking working capital loans are required to maintain periodically their inventories and assets at the desired level. The borrowers in such cases are expected to submit the details of stock and debtors every month on the

basis of which Drawing Power after reducing the prescribed margin is calculated by the banks. Stock and debtors being the primary security, bankers for ascertaining the genuineness & correctness of such statements appoint auditor from their empanelled list at frequent time intervals to conduct stock audit specifically where the exposure exceeds the predetermined threshold limit. Stock audit acts as a warning signal to those accounts which are likely to turn into NPA. Therefore, the Stock audit helps in prevention and early detection of frauds.

The appointment of stock auditors is generally made by the regional or zonal offices in case of nationalized banks, while in case of co-op banks sometimes concurrent auditors only are asked to conduct stock audit of select borrowers of the branch. Terms of appointment are prescribed by such offices which sometimes involves conducting of stock audit as one time exercise only while in others it may be a contract for two half yearly visits during a particular financial year, of which first visit to be conducted before September and second visit before March. The stock audit involves audit of latest stock and debtors information of the borrower and the report should give the position of stock and debtors ideally on the date of visit. Further it will also make examination of past data submitted by the borrower to the bank and appearing in the books of accounts of the borrower, to check reliability of information submitted by the borrower.

Concurrent Audit

Banks deals with a large number of transactions on a daily basis whose examination is also necessary on a continuous basis for determining the accuracy of the financial statement. For conducting such audit an external auditor is appointed by the bank known as a concurrent auditor who performs an audit of the transaction on a monthly basis.

The main objective of conducting a concurrent audit is to ensure compliance with the internal systems, procedures and the guidelines of the bank. Concurrent audit is always performed on a continuous basis to examine whether proper guidelines are following by the banks or not such as proper documentation, proper cash verification, NPA classification, etc.



Internal Audit

Along with the concurrent audit, banks also perform an internal audit for which they appoint an internal auditor to make a regular check on the financial activities of the bank throughout the year.

One of the prominent sectors of internal audit is information system audit, which is becoming a necessary part of a banking system with the rapid growth of computerised banking functions, and it is important to keep an eye on such system on timely intervals to check their work ability.

Therefore, the auditor should also have a basic knowledge of banking software's so that he may identify the errors easily without any help of bank employee as they sometimes also try to distract the auditor for overlapping their mistakes.

Forensic Audit

Forensic Audit is new field and is a rapidly growing area of accounting and auditing which require the application of special skills in accounting, auditing, finance, internal control, risk assessment, fraud detection, quantitative methods, areas of the law and research, and investigative skills to collect, analyze, and evaluate evidential matter and to interpret and communicate findings of financial information to be used as evidence in court to prosecute a party for fraud, embezzlement or other financial claims

Thus, in the context of a bank, all financial transactions and decisions involving finance are analysed with a view to arrive at the truth. Forensic Report can be admitted in a court trial and forensic auditors may directly submit evidence in the court or depose before a judicial authority.

Forensic audit shall not stop with examining only the financial transactions of a bank. As the quality of decisions made and their end result are the direct outcome of different departments within the bank, forensic audit cannot overlook other functions of the bank. Then only a total and comprehensive picture can be obtained. To be effective and successful, forensic audit must study various inter-related activities of the bank carefully and submit its report within a reasonable time.

Valuer



The Institute of Cost Accountants of India

Banking activity means Lending, which by its nature is attached with diverse risks which can be broadly categorized as financial risk, industrial risk and management risk. The lending branches have, apart from assessing the credit requirements of the borrower, the economic and technical viability of the activity, has to exercise a high degree of caution in examining, verifying and investigating the title of the mortgagor. This critical activities have to be entrusted to professionals outside the domain of Bank's albeit to the panel Valuer.

While conducting a valuation, valuers have to comply with Internationally Accepted Valuation Standards (IVS) as applicable to the respective class of asset and respective method of valuation as required.

Compliances of of Goods and Services Tax

The banking industry provides a wide range of services to its customers including traditional banking services, mutual fund agency services, etc. The majority of services provided by the Banks come within the purview of Goods and Services Tax (GST).

Banking sector is characterised by use of upsurge integrated technologies with a variety of products and services apart from voluminous pervasive transactions, therefore, it is crucial to implement and ensure best GST compliance in this sector. For this purpose, it is necessary to have a comprehensive overview of the functioning of a bank and critical analysis of each and every aspect of transaction from the point of GST.

Reconganation of Cost Accountants in Banking sector

Indian Banks Association (IBA)

Indian Banks Association advised all members Banks to engage Cost Accountants/Firms of Cost Accountants for Stock Audit and Risk Based Internal Audit and other Banking operations.

Reserve Bank of India mandated that in respect of all borrowing arrangement exceeding Rs. 500 crores, an Independent Evaluation Committee (IEC) would carry out an evaluation of the Techno-Economic Viability (TEV) and the



The Institute of Cost Accountants of India

proposed restructuring package. Number of Cost Accountants are members of “Independent Evaluation Committees (IEC) “.

IBA recognized Firms of Cost Accountants for Empanelment as Forensic Auditor for frauds.

Reserve Bank of India

Reserve Bank of India (RBI) authorised the cost accountants in practice to issue certificates vide the following circular:

- o For Valuation of Properties - Empanelment of Valuers. (Circular no. RBI No.2006-2007/224 DBOD.BP.BC No. 50/21.04.018/ 2006-07 January 4, 2007).
- o For certification of borrowal companies in respect of Lending under Consortium Arrangement/ Multiple Banking Arrangements. (Circular No. RBI/2008-2009/379 DBOD. No. BP.BC.110/08.12.001/2008-09 dated 10th February, 2009).
- o For certification of borrowal companies in respect of Lending under Consortium Arrangement / Multiple Banking Arrangements. (Circular No. RBI/2008-2009/382 UBD. PCB.No. 49 /13.05.000/2008-09 dated 12th February, 2009)
- o In respect of the Forensic Scrutiny – Guidelines for prevention of frauds (Circular no. RBI/2010-11/555 DBS. CO.FrMC.BC.No.10/ 23.04.001/2010-11 dated 31st May, 2011 read with Circular no. RBI/2008-09/508 DBS.CO.FrMC.Bc.No.8 /23.04.001/2008-09 dated June 24, 2009 on Frauds in borrowal accounts having multiple banking arrangements and Circular no. RBI/2008-2009/183 DBOD No BP BC 46 / 08.12.001/2008-09 dated September 19, 2008 on Lending under Consortium Arrangement/ Multi Banking Arrangements).
- o For Certificate indicating fair price of capital contribution/profit share of an LLP and a valuation certificate- Foreign Direct Investment (FDI) in Limited Liability Partnership (LLP) (Circular no. RBI/201314/566 A.P. (DIR Series) Circular No. 123 dated April 16, 2014).
- o For Certificate in respect of Foreign Investment in India (Circular no. RBI/2014-15/6 Master Circular No.15/2014-15 July 01, 2014 (Amended upto February 09, 2015).
- o For certification in respect of Loans and Advances – Statutory and Other

Restrictions for Lending under Consortium Arrangement/Multiple Banking Arrangement (Circular no. RBI/2014-15/64 DBOD.No.Dir.BC. 16/13.03.00/2014-15 July 1, 2014).

- o For Certification in respect of Guarantees, Co-Acceptances & Letters of Credit – UCBs (Circular no. RBI/2013-14/19 UBD.BPD.(PCB) MC No.4/09.27.000/2013-14 July 1, 2013).
- o For Certification in respect of Management of Advances – UCBs for Exchange of information–Lending under Consortium Arrangement/Multiple Banking Arrangements (Circular No.RBI/2014-15/21 UBD.BPD.(PCB) MC No.5/13.05.000/2014-15 July 1, 2014).
- o Valuation Certificate in respect of Foreign Exchange Management (Transfer of Issue of Security by a Person Resident Outside India) (Third Amendment) Regulations, 2014 (Notification No. FEMA.298/2014-RB: dated 13th March, 2014).
- o Valuation Certificate for Foreign Direct Investment (FDI) in Limited Liability Partnership (LLP) under Master Circular No. 15/2014-15 dated 1st July, 2014.
- o Valuation certificate in the Gazette Notification dated 7th November, 2017 No. FEMA 20(R)/ 2017-RB Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017.
- o In the RBI/2017-18/194 A.P (DIR Series) Circular No.30 dated June 07, 2018 on Foreign Investment in India -Reporting in Single Master Form addressed to All Category – I Authorized Dealer Banks, RBI considered the ‘Cost Accountants’ for issuing the certificate indicating the manner of arriving at the fair price of the capital contribution/profit shares issued to the persons resident outside India in the para 5 (ii) of the Annexure II : Declaration to be filed by the Authorized Representative.

Many Banks have empanelled cost accountants in practice to conduct the stock audit, concurrent audit, forensic audit etc. list of Bank who have empanelled cost accountants for providing various professional services is given at institute website at <https://icmai.in/upload/pd/Banks.pdf>

11

Audit in Co-operative Sector

Article 243ZM introduced by the Constitution (Ninety Seventh Amendment) Act, 2011, which states that:

(1) The Legislature of a State may, by law, make provisions with respect to the maintenance of accounts by the co-operative societies and the auditing of such accounts at least once in each financial year.

(2) The Legislature of a State shall, by law, lay down the minimum qualifications and experience of auditors and auditing firms that shall be eligible for auditing accounts of the co-operative societies.

(3) Every co-operative society shall cause to be audited by an auditor or auditing firms referred to in clause (2) appointed by the general body of the cooperative society:

Provided that such auditors or auditing firms shall be appointed from a panel approved by a State Government or an authority authorised by the State Government in this behalf.

(4) The accounts of every co-operative society shall be audited within six months of the close of the financial year to which such accounts relate.

(5) The audit report of the accounts of an apex co-operative society, as may be defined by the State Act, shall be laid before the State Legislature in the manner, as may be provided by the State Legislature, by law.

Hon'ble Karnataka High Court in W.A. No. 31061/2013 (CS) has ruled that 'Auditor' does not mean a person holding the degree of Chartered Accountant under section 63 of the Karnataka Co-operative Societies Act, 1959 read with Article 243ZM of the Constitution of India.

Cost Audit

- **Cost Audit in Co-operative Sector in Maharashtra**

[Extract from the amended Maharashtra Co-operative Societies Act, 1960- Section 81 (2A) & (2B)]

(2A) Where, in the opinion of the State Government, it is necessary in the public interest to do so in relation to any society or class of societies for ensuring management thereof in accordance with sound business principles or prudent commercial practices, the State Government may, by order, direct that **cost audit or performance audit** or both, of such society or class of societies, as may be specified in the order, shall be conducted.

(2B) Where any order is issued under sub-section (2A), Registrar shall cause such audit of such society or class of societies to be conducted by a cost accountant who is member of the Institute of Cost and Works Accountants of India constituted under section 3 of the Cost and Works Accountants Act, 1959.

Cost Audit- Co-operative Sector in West Bengal

[Extract from the amended West Bengal Co-operative Societies Act, 1983- Section 90]

Section 90. Audit of Accounts of Co-operative Society

(1) The accounts of every co-operative society shall, at least once in each co-operative year, be audited at the expense of the co-operative society by the Director of Audit or by a person appointed or authorised by the Director of Audit to act as audit officer by general or special order in writing in this behalf from among the Officers under his administrative control or from the **panel of auditors**, which shall include among others, **members of the Institute of Cost and Works Accountants Act, 1959** (hereinafter referred to in this section as the Institute), prepared by him for this purpose.

(1A) Where in the opinion of the State Government it is necessary in the public interest to do so in relation to any society or class of societies for ensuring management thereof in accordance with sound business principles or prudent commercial practice, the State Government may by order, which shall be issued at least one month prior to the closing date of a co-operative year direct that the **cost audit or performance audit** or both of such society

or *class* of societies as may be specified in the order shall be conducted.

(1B) Where any order is issued under sub-section (1A) the Director of Audit shall appoint under clause

(a) of sub-section 2 a member of the Institute from the panel of auditors referred to in sub-section (1) to be the audit officer or audit officers to conduct the audit of such society or class of societies and such audit officer or audit officers shall complete the audit within the period specified in sub-section (2) and shall submit the report in accordance with the provisions of sub-section (1) of Section 91.

(2) (a) The Director of Audit shall draw up audit programme (including appointment of audit officers, issue of appointment letters to audit officers and intimation of such appointment to the co-operative society) not later than [the closing date of each co-operative year].

(b) An audit officer appointed under clause (a) shall complete the audit within nine months from the closing date of the cooperative year concerned.

(c) If the audit officer appointed under clause (a) does not take up audit within three months from the date of his appointment, his appointment shall stand cancelled and the Director of Audit shall appoint another audit officer in his place. (Provided that nothing in this clause shall apply to the officers-of the Directorate of Co-operative Audit of the State Government.

(3) Every co-operative society shall send (to the Director of Audit and to the Registrar within three months from the closing-date of each co-operative year an annual return Consisting of a cash account, a profit and loss account, a balance-sheet and a trading account where applicable) in the prescribed form.

(4) The [Director of Audit] shall not appoint the same audit officer to audit the accounts of the same co-operative society for 1 [more than two successive co-operative year.

Provided that when the audit of the accounts of any cooperative society is in arrear for two years or more, an audit officer may be entrusted by the Registrar to audit the accounts of the co-operative society for all such cooperative years.

(5) If, at the time of audit, the audit officer finds that the accounts of the co-operative society are not complete, he shall report the matter to the [Director of Audit] or, with his approval, the audit officer may cause the

accounts to be completed at the expense of the co-operative society.

(6) An audit under sub-section (1) shall include examination of overdue debts (if any), verification of cash balance and securities and valuation of assets and liabilities of a co-operative society and such other matters as may be prescribed.

(7) The audited statement of accounts of a co-operative society together with modifications, if any, made therein by the [Director of Audit] shall be final and binding the co-operative society.

(8) An audit under sub-section (1) shall include annual audit, running audit and re audit.

Explanation

(i) “Annual audit” shall mean audit of accounts of a co-operative society for each co-operative year. -

(ii) “Running audit” shall mean audit of the account of a co-operative society within a co-operative year on monthly or quarterly basis as the [Director of Auditor may decide].

(iii) “Re-audit” shall mean audit of the accounts of a co-operative society for checking up the quality or standard of any previous audit. The co-operative society shall pay for every annual audit, running audit or re-audit such audit fee in such manner as may be prescribed.

(9) The audit officers appointed from the panel of auditors shall be paid by the operative society concerned such audit fee as may be prescribed.

Audit under Section 97 of West Bengal Co-operative Societies Act, 2006

Extracts of the West Bengal Co-operative Societies Act, 2006

Chapter X, Section 97

(1) (a) Every Co-operative society send to the Director of Co-operative Audit and to the Registrar within three months from the closing date of each Co-operative year an annual return consisting of a cash account, profit and loss account, a balance sheet and trading account where applicable in the Form as prescribed.

(b) Account of every Co-operative society shall at least in each Co-operative



The Institute of Cost Accountants of India

year, be audited at the expenses of the Co-operative society by the Director of Co-operative Audit or by a person appointed or authorized by him to act as audit officer by general or special order in writing in this behalf from among the officers under his administrative control or from the **panel of auditors** which shall be include **the members of the Institute of Cost and Works Accountants of India constituted under the Cost and Works Accountants Act, 1959** and the members of Chartered Accountants of India both having certificate of practice issued by the respective Institutions. Such panel of auditors shall be prepared either by the State Government or by the Director of Co-operative Audit with the approval of the State Government in the manner as may be prescribed, from the members of the above named two institutions by obtaining applications from them and the panel shall remain valid for three years.

(7) Other types of audit are as follows:-

(a) **“cost and performance audit”** – where in the opinion of the State Government, it is necessary in the public interest so to do in relation to any Co-operative society or a class of Co-operative societies for ensuring management thereof in accordance with sound business principles and prudent commercial practices, the State Government may, by order, which shall be issued at least one month prior to the closing date of Co-operative year, direct that the cost audit or performance audit or both of such Co-operative society or class of Co-operative societies, as may be specified in the order, shall be conducted. On receipt of the order of the State Government, the Director of Co-operative Audit shall appoint under clause (a) of sub-section (2) a **member or members of the Institute of Cost and Works Accountants** from the panel of the auditors referred to in clause (b) of sub-section (1) to be the **audit officer to conduct the cost audit or performance audit or both of such Co-operative society** or a class of Co-operative societies and such audit officer shall complete the audit within the period specified in sub-section (2) and shall submit the report in accordance with the provisions of clause (a) of sub-section (1). The Director of Co-operative Audit may also appoint such audit officers for conducting cost audit or performance audit, or both, at the instance of any Co-operative society at the expense to be borne by it.



Cost Audit- Co-operative Sugar Factories

Ministry of Food & Consumer Affairs

**Government of India
Ministry of Food & Consumer Affairs
Department of Sugar & Edible Oil
Directorate of Sugar
Krishi Bhawan, New Delhi**

Dated 12th February, 1998

The sugar factories of joint stock companies are covered by the concept of efficiency/cost audit under Section 209(1)(d) and 233B of the Companies Act, 1956. The Bureau of Industrial Costs and Prices (BICP) has also published a report in October 1996 on the technical norms for estimation of conversion cost for sugar industry.

With a view to bring overall improvement in the performance efficiency, productivity and profitability of the sugar industry, it is important that records and reports relevant to the cost audit under these provisions and also introduced by the sugar factories outside the purview of the Companies Act.

(R.P. Singhal)

Chief Director (Sugar)

Cost Audit- Co-operative Sugar Factories in Maharashtra

English translation of the Order issued by the Commissioner of Sugar, Maharashtra State, Pune for Cost Accountants and Cost Audit of Co-operative Sugar Factories in Maharashtra

Outward number SC/Audit/R-5/Cost Accounts/40 15/2003 Sugar
Commissionerate, Maharashtra State Sugar Complex, Shivaji Nagar, Pune-5

Dated: 6th November 2003

Whereas the Cooperative Sugar factories in Maharashtra are registered under Maharashtra Cooperative Society Rules 1960, whereas the Registrar is empowered under Section 81 (2A) and 81 (2B) of the Maharashtra Societies Act to direct the Cooperative Sugar Factories to maintain Cost Accounts and

get the same audited.

Whereas it is mandatory for the private sugar factories to maintain cost accounts as prescribed by the Cost Accounting Records Rules 1997 [As amended] and get them audited as per the provisions of Companies Act, 1956.

Whereas a similar provision has been made in section 81 (2A & 2B) of the Maharashtra Cooperative Societies Act, 1960. In the existing situation the running cooperative sugar factories in Maharashtra having a crushing capacity of 1250 MT per day and above prepare cost sheets in a rough manner after the conclusion of crushing season. Such cost sheets are prepared in the factories after the completion of all financial transactions. If the running cooperatives sugar factories would have taken timely care and prepare the cost sheets on monthly basis, they would have known as to how to reduce cost of production of sugar or how to make improvement in the same. Ignoring the cost of production of sugar one of the main reason behind the sickness of 56 running cooperative sugar factories in the year 2001-02.

Whereas it has been observed while manufacturing the sugar in the cooperative sugar factories in Maharashtra and computing its cost of production that there is variation of Rs. 1000/- to Rs. 1200/- per MT on an average in the cost of production of sugar in case of cooperative sugar factories with same crushing capacities (1250 TCD/2500 TCD). Our remedy on this is to maintain cost accounts on the factory levels. Which will enable control over the raising cost of production.

Whereas a Committee was appointed by this Office for the maintenance of cost accounts in the factories and conduct an audit of the same.

The Committee has submitted its report along with its recommendation to this office and it has been accepted. Important recommendations are as mentioned below:

1. Maintaining of Cost Accounts and conducting its audit has been made applicable from the cooperative year 2003-04 and onwards. This means that, that the cost accounts pertaining to the year 2002-03 will be audited in the cooperative year 2003-04.
2. Officers and employees of the cooperative sugar factories will trained in this area.
3. The professional fees for conducting cost audit will have been paid by the



The Institute of Cost Accountants of India

cooperative sugar factories as per the guidelines given by ICWAI.

4. Cost accountants will have to be appointed as per section 81 (2B) of the Maharashtra Cooperative Society Rules and he should be from the practising members list of ICWAI.

For necessary guidelines for point no. 2-training, no. 3-professional fees and no. 4- appointment of cost accountants, the running cooperative sugar factories should contact the following institutes.

Address:

The Institute of Cost and Works Accountants of India Pune Chapter of Cost Accountants

Luxmi Nagar, Pune-41 1009

Phone no. 4447976, 543497 (R)

Mr. N.M. Vechalekar, Chairman

Whereas the Government of Maharashtra has approved to take necessary action regarding maintenance of cost accounts and conducting a cost audit of the same as well as conducting performance audit.

Whereas, I am convinced that there should be effective and proper functioning in the entire financial position and management of the cooperative sugar factories. I am ordering as order mentioned below.

ORDER

I, Mr. Vijaykumar Commissioner of Sugar and Additional Registrar of Cooperative Societies Maharashtra State, Pune in accordance with the authority given to me as per section 81 [2A] & section 81 [2B] of the Maharashtra Cooperative Societies Act 1960 order that the running cooperative sugar factories in Maharashtra should maintain cost accounts for the year 2003-03 and conduct the audit of the same in the future. This will be applicable and mandatory for them.

Sd/-

Vijay kumar,
Commissioner of Sugar,
Maharashtra State, Pune.

Commissioner of Sugar, Pune

Request for Expression of Interest (EoI) for Cost Audit and Energy Audit of all Co-operative Sugar Factories in Maharashtra.

Cost Audit & Energy Audit of all Co operative Sugar Factories have been made mandatory vide Government of Maharashtra Order No. SGY2011/C.R.359/14-S dated 8th December 2011. Expression of Interest (EoI) is invited from the intrested Firm /Partners/ Cost Accountant for Cost Audit and Firm/ Partners/ Energy Auditors for Energy Audit for empanelment.

Firm /Partners/ Cost Accountant or Energy Auditor fulfilling conditions should submit their EoI along with copy of the certificate of practice and other supporting documents (cut of date is 31/12/2011) as per the “Application Format” on or before 17.00 hrs of March 12, 2012.

Details of Scope of work, Application Form and Eligibility Criteria are available on website www.maharashtra.gov.in (in tender section) as well in the Office of Commissioner of Sugar, M.S. Pune.


EoI should be submitted to the Commissioner of Sugar, Maharashtra State, Sakhar Sankul, Shivaji Nagar, Pune – 411 005 by hand / courier / speed post / registered post along with a Demand Draft of Rs. 1000/- of any Nationalised Bank in favour of Commissioner of Sugar, Maharashtra State, Pune. Applications should be submitted in sealed cover superscribed with “Expression of Interest for Cost Audit / Energy Audit” (as applicable). Commissioner of Sugar will not be responsible for delayed submission for whatsoever reason.

Commissioner of Sugar
Maharashtra State, Pune

Cost Audit of Cooperative Sugar Mills in Punjab

ਪੰਜਾਬ ਰਾਜ ਸਹਿਕਾਰੀ ਖੰਡ ਮਿਲਜ਼ ਫੈਡਰੇਸ਼ਨ ਲਿਮਟਿਡ
The Punjab State Federation of Cooperative Sugar Mills Ltd.,

S.C.O. 125-127, Sector 17-B, Chandigarh-160 017
Phone : 0172-5051467-79, 5051390-91, Fax : 0172-2702752
Plot No. 53, Phase-II, Opp. Bassi Cinema, Mohali - 160 055
Phone : 0172-5013594, 5013596-98, Grams : FEDSUGAR
Email : sugarfedpunjab@gmail.com
www.punjabssugarfed.in



ਐਸ.ਸੀ.ਓ. 125-127, ਸੈਕਟਰ 17-ਬੀ, ਚੰਡੀਗੜ੍ਹ - 160 017
ਫੋਨ : 0172-5051467-79, 5051390-91, ਫੈਕਸ : 0172-2702752
ਪਲਾਟ ਨੰ. 53, ਫੇਜ਼-II, ਸਾਹਮਣੇ ਬੱਸੀ ਸਿਨੇਮਾ, ਮੋਹਾਲੀ-160 055
ਫੋਨ : 0172-5013594, 5013596-98, ਗਰਾਮ: FEDSUGAR
ਈ-ਮੇਲ : sugarfedpunjab@gmail.com
www.punjabssugarfed.in

No.PSF/JSS/Cost Audit/2015/ Dated

The President,
Institute of Cost and Works Accountants
of India,
12, Sudder Street,
Kolkata- 700 016

Subject: Cost Audit of the nine running Cooperative Sugar Mills in the State of Punjab.

Dear Sir,

There are nine running Cooperative Sugar Mills in the State of Punjab, which are running into losses. Many steps had been taken during the last year to bring reforms in the mills. However, it is felt that still there is scope to improve the functioning of these Mills so as to make them cost effective. It has been decided that for the betterment of the Cooperative Sugar Mills to adopt Cost Audit for identifying key areas to reduce the Cost of the Mills to the optimum level.

Therefore, it is requested that a panel of 30 Cost Accountants be sent to us as per terms & conditions enclosed herewith so that a decision is taken regarding selecting the same.

Thanking you,

Yours faithfully,
Orangal
General Manager(HQ)

Encls: as above

Financial Audit of Cooperative Societies

Audit under Section 81 of Maharashtra Co-operative Societies Act, 1960

Extracts of the Maharashtra Co-operative Societies Act, 1960

Chapter VIII, Section 81 (2A) and (2B)

[(2A) Where, in the **opinion of the State Government**, it is necessary in the **public interest** to do so in relation to **any society or class of societies** for ensuring management thereof in accordance with sound business principles or prudent commercial practices, the State Government may, by order, direct [that such society or class of societies shall prepare and maintain its accounts in the form determined by the State Government, from time to time and] **that cost audit or performance audit or both**, of such society or class of societies, as **may be specified in the order, shall be conducted**.

(2B) Where any order is issued under sub-section (2A), the Registrar shall cause such audit of such society or class of societies to be conducted by a **cost accountant who is a member of the Institute of Cost and Works Accountants of India** constituted under section 3 of the Cost and Works Accountants Act, 1959.]

महाराष्ट्र शासन राजपत्र
असाधारण भाग आठ

वर्ष ३, अंक १०(२) सोमवार, जानेवारी १६, २०१७/पौष २६, शके १९३८ [पृष्ठ २ किंमत : रुपये २७.००]

असाधारण क्रमांक १९
प्राधिकृत प्रकाशन

महाराष्ट्र विधानमंडळाचे अधिनियम व राज्यपालांनी प्रख्यापित केलेले अध्यादेश व केलेले विनियम आणि विधि व न्याय विभागाकडून आलेली विधेयके (इंग्रजी अनुवाद).

In pursuance of clause (3) of article 348 of the Constitution of India, the following translation in English of the Maharashtra Co-operative Societies (Third Amendment) Act, 2016 (Mah. Act No. XIV of 2017) is hereby published under the authority of the Governor.

By order and in the name of the Governor of Maharashtra,

PRAKASH H. MALI,
Principal Secretary to Government,
Law and Judiciary Department.

MAHARASHTRA ACT No. XIV OF 2017.
(First published, after having received the assent of the Governor in the "Maharashtra Government Gazette", on the 16th January 2017).

An Act further to amend the Maharashtra Co-operative Societies Act, 1960.

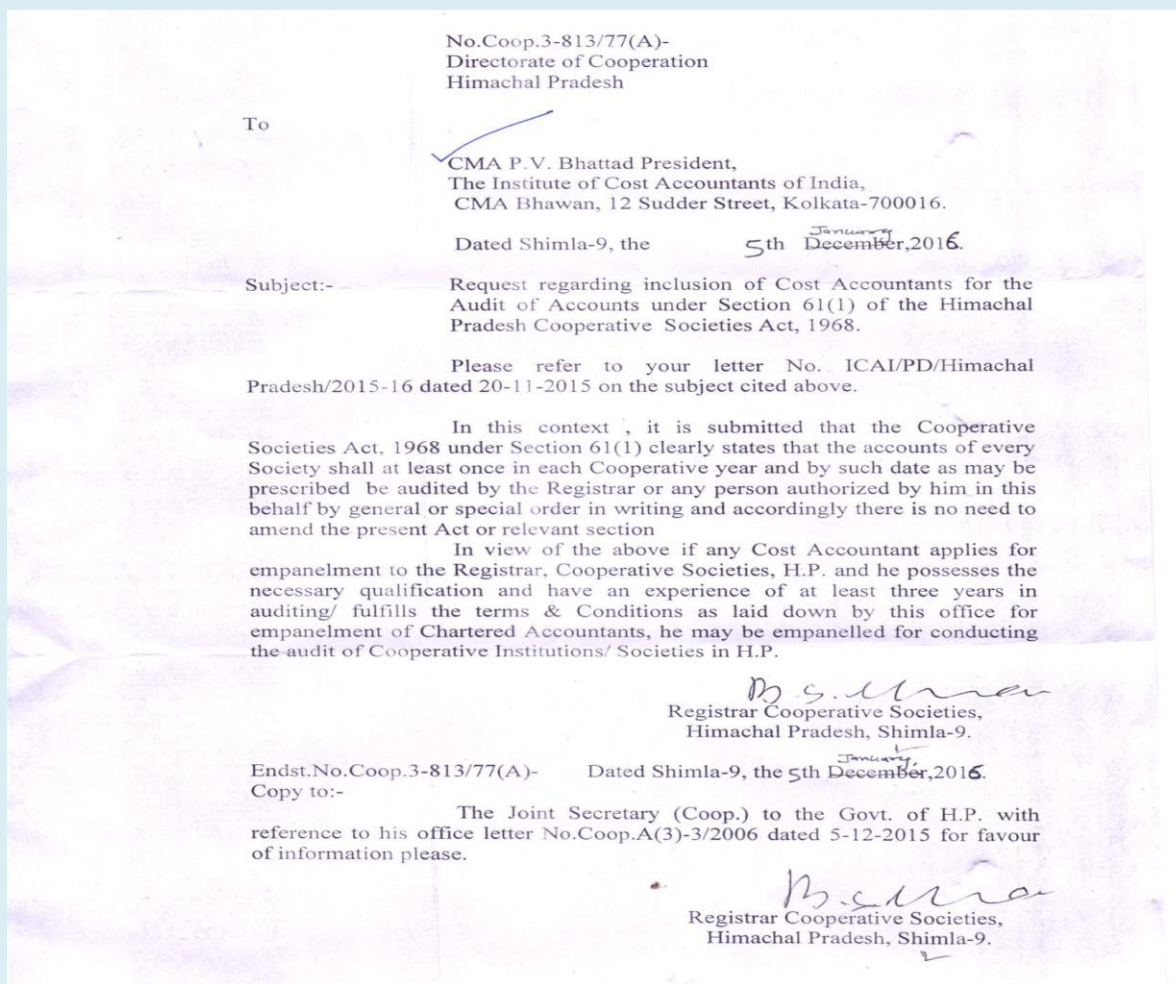
WHEREAS it is expedient further to amend the Maharashtra Co-operative Societies Act, 1960, for the purposes hereinafter appearing; it is hereby enacted in the Sixty-seventh Year of the Republic of India as follows :—

Mah. XXIV of 1961.

<p>Amendment of section 81 of Mah. XXIV of 1961.</p>	<p>2. In section 81 of the Maharashtra Co-operative Societies Act, 1960, in sub-section (1), in clause (9), in the Explanation I, after clause (b), the following clauses shall be inserted, namely :—</p> <p>“(b-1) a person who is Cost Accountant within the meaning of the Cost and Works Accountants Act, 1959, who has a fair knowledge of the functioning of the societies and an experience of atleast one year of auditing in societies with a working knowledge of Marathi language;</p> <p>(b-2) an auditing firm, which is a firm of more than one Cost Accountants within the meaning of the Cost and Works Accountants Act, 1959, having a fair knowledge of the functioning of the societies with a working knowledge of Marathi language;”.</p>	<p>Mah. XXIV of 1961.</p> <p>23 of 1959.</p> <p>23 of 1959.</p>
--	---	---

Audit under section 61(I) of the Himachal Pradesh

Himancha Pradesh Government vide Notification No. Coop.3-813/77(A) dated 15th January 2016 considered Cost Accountants for Audit under section 61(1) of Himanchal Pradesh Societies Act, 1986.



Audit under section 63 of Karnataka Co-operative Societies Act, 1959

Extracts of the Karnataka Co-operative Societies Act, 1959

Chapter VIII, Section 63

Explanation: For the purpose of this section,-

(i) **‘Auditor’ means** an auditor or an officer of the Department of Cooperative Audit who has Higher Diploma in Cooperative Management / Diploma in Cooperative Audit / General Diploma in Cooperative management and who has completed the period of probation successfully and who has a working knowledge of the kannada language; or a **Chartered Accountant** within the meaning of the Chartered Accountants Act, 1949 who shall have a fair knowledge of the functioning of the cooperative societies and shall have an experience of at least three years in auditing of which the auditor would like to be included in the panel and chartered accountants shall have working knowledge of the Kannada language. [“or a **Cost Accountant** within the meaning of Cost and Works Accountant Act, 1959, who shall have fair knowledge of the functioning of the Co-operative societies and **an experience of at least three years** in auditing and working knowledge of Kannada language]

(ii) **‘Auditing firm’** means a firm of more than one Chartered Accountant within the meaning of the Chartered Accountants Act, 1949 [or a firm of more than one **Cost Accountant** within the meaning of Cost and Works Accountant Act, 1959] who or which shall have a fair knowledge of the functioning of the cooperative societies and shall have **an experience of at least three years** in auditing of which the auditing firm would like to be included in the panel and chartered accountants shall have working knowledge of the Kannada language]

Audit under section 33 of Karnataka Souharda Sahakari Act, 1997

Extracts of the The Karnataka Co-Operative Societies (Amendment) Act, 2014

Explanation:- For the purpose of this Section;

(i) ‘Auditor’ means an auditor or an officer of the Department of Co-operative



The Institute of Cost Accountants of India

Auditwho has passed, in addition to the graduation or post graduation degree, HigherDiploma in Co-operative Management / Diploma in Co-operative Audit / GeneralDiploma in Co-operative Management and who has completed the period ofprobatation successfully and who has a working knowledge of the Kannadalanguage; or

A Chartered Accountant within the meaning of the Chartered AccountantsAct, 1949 who shall have a fair knowledge of the functioning of the Co-operativesand shall have an experience of at least three years in auditing and who would liketo be included in the panel and such chartered accountant shall have adequateunderstanding and knowledge of a language sufficient for the dueperformance of auditing Or a **Cost Accountant** within the meaning of **Cost and Works Accountant Act, 1959**, who shall have fair knowledge of the functioning ofthe Co-operatives and shall have an experience of atleast 3 years in auditing andshall have working knowledge of kannada language.

(ii) 'Auditing firm' means a firm of more than one Chartered Accountant within themeaning of the Chartered Accountants Act, 1949 Or a firm of more than one **Cost Accountant** within the meaning of **Cost and Works Accountant Act, 1959** who orwhich shall have a fair knowledge of the functioning of the Co-operatives and shallhave an experience of at least three years in auditing and which would like to beincluded in the panel and such chartered accountants shall have adequateunderstanding and knowledge of the Kannada language sufficient for the dueperformance of auditing."

Audit under Section 97 of West Bengal Co-operative Societies Act, 2006

Extracts of the West Bengal Co-operative Societies Act, 2006

Chapter X, Section 97

(1) (a) Every Co-operative society send to the Director of Co-operative Audit and to the Registrar within three months from the closing date of each Co-operative year an annual return consisting of a cash account, profit and loss account, a balance sheet and trading account where applicable in the Form as prescribed.

(b) Account of every Co-operative society shall at least in each Co-operative



The Institute of Cost Accountants of India

year, be audited at the expenses of the Co-operative society by the Director of Co-operative Audit or by a person appointed or authorized by him to act as audit officer by general or special order in writing in this behalf from among the officers under his administrative control or from the **panel of auditors** which shall include the **members of the Institute of Cost and Works Accountants of India constituted under the Cost and Works Accountants Act, 1959** and the **members of Chartered Accountants of India both having certificate of practice** issued by the respective Institutions. Such panel of auditors shall be prepared either by the State Government or by the Director of Co-operative Audit with the approval of the State Government in the manner as may be prescribed, from the members of the above named two institutions by obtaining applications from them and the panel shall remain valid for three years.

(7) Other types of audit are as follows:-

(a) **“cost and performance audit”** – where in the opinion of the State Government, it is necessary in the public interest so to do in relation to any Co-operative society or a class of Co-operative societies for ensuring management thereof in accordance with sound business principles and prudent commercial practices, the State Government may, by order, which shall be issued at least one month prior to the closing date of Co-operative year, direct that the cost audit or performance audit or both of such Co-operative society or class of Co-operative societies, as may be specified in the order, shall be conducted. On receipt of the order of the State Government, the Director of Co-operative Audit shall appoint under clause (a) of sub-section (2) a **member or members of the Institute of Cost and Works Accountants** from the panel of the auditors referred to in clause (b) of sub-section (1) to be the **audit officer to conduct the cost audit or performance audit or both of such Co-operative society** or a class of Co-operative societies and such audit officer shall complete the audit within the period specified in sub-section (2) and shall submit the report in accordance with the provisions of clause (a) of sub-section (1). The Director of Co-operative Audit may also appoint such audit officers for conducting cost audit or performance audit, or both, at the instance of any Co-operative society at the expense to be borne by it.

Delhi Co-operative Societies Rules, 2007

Extract of 80 of Delhi Cooperative Societies Rule 2007 regarding Special Audit

**80. Power of Registrar To Direct Special Audit In Certain Cases
And Process Of Conducting Audit In All Societies -**

(1) Where the Registrar is of the opinion, -

(a) that the affairs of a co-operative society are not being managed in accordance with the co-operative principles or prudent commercial practices or sound business principles:

b) that a co-operative society is being managed in a manner likely to cause serious injuries or damage to the interest of business to which it pertains;

c) that the financial position of a co-operative society is such as to endanger its insolvency to the society; -

the Registrar may at any time by written order, direct that a special audit of the accounts of co-operative society for such period or periods and for such purpose, as may be specified in the order, shall be conducted and may by the same or different order appoint an auditor out of the panel drawn by Registrar to conduct special audit after giving a show cause notice to the co-operative society. The Special Auditor shall have same powers and duties as are given to an Auditor under the Act. The Special Auditor shall submit its report to the Registrar for taking suitable action on the report as he considers necessary in accordance with the provision of the Act or any other law for the time being in force. Registrar may direct the co-operative society to submit comments on the auditor report or direct the co-operative society to place the report in the general body meeting to be called for this purpose by the committee. The expenses incurred for conducting special audit shall be decided by the Registrar, which shall be paid by the co-operative society from its funds and in default of such payment, the same shall be recovered from the co-operative society as arrears of land revenue.

(2) The audit under sub-section (1) of section 60 shall in all cases extend back to the last date of the previous audit and shall be carried out up to the last date of the co-operative year immediately, preceding the audit or where the Registrar so directs in the case of any particular co-operative society or class of co-operative societies, such other date as may be specified by the Registrar.


(3) if in the opinion of Registrar, it is necessary to do so in relation to any co-operativesociety, he may, by order direct that an audit of cost accounts of the co-operative society shall be conducted in such manner as may be specified in the order by an auditor (who shall be **Cost Accountant** within the meaning of **Cost and Work Accountant Act 1959 (23of 1959)**). An audit conducted under this rule shall be in addition to the audit conductedby an auditor **appointed under section 60 of the Act**

Arbitration

Under Multi State Cooperative Societies ACT, 2002

Cost Accountants are authorised as Arbitrate under Multi State Coopartative Societies Act 2002 notification of Agriculture and Coperative Department, Government of India.

रजिस्ट्री सं० डी० एल०-33004/99 REGD. NO. D. L.-33004/99



भारत का राजपत्र
The Gazette of India

असाधारण
EXTRAORDINARY
भाग II—खण्ड 3—उप-खण्ड (ii)
PART II—Section 3—Sub-section (ii)
प्राधिकार से प्रकाशित
PUBLISHED BY AUTHORITY

सं. 181] नई दिल्ली, सोमवार, फरवरी 24, 2003/फाल्गुन 5, 1924
No. 181] NEW DELHI, MONDAY, FEBRUARY 24, 2003/PHALGUNA 5, 1924


कृषि मंत्रालय
(कृषि एवं सहकारिता विभाग)
अधिसूचना
नई दिल्ली, 24 फरवरी, 2003

का.आ. 216(अ).—बहु-राष्ट्रीय सहकारी समिति अधिनियम, 2002 (2002 का 39) की धारा 4 की उपधारा (2) द्वारा प्रदत्त शक्तियों का प्रयोग करते हुए, केन्द्रीय सरकार निर्देश देती है कि अधिनियम की धारा 84 के अंतर्गत केन्द्रीय पंजीकार द्वारा प्रयोग में लाई जाने वाली शक्तियां राष्ट्रीय/संघ शासित क्षेत्रों की सहकारी समितियों के पंजीकार द्वारा अपने संबंधित क्षेत्राधिकार में स्थित समितियों के संबंध में भी प्रयोग में लाई जा सकेंगी, जोकि निम्नलिखित शर्तों एवं दिशानिर्देशों के विषयाधीन होंगी कि :—

- राष्ट्रीय सहकारी समिति के संबंध में ऐसी शक्तियां इन अधिकारियों द्वारा प्रयोग में नहीं लाई जा सकेंगी।
- अधिकारी (न्यायालय मामलों से हतर) इस अधिनियम की धारा 4 की उपधारा (1) के अंतर्गत नियुक्त केन्द्रीय पंजीकार द्वारा समय-समय पर दिए दिशानिर्देशों का पालन करेंगे।
- सहकारी समितियों के राज्य पंजीकार द्वारा मध्यस्थ की नियुक्ति निम्नलिखित दिशानिर्देशों के विषयाधीन होगी :—
 - संगठनात्मक एवं वैधानिक मामलों से संबंधित विवादों के मामले में मध्यस्थ, प्रैक्टिस करने वाले वकील अथवा न्यायिक/सिविल सेवाओं के सेवानिवृत्त सदस्य अथवा सहकारिता विभाग के कम से कम उप-पंजीकार या अधिक स्तर के ऐसे अधिकारी जो नियुक्ति की तारीख से दो वर्ष पूर्व से पहले सेवानिवृत्त न हुए हों, होने चाहिए।
 - वस्तुी विवादों सहित वित्तीय एवं बैंकिंग मामलों से संबंधित विवादों के मामलों में नियुक्ति के लिए खंड 3 (क) में सूचीबद्ध व्यक्तियों के अतिरिक्त चार्टर्ड एकाउंटेंट्स/आई. सी. डब्ल्यू. ए./सेवानिवृत्त बैंक अधिकारियों (सेवानिवृत्ति दो वर्ष से पूर्व की न हो) जैसे वित्तीय एवं लेखा का ज्ञान रखने वाले व्यक्तियों पर विचार किया जा सकता है।
- अनुमोदित मध्यस्थों की सूची अनुमोदन के 15 दिनों के भीतर केन्द्रीय पंजीकार को प्रस्तुत की जाएगी। सभी अनुमोदित मध्यस्थों की अद्यतन सूची तिमाही आधार पर केन्द्रीय पंजीकार को भेजी जानी चाहिए।

[फा. सं. एल-11012/3/2002—एल एंड एम]
के. एस. भोरिया, संयुक्त सचिव

519 GI/2003 (1)


 26-2-14
 Added Asstt. Controller (Admin.)
 Dept. of Publication
 Civil Lines, Delhi-54

12

Excise, Customs and Rubber Board Audit

Central Excise Act, 1944

Central Excise Valuation Audit

Section 14A. Special Audit in Certain Cases.

- (1) If at any stage of enquiry, investigation or any other proceedings before him, any Central Excise Officer not below the rank of an Assistant Commissioner of Central Excise, having regard to the nature and complexity of the case and the interest of revenue, is of the opinion that the value has not been correctly declared or determined by a manufacturer or any person, he may, with the previous approval of the Chief Commissioner of Central Excise, direct such manufacturer or such person to get the accounts of his factory, office, depots, distributors or any other place, as may be specified by the said Central Excise Officer, audited by a cost accountant or chartered accountant, nominated by the Chief Commissioner of Central Excise in this behalf.
- (2) The cost accountant or chartered accountant, so nominated shall, within the period specified by the Central Excise Officer, submit a report of such audit duly signed and certified by him to the said Central Excise Officer mentioning therein such other particulars as may be specified:

Provided that the Central Excise Officer may, on an application made to him in this behalf by the manufacturer or the person and for any material and

sufficient reason, extend the said period by such further period or periods as he thinks fit; so, however, that the aggregate of the period originally fixed and the period or periods so extended shall not, in any case, exceed one hundred and eighty days from the date on which the direction under sub-section (1) is received by the manufacturer or the person.

- (3) The provisions of sub-section (1) shall have effect notwithstanding that the accounts of the manufacturer or person aforesaid have been audited under any other law for the time being in force or otherwise.
- (4) The expenses of, and incidental to, such audit (including the remuneration of the cost accountant or chartered accountant) shall be determined by the Chief Commissioner of Central Excise (which determination shall be final) and paid by the manufacturer or person and in default of such payment, shall be recoverable from the manufacturer or the person in the manner provided in section 11 for the recovery of sums due to the Government.
- (5) The manufacturer or the person shall be given an opportunity of being heard in respect of any material gathered on the basis of audit under sub-section (1) and proposed to be utilized in any proceedings under this Act or rules made there under.

Explanation 1: For the purpose of this section, "cost accountant" shall have the meaning assigned to it in clause (b) of sub-section (1) of section 2 of the Cost and Works Accountants Act, 1959 (23 of 1959).

Explanation 2.—For the purposes of this section, "chartered accountant" shall have the meaning assigned to it in clause (b) of sub-section (1) of section 2 of the Chartered Accountants Act, 1949.

Central Excise Special Audit

Section 14AA. Special Audit in Cases where Credit of Duty Availed or Utilised is not within the Normal Limits, etc.

- (1) If the Commissioner of Central Excise has reason to believe that the credit of duty availed of or utilised under the rules made under this Act by a manufacturer of any excisable goods –



The Institute of Cost Accountants of India

(a) Is not within the normal limits having regard to the nature of the excisable goods produced or manufactured, the type of inputs used and other relevant factors, as he may deem appropriate;

(b) Has been availed of or utilised by reason of fraud, collusion or any willful mis-statement or suppression of facts,

He may direct such manufacturer to get the accounts of his factory, office, depot, distributor or any other place, as may be specified by him, audited by a cost accountant or chartered accountant nominated by him.

- (2) The cost accountant or chartered accountant so nominated shall, within the period specified by the Commissioner of Central Excise, submit a report of such audit duly signed and certified by him to the said Commissioner mentioning therein such other particulars as may be specified.
- (3) The provisions of sub-section (1) shall have effect notwithstanding that the accounts of the said manufacturer aforesaid have been audited under any other law for the time being in force or otherwise.
- (4) The expenses of, and incidental to, such audit (including the remuneration of the cost accountant or chartered accountant) shall be determined by the Commissioner of Central Excise (which determination shall be final) and paid by the manufacturer and in default of such payment shall be recoverable from the manufacturer in the manner provided in section 11 for the recovery of sums due to the Government.
- (5) The manufacturer shall be given an opportunity of being heard in respect of any material gathered on the basis of the audit under sub-section (1) and proposed to be utilised in any proceeding under this Act or rules made there under.

Explanation: For the purpose of this section, "cost accountant" shall have the meaning assigned to it in clause (b) of sub-section (1) of section 2 of the Cost and Works Accountants Act, 1959 (23 of 1959).

Explanation 2.—For the purposes of this section, "chartered accountant" shall have the meaning assigned to it in clause (b) of sub-section (1) of section 2 of the Chartered Accountants Act, 1949.



Customs Act, 1962

Section 11. Special Audit in certain cases

- (i) The Chief Commissioner of Customs may, for reasons to be recorded in writing, direct a manufacturer to get the accounts of his warehouse, office, stores, godowns, factory, depot, or other establishment audited by a Cost Accountant, nominated by him in this behalf.
- (ii) The Cost Accountant, shall submit the audit report duly signed and certified by him within the period specified by the Chief Commissioner of Customs, or such extended period as may be allowed by him, to the Commissioner, giving therein such other information or particulars as may have been asked for by the Chief Commissioner.
- (iii) The provisions of sub-regulation (i) shall be in addition to, and not in derogation of any other law for the time being in force.
- (iv) The expenses of, and incidental to, such audit (including the remuneration of the Cost Accountant) shall be determined by the Chief Commissioner and paid by the manufacturer and in default of such payment shall be recoverable from the manufacturer in the manner provided in section 142 of the Customs Act, 1962 (52 of 1962).
- (v) The manufacturer shall be given a copy of the audit report conducted in pursuance of sub-regulation (1) who may make a representation, if he so likes.

Explanation: For the purpose of this regulation "Cost Accountant" shall have the meaning assigned to it in clause (b) of sub-section (1) of section 2 of the Cost and Works Accountants Act, 1959 (23 of 1959).

Ministry of Finance

Department of Revenue

The relevant extract of Circular no. 88/98-Customs., dated 2/12/1998 issued by Ministry of Finance, Department of Revenue for Liberalisation of bonding procedure in respect of 100% EOUs is given below:

Circular No. 88/98- Customs., dated 2/12/1998

F.No. 473/9/98 - LC

Government of India

Ministry of Finance

Department of Revenue

Central Board of Excise & Customs, New Delhi

Subject : Liberalisation of bonding procedure in respect of 100% EOUs - regarding

Audit of the unit:

- (i) The presently sanctioned Cost Recovery Officers shall examine the records of the units and transactions undertaken by the unit at least once in a month. The notification provides in regulation 11, that the Chief Commissioner may order special audit of the unit by a Cost Accountant (CA) nominated by him in this regard. Cost audit may be employed as a tool to check the correctness of raw material, quantity used, finished goods produced or other such situations. Before such approval, the Chief Commissioner may form a panel of CAs, fix the rate of the charges to be received by the said Cost Accountant. The names of the CAs and the details of the charges may be pre-notified at regular intervals.
- (ii) It may be seen that while the latitude for manufacture and clearance and movement of raw materials and finished goods have been given to the EOUs, extra responsibility devolves on the cost recovery officers who are presently attached to the said units. There is no proposal at present for reduction or abolition of the said cost recovery posts. Wherever one officer has been assigned to more than one unit, the said officer would be made responsible for



The Institute of Cost Accountants of India

specific monthly checks. However, the units be permitted to operate with as much flexibility as possible. To obtain economy of scale units resort to various cost cutting measures like combining purchase of raw materials with other units, dispatch of goods in the same conveyance with other units or setting up common user facilities. Such arrangements may be allowed subject to proper and easy accounting of the duty free raw material and capital goods used therein.

(iii) However, it must be insisted upon and ensured that all movements of goods by recorded in a proper register. Where specific difficulty arises, units may be cost audited with the prior permission of Chief Commissioner.

Assessable Value of Casting

F.No. 6/14/94-CX.I

Government of India

Ministry of Finance

Department of Revenue, New Delhi

Circular No. 170/4/96-CX

dated 23/1/96

**Subject: Foundry Industries- Calculation of assessable value of castings
Addition of value of patterns supplied by the buyers in the assessable
value.**

1. It has been brought to the notice of the Board by Maharashtra Chambers of Commerce & Industry that there is difficulty in determination of value of patterns used in foundry industry to be added in the cost of castings for arriving at the assessable value of the castings as the quantity of casting to be made out of a pattern cannot be anticipated and sometimes some modifications or repairs are also made in the pattern after some period of use.

2. A survey was floated to ascertain the actual position in the field formations. From the reports received, it is observed that generally commissioners are of the view that cost of the pattern should be added in the assessable value of



the castings. However, in some Commissionerates, the proportionate value of the pattern is not being added in the assessable value of the casting if such patterns are supplied by the buyers of the castings. Generally Commissionerates find that there is no difficulty in apportioning the cost of pattern in the assessable value of the casting. However, a few Commissioners have expressed difficulty in apportionment of the cost in cases where old patterns are supplied by the buyers of the castings to the job worker and when patterns are returned back to the buyers.

3. The matter has been examined and it is hereby clarified that the proportionate cost of pattern has to be included in the assessable value of the casting even in cases. when such patterns are being supplied by the buyers of the casting or are got prepared / manufactured by the job worker at the cost of the buyer. In cases where there is difficulty in apportioning the cost of pattern, apportionment can be made depending on the expected life and capability of the pattern and the quantity of castings that can be manufactured from it and thus working the cost to be apportioned per unit. For this purpose, a certificate from a **Cost Accountant** may be accepted.

Sd/-

(S.C. Bhatia)

Under Secretary to the Govt. of India

Estate Duty

Estate Duty (Published in Part I, Section I of the Gazette of India dated 8th March, 1969)

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

(DEPARTMENT OF REVENUE & INSURANCE)

NOTICE

New Delhi, the 20th February, 1969

APPOINTMENT OF VALUERS UNDER SECTION 4(3) OF

THE ESTATE DUTY ACT, 1953



The Institute of Cost Accountants of India

F.No.5/77/68-E.D.-

In partial modification of para 3 (IV) of this Ministry's Notification of even number dated the 6th July, 1968, it is hereby notified for general information that the qualifications prescribed for a person to be eligible for appointment as a valuer in the category of Accountant, shall be as follows:-

- (I) The Valuer must be a member of the Institute of Chartered Accountants of India or the Institute of **Cost Accountants** of India ; and
- (II) he must have been in continuous practice as a Chartered Accountant or a Cost and Works Accountant for a period not less than seven years.

N.B.: In the case of a person who is or was in the service of a State or the Central Government, a Municipality, Municipal Corporation or District Board, seven years of continuous service connected with the audit and accounts or taxation work may be regarded as satisfying condition No. (II) above.

Sd/ -

S. BHATTACHARYYA

Deputy Secretary to the Government of India.

Wealth Tax

Wealth Tax (Second Amendment) Rules; 1988

Qualifications of Registered Valuers

Rule 8A (7) A Valuer of stocks, shares, debentures, securities, shares in partnership firms and of business assets, including goodwill but excluding those referred to in sub-rules (2) to (6) and (8) to (11), shall have the following qualifications, namely :—

(i) he must be a member of the Institute of Chartered Accountants of India or the Institute of Cost and Works Accountants of India or the Institute of Company Secretaries of India; and

(A) he must have been in practice as a chartered accountant or a **cost and works**



The Institute of Cost Accountants of India

accountant or a company secretary for a period of not less than ten years and his gross receipts from such practice should not be less than fifty thousand rupees in any three of the five preceding years, or

(B) he must be a person formerly employed—

- (a) in a post under Government as a gazetted officer, or
- (b) in a post under any other employer carrying a remuneration of not less than Rs. 2,000 per month, and, in either case, must have retired or resigned from such employment after having rendered service for a period of not less than ten years in the field of audit and accounts or taxation work, or
- (c) as a Company Secretary or a Deputy Company Secretary or an Assistant Company Secretary in a post carrying a remuneration of not less than Rs. 2,000 per month and must have retired or resigned from such employment after having rendered service for a period of not less than ten years.

Rubber Board

THE RUBBER BOARD
P.B. No. 280, Sastri Road,
Kottayam - 686 001, Kerala State

Ref. 7/1 /78-ED/2 185

2nd April, 1979.

The Secretary

The Institute of Cost & Works Accountants of India,

12, Sudder Street, Calcutta- 700016.

Sir,

Sub: Audit Reports under Rule 33(f) of the Rubber Rules, 1955.

On a representation received from the Secretary of the Southern India Regional Council of the Institute of Cost and Works Accountants of India, it has been decided that for the purpose of Rule 33(f) of the Rubber Rules 1955, audit reports by Cost Accountants in practice will also be accepted.

Rule 33(f) of the Rubber Rules 1955 reads as follows :



The Institute of Cost Accountants of India

“33 (f) All manufacturers, whether they hold valid licences issued under Rule 40 or not, shall after the close of each financial year also submit a report from a Registered Auditor or any other authority previously approved by the Board, certifying the correctness of the returns submitted under clause(s)”. (The return under clause (s) refers to the half yearly return in Form ‘N’ showing details of the quantity of rubber purchased or otherwise acquired and consumed or used by manufacturers).

Yours faithfully

Sd/-

Secretary

Copy communicated to:-

The Secretary,

WIRC of ICWAI,

Rohit Chambers, 4th floor, Ghoga Street,

Bombay-40000 1.

Sd/-

For Asstt. Secretary (ED)

13

Appearance as an Authorised Representative

A cost accountant is allowed under various Acts to appear before Appellate Tribunals in connection with any proceedings under the respective Act. The provisions under various Acts in this regard are as follows:

Companies Act

Right to legal representation.

“432. A party to any proceeding or appeal before the Tribunal or the Appellate Tribunal, as the case may be, may either appear in person or authorise one or more chartered accountants or company secretaries or **cost accountants** or legal practitioners or any other person to present his case before the Tribunal or the Appellate Tribunal, as the case may be”.

National Company Law Tribunal Rules, 2016

45. Rights of a party to appear before the Tribunal

- (1) *Every* party may appear before a Tribunal in person or through an authorised representative, duly authorised in writing in this behalf.
- (2) The authorised representative shall make an appearance through the filing of Vakalatnama or Memorandum of Appearance in Form No.NCLT 12 representing the respective parties to the proceedings.
- (3) The Central Government, the Regional Director or the Registrar of Companies or Official Liquidator may authorise an officer or an Advocate to represent in the proceedings before the Tribunal.

- (4) The officer authorised by the Central Government or the Regional Director or the Registrar of Companies or the Official Liquidator shall be an officer not below the rank of Junior Time Scale or company prosecutor.
- (5) During any proceedings before the Tribunal, it may for the purpose of its knowledge, call upon the Registrar of Companies to submit information on the affairs of the company on the basis of information available in the MCA21 portal. Reasons for such directions shall be recorded in writing.
- (6) There shall be no audio or video recording of the Bench proceedings by the parties or their authorised representatives.

National Company Law Appellate Tribunal Rules, 2016

63. Appearance of authorised representative

- (1) Subject to provisions of section 432 of the Act, a party to any proceedings or appeal before the Appellate Tribunal may either appear in person or authorise one or more chartered accountants or company secretaries or cost accountants or legal practitioners or any other person to present his case before the Appellate Tribunal.
- (2) The Central Government, the Regional Director or the Registrar of Companies or Official Liquidator may authorise an officer or an Advocate to represent in the proceedings before the Appellate Tribunal.
- (3) The officer authorised by the Central Government or the Regional Director or the Registrar of Companies or the Official Liquidator shall be an officer not below the rank of Junior Time Scale or company prosecutor.

Company Law Board Regulations, 1991

Appearance by Authorised Representative

Regulation 19: Rights of a party to appear before the Bench – (1) Every party may appear before a Bench in person or through an authorized representative.

(2) A party may, in writing, authorize an Advocate or a Secretary-in-whole-time practice or a practising Chartered Accountant or practising Cost and Works Accountant, to function as a representative of such party. A company may appoint and authorise its Directors or Company Secretary to appear, in its behalf, in any proceedings before the Bench. The Central Government, the Regional Director or the Registrar may



authorise an officer to appear in its behalf.

Regulation 18 (3): Where the petition is filed by the authorized representative, memorandum of appearance shall be appended to the petition (as in Form No. 5 in Annexure II).

The Form No. 5 is given below for ready reference.

FORM NO. 5
(Seeregulation 18(3))
Memorandum of appearance

To

The Bench Officer,

Company Law Board, Bench, In the matter of
Petitioner.

V.

.....Respondent

(C.P. NO.of 199.....)

Sir,

Please take notice that I, AB, Secretary in whole-time practice/ practising Chartered Accountant/ practising Cost & Works Accountant, duly authorised to enter appearance, and do hereby enter appearance, on behalf of petitioner/ opposite party/ Registrar/ Regional Director/ Government of in the above-mentioned petition.

*A copy of the resolution passed by the Board of Directors authorising me to enter appearance and to act for every purpose connected with the proceedings for the said party is enclosed, duly signed by me for identification.

Yours sincerely,

Dated day of Address:

Enclosure: as aforesaid

Tele No.:

*Strike out if not applicable.



Central Excise & Customs

The Central Excises Act, 1944

Appearance By Authorised Representative

Section 35Q.(1) Any person who is entitled or required to appear before a Central Excise Officer or the Appellate Tribunal in connection with any proceedings under this Act, otherwise than when required under this Act to appear personally for examination on oath or affirmation, may, subject to the other provisions of this section, appear by an authorised representative.

(2) For the purposes of this section, "authorised representative" means a person authorised by the person referred to in sub-section (1) to appear on his behalf, being –

- (a) His relative or regular employee; or
 - (b) Any legal practitioner who is entitled to practice in any civil court in India; or
 - (c) Any person who has acquired such qualifications as the Central Government may prescribe for this purpose.
- (3) Notwithstanding anything contained in this section, no person who was a member of the Indian Customs and Central Excise Service - Group A and has retired or resigned from such Service after having served for not less than three years in any capacity in that Service, shall be entitled to appear as an authorised representative in any proceedings before a Central Excise Officer for a period of two years from the date of his retirement or resignation, as the case may be.

(4) No person,-

- (a) Who has been dismissed or removed from Government service; or
- (b) Who is convicted of an offence connected with any proceeding under this Act, the Customs Act, 1962 (52 of 1962) or the 114 Gold (Control) Act, 1968 (45 of 1968); or
- (c) Who has become an insolvent, shall be qualified to represent any person under sub-section (1), for all times in the case of a person referred to in



clause (a), and for such time as the Commissioner of Central Excise or the competent authority under the Customs Act, 1962 or the Gold (Control) Act, 1968, 114 as the case may be, may, by order, determine in the case of a person referred to in clause (b), and for the period during which the insolvency continues in the case of a person referred to in clause (c).

(5) If any person,-

- (a) Who is a legal practitioner, is found guilty of mis-conduct in his professional capacity by any authority entitled to institute proceedings against him, an order passed by that authority shall have effect in relation to his right to appear before a Central Excise Officer or the Appellate Tribunal as it has in relation to his right to practice as a legal practitioner;
 - (b) Who is not a legal practitioner, is found guilty of mis-conduct in connection with any proceedings under this Act by the prescribed authority, the prescribed authority may direct that he shall thenceforth be disqualified to represent any person under sub-section (1).
- (6) Any order or direction under clause (b) of sub-section (4) or clause (b) of sub-section (5) shall be subject to the following conditions, namely:-
- (a) No such order or direction shall be made in respect of any person unless he has been given a reasonable opportunity of being heard;
 - (b) Any person against whom any such order or direction is made may, within one month of the making of the order or direction, appeal to the Board to have the order or direction cancelled; and
 - (c) No such order or direction shall take effect until the expiration of one month from the making thereof, or, where an appeal has been preferred, until the disposal of the appeal.

The qualification to act as authorised representatives has been given under Central Excise Appeals Rules 2001 as follows:

Central Excise Appeals Rules 2001

Rule 12. Qualifications for authorized representatives.—For the purposes of clause (c) of sub-section (2) of section 35Q of the Act, an authorized representative shall include a person who has acquired any of the following



The Institute of Cost Accountants of India

qualifications namely:-

- (a) a Chartered Accountant within the meaning of the Chartered Accountants Act, 1949 (38 of 1949); or
- (b) **a Cost Accountant within the meaning of the Cost and Works Accountants Act, 1959 (23 of 1959); or**
- (c) a Company Secretary within the meaning of the Company Secretaries Act, 1980 (56 of 1980) who has obtained a certificate of practice under section 6 of that Act; or
- (d) a post-graduate or an Honours degree holder in Commerce or a post-graduate degree or diploma holder in Business Administration from any recognised university; or
- (e) a person formerly employed in the Department of Customs and Central Excise or Narcotics and has retired or resigned from such employment after having rendered service in any capacity in one or more of the said departments for not less than ten years in the aggregate.

Explanation. - In this rule “recognised University” means any of the Universities specified below, namely:-

I.	Indian Universities: Any Indian University incorporated under any law for the time being in force in India
II.	Rangoon University;
III.	English and Welsh Universities: The Universities of Birmingham, Bristol, Cambridge, Durham, Leeds, Liverpool, London, Manchester, Oxford, Reading, Sheffield and
IV.	Scottish Universities: The Universities of Aberdeen, Edinburgh, Glasgow and St. Andrews;
V.	Irish Universities: The Universities of Dublin (Trinity College), the Queen’s University, Belfast and the National University of Dublin;

VI.	Pakistan Universities: Any Pakistan University incorporated by any law for the time being in force;
VII.	Bangladesh Universities: Any Bangladesh University incorporated by any law for the time being in force.

Customs Act, 1962

Appearance by Authorised Representative

Section 146A.(1) Any person who is entitled or required to appear before officer of customs or the Appellate Tribunal in connection with any proceedings under this Act, otherwise than when required under section 108 to attend personally for examination on oath or affirmation, may, subject to the other provisions of this section, appear by an authorised representative.

(2) For the purposes of this section," authorised representative" means a person authorised by the person referred to in sub- section (1) to appear on his behalf, being-

- (a) his relative or regular employee; or
- (b) a custom house agent licensed under section 146; or
- (c) any legal practitioner who is entitled to practise in any civil court in India; or
- (d) any person who has acquired such qualifications as the Central Government may specify by rules made in this behalf.

Customs Appeals Rules 1982

The qualification of **authorised representatives** is defined under 'Customs Appeals Rules 1982 as follows:

Rule 9. Qualifications for authorised representatives.— For the purposes of section 146A, an authorised representative shall include a person who has acquired any of the following qualifications, being the qualifications specified



The Institute of Cost Accountants of India

under clause (d) of sub-section (2) of the said section 146A, namely :-

- (a) a Chartered Accountant within the meaning of the Chartered Accountants Act, 1949 (38 of 1949); or
- (b) a **Cost Accountant within the meaning of the Cost and Works Accountants Act, 1959 (23 of 1959); or**
- (c) a Company Secretary within the meaning of the Company Secretaries Act, 1980 (56 of 1980), who has obtained a certificate of practice under section 6 of that Act; or
- (d) a post-graduate or an Honours degree holder in Commerce or a post-graduate degree or diploma holder in Business Administration from any recognised University; or
- (e) a person formerly employed in the Departments of Customs or Central Excise or Narcotics and has retired or resigned from such employment after having rendered service in any capacity in one or more of the said Departments for not less than ten years in the aggregate.

Explanation. — In this rule, “Recognised University” means any of the Universities specified below, namely:-

- I. Indian Universities: Any Indian University incorporated under any law for the time being in force in India;
- II. Rangoon University
- III. English and Welsh Universities- The Universities of Birmingham, Bristol, Cambridge, Durham, Leeds, Liverpool, London, Manchester, Oxford, Reading, Sheffield and Wales;
- IV. Scottish Universities- The Universities of Aberdeen, Edinburgh, Glasgow and St. Andrews;
- V. Irish Universities- The Universities of Dublin (Trinity College), the Queen’s University, Belfast and the National University of Dublin;
- VI. Pakistan Universities- Any Pakistan University incorporated under any law for the time being in force;
- VII. Bangladesh Universities- Any Bangladesh University incorporated under any law for the time being in force.

Customs, Excise and Gold (Control) Appellate Tribunal

Appearance by Authorised Representative

65. (5) "Appellate Tribunal" means the Customs, Excise and Gold (Control) Appellate constituted under section 129 of the Customs Act, 1962 (52 of 1962);

Customs, Excise and Gold (Control) Appellate Tribunal (Procedure) Rules, 1982 Notification No. 1/CEGAT/82, dated 25-10-1982 as amended

An authorised representative can appear before Central, Excise and Gold (Control) Appellate Tribunal (CEGAT). **Rule 2(c)** defines an Authorised Representative as follows:

- (i) a person authorised by the person referred to in sub-section (1) of section 146A of the Customs Act, or as the case may be, sub-section (1) of section 35Q of the Central Excises Act or sub-section (1) of section 101A of the Gold (Control) Act, to appear on his behalf in such proceedings; or
- (ii) a person duly appointed by the Central Government or by an officer duly authorised in this behalf as authorised representative to appear, plead and act for the Commissioner or Administrator, in such proceedings;

Central Electricity Regulatory Commission

Appearance by Authorised Representative

NOTIFICATION No. 8/ (1)/99/CERC. New Delhi, the 27th August, 1999

Authority to represent before the Commission

(i) A person who is a party to any proceedings before the Commission may either appear in person or may authorise a legal practitioner or any other professional who is a member of a statutory body or any of its officers to present its case before the Commission and to do all or any of the acts for the purpose.

Explanation: A member of a statutory body means a practising Chartered Accountant, Company Secretary or Cost and Works Accountant.

(ii) A legal practitioner appearing and acting in the proceedings on behalf of any person before the Commission shall file a Vakalatnama, duly



The Institute of Cost Accountants of India

executed by or on behalf of the person for whom he appears.

(iii) Any person other than a legal practitioner representing a party before the Commission shall file a Memorandum of Appearance, in the form in Annexure I, duly signed by him.

The Competition Commission of India (CCI)

The Competition (Amendment) Act, 2007

Appearance before Commission

Section 35: A person or an enterprise or the Director General may either appear in person or authorise one or more chartered accountants or company secretaries or cost accountants or legal practitioners or any of his or its officers to present his or its case before the Commission.

Explanation.—For the purposes of this section,—

- (a) "chartered accountant" means a chartered accountant as defined in clause (b) of sub-section (1) of section 2 of the Chartered Accountants Act, 1949 (38 of 1949) and who has obtained a certificate of practice under sub-section (1) of section 6 of that Act;
- (b) "company secretary" means a company secretary as defined in clause (c) of sub-section (1) of section 2 of the Company Secretaries Act, 1980 (56 of 1980) and who has obtained a certificate of practice under sub-section (1) of section 6 of that Act;
- (c) "**cost accountant**" means a cost accountant as defined in clause (b) of sub-section (1) of section 2 of the Cost and Works Accountants Act, 1959 (23 of 1959) and who has obtained a certificate of practice under subsection (1) of section 6 of that Act;
- (d) "legal practitioner" means an advocate, vakil or an attorney of any High Court, and includes a pleader in practice.

Right to legal representation

Section 53(1): A person preferring an appeal to the Appellate Tribunal may either appear in person or authorize one or more chartered

accountants or company secretaries or cost accountants or legal practitioners or any of its officers to present his or its case before the Appellate Tribunal.

(2) The Central Government or a State Government or a local authority or any enterprise preferring an appeal to the Appellate Tribunal may authorize one or more chartered accountants or company secretaries or **cost accountants** or legal practitioners or any of its officers to act as presenting officers and every person so authorized may present the case with respect to any appeal before the Appellate Tribunal.

(3) The Commission may authorize one or more chartered accountants or company secretaries or cost accountants or legal practitioners or any of its officers to act as presenting officers and every person so authorized may present the case with respect to any appeal before the Appellate Tribunal.

Explanation – The expressions “chartered accountant” or “company secretary” or “**cost accountant**” or “legal practitioner” shall have the meanings respectively assigned to them in the Explanation to section 35.

Notification

Extract Notification No 2 of The Competition Commission of India (General) Regulation, 2009

Regulation 46. Authorizing a representative to appear. – (1) Subject to the provisions of section 35 of the Act, in any proceeding, where the pleading is also signed by an authorized representative, the party shall append power of attorney or Vakalatnama in the manner specified authorizing the representative to appear for him or her or it, as the case may be.

(2) The authorized representative shall not be allowed to represent the party unless such power of attorney or Vakalatnama is filed before the Secretary before commencement of the ordinary meeting.

(3) No misconduct on the part of any authorized representative, appearing for and on behalf of any party during continuance of a proceeding before the Commission shall be permitted and the Commission in appropriate circumstances, for reasons to be recorded in writing, may pass necessary orders debarring the representative, guilty of misconduct, from appearing in the proceedings before the Commission in future or till such time as the Commission deems necessary.



(4) In the event of the misconduct being committed by any counsel, the Secretary, if so directed by the Commission shall forward a complaint to this effect in writing to the Bar Council of the State of which the legal practitioner is member or the Institute of Chartered Accountants of India or the Institute of Company Secretaries of India or the Institute of Cost and Works Accountants of India, as the case may be.

Explanation.—For the purpose of this regulation, word “misconduct” shall include causing prejudice to or interfering with or attempting to interfere with, the due process of any proceeding or obstructing or attempting to obstruct, the compliance or execution of any order or direction of the Commission, in any manner, or using defamatory language or behaving defiantly or attempting to undermine or undermining the prestige of any Member or Officer of the Commission in any manner whatsoever.

Income Tax

Income Tax Act, 1961

Appearance by Authorised Representative

Section 288 (1) Any assessee who is entitled or required to attend before any income-tax authority or the Appellate Tribunal in connection with any proceeding under this Act otherwise than when required under section 131 to attend personally for examination on oath or affirmation, may, subject to the other provisions of this section, attend by an authorised representative.

(2) For the purposes of this section, "authorised representative" means a person authorised by the assessee in writing to appear on his behalf, being –

- (i) A person related to the assessee in any manner, or a person regularly employed by the assessee; or
- (ii) Any officer of a Scheduled Bank with which the assessee maintains a current account or has other regular dealings; or
- (iii) Any legal practitioner who is entitled to practise in any civil court in India; or
- (iv) An accountant; or
- (v) Any person who has passed any accountancy examination recognised in

this behalf by the Board; or

- (vi) Any person who has acquired such educational qualifications as the Board may prescribe for this purpose; or
- (vii) Any person who, before the coming into force of this Act in the Union territory of Dadra and Nagar Haveli, Goa, Daman and Diu, or Pondicherry, attended before an income-tax authority in the said territory on behalf of any assessee otherwise than in the capacity of an employee or relative of that assessee; or
- (viii) Any other person who, immediately before the commencement of this Act, was an income-tax practitioner within the meaning of clause (iv) of sub-section (2) of section 61 of the Indian Income-tax Act, 1922 (11 of 1922), and was actually practising as such.

Explanation: In this section, "accountant" means a chartered accountant within the meaning of the Chartered Accountants Act, 1949 (38 of 1949), and includes, in relation to any State, any person who by virtue of the provisions of sub-section (2) of section 226 of the Companies Act, 1956 (1 of 1956), is entitled to be appointed to act as an auditor of companies registered in that State.

Definitions

Rule 49.In this Part—

- a) "authorised income-tax practitioner" means any authorised representative as defined in clause (v) or clause (vi) or clause (vii) of sub-section (2) of section 288;
- b) "prescribed authority" means the prescribed authority referred to in rule 52;
- c) "register" means the register of income-tax practitioners referred to in rule 53.

53. Accountancy examinations recognised

Rule 50.The following accountancy examinations are recognised for the purpose of clause (v) of sub-section (2) of section 288, namely :—

- (1) The National Diploma in Commerce awarded by the All-India Council for Technical Education under the Ministry of Education, New Delhi, provided the diploma-holder has taken Advanced Accountancy and Auditing as an elective subject for the Diploma Examination.
- (2) Government Diploma in Company Secretaryship awarded by the



The Institute of Cost Accountants of India

Department of Company Affairs, under the Ministry of Industrial Development and Company Affairs, New Delhi.

(2A) Final Examination of the Institute of Company Secretaries of India, New Delhi.

(3) The Final Examination of the Institute of Cost and Works Accountants of India constituted under the Cost and Works Accountants Act, 1959 (23 of 1959).

(4) The Departmental Examinations conducted by or on behalf of the Central Board of Direct Taxes for Assessing Officers, Class I or Group 'A', Probationers, or for Assessing Officers, Class II or Group 'B', Probationers, or for promotion to the post of Assessing Officers, Class II or Group 'B', as the case may be.

(5) The Revenue Audit Examination for Section Officers conducted by the Office of the Comptroller and Auditor General of India.

Securities Exchange Board of India (SEBI)

Appearance by Authorised Representative

Under Chapter IV of Listing of Securities

Conditions for listing:

Right to Legal Representations

22C. The appellant may either appear in person or authorise one or more chartered accountants or company secretaries or **cost accountants** or legal practitioners or any of its officers or present his or its case before the Securities Appellate Tribunal.

Explanation. - For the purposes of this section, -

- a. "chartered accountant" means a chartered accountant as defined in clause (b) of sub-section (1) of section 2 of the Chartered Accountants Act, 1949 and who has obtained a certificate of practice under sub-section (1) of section 6 of that Act;
- b. "company secretary" means a company secretary as defined in clause (c) of sub-section (1) of section 2 of the Company Secretaries Act, 1980 and who



The Institute of Cost Accountants of India

has obtained a certificate of practice under sub-section (1) of section 6 of that Act;

- c. "**cost accountant**" means a cost accountant as defined in clause (b) of sub-section (1) of section 2 of the Cost and Works Accountants Act, 1959 and who has obtained a certificate of practice under sub-section (1) of section 6 of that Act;
- d. "legal practitioner" means an advocate, vakil or an attorney of any High Court, and includes a pleader in practice.

Service Tax

Service Tax Act, 1994

Appearance by Authorised Representative

96D. Procedure on receipt of application

96D. (5) On a request received from the applicant, the Authority shall, before pronouncing its advance ruling, provide an opportunity to the applicant of being heard, either in person or through a duly authorised representative.

Explanation. - For the purposes of this sub-section, "authorised representative" has the meaning assigned to it in sub-section (2) of section 35Q of the Central Excise Act, 1944. (1 of 1944).

Special Economic Zone (SEZ)

Appearance By Authorised Representative

SEZ Rules, 2006

Rule 55. Form of Appeal — [1] Any person aggrieved by an order passed by the Approval Committee under section 15 or against cancellation of Letter of Approval under section 16, may prefer an appeal to the Board in the Form J.

Form - J

FORM FOR APPEAL
(See rule 55)



The Institute of Cost Accountants of India

FOR OFFICIAL USE

Date:

1	Name of the applicant	
2	Address	
3	Name and address of the authority, whose decision or order is brought up in appeal	
4	Brief of the decision against which appeal is made	
5	Reason as to why the decision needs review	1. 2. 3.
6	Any other remarks	

Signature of the Appellant :

Name in Block Letters :

Designation :

Place: Tel. No.

Date: E-mail

..... Address :

Fax :

Documents to be enclosed with the appeal:

1. Copy of the decision/rejection letter
2. Demand Draft of Rs. 2,500/- in favour of Pay and Accounts Officer, Department of Commerce, New Delhi.



The Institute of Cost Accountants of India

Rule 61. Rights of appellant to appear before the Board — Every appellant may appear before the Board in person or authorize one or more chartered accountants or company secretaries or cost accountants or legal practitioners or any of his or its officers to present his or its case before the Board.

Explanation: for the purpose of this rule,—

- a) “chartered accountant” means a chartered accountant as defined in clause (b) of sub-section (1) of section 2 of the Chartered Accountants Act, 1949 and who has obtained a certificate of practice under sub-section (1) of section 6 of that Act;
- b) “company secretary” means a company secretary as defined in clause (c) of sub-section (1) of section 2 of the Company Secretaries Act, 1980 and who has obtained a certificate of practice under sub-section (1) of section 6 of that Act;
- c) “**cost accountant**” means a cost accountant as defined in clause (b) of sub-section (1) of section 2 of the Cost and Works Accountants Act, 1959 and who has obtained a certificate of practice under sub-section (1) of section 6 of that Act;
- d) “legal practitioner” means an advocate, vakil or an attorney of any High Court, and includes a pleader in practice.

Telecom Regulatory Authority of India (TRAI), 1997

Appearance by Authorised Representative.

17. Right to legal representation.—The applicant or appellant may either appear in person or authorise one or more Chartered Accountants or Company Secretaries or Cost Accountants or legal practitioners or any of its officers to present his or its case before the Appellate Tribunal.

Explanation— For the purposes of this section,—

- (a) ‘Chartered Accountant’ means a Chartered Accountant as defined in clause (b) of sub-section (1) of section 2 of the Chartered Accountants Act, 1949 (38 of 1949) and who has obtained a certificate of practice under sub-section (1) of section 6 of that Act;
- (b) ‘Company Secretary’ means a Company Secretary as defined in clause (c)



The Institute of Cost Accountants of India

of sub-section (1) of section 2 of the Company Secretaries Act, 1980 (56 of 1980) and who has obtained a certificate of practice under sub-section (1) of section 6 of that Act;

- (c) **‘Cost Accountant’** means a Cost Accountant as defined in clause (b) of sub-section (1) of section 2 of the Cost and Works Accountants Act, 1959 (23 of 1959), and who has obtained a certificate of practice under sub-section (1) of section 6 of that Act;
- (d) **‘Legal Practitioner’** means an Advocate, vakil or an attorney of any High court, and includes a pleader in practice.

The Real Estate (Regulation And Development) Act, 2016

56. Right to legal representation.—The applicant or appellant may either appear in person or authorise one or more chartered accountants or company secretaries or cost accountants or legal practitioners or any of its officers to present his or its case before the Appellate Tribunal or the Regulatory Authority or the adjudicating officer, as the case may be.

Explanation.—For the purposes of this section,—

- (a) “chartered accountant” means a chartered accountant as defined in clause (b) of sub-section (1) of section 2 of the Chartered Accountants Act, 1949 (38 of 1949) or any other law for the time being in force and who has obtained a certificate of practice under sub-section (1) of section 6 of that Act;
- (b) “company secretary” means a company secretary as defined in clause (c) of sub-section (1) of section 2 of the Company Secretaries Act, 1980 (56 of 1980) or any other law for the time being in force and who has obtained a certificate of practice under sub-section (1) of section 6 of that Act;
- (c) **“cost accountant”** means a cost accountant as defined in clause (b) of sub-section (1) of section 2 of the Cost and Works Accountants Act, 1959 (23 of 1959) or any other law for the time being in force and who has obtained a certificate of practice under sub-section (1) of section 6 of that Act;
- (d) “legal practitioner” means an advocate, vakil or an attorney of any High Court, and includes a pleader in practice.

To appear before authorities under VAT Acts/ Rules of various State Governments

The Assam Value Added Tax Act, 2003

Section 103 Appearance before any authority in proceedings: (1) Any person who is entitled or required to appear before any authority including the Appellate Tribunal in connection with any proceedings under this Act, otherwise than when required to appear personally for examination on oath or affirmation, may appear, -

- a. by his relative or a person regularly employed by him; or
- b. by a legal practitioner, Chartered Accountant or **Cost Accountant** who is not disqualified by or under subsection; or
- c. by a sales tax practitioner who possesses the prescribed qualifications and is entered in the list which the Commissioner shall maintain in that behalf, and who is not disqualified by or under sub-section(2);

only if such relative, person employed, legal practitioner, Chartered Accountant, Cost Accountant or sales tax practitioner is authorized by such person in the prescribed form, and such authorization may include the authority to act on behalf of such person in such proceedings.

- (2) The Commissioner may by an order in writing and for reasons to be recorded therein disqualify for such period as is stated in the order from appearing before any such authority, any legal practitioner, Chartered Accountant, **Cost Accountant** or sales tax practitioner,—
 1. who has been removed or dismissed from Government service; or
 2. Who being a sales tax practitioner, a legal practitioner, Cost Accountant or a Chartered Accountant is found guilty of misconduct in connection with any proceedings under this Act by the Commissioner or by an authority, if any, empowered to take disciplinary action against the member of the profession to which he belongs.
- (3) No order of disqualification shall be made in respect of any particular person unless he is given a reasonable opportunity of being heard.
- (4) Any person against whom any order of disqualification is made under this section may, within one month of the date of communication of such order,



The Institute of Cost Accountants of India

appeal to the Appellate Tribunal to have the order cancelled or modified. The order of the Commissioner shall not take effect, until one month of the making thereof or, when an appeal is preferred, until the appeal is decided.

- (5) The Commissioner may, at any time, suo-motu or on an application made to him in this behalf, revoke or modify any order made against a person under sub-section (2) and thereupon such person shall cease to be disqualified subject to such conditions or restrictions as may be contained in such order.

Andhra Pradesh Value Added Tax Act, 2005

Section 66 Appearance before any authority in proceedings -Any person who is entitled to appear before any authority other than the High Court in connection with any proceedings under the Act, may be represented before such authority :-

- (a) by his relative or a person regularly employed by him, if such relative or person is duly authorized by him in writing in this behalf; or
- (b) by a legal practitioner; or
- (c) by a chartered Accountant within the meaning of the Chartered Accountant Act, 1949; or
- (d) by a Cost Accountant within the meaning of the Cost and Works Accountant Act of 1959.
- (e) Subject to such conditions as may be laid down by the rules in that regard by a person who was enrolled as a Sales Tax Practitioner by such authority on payment of such fees and possessing such qualification as may be prescribed.

If such Chartered Accountant or Cost Accountant or Sales Tax Practitioner is duly authorized in writing in this behalf.

Delhi Value Added Tax Act, 2004

Section 82: Appearance before any authority in proceedings - (1) Any person, who is entitled or required to attend before any authority in connection with any proceedings under this Act, may attend-

- (a) by a person authorized by him in writing in this behalf, being a relative or a person regularly employed by him; or



The Institute of Cost Accountants of India

- (b) by a legal practitioner or chartered accountant or **cost accountant** who is not disqualified by or under sub-section (2) of this section; or
 - (c) by a Value Added Tax practitioner who possesses the prescribed qualifications and is entered in the list, which the Commissioner shall maintain in that behalf, and who is not disqualified by or under sub-section (2) of this section.
- (2) The Commissioner may, for reasons to be recorded in writing, disqualify for a period from appearing before any such authority, any legal practitioner, chartered accountant or Value Added Tax practitioner-
- (a) Who has been dismissed from government service; or
 - (b) who, being a legal practitioner or chartered accountant, or cost accountant is found guilty of misconduct in connection with any proceedings under this Act by an authority empowered to take disciplinary action against the members of the profession to which he belongs; or
 - (c) Who, being a Value Added Tax practitioner, is found guilty of such misconduct by the Commissioner.
- (3) Any person who is disqualified under this section may, within one month of the date of disqualification, appeal to the Government to have the disqualification cancelled.
- (4) The decision of the Commissioner shall not take effect until one month of the making thereof or when an appeal is preferred, until the appeal is decided.
- (5) The Commissioner may, at any time, suo motu or on an application made to him in this behalf, revoke any decision made against any person under sub-section (2) of this section and thereupon such person shall cease to be disqualified.

Explanation. - A decision made by the Commissioner under this section may also be the subject of an objection under section 74 of this Act.

Orissa Value Added Sales Tax Act, 2004

Section 91 Appearance before any authority in proceedings- (1) Any person, who is entitled or required to appear before any authority in connection with any proceeding under this Act, may attend –

- (a) a person authorized by him in writing, being a relative or a person regularly employed by him ; or by a legal practitioner or chartered Accountant or a **cost**

- Accountant** who is not disqualified by or under sub-section (2); or
- (b) by a tax practitioner who possesses the prescribed qualification and is enrolled by the Commissioner for the purpose and who is not disqualified by or under sub-section (2).
- (2) The Commissioner may, by order in writing, for reasons to be recorded there in, disqualify for such period as may be stated in the order from attending before any such authority, any tax practitioner, legal practitioner, chartered Accountant or cost Accountant –
- (a) who has been removed or dismissed from Government service; or
- (b) who, being a legal practitioner or chartered Accountant or cost Accountant, is found guilty of misconduct in connection with any proceeding under this Act by an authority empowered to take disciplinary action against the members of the profession to which he belongs; or
- (c) Who, being a tax practitioner enrolled by the Commissioner, is found guilty of any misconduct.
- (3) No order of disqualification under sub-section (2) shall be made in respect of any particular person, unless he has been given a reasonable opportunity of being heard.
- (4) Any person against whom an order of disqualification is made under subsection (2) may, within one month of the date of communication of such order, appeal to the Government to have the order cancelled.
- (5) The order of the Commissioner shall not take effect until one month of the making thereof or, when an appeal is preferred, until the appeal is decided.
- (6) The Commissioner may, at any time, suo motu or on an application made to him in this behalf, revoke any order made against any person under sub-section (2) and there upon such person shall cease to be disqualified.

Kerala Value Added Tax Act, 2003

Section 86- Appearance before any authority in proceedings- (1) Any person who is entitled or required to appear before any authority other than the High Court in connection with any proceedings under this Act may be represented before such authority, -

- (a) by his relative or a person employed by him, if such relative or person is duly

authorized by him in writing in this behalf; or

(b) by a legal practitioner; or

(c) by a chartered accountant **or cost accountant** duly authorized by him in writing in this behalf; or

(d) by a sales tax practitioner possessing the prescribed qualifications and duly authorized by him in writing in this behalf.

Explanation: - For the purpose of this sub-section the expression “a person employed by him” shall mean a person who is a full time employee under the person on whose behalf he is appearing.

(2) The authorization referred to in sub-section (1) shall be in such form and accompanied by such fee as may be prescribed.

Gujarat Value Added Tax Act, 2003

Section 81 Appearance before any authority in proceedings- (1) Any person, who is entitled or required to attend before any authority in connection with any proceedings under this Act, may attend,

(a) by a person authorized by him in writing in this behalf, being a relative or a person regularly employed by him; or

(b) by a legal practitioner or Chartered Accountant or **Cost Accountant** who is not disqualified by or under sub-section (2) ; or

(c) by a sales tax practitioner who possesses the prescribed qualifications and is entered in the list, which the Commissioner shall maintain in that behalf, and who is not disqualified by or under sub-section (2).

(2) The Commissioner may, by order in writing and for reasons to be recorded therein, disqualify for such period as is stated in the order from attending before any such authority, any legal practitioner, Chartered Accountant, Cost Accountant or sales tax practitioner-

(a) who has been removed or dismissed from Government service; or

(b) who being a legal practitioner or Chartered Accountant or Cost Accountant is found guilty of misconduct in connection with any proceedings under this Act by an authority empowered to take disciplinary action against the members of the profession to which he belongs; or



The Institute of Cost Accountants of India

- (c) Who being a sales tax practitioner is found guilty of such misconduct by the Commissioner.
- (3) No order of disqualification shall be made in respect of any particular person unless he has been given a reasonable opportunity of being heard.
- (4) Any person against whom an order of disqualification is made under this section may, within one month of the date of communication of such order, appeal to the State Government and the State Government may pass such order in appeal as it may think fit.
- (5) The order of the Commissioner shall not take effect until one month of the making thereof or when an appeal is preferred, until the appeal is decided.
- (6) The Commissioner may at any time suo-motu or on an application made to him in this behalf, revoke any order made against any person under sub-section (2) and thereupon such person shall cease to be disqualified.

Maharashtra Value Added Tax Act, 2002

Section 82 Appearance before any authority in proceedings- (1) Any person, who is entitled or required to attend before any before any authority including the Tribunal in connection with any proceeding under this Act, otherwise than when required to attend personally for examination on oath or affirmation, may attend,—

- (a) by a relative or a person regularly employed by him, or
- (b) by a legal practitioner, Chartered Accountant or **Cost Accountant** who is not disqualified by or under sub-section (2), or
- (c) by a sales tax practitioner who possesses the prescribed qualifications and is entered in the list which the Commissioner shall maintain in that behalf, and who is not disqualified by or under subsection (2), or
- (d) any person who, immediately before the commencement of this Act was qualified to appear as a sales tax practitioner under any earlier law and who is not disqualified by or under sub-section (2), only if such relative, person employed, legal practitioner Chartered Accountant, Cost Accountant or sales tax practitioner is authorized by such person in the prescribed form, and such authorization may include the authority to act on behalf of such person in such proceedings.

Explanation—“A person regularly employed” means a person whose salary is regularly and periodically debited and recorded in the books of account of the dealer.

- (2) The Commissioner may, by order in writing and for reasons to be recorded therein, disqualify for such period as is stated in the order from attending before any such authority, any legal practitioner, Chartered Accountant, Cost Accountant or sales tax practitioner,—
 - (i) who has been removed or dismissed from Government service, or
 - (ii) who being a legal practitioner, a Chartered Accountant or a **Cost Accountant** is found guilty of misconduct in connection with any proceedings under this Act by an authority, empowered to take disciplinary action against the member of the profession to which he belongs, or
 - (iii) Who, being a sales tax practitioner, is found guilty of such misconduct by the Commissioner.
- (3) No order of disqualification shall be made in respect of any particular person unless he is given a reasonable opportunity of being heard.
- (4) Any person against whom any order of disqualification is made under this section may, within one month of the date of communication of such order, appeal to the Tribunal to have the order cancelled or modified.
- (5) The order of the Commissioner shall not take effect until one month of the service thereof or when an appeal is preferred until the appeal is decided.
- (6) The Commissioner may, at any time *suo motu* or on an application made to him in this behalf, revoke or modify any order made against any person under sub-section (2) and thereupon such person shall cease to be disqualified subject to such conditions or restrictions that may be contained in such order.

The Goa Value Added Tax Act, 2005

Section 82 Appearance before any authority in proceedings - (1) Any person, who is entitled or required to attend before any authority including the Tribunal in connection with any proceeding under this Act, may be represented



The Institute of Cost Accountants of India

- (a) by a relative or a person regularly employed by him; or
- (b) by a legal practitioner, Chartered Accountant or **Cost Accountant** or Company Secretary who is not disqualified by or under sub-section (2); or
- (c) by a sales tax practitioner who possesses the prescribed qualifications and on payment of prescribed fees, and is entered in the list which the Commissioner shall maintain in that behalf, and who is not disqualified by or under sub-section (2); or
- (d) any person who, immediately before the commencement of this Act was a sales tax practitioner under any earlier law,
only if such relative, person employed, legal practitioner, Chartered Accountant, **Cost Accountant**, Company Secretary or sales tax practitioner is authorized by such person in the prescribed form, and such authorization may include the authority to act on behalf of such person in such proceedings.
- (2) The Commissioner may, by order in writing and for reasons to be recorded therein, disqualify for such period as is stated in the order from attending before any such authority, any legal practitioner, Chartered Accountant, Cost Accountant, Company Secretary or sales tax practitioner—
- (i) who has been removed or dismissed from Government service; or
- (ii) who being a sales tax practitioner, a legal practitioner or a Chartered Accountant, Cost Accountant, Company Secretary is found guilty of misconduct in connection with any proceedings under this Act by the Commissioner or by an authority, if any, empowered to take disciplinary action against the member of the profession to which he belongs.
- (3) No order of disqualification shall be made in respect of any particular person unless he is given a reasonable opportunity of being heard.
- (4) Any person against whom any order of disqualification is made under this section, may, within one month of the date of communication of such order appeal to the Tribunal to have the order cancelled or modified.
- (5) The order of the Commissioner shall not take effect until one month of the making thereof or when an appeal is preferred until the appeal is decided.
- (6) The Commissioner may, at any time, suo motu or on an application made to him in this behalf, revoke or modify any order made against a person

under sub-section (2) and thereupon such person shall cease to be disqualified subject to such conditions or restrictions that may be contained in such order.

Tamil Nadu Value Added Tax Act, 2006

An Act further to amend the Tamil Nadu Value Added Tax Act, 2006.

BE it enacted by the Legislative Assembly of the State of Tamil Nadu in the Sixty-third Year of the Republic of India as follows:—

1. (1) This Act may be called the Tamil Nadu Value Added Tax (Third Amendment) Act, 2012.
(2) It shall come into force on such date as the State Government may, by notification, appoint.
2. In the Tamil Nadu Value Added Tax Act, 2006, after section 63, the following section shall be inserted, namely:—

63-A. Accounts to be audited in certain cases.—(1) Every registered dealer whose total turnover including zero-rate sale and sale in the course of inter-State trade or commerce as specified in section 3 of the Central Sales Tax Act, 1956 (Central Act 74 of 1956) in a year, exceeds one crore rupees, shall get his accounts in respect of that year, audited by an Accountant and submit a report of such audit in the prescribed Form, duly signed and verified by the Accountant, to the Assessing authority, within such period as may be prescribed.

Explanation.—For the purpose of this section “Accountant” means, a Chartered Accountant as defined in the Chartered Accountants Act, 1949 (Central Act 38 of 1949) or a Cost Accountant as defined in the Cost and Works Accountants Act, 1959 (Central

Act 23 of 1959).

(2) If such registered dealer fails to get his accounts audited and submit a report of such audit within the prescribed period, as required in sub-section (1), the Assessing authority may, after giving a reasonable opportunity of being heard, direct such registered dealer to pay by way of penalty of sum of rupees ten thousand, in

addition to any tax payable, in respect of the said period: Provided that, this section shall not apply to the departments of Central and State Governments, local authorities, the railway administration as defined under the Railways Act, 1989 (Central Act 24 of 1989), the Tamil Nadu State Road Transport Corporations and similar such registered dealers, as may be notified by the Government.

Section 78 Appearance before any authority in proceedings -Any person who is entitled to appear before any authority other than the High Court in connection with any proceedings under this Act may, subject to such conditions as may be prescribed, be represented before such authority –

- (a) by his relative or a person employed full time by him, if such relative or person is duly authorized by him in writing in this behalf; or
- (b) by a legal practitioner; or
- (c) by an Accountant or Value Added Tax Practitioner possessing the prescribed qualifications and duly authorized by him in writing in this behalf.

Tamil Nadu Value Added Tax Rule, 2007

Rule 17 Appearance by Authorized Representative - (1) The person specified in clauses (a) and (c) of section 78 appearing on behalf of a dealer or other person in any proceedings before any authority under the Act other than the High Court shall file before such authority an authorization given by the dealer or such person in Form SS.

- (2) (a) An Accountant appearing under clause (c) of section 78 shall be a Chartered Accountant as defined in the Chartered Accountants Act, 1949 (Central Act XXXVIII of 1949) or Cost Accountant as defined in the Cost and Works Accountants Act, 1959 (Central Act 23 of 1959).
- (b) No person shall be eligible to appear as a Value Added Tax Practitioner under clause (c) of section 78 unless his name has been included in the list in Form TT referred to in sub-rule (2) (v) and unless he has, –(i) passed any one of the following accountancy examinations recognized by the Central Board of Revenue constituted under the Central Board of Revenue Act, 1924 (Central Act IV of 1924), for the purpose of clause (v) of sub-section



The Institute of Cost Accountants of India

(2) of section 288 of the Income Tax Act, 1961 (Central Act 43 of 1961), namely:-

- (A) The National Diploma in Commerce awarded by the All India Council for Technical Education, New Delhi, provided the diploma holder has taken Advanced Accountancy and Auditing as an elective subject for the Diploma Examination;
- (B) Government Diploma in Company Secretary-ship awarded by the Department of Company Affairs under the Ministry of Industrial Development and Company Affairs, New Delhi;
- (C) Final Examination of the Institute of Company Secretaries of India, New Delhi; or
- (i) acquired a degree in Commerce, Corporate Secretary ship, Law, Economics or Banking including Higher Auditing or Business Administration or Business Management conferred by a University recognized by the University Grants Commission; or
- (ii) retired or resigned from the Tamil Nadu Commercial Taxes Department and had been, at any time during his service in that Department, an assessing authority.

Provided that no person who was employed in the Tamil Nadu Commercial Taxes Department and has retired or resigned from such employment, shall be eligible for a period of two years from the date of retirement or from the date of acceptance of the resignation, as the case may be, to appear on behalf of a dealer or other person under clause (a) and as a Value Added Tax Practitioner under clause (c) of section 78 except before the Appellate Tribunal:

Provided further that the Government may, in respect of a retired officer of the Tamil Nadu Commercial Taxes Department, relax the above condition, for reasons to be recorded in writing.

- (c) Notwithstanding anything contained in clause (b), every Sales Tax Practitioner qualified under Section 52 of the Tamil Nadu General Sales Tax Act, 1959 and enrolled as a Sales Tax Practitioner under rule 50 (iv) of the Tamil Nadu General Sales Tax Rules, 1959 will be deemed to be a Value Added Tax Practitioner under this rule.
- (d) No person who has been dismissed or removed from Government service or

who has been convicted for an offence under the Act or who has become an insolvent shall be eligible to appear as a Value Added Tax Practitioner under clause (c) of section 78.

(e) (i) Every Value Added Tax Practitioner possessing the qualification prescribed in clause (b) shall have his name entered in the list maintained in Form TT by the Deputy Commissioner on an application in Form UU made by him in that behalf to the Deputy Commissioner.

(ii) The Deputy Commissioner shall upon any information received or otherwise, effect amendments in the said list as may be necessary by reason of any change of address or death of any practitioner or on request by any practitioner for removal of his name from the list.

(f) (i) If any Value Added Tax Practitioner is found guilty of misconduct in connection with any taxproceedings by the Deputy Commissioner of Commercial Taxes having jurisdiction or by the Appellate Tribunal, the Deputy Commissioner of Commercial Taxes or the Appellate Tribunal may direct that heshall henceforth be disqualified to represent any person under section 78, either permanently or for a specified period and shall remove his name from the said list:

Provided that no such direction shall be made unless the Value Added Tax Practitioner is given a reasonable opportunity of being heard.

Bihar Value Added Tax Act, 2005

Section 87 Appearance before taxing authorities.-Any person, who is required to appear before any authority appointed under section 10 or before the Tribunal or before an officer of the Bureau of Investigation constituted under section 86 in connection with any proceeding under this Act, may appear before such authority through- (a) a person authorized in the prescribed manner by him in this behalf, being his relative or person in his regular and whole time employment, (b) a sales tax practitioner who possesses the prescribed qualifications; or (c) a legal practitioner, or (d) subject to such conditions as may be prescribed, a chartered accountant, or company secretary, or cost accountant. Explanation.- For the purposes of this section,-

(a) "chartered accountant" means a chartered accountant as defined in clause (b) of sub-section (1) of section 2 of the Chartered Accountants Act, 1949 (38 of

1949) and who has obtained a certificate of practice under sub-section (1) of section 6 of that Act;

- (b) "company secretary" means a company secretary as defined in clause (c) of sub-section (1) of section 2 of the Company Secretaries Act, 1980 (56 of 1980) and who has obtained a certificate of practice under sub-section (1) of section 6 of that Act;
- (c) "**cost accountant**" means a cost accountant as defined in clause (b) of sub-section (1) of section 2 of the Cost and Works Accountants Act, 1959 (23 of 1959) and who has obtained a certificate of practice under sub-section (1) of section 6 of that Act; (d) "legal practitioner" means an advocate, vakil or an attorney of any High Court, and includes a pleader in practice.

Jammu & Kashmir Value Added Tax Act, 2005

Section 84 Appearance before any authority in proceedings -(1) Any person who is entitled or required to attend before any authority including the Tribunal in connection with any proceeding under the Act, otherwise than when required to attend personally for examination on oath or affirmation, may authorize in prescribed form –

- (a) any relative or other person regularly employed by him;
 - (b) any legal practitioner, or Chartered Accountant or **Cost and Works Accountant** who is not disqualified by or under sub section(2);
 - (c) any sales tax practitioner who possesses the prescribed qualifications and is entered in the list which the Commissioner shall maintain in that behalf and who is not disqualified by or under sub section(2);or
 - (d) any person, who immediately before the commencement of the Act was a sales tax practitioner under any earlier law, to attend before such authority and to act on behalf of such person in such proceedings.
- (2) The Commissioner may by an order in writing and for reasons to be recorded therein disqualify any such person as is stated in the order from attending before any such authority -
- (i) who has been removed or dismissed from Govt. service ; or
 - (ii) who being a sales tax practitioner, a legal practitioner or a Chartered Accountant or Cost and Works Accountant is found guilty of misconduct in



The Institute of Cost Accountants of India

connection with any proceedings under the Act by the Commissioner or by an authority, if any, empowered to take disciplinary action against the member of the profession to which he belongs.

- (3) No order of disqualification shall be made under sub-section (2) in respect of any person unless he is given a reasonable opportunity of being heard.
- (4) The Commissioner may, at any time suo motu or on an application made to him in this behalf, revoke or modify any order made against any person under sub -section (2) and thereupon such person shall cease to be disqualified subject to such conditions or restrictions as may be contained in such order.

14

Transfer Pricing and Predatory Pricing

Transfer Pricing & Predatory pricing

Transfer pricing can be defined as the value which is attached to the goods or services transferred between related parties. In other words, transfer pricing is the price that is paid for goods or services transferred from one unit of an organization to its other units situated in different countries. In taxation and accounting, transfer pricing refers to the rules and methods for pricing transactions within and between enterprises under common ownership or control. Because of the potential for cross-border controlled transactions to distort taxable income, tax authorities in many countries can adjust intragroup transfer prices that differ from what would have been charged by unrelated enterprises dealing at arm's length (the arm's-length principle). The OECD and World Bank recommend intragroup pricing rules based on the arm's-length principle, and 19 of the 20 members of the G20 have adopted similar measures through bilateral treaties and domestic legislation, regulations, or administrative practice. Countries with transfer pricing legislation generally follow the OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations in most respects, although their rules can differ on some important details.

Transfer pricing is simply the act of pricing of goods and services or intangibles when the same is given for use or consumption to a related party (e.g. Subsidiary) It can be either Market-based, i.e. equivalent to what is being charged in the outside market for similar goods, or it can be non-market based. Therefore, transfer pricing is one such practice which refers to prices used for 'internal' sales of goods, services and technology between

divisions and/or associated companies of a business enterprise. The concept relates not only to trade operations proper, but also to other intra-firm transactions, such as those relating to transfer of technology, dividend remittances, royalties and technical fees payments. These transactions are mostly market transactions between unrelated parties (i.e. from arms' length prices).

It is also a mechanism adopted by multinational Enterprises for valuing the goods and services traded with their Subsidiaries or Associate Companies abroad so as to lower taxes and to maximize profits. The yardstick for acceptance of such transfer pricing is the "Arm's Length Price" which should represent the price charged in comparable transactions between independent parties, where price is not influenced by the relationship or business interest between the parties in the transaction. The Transfer Pricing policies of several countries are based on the OECD (Organization of Economic Cooperation and Development) Guidelines on the subject.

Introduction

A separate code on transfer pricing under Sections 92 to 92F of the Indian Income Tax Act, 1961 (the Act) covers intra-group cross-border transactions which is applicable from 1 April 2001 and specified domestic transactions which is applicable from 1 April 2012. Since the introduction of the code, transfer pricing has become the most important international tax issue affecting multinational enterprises operating in India. The regulations are broadly based on the Organisation for Economic Co-operation and Development (OECD) Guidelines and describe the various transfer pricing methods, impose extensive annual transfer pricing documentation requirements, and contain harsh penal provisions for noncompliance.

Statutory rules and regulations

The Indian Transfer Pricing Code prescribes that income arising from international transactions or specified domestic transactions between associated enterprises should be computed having regard to the arm's-length price. It has been clarified that any allowance for an expenditure or interest or allocation of any cost or expense arising from an international transaction or specified domestic transaction also shall be determined having regard to the

arm's-length price.

The Act defines the terms 'international transactions', 'specified domestic transactions', 'associated enterprises' and 'arm's-length price'. Type of transactions covered Section 92B of the Act defines the term 'international transaction' to mean a transaction between two (or more) associated enterprises involving the sale, purchase or lease of tangible or intangible property; provision of services; cost-sharing arrangements; lending/borrowing of money; or any other transaction having a bearing on the profits, income, losses or assets of such enterprises. The associated enterprises could be either two non-residents or a resident and a non-resident; furthermore, a permanent establishment (PE) of a foreign enterprise also qualifies as an associated enterprise. Accordingly, transactions between a foreign enterprise and its Indian PE are within the ambit of the code.

An explanation having an inclusive list of transactions has been inserted in the definition of 'international transaction' by the Finance Act 2012, to specifically cover certain transactions/ arrangements such as purchase, sale, transfer, lease or use of intangible property, provision of guarantees, deferred payments or receivables, business restructuring or reorganisation etc. Intangible property has been explained to include marketing intangible, customer-related intangible, human capital intangible, location-related intangible, etc.

Defining Associated enterprises

The relationship of associated enterprises (AEs) is defined by Section 92A of the Act to cover direct/ indirect participation in the management, control or capital of an enterprise by another enterprise. It also covers situations in which the same person (directly or indirectly) participates in the management, control or capital of both the enterprises. For the purposes of the above definition, certain specific parameters have been laid down based on which two enterprises would be deemed as AEs. These parameters include:

- Direct/indirect holding of 26% or more voting power in an enterprise by the other enterprise or in both the enterprises by the same person.
- Advancement of a loan, by an enterprise, that constitutes 51% or more of the total book value of the assets of the borrowing enterprise.

- Guarantee by an enterprise for 10% or more of total borrowings of the other enterprise.
- Appointment by an enterprise of more than 50% of the board of directors or one or more executive directors of the other enterprise or the appointment of specified directorships of both enterprises by the same person.
- Complete dependence of an enterprise (in carrying on its business) on the intellectual property licensed to it by the other enterprise.
- Substantial purchase of raw material/sale of manufactured goods by an enterprise from/to the other enterprise at prices and conditions influenced by the latter.
- The existence of any prescribed relationship of mutual interest. Furthermore, in certain cases, a transaction between an enterprise and a third party may be deemed to be a transaction between AEs if there exists a prior agreement in relation to such transaction between the third party and an AE or if the terms of such transaction are determined in substance between the third party and an AE. Accordingly, this rule aims to counter any move by taxpayers to avoid the transfer pricing regulations by interposing third parties between group entities.

The arm's-length principle and pricing methodologies

The term 'arm's-length price' is defined by Section 92F of the Act to mean a price that is applied or is proposed to be applied to transactions between persons other than AEs in uncontrolled conditions. The following methods have been prescribed by Section 92C of the Act for the determination of the arm's-length price:

- Comparable uncontrolled price (CUP) method.
- Resale price method (RPM).
- Cost plus method (CPM).
- Profit split method (PSM).
- Transactional net margin method (TNMM).
- Such other methods as may be prescribed.

In this regard, the Central Board of Direct Taxes has notified that the ‘other method’ for determination of the arm’s-length price in relation to an international transaction shall be any method which takes into account the price which has been charged or paid, or would have been charged or paid, for the same or similar uncontrolled transaction, with or between non-associated enterprises, under similar circumstances, considering all the relevant facts. No particular method has been accorded a greater or lesser priority. The most appropriate method for a particular transaction would need to be determined having regard to the nature of the transaction, class of transaction or associated persons and functions performed by such persons, as well as other relevant factors.

Where adopted, transfer pricing rules allow tax authorities to adjust prices for most cross-border intragroup transactions, including transfers of tangible or intangible property, services, and loans. For example, a tax authority may increase a company’s taxable income by reducing the price of goods purchased from an affiliated foreign manufacturer or raising the royalty the company must charge its foreign subsidiaries for rights to use a proprietary technology or brand name. These adjustments are generally calculated using one or more of the transfer pricing methods specified in the OECD guidelines and are subject to judicial review or other dispute resolution mechanisms.

Although transfer pricing is sometimes inaccurately presented by commentators as a tax avoidance practice or technique (transfer mispricing) the term refers to a set of substantive and administrative regulatory requirements imposed by governments on certain taxpayers. However, aggressive intragroup pricing – especially for debt and intangibles – has played a major role in corporate tax avoidance, and it was one of the issues identified when the OECD released its base erosion and profit shifting (BEPS) action plan in 2013. The OECD’s 2015 final BEPS reports called for country-by-country reporting and stricter rules for transfers of risk and intangibles but recommended continued adherence to the arm’s-length principle. These recommendations have been criticized by many taxpayers and professional service firms for departing from established principles and by some academics and advocacy groups for failing to make adequate changes.

Customs valuation Rules, 2007 as applicable to similar cases

Customs valuation Rules, 2007 provides the methods of valuation of goods as follows:

Methods of Valuation

- Transaction Value of Imported goods [Section 14(1) and Rule 3(1)]
- Transaction Value of Identical Goods [Rule 4]
- Transaction Value of Similar Goods [Rule 5]
- Deductive Value which is based on identical or similar imported goods sold in India [Rule 7]
- Computed value which is based on cost of manufacture of goods plus profits [Rule 8]
- Residual method based on reasonable means and data available [Rule 9]

The Customs Valuation Rules, 2007 provide for transaction value of identical / similar goods, deductive value and computed value methods which are similar to valuation methods in the Transfer Pricing Rules under the Income Tax Act.

Transfer pricing under Income Tax Law & Relevant Provisions of I.T. Act

The Income Tax Act was amended in the Finance Act, 2001, to incorporate suitable provisions in sections 92 to 92 F, and section 27 so as to regulate Transfer Pricing. These were broadly based on the OECD guidelines. Supplementary provisions in Income Tax Rules were incorporated to prescribe the procedures on Transfer Pricing controls.

Summary of the legal provisions are as follows :

Section	What it provides
92	Computation of Income from International transactions involving transfer pricing having regard to "Arm's length price"
92A	Meaning of "Associated Enterprise"
92B	Meaning of "International Transaction"
92C	Computation of "Arm's Length Price"
92CA	Reference to Transfer Pricing Officer
92CB	Power of board to make safe harbour rules (New Section inserted by Finance Act 2012)

92CC	Advance Pricing Agreement (New Section inserted by Finance Act 2012)
92CD	Effect to advance pricing agreement (New Section inserted by Finance Act 2012)
92D	Maintenance of Documents and Information
92E	Requirement of Audit Report
92F	Important Definitions.
271 (1)(C)	Adjustment to income on account of Transfer Pricing Provisions to be regarded as concealed Income.
27 1AA	Penalty for failure to keep and maintain information and documents
271BA	Penalty for failure to furnish Audit Report
27 1G	Penalty for failure to furnish information or documents
Rules	
10A	Meaning of expression used in computation of "Arm's Length Price"
10B	Determination of "Arm's Length Price' under section 92C
10C	Most Appropriate Method
10D	Information and Documents to be kept and maintained under section 92D
10E	Report from an Accountant to be furnished under section 92E

The new regulation requires that "international transaction" between "associated enterprises" should be at an "arm's length price." International transaction is defined to mean a transaction between two (or more) associated enterprises that has a bearing on the profits, income, losses or assets of such enterprises. Associated Enterprises have been defined to cover those having direct/indirect participation in the management, control or capital of one enterprise by another enterprise. Section 92 of the Income tax Act states that "Any income arising from an international transaction shall be computed having regard to the arm's length price". "Arm's length price" is defined as a price, which is applied in a transaction between persons other than associated enterprises, in uncontrolled conditions.

The Ministry of Corporate Affairs vide Companies (Cost Audit Report) Rules, 2011 notified vide G.S.R. 430(E) dated 3rd June 2011 requires that "Cost Accounting Policy" should describe the 'Methodology for valuation of Inter-Unit/ Inter Company and Related Party transactions'. As per Annexure to the Cost Audit Report of the Companies (Cost Audit Report) Rules, 2011 vide para 10 requires furnishing of details of related party transactions based on "Normal Price" and indicates that the information without indicating "Normal Price" shall be considered as incomplete. Further, modified procedure for appointment of Cost Auditor by the company notified by the Ministry of Corporate Affairs vide General Circular No. 15/2011 dated 11th April 2011

prescribes furnishing of a certificate by a cost auditor for proposed to be appointed regarding his independence and arm's length relationship with the company.

Again, Ministry of Corporate Affairs vide GENERAL CIRCULAR 68/2011 OF 30/11/2011 clarified meaning of arm's length relationship with company. It indicates "In order that 'arm's length relationship' is in fact ensured, it may be noted that cost auditor(s) appointed under section 233B(2) of the Companies Act, 1956 [whether for one or all of the company's products covered under cost audit], shall not provide any other services to the company relating to (i) design and implementation of cost accounting system; or (ii) the maintenance of cost accounting records, or (iii) act as internal auditor, whether acting individually, or through the same firm or through other group firms where he or any partner has any common interest. It is however clarified that the cost auditors are allowed to certify the compliance report or provide any other services as may be assigned by the company, but which shall not include any of the services mentioned above".

The Ministry of Corporate Affairs, vide General Circular dated 10th May 2012 prescribed filing of Cost Audit Report and Compliance Report in XBRL Format. To enable filing of cost audit report in XBRL Format, the Ministry of Corporate Affairs amended the said Companies (Cost Audit Report) Rules 2011 vide G.S.R. 861(E) dated 30th November 2012 to be called "Companies (Cost Audit Report) Amendment Rules, 2012". The XBRL Costing Taxonomy with respect to "Cost Audit Report" published by Ministry of Corporate Affairs, vide para 10 "Related Party Transactions" to Annexure to Cost Audit Report, contains a provision of furnishing information in this para based on "Transfer Pricing Provisions" as per the Income Tax Act, 1961 and described six methods for working out the "Normal Price".

These are

- (a) Comparable Uncontrolled Price Method,
- (b) Resale Price Method,
- (c) Cost Plus Method,
- (d) Profit Split Method,
- (e) Transactional Net Margin Method and
- (f) any Other method.



Clarification on provisions governing transfer price in an international transaction

The Finance Act, 2001, has substituted the existing section 92 of the Income-tax Act by new sections 92 and 92A to 92F. These new provisions lay down that income arising from an international transaction between associated enterprises shall be computed having regard to the arm's length price. The term "associated enterprise" has been defined in section 92A.

Section 92B defines an "international transaction" between two or more associated enterprises. The provisions contained in section 92C provide for methods to determine the arm's length price in relation to an international transaction, and the most appropriate method to be followed out of the specified methods. While the primary responsibility of determining and applying an arm's length price is on the assessee, sub-section (3) of section 92C empowers the Assessing Officer to determine the arm's length price and compute the total income of the assessee accordingly, subject to the conditions provided therein. Section 92D provides for certain information and documents required to be maintained by persons entering into international transactions, and section 92E provides for a report of an accountant to be furnished along with the return of income.

The Board have prescribed rules 10A to 10E in the Income-tax Rules, 1962, giving the manner and the circumstances in which different methods would be applied in determining arm's length price and the factors governing the selection of the most appropriate method. The form of the report of the accountant and the documents and information required to be maintained by the assesseees have also been prescribed. The aforesaid provisions have been enacted with a view to provide a statutory framework which can lead to computation of reasonable, fair and equitable profit and tax in India so that the profits chargeable to tax in India do not get diverted elsewhere by altering the prices charged and paid in intra-group transactions leading to erosion of our tax revenues.

However, this is a new legislation. In the initial years of its implementation, there may be room for different interpretations leading to uncertainties with regard to determination of arm's length price of an international transaction. While it would be necessary to protect our tax base, there is a need to ensure that the taxpayers are not put to avoidable hardship in the implementation of these regulations.

In this background the Board have decided the following:

(i) The Assessing Officer shall not make any adjustment to the arm's length price determined by the taxpayer, if such price is up to 5 per cent less or up to 5 per cent more than the price determined by the Assessing Officer. In such cases the price declared by the taxpayer may be accepted.

(ii) The provisions of sections 92 and 92A to 92F come into force with effect from 1st April, 2002, and are accordingly applicable to the assessment year 2002-03 and subsequent years. The law requires the associated enterprises to maintain such documents and information relating to international transactions as may be prescribed. However, the necessary rules could be framed by the Board only after the Finance Bill received the assent of the President and have just been notified. Therefore, where an assessee has failed to maintain the prescribed information or documents in respect of transactions entered into during the period 1-4-2001 to 31-8-2001 the provisions of section 92C(3) should not be invoked for such failure. Penalty proceedings under section 27 1AA or 27 1G should also not be initiated for such default.

(iii) It should be made clear to the concerned Assessing Officer that where an international transaction has been put to a scrutiny, the Assessing Officer can have recourse to sub-section (3) of section 92C only under the circumstances enumerated in clauses (a) to (d) of that sub-section and in the event of material information or documents in his possession on the basis of which an opinion can be formed that any such circumstances exists. In all other cases, the value of the international transaction should be accepted without further scrutiny.

Computation of income from international transaction having regard to arm's length price

The provisions relating to transfer prior contained in sections 92 to 92F of the Income-tax Act, have come into force with effect from assessment year 2002-03. In terms of the provisions, income from an international transaction is to be computed having regard to arm's length price between the associated enterprises. Further, in terms of section 92CA, a Transfer Pricing Officer, on a reference received from the Assessing Officer, is required to determine arm's length price of an international transaction by an order and the Assessing

Officer is required to compute the income having regard to the price so determined by the TPO. The notification regarding jurisdiction of TPOs and their controlling officers have been issued by the Central Board of Direct Taxes and the copies thereof are enclosed for ready reference as Annexure II. In order to maintain uniformity of procedure and to ensure that work in this important area proceeds smoothly and effectively, the following guidelines are hereby issued:

(i) Reference to Transfer Pricing Officer (TPO) - The power to determine arm's length price in an international transaction is contained in sub-section (3) of section 92C. However, section 92CA provides that where the Assessing Officer considers it necessary or expedient so to do, he may refer the computation of arm's length price in relation to an international transaction to the TPO. Sub-section (3) of section 92CA provides that the TPO after taking into account the material available with him shall, by an order in writing, determine the arm's length price in accordance with sub-section (3) of section 92C. Sub-section (4) of section 92CA provides that on receipt of the order of the TPO, the Assessing Officer shall proceed to compute the total income of the assessee having regard to the arm's length price, determined by the TPO. Thus,

whereas the determination of the arm's length price, wherever reference is made to him, is required to be done by the TPO under sub-section (3) of section 92CA, read with sub-section (3) of section 92C, the computation of total income having regard to the arm's length price so determined by the TPO is required to be done by the Assessing Officer under sub-section (4) of section 92C, read with sub-section (4) of section 92CA.

In order to make a reference to the TPO, the Assessing Officer has to satisfy himself that by the taxpayer has entered into an international transaction with an associated enterprise. One of the sources from which the factual information regarding international transaction can be gathered is Form No. 2CEB filed with the return which is in the nature of an accountant's report containing basic details of an international transaction entered into by the taxpayer during the year and the associated enterprise with which such transaction is entered into, the nature of documents maintained and the method followed. Thus, the primary details regarding such international transactions would normally be available in the accountant's report. The Assessing Officer can arrive at a prima facie belief on the basis of these details whether a reference is considered necessary. No detailed enquiries are needed

at this stage and the Assessing Officer should not embark upon scrutinizing the correctness or otherwise of the price of the international transaction at this stage. In the initial years of implementation of these provisions and pending development of adequate data base, it would be appropriate if a small number of cases are selected for scrutiny of transfer price and these are dealt with effectively. The Central Board of Direct Taxes, therefore, have decided that wherever the aggregate value of international transaction exceeds Rs. 5 crores, the case should be picked up for scrutiny and reference under section 92CA be made to the TPO. If there are more than one transaction with an associated enterprise or there are transactions with more than one associated enterprises the aggregate value of which exceeds Rs. 5 crores, the transactions should be referred to the TPO. Before making reference to the TPO, the Assessing Officer has to seek approval of the Commissioner/Director as contemplated under the Act. Under the provisions of section 92CA reference is in relation to the international transaction. Hence all transactions have to be explicitly mentioned in the letter of reference. Since the case will be selected for scrutiny before making reference to the TPO, the Assessing Officer may proceed to examine other aspects of the case during pendency of assessment proceedings but await the report of the TPO on the value of international transaction before making final assessment.

(i) The threshold limit of Rs. 5 crores will be reviewed depending upon the workload of the TPOs. The work relating to selection of cases for scrutiny and reference to TPO on the above basis in respect of pending returns filed for the assessment year 2002-03 should be completed by June 30, 2003.

(ii) Role of Transfer Pricing Officer: The role of the TPO begins after a reference is received from the Assessing Officer. In terms of section 92CA this role is limited to the determination of arm's length price in relation to the international transaction(s) referred to him by the Assessing Officer. If during the course of proceedings before him it is found that there are certain other transactions which have not been referred to him by the Assessing Officer, he will have to take up the matter with the Assessing Officer so that a fresh reference is received with regard to such transactions. It may be noted that the reference to the TPO is transaction and enterprise specific.

The transfer price has to be determined by the TPO in terms of section 92C. The price has to be determined by any one of the methods stipulated in sub-section (1) of section 92C and by applying the most appropriate method

referred to in section (2) thereof. There may be occasions where application of the most appropriate method provides results which are different but equally reliable. In all such cases, further scrutiny may be necessary to evaluate the appropriateness of the method, the correctness of the data, weight given to various factors and so on. The selection of the most appropriate method will depend upon the facts of the case and the factors mentioned in rules contained in rule 10C. The TPO after taking into account all relevant facts and data available to him shall determine arm's length price and pass a speaking order after obtaining the approval of the DIT(TP). The order should contain details of the data used, reasons for arriving at a certain price and the applicability of methods. It may be emphasized that the application of method including the application of the most appropriate method, the data used, factors governing the applicability of respective methods, computation of price under a given method will all be subjected to judicial scrutiny. It is, therefore, necessary that the order of the TPO contains adequate reasons on all these counts. Copies of the documents or the relevant data used in arriving at the arm's length price should be made available to the Assessing Officer for his records and use at subsequent stages of appellate or penal proceedings.

(iii) Role of the Assessing Officer after receipt of "arm's length price: Under sub-section (4) of section 92C, the Assessing Officer has to compute total income of the assessee having regards to the arm's length price so determined by the TPO. While sub-section (4) of section 92CA clearly provides that such computation of income will be made having regard to the arm's length price so determined by the TPO, it is imperative that a formal opportunity is given to the taxpayer before making adjustments to the total income. The opportunity with regard to the determination of arm's length price has already been given by the TPO and, therefore, opportunity by the Assessing Officer, for final determination of income under sub- section (4) of section 92C, read with sub-section (4) of section 92CA is to be given by the Assessing Officer.

(iv) Maintenance of data base: It is to be ensured by the DIT (Transfer Pricing) that the reference received from the Assessing Officer is dealt with expeditiously so as to leave the Assessing Officer with sufficient time to offer an opportunity of being heard to the taxpayer before computing the income and completing the assessment. In order to ensure that all the references are attended to timely and effectively, a record of all such developments should be



maintained in the format enclosed as Annexure I to these guidelines. This format will also serve as an important data base for future action and also help ensure uniformity in the determination of “arm’s length price” in identical or substantially identical cases.

These instructions are under section 119 of the Income-tax Act.

Reference to Transfer Pricing Officer in cases where assessee had entered into an International transaction

Instruction No. 2/2003 was issued for picking up of cases for scrutiny and for reference to Transfer Pricing Officers in cases where the assessee had entered into an international transaction whose commutative value exceeds Rs. 5 crore. However, doubts have been expressed as to whether instructions could be carried out in view of the general restriction on picking of the cases for scrutiny as this work is expected to be carried out through computer software. It is hereby clarified that the picking up of the cases for scrutiny for the purposes of reference to T.P.O. was approved by the CBDT with a specific purpose of ensuring that the transfer pricing regulations are implemented timely and uniformly. The instruction has to be carried out manually till such time a computer software for the same is made available to the officer.

Computer Software when developed will include these international transactions also as one of the criteria for picking up the cases for scrutiny.

Source: Instruction No. 8/2003, dated 11-8-2003.

Global Best Practices and OECD Guidelines

OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations (Year 2022)

In a global economy where multinational enterprises (MNEs) play a prominent role, governments need to ensure that the taxable profits of MNEs are not artificially shifted out of their jurisdiction and that the tax base reported by MNEs in their country reflects the economic activity undertaken therein. For taxpayers, it is essential to limit the risks of economic double taxation. The

OECD Transfer Pricing Guidelines provide guidance on the application of the “arm’s length principle”, which is the international consensus on the valuation of cross-border transactions between associated enterprises. This January 2022 edition includes the revised guidance on the application of the transactional profit method and the guidance for tax administrations on the application of the approach to hard-to-value intangibles agreed in 2018, as well as the new transfer pricing guidance on financial transactions approved in 2020. Finally, consistency changes have been made to the rest of the OECD Transfer Pricing Guidelines.

Transfer pricing should not be conflated with fraudulent trade mis-invoicing, which is a technique for concealing illicit transfers by reporting falsified prices on invoices submitted to customs officials. “Because they often both involve mispricing, many aggressive tax avoidance schemes by multinational corporations can easily be confused with trade misinvoicing. However, they should be regarded as separate policy problems with separate solutions,” according to Global Financial Integrity, a non-profit research and advocacy group focused on countering illicit financial flows.

The OECD Transfer Pricing Guidelines provide guidance on the application of the "arm’s length principle", which represents the international consensus on the valuation, for income tax purposes, of cross-border transactions between associated enterprises. In today’s economy where multinational enterprises play an increasingly prominent role, transfer pricing continues to be high on the agenda of tax administrations and taxpayers alike. Governments need to ensure that the taxable profits of MNEs are not artificially shifted out of their jurisdiction and that the tax base reported by MNEs in their country reflects the economic activity undertaken therein and taxpayers need clear guidance on the proper application of the arm’s length principle.

Base Erosion and Profit Shifting

What is BEPS?

Base erosion and profit shifting (BEPS) refers to tax planning strategies used by multinational enterprises that exploit gaps and mismatches in tax rules to avoid paying tax. Developing countries’ higher reliance on corporate income tax means they suffer from BEPS disproportionately. BEPS practices cost countries USD 100-240 billion in lost revenue annually. Working together































within OECD/G20 Inclusive Framework on BEPS, 141 countries and jurisdictions are collaborating on the implementation of 15 measures to tackle tax avoidance, improve the coherence of international tax rules and ensure a more transparent tax environment.

Domestic tax base erosion and profit shifting (BEPS) due to multinational enterprises exploiting gaps and mismatches between different countries' tax systems affects all countries. Developing countries' higher reliance on corporate income tax means they suffer from BEPS disproportionately. Business operates internationally, so governments must act together to tackle BEPS and restore trust in domestic and international tax systems. BEPS practices cost countries 100-240 billion USD in lost revenue annually, which is the equivalent to 4-10% of the global corporate income tax revenue.

Following the guidelines of OECD in the OECD/G20 Inclusive Framework on BEPS, 141 countries and jurisdictions are implementing 15 Actions to tackle tax avoidance, improve the coherence of international tax rules, ensure a more transparent tax environment and address the tax challenges arising from the digitalisation of the economy.

The 141 members of the OECD/G20 Inclusive Framework on BEPS

Last updated: November 2021

 Albania	 Gabon	 Pakistan
 Andorra	 Georgia	 Panama
 Angola	 Germany	 Papua New Guinea
 Anguilla	 Gibraltar	 Paraguay
 Antigua and Barbuda	 Greece	 Peru
 Argentina	 Greenland	 Poland
 Armenia	 Grenada	 Portugal
 Aruba	 Guernsey	 Qatar
 Australia	 Haiti	 Romania
 Austria	 Honduras	 Russian Federation
 The Bahamas	 Hong Kong, China	 Saint Kitts and Nevis
 Bahrain	 Hungary	 Saint Lucia
 Barbados	 Iceland	 Saint Vincent and the Grenadines
 Belarus	 India	 Samoa
 Belgium	 Indonesia	 San Marino
 Belize	 Ireland	 Saudi Arabia
 Benin	 Isle of Man	 Senegal
 Bermuda	 Israel	 Serbia
 Bosnia and Herzegovina	 Italy	 Seychelles

BEPS refers to tax planning strategies that exploit gaps and mismatches in

tax rules to artificially shift profits to low or no-tax locations where there is little or no economic activity or to erode tax bases through deductible payments such as interest or royalties. Although some of the schemes used are illegal, most are not. This undermines the fairness and integrity of tax systems because businesses that operate across borders can use BEPS to gain a competitive advantage over enterprises that operate at a domestic level. Moreover, when taxpayers see multinational corporations legally avoiding income tax, it undermines voluntary compliance by all taxpayers.

BEPS is of major significance for developing countries due to their heavy reliance on corporate income tax, particularly from multinational enterprises. Engaging developing countries in the international tax agenda is important to ensure that they receive support to address their specific needs and can effectively participate in the process of standard-setting on international tax.

Overview of the Inclusive Framework on BEPS (EN/FR/ES)

Information brief (EN/FR/ES)

Impact Analysis

141 countries

and jurisdictions collaborate on the implementation of the BEPS package

\$240 billion

are lost annually due to tax avoidance by multinational companies

96 countries

and jurisdictions have signed the Multilateral Instrument on BEPS

Tax Transparency and OECD Guidelines

The key to international tax co-operation is effective exchange of information and the OECD has been at the forefront of international efforts to promote all forms of information exchange - including on request, spontaneous and automatic - since it first established its Working Party on Tax Avoidance and Evasion in 1971. Since then, enormous progress has been made to establish high standards of tax transparency and information sharing so as to improve tax authorities' ability to deter, detect and disrupt tax evasion and avoidance.

Global Forum on Transparency and Exchange of Information for Tax Purposes

The Global Forum is a key international body with over 160 members working on the implementation of international standards on tax transparency. It ensures that these high standards of transparency and exchange of information for tax purposes are in place around the world through its monitoring and peer review activities.

Automatic exchange of tax information

Automatic exchange of information is the systematic and periodic transmission of tax information by countries to the residence country concerning various categories of income, such as dividends, interest, gross proceeds, royalties, salaries, pensions, etc. The common global standard on automatic exchange of financial account information was established in 2014 and aimed at ending bank secrecy once and for all. Today, more than 100 jurisdictions exchange financial accounts information on an automatic basis. Information on 84 million financial accounts, with a total value of EUR 10 trillion, was automatically exchanged in 2019. EUR 107 billion in additional tax revenues have been identified through voluntary disclosure programmes, offshore tax investigations and related measures since 2009.

Fiscal Federalism

The OECD Network on Fiscal Relations across Levels of Government provides policy analysis and statistical underpinnings on the relationship between national and subnational governments, and its impact on efficiency, equity and macroeconomic stability.

Fiscal Federalism 2022 surveys recent trends and policies in intergovernmental fiscal relations and subnational government. Accessible and easy-to-read chapters provide insight into: good practices in fiscal federalism; the design of fiscal equalisation systems; measuring subnational tax and spending autonomy; promoting public sector performance across levels of government; digitalisation challenges and opportunities; the role of subnational accounting and insolvency frameworks; funding and financing of local government public investment; and early lessons from the COVID-19 crisis for intergovernmental fiscal relations. The OECD has published updated versions of transfer pricing country profiles (TPCP), reflecting the current transfer pricing legislation and practices of 31 participating countries.



The country profiles contain up-to-date and harmonised information on key aspects of transfer pricing legislation, provided by countries themselves.

Following the outcome of the OECD/G20 Project on Base Erosion and Profit Shifting (the BEPS Project), many countries and jurisdictions have implemented measures to reflect the revisions to the Transfer Pricing Guidelines resulting from the 2015 Reports on Action 8-10 Aligning Transfer Pricing Outcomes with Value Creation and on Action 13 Transfer Pricing Documentation and Country-by-Country Reporting, in addition to changes incorporating the revised guidance on safe harbours approved in 2013 as well as consistency changes made to the rest of the OECD Transfer Pricing Guidelines.

The newly updated profiles focus on countries' domestic legislation regarding key transfer pricing principles, including the arm's length principle, transfer pricing methods, comparability analysis, intangible property, intra-group services, cost contribution agreements, transfer pricing documentation, administrative approaches to avoiding and resolving disputes, safe harbours and other implementation measures. The information contained in the TPCP is intended to clearly reflect the current state of countries' legislation and to indicate to what extent their rules follow the OECD Transfer Pricing Guidelines. The information was provided by countries themselves in response to a questionnaire so as to achieve the highest degree of accuracy.

(Source :Fiscal Federalism 2022: Making Decentralisation WorkPublished 20 December 2021)

Given the evolving tax landscape and the OECD's influence on international tax policy, transfer pricing remains high on the agenda of tax administrations and taxpayers. It is critical for multinationals to continue to have broad oversight of the latest updates.

Since its first iteration in 1979, the OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations ("OECD Guidelines") have been shaping the international consensus on the treatment of cross-border transactions between associated enterprises. The latest version released on 20 January 2022 consolidates the previous publications and provides the latest reference guidelines for companies to consider going forwards.

What changes were made to the OECD Guidelines?

The latest guidance includes reference to materials released by the OECD since 2017, namely:

- the Revised Guidance on the Transactional Profit Split Method, approved by the OECD/G20 Inclusive Framework on BEPS on 4 June 2018;
- the Guidance for Tax Administrations on the Application of the Approach to Hard-to-Value Intangibles, approved by the OECD/G20 Inclusive Framework on BEPS on 4 June 2018; and
- the Transfer Pricing Guidance on Financial Transactions, adopted by the OECD/G20 Inclusive Framework on BEPS on 20 January 2020.

The Transactional Profit Split Method

The guidance on the transactional profit split method recognized that multinationals often have multiple contributors to value, leading to difficulties with unwinding the allocation of increasingly complex value chains. It also acknowledged that tax authorities increasingly take a holistic view rather than a one-sided tested party approach, particularly in the case of unique and valuable intangibles, situations involving highly integrated business activities, and with shared functions, assets, and or risks.

The adjustments made to Section C of Chapter II (as well as Annexes II and III to Chapter II) focus on delineating the transactions, providing examples of potential challenges to the profit split (i.e. segregation of financial data and dealing with different accounting standards) as well as offering further practical guidance on its utilization. In particular, the guidance provides examples of when specific profit split allocation keys should be used, based on the delineation of the transaction and objective data, and allows consideration of comparable analyses including valuations and qualitative factors.

Hard-to-Value Intangibles

The hard-to-value-intangibles approach was integrated into Annex II to Chapter VI of the OECD Guidelines to provide a common understanding and practice among tax administrations on how to apply adjustments resulting from the application of the hard-to-value-intangibles approach.

The hard-to-value-intangibles approach acknowledges the challenges both with preparing projections used for valuations, as well as potential information asymmetry and timing issues between taxpayer and tax authority.

It ensures that tax administrations can consider ex-post outcomes as presumptive evidence about the appropriateness of the ex-ante pricing arrangements, whilst permitting taxpayers to rebut certain presumptive evidence by demonstrating the reliability of the information supporting the pricing methodology adopted at the time the controlled transaction took place.

Financial Transactions

The Transfer Pricing Aspects of Financial Transactions was included as a new Chapter X to the OECD Guidelines. It requires accurate delineation of transactions as outlined in Chapter I, particularly determining the characterization of a balance as debt or equity, as well as the corresponding commercial or financial relations.

Guidance is provided on determining the arm's length conditions for treasury activities including intra-group loans, cash pooling and hedging as well as financial guarantees and the dealings of captive insurance companies.

This is provided in the context that as part of a multinational group, subsidiaries may receive support from the group to meet its financial obligations (especially guarantees and loans) in the event of financial difficulties solely by virtue of group affiliation. This implicit support may also impact a subsidiary's credit rating.

Similarly to the 2017 Guidelines in case of non-financial transactions, it also acknowledges that regulatory constraints play an important role in the determination of the terms of the contract of financial transactions, specifically highlighting the Basel requirements as an example of regulatory constraints that could affect the conduct of the parties and the terms of the financial transactions.

Transfer Pricing Procedure in India

Overview of Transfer Pricing in India

Transfer pricing law in India applies to both domestic and international transactions which fall above a threshold in terms of deal value. Transfer Pricing was introduced through inserting Section(s) 92A-F and relevant Rule(s) 10A-E of the Income Tax Rules 1962.



It ensures that the transaction between 'related' parties is at a price that would be comparable if the transaction was occurring between unrelated parties.

The following sections of the Income Tax Act, 1961 apply to international transactions in terms of transfer pricing.

Section 92 of the Income Tax Act, 1961

Section 92 of the Income Tax Act, 1961 – Computation of income from international transactions having regard to arm's length price.

This section states that any international or specified domestic transaction between associated enterprises which has been mutually agreed and undertaken for the purpose of allocation or apportionment of any cost or expense incurred or to be incurred for a benefit, service or facility undertaken or to be undertaken by one or more of the enterprises, then the cost or expense allocated, must be contributed having regard to the arm's length price of such benefit, service or facility.

Section 92B of the Income Tax Act, 1961

Section 92B of the Income Tax Act, 1961 – Meaning of international transaction

This section defines international transaction(s) for the purpose of this Section and the Section(s) 92, 92C, 92D and 92E as a transaction between two or more associated enterprises, wherein either one or both the enterprises are non-residents.

The nature of transactions between the enterprises shall be recorded through a mutual agreement or arrangement. It can be a purchase, sale or lease of tangible or intangible assets, provision of services, borrowing or lending of money or any other transaction which has some effect on the profit or income or loss or assets of the enterprises and the enterprises have mutually agreed to apportion cost or expense incurred in the process of such transactions.

Section 92A of the Income Tax Act, 1961

Section 92A of the Income Tax Act, 1961 – Meaning of Associated Enterprises

For the purpose of Sections 92, 2B, 92C, 92D, 92E, and 92F the term associated enterprises in relation to another enterprise shall mean, an enterprise-

Which participates either directly or indirectly or through one or more intermediaries in the control or management or capital of the other enterprise.

In respect of one or more persons that participate either directly or indirectly or through one or more intermediaries in the control or management or capital are the same persons that participate either directly or indirectly or through one or more intermediaries in the control or management or capital of the other enterprise.

For the purpose of sub-section (1), two enterprises will be deemed to be associated enterprises if any time during the previous year at any time-

1. One enterprise holds directly or indirectly, shareholding carrying not less than 26% of the voting power in another enterprise.
2. Any individual or an enterprise holds directly or indirectly not less than 26% of the voting power in each of such enterprises.
3. Any loan advanced from one enterprise to the other company constitutes not less than 51% of the book value of the total assets of the other enterprise.
4. The guarantees of one enterprise is not less than 10% of the overall borrowings of the other enterprise.
5. More than half of the board of directors or the governing board, or the executive members or directors are appointed by the other enterprise.
6. One enterprise has a dependency in terms of know-how, patents, trademarks, rights or any other business or commercial rights or any data, documentation, drawing or specification relating to any such patent, invention, model or design for manufacturing or processing of goods, and the other enterprise holds the rights to such patents.
7. 90% or more of the raw materials or consumables are supplied by the other enterprise or by persons specified by the other enterprise, and the prices and other conditions relating to supply are influenced by such other enterprises.
8. The goods or articles required by one enterprise are supplied by another enterprise, and the prices and other several conditions relating to supply are influenced by such other enterprises.
9. Where one enterprise is controlled by an individual and the other enterprise is also in control of the same individual or his relative jointly.

10. Where one enterprise is controlled by an undivided Hindu family, the other enterprise is controlled by a member of such Hindu undivided family or by a relative of a member of such Hindu undivided family or jointly by such member and his relative.
11. Where one enterprise is a firm, association of persons or body of individuals, the other enterprise holds not less than 10% interest in such a firm, an association of persons or body of individuals.

There exists between the two enterprises, any relationship of mutual interest, as may be prescribed.

Section 92E – Audit under Transfer Pricing

A report from an accountant has to be furnished by persons who are entering into an international transaction or a specified domestic transaction. A report from an accountant in a prescribed form, duly signed and verified by the accountant must be obtained before the specified date by any person entering into an international transaction or specified domestic transaction in the previous year. The audit is applicable to both international and specified domestic transactions. Form 3CEB must be filed.

Documentation requirements

Taxpayers are required to maintain, on an annual basis, a set of extensive information and documents relating to international transactions undertaken with AEs or specified domestic transactions. Rule 10D of the Income Tax Rules, 1962 prescribes detailed information and documentation that has to be maintained by the taxpayer. Such requirements can broadly be divided into two parts.

The first part of the rule lists mandatory documents/ information that a taxpayer must maintain. The extensive list under this part includes information on ownership structure of the taxpayer, group profile, business overview of the taxpayer and AEs, prescribed details (nature, terms, quantity, value, etc.) of international transactions or specified domestic transactions and relevant financial forecasts/estimates of the taxpayer. The rule also requires the taxpayer to document a comprehensive transfer pricing study. The requirement in this respect includes documentation of functions performed, risks assumed, assets employed, details (nature, terms and conditions) of relevant uncontrolled transactions, comparability analysis, benchmarking studies, assumptions, policies, details of adjustments and

explanations as to the selection of the most appropriate transfer pricing method.

The second part of the rule requires that adequate documentation be maintained that substantiates the information/ analysis/ studies documented under the first part of the rule. The second part also contains a recommended list of such supporting documents, including government publications, reports, studies, technical publications/ market research studies undertaken by reputable institutions, price publications, relevant agreements, contracts, and correspondence.

Taxpayers having aggregate international transactions below the prescribed threshold of INR 10 million and specified domestic transactions below the threshold of INR 50 million are relieved from maintaining the prescribed documentation. However, even in these cases, it is imperative that the documentation maintained should be adequate to substantiate the arm's-length price of the international transactions or specified domestic transactions.

All prescribed documents and information have to be contemporaneously maintained (to the extent possible) and must be in place by the due date of the tax return filing. Companies to whom transfer pricing regulations are applicable are currently required to file their tax returns on or before 30 November following the close of the relevant tax year. The prescribed documents must be maintained for a period of nine years from the end of the relevant tax year, and must be updated annually on an ongoing basis.

The documentation requirements are also applicable to foreign companies deriving income liable to Indian withholding tax. It should be noted that, with effect from April 2009, the Central Board of Direct Taxes (CBDT) has been empowered to formulate safe harbour rules. These rules will specify the circumstances in which the tax authorities will accept the arm's length price as declared by a taxpayer, without detailed analysis. The basic intention behind the introduction of these rules is to reduce the impact of judgmental errors in determining the transfer prices of international transactions or specified domestic transactions. To date, no safe harbour rules have been issued by the CBDT.

However, the adaptation of these rules might help relieve taxpayers of the burden of carrying out detailed comparability analysis and benchmarking

studies in support of their intercompany transactions.

Accountant's report

It is mandatory for all taxpayers, without exception, to obtain an independent accountant's report in respect of all international transactions between associated enterprises or specified domestic transactions. The report has to be furnished by the due date of the tax return filing (i.e. on or before 30 November). The form of the report has been prescribed. The report requires the accountant to give an opinion on the proper maintenance of prescribed documents and information by the taxpayer.

Furthermore, the accountant is required to certify the correctness of an extensive list of prescribed particulars.

The Authority for Advance Rulings (AAR) has delivered a ruling in the case of Vanenburg Group B.V. and Dana Corporation, wherein it was held that the provisions relating to the determination of the arm's-length price are machinery provisions which would not apply in the absence of liability to pay tax, and accordingly, a taxpayer would not be required to comply with the transfer pricing regulations in respect of income that is not chargeable to tax in India.

Based on these rulings, a possible view exists that where it is established that the income is not subject to tax in India (under the provisions of the Act/double taxation avoidance agreement), the taxpayer should not be required to comply with the regulations relating to the maintenance of transfer pricing documentation and furnishing of an accountant's report.

It is relevant to note that although the ruling is binding only on the applicant that had sought it, it does carry a degree of persuasive value. In this context, it is important to note that entities enjoying a tax holiday in India still need to comply with transfer pricing provisions and would need to demonstrate that their international transactions have been carried out at arm's length. In addition, such entities would not be entitled to a tax holiday on any upward adjustment made to their transfer prices in the course of an audit.

Burden of proof

The burden of proving the arm's-length nature of a transaction primarily lies with the taxpayer. If the tax authorities, during audit proceedings on the basis of material, information or documents in their possession, are of the opinion

that the arm's-length price was not applied to the transaction or that the taxpayer did not maintain/ produce adequate and correct documents/ information/ data, the total taxable income of the Audit procedure in respect to Transfer Pricing

A certain percentage of tax returns are selected for detailed audit. A notice to this effect has to be statutorily dispatched to the taxpayer within six months from the end of the financial year in which the return is furnished. Such notice specifies the records, documents and details that are required to be produced before the tax officer.

Once an audit is initiated, the corporate tax assessing officer (AO) may refer the case to a specialist transfer pricing officer (TPO) for the purpose of computing the arm's-length price of the international transactions or specified domestic transactions. Such reference may be made by the AO wherever he or she considers it necessary. However, this can be done only with the prior approval of the Commissioner of Income tax.

In accordance with prevailing internal administrative guidelines of the Revenue, all taxpayers having an aggregate value of international transactions or specified domestic transactions with AEs in excess of INR 50 million are referred to a TPO for detailed investigation of their transfer prices. The threshold of INR 50 million may be reviewed on an ongoing basis.

The TPO would then send a notice to the taxpayer requiring the production of necessary evidence to support the computation of the arm's-length price of the international transactions or specified domestic transactions. The prescribed documentation/ information maintained by the taxpayer in respect of its transfer pricing arrangements would have to be produced before the tax authorities during the course of audit proceedings within 30 days after such request has been made. The period of 30 days can be extended to 60 days at most.

The TPO would scrutinise the case in detail, taking into account all relevant factors such as appropriateness of the transfer pricing method applied and correctness of data. TPOs are vested with powers of inspection, discovery, enforcing attendance, examining a person under oath and compelling the production of books of account and other relevant documents and information. Further, with effect from 1 June 2011, TPOs have been empowered to conduct surveys for spot inquiries and verification for

subsequent investigation and collation of data. In addition, TPOs have been instructed to seek opinions of technical experts in the relevant field to enable them to analyse technical evidence in complex cases.

After taking into account all relevant material, the TPO would pass an order determining the arm's-length prices of the taxpayer's international transactions or specified domestic transactions. A copy of the order would be sent to the AO and the taxpayer. On receipt of the TPO's order, the AO would compute the total income of the taxpayer by applying the arm's-length prices determined by the TPO and pass a draft order within the time limit prescribed for completion of scrutiny assessments.

Normally, scrutiny assessments are required to be completed within an upper time limit of 36 months from the end of the relevant tax year. However, scrutiny assessments involving transfer pricing audits would have to be completed within 48 months from the end of the relevant tax year.

Advance pricing agreements (APAs)

The Indian authorities have introduced unilateral, bilateral and multilateral APAs with effect from 1 July 2012. There are no monetary or other conditions prescribed under the Indian APA rules for a taxpayer to be eligible for applying for an APA. However, the APA mechanism is not available for specified domestic transactions. The validity of an APA (once entered into) shall not exceed five consecutive years and shall be binding on the taxpayer as well as the Revenue authorities in respect of the international transactions for which the APA is sought. APA fees would range between INR 1 million to 2 million, based on the value of international transactions. There are four phases in an APA which is in line with global practice, as follows:

- Pre filing phase: The process of an APA would start with a pre-filing consultation meeting. This meeting will be held to determine the scope of the agreement, understand the transfer pricing issues involved and to determine the suitability of the international transaction for the agreement. No fee is to be paid in this phase.
- Formal submission phase: After the pre- filing meeting, if the taxpayer is desirous of applying for an APA, an application in the prescribed format would be required to be made containing specified information. The APA filing fee is payable at this stage. In the application, the taxpayer must describe critical assumptions. Critical assumptions refer to a set of taxpayer related facts and

macroeconomic criteria (such as industry, business, economic conditions, etc.), the continued existence of which are material to support the position concluded under an APA. A material change in any of the critical assumptions may result in revision of the APA or even termination in extreme circumstances.

- Negotiation phase: Once the application is accepted, the APA team shall hold meetings with the applicant and undertake necessary inquiries relating to the case.

Post the discussion and inquiries, the APA team shall prepare a draft report which shall be provided to the Competent Authority in India (for unilateral/multilateral APA) or the Director General of Income Tax (International Tax and Transfer Pricing) (for Unilateral APA).

- Finalisation phase: This phase involves exchange of comments on draft APA, finalisation of the APA, and giving effect to the initial years covered under the APA term that have already elapsed.

The taxpayer will be required, as part of Resources available to the tax authorities A special transfer pricing team within the Indian tax authorities deals with transfer pricing issues. The team comprises of trained TPOs who deal with transfer pricing issues arising during an audit. Indian tax authorities are actively training their staff to increase competency in handling transfer pricing issues. Use and availability of comparables' information Taxpayers are required to maintain information on comparables as part of their transfer pricing documentation to demonstrate that the pricing policy complies with the arm's-length principle. Comparable information is a crucial element for defending transfer pricing in India. Indian revenue officials have indicated that, to the extent possible, Indian comparables should be used. Use of foreign comparables is generally not acceptable, unless the tested party is located overseas. In some cases, the TPOs have exercised their power to obtain private information from other taxpayers and used it against the taxpayer undergoing an audit.

The quality of comparable information available in Indian databases is reasonable. The tax authorities use a couple of electronic databases giving detailed financial and descriptive information for companies. Taxpayers also usually rely on these databases. It is also possible to obtain information about Indian public companies from the Registrar of Companies upon payment of



statutory fees.

Liaison with customs authorities

The Indian Ministry of Finance had constituted a joint working group, comprising officers from Income Tax and Customs, to suggest measures for cooperation between the Income Tax and Customs departments. Based on the recommendations of the working group, the Ministry of Finance has laid down that periodic meetings should be held between Income Tax and Customs personnel to discuss joint issues requiring attention.

Limitation of double taxation and competent authority proceedings (MAP)

The competent authority provisions/mutual agreement procedure (MAP) is an alternate dispute resolution mechanism that companies are increasingly beginning to use, especially in cases where the tax amount in dispute is significant. MAP settlements typically have been sought on issues relating to transfer pricing, PE matters and profit attribution.

Most Indian tax treaties contain an 'associated enterprises' article, which contains relieving provisions that require one country to reduce the amount of tax charged to offset the enhanced tax liability imposed by the other country to reflect the arm'slength standard. This article refers to competent authority provisions (contained in the relevant MAP article of the treaty) for consultation between authorities of both countries to prevent double taxation on taxpayers. MAP/competent authority provisions are an integral part of India's extensive treaty network.

The MAP route can be pursued by taxpayers simultaneously with the domestic dispute resolution process. In the event the MAP route is invoked, the competent tax authorities of the countries involved negotiate until they reach an agreement on the transfer prices acceptable to both the authorities. To facilitate the MAP, the Indian government has introduced rules and also has entered into memorandum of understanding (MoU) with the competent authorities of the United Kingdom and United States. An advantage of applying for the MAP under the MoUs mentioned is that Revenue will suspend the collection of tax, where the taxpayer has an adjustment in relation to transactions with the associated enterprises. Under the MoUs, the collection of tax is deferred while the MAP is in process. However, taxpayers need to provide appropriate bank guarantees in support of the potential tax

payable prior to resorting to the MAP.

The increasing use of MAPs by taxpayers in seeking effective resolution of transfer pricing disputes is an encouraging step in the Indian scenario.

How can CMA professionals extend their professional expertise in this chosen field

Transfer Pricing is one of the critical tax issues for growth oriented businesses having international operations wherein substantial senior management's time and attention is necessary. Irrespective of their size, organizations need an effective and dependable Transfer Pricing policy, which takes into consideration the organization's overall business strategy and operating structure.

In terms of provisions of Income Tax Act 1961, every assessee entering into International Transaction or Domestic transaction (wherein specified conditions are satisfied) will have to ensure that the transactions entered into by them are at arm's length price. To assist assesses as to what is arm's length, what they have to comply with, Which method to apply, how to determine benchmark price, etc, CMAs being the qualified and experienced in this specified field would assist the business houses by providing following services.

- Providing legal advises on tax planning while entering into international or specified domestic transactions are the most significant aspects where the CMA professional could contribute significantly.
- Providing assistance in drafting reports. Compliance to Tax authorities, rules and requirements as required under statute.
- CMAs can provide specialist support on the above-mentioned areas as well as real time feedback on domestic changes as part of these adjustments. Significant aspects and area of specialisations are as follows:
 1. Providing analysis on comparables (Accept/Reject Matrix of companies).
 2. Providing a protest to the TP audit.
 3. Handle matters in appellate stages.
 4. Providing legal advises on tax planning while entering into international or specified domestic transactions.
 5. Providing assistance in drafting reports.



6. Conducting Transfer Pricing Study
7. Compliance to Tax authorities , rules and requirements as required under statute.
8. Issuing Accountants Report as required by statute.
9. Industry analysis and review.
10. Functional, Asset and Risk Analysis.

Transfer pricing has become much more complex in view of the ongoing digitalization, new business models and increasing transparency. Multinational groups need a partner that provides guidance through this complexity. We help to identify risks and opportunities related to intra-group transactions. CMAs would plan sustainable and pragmatic transfer pricing systems and help with the operational implementation. Finally, we also support compliance and manage risks arising in tax audits, thus driving value and maintaining reputation

In particular, CMAs can provide a transfer pricing health-check to ensure compliance with the latest OECD TP Guidelines or highlight areas of risk. This can help companies to plan ahead to manage impacts based on increasing reporting requirement and an evolving tax landscape.

15 Role of Cost Accountants in Panchayat

Before the Role of Cost Accountants in Panchayat is mentioned, the brief relating to Panchayat System is given below:

Panchayati Raj Institution

The term 'Panchayati Raj' is relatively new, having originated during the British administration. 'Raj' literally means governance or government. It is a decentralized form of Government where each village is responsible for its own affairs, as the foundation of India's political system. The term is referred to as "Gram Swaraj" or Village Self-governance. It was adopted by state governments during the 1950s and 60s as laws were passed to establish Panchayats in various states. It also found backing in the Indian Constitution, with the 73rd amendment in 1992 to accommodate the idea. The Amendment Act of 1992 contains provision for devolution of powers and responsibilities to the panchayats to both for preparation of plans for economic development and social justice and for implementation in relation to twenty-nine subjects listed in the eleventh schedule of the constitution. The panchayats receive funds from three sources i.e. local body grants, as recommended by the Central Finance Commission, funds for implementation of centrally-sponsored schemes, and funds released by the state governments on the recommendations of the State Finance Commissions.

Panchayati Raj In India -73rd Constitutional Amendment

The 73rd Constitutional Amendment Act was passed by the Parliament in April 1993. The Amendment provided a Constitutional status to the Panchayati Raj Institutions in India and left no discretion with the State governments in several important matters pertaining to these Institutions. Before the 73rd Amendment was made effective, Article 40 of the original

Constitution provided for a Directive to the government to take steps to organise village Panchayats and endow them with the powers and authority as may be necessary to enable them to function as the units of self-government. But, by mid-eighties it was realised that the said Directive was not sufficient to institutionalise Panchayati Raj in India.

Article 40 of the Constitution clearly declares ‘The **state shall take necessary actions to organize village Panchayats and to endow them with such powers and authority as may be necessary to enable them to function as units of self-government**’.

The aim was to foster democratic participation, to involve villagers in the development of the community and to reduce the burden of higher level of administration. The 73rd Amendment Act has added a new Part in the constitution-**Part Nine** – consisting of 16 Articles and the 11th Schedule .The functions of the Panchayati Raj institutions have been clearly spelt out in Article 243G of the Constitution, read with Article 243 ZD and the 11th Schedule. The PRIs are supposed to be genuine institutions of local self government, not adjuncts to the implementing agencies of State governments.

The constitution, which describes them as institutions of local self-government, says that this status is given to them for two specific purposes planning for economic development and social justice and implementing these plans. Moreover, it says that this process of empowering them through devolution in order to enable them to plan and implement their own programmes of neighborhood economic development and social justice will be governed by the laws of the legislatures of the States. The Constitution says in the 11th Schedule that this empowerment shall relate or could relate to the 29 subjects listed in the Schedule. Any form of Panchayati Raj that falls short of this cannot be described as genuine Panchayati Raj.

Main Feature of 73rd Amendment Act

The main features of the Act are:

- (i) a 3-tier system of Panchayati Raj for all States having population of over 20 lakh;
- (ii) Panchayat elections regularly every 5 years;
- (iii) reservation of seats for Scheduled Castes, Scheduled Tribes and women (not

less than one-third of seats);

(iv) appointment of State Finance Commission to make recommendations as regards the financial powers of the Panchayats and

(v) constitution of District Planning Committees to prepare development plans for the district as a whole. As per the Constitution (73rd Amendment) Act, the Panchayati Raj Institutions have been endowed with such powers and authority as may be necessary to function as institutions of self government and contains provisions of devolution of powers and responsibilities upon Panchayats at the appropriate level with reference to:

(a) the preparation of plans for economic development and social justice; and

(b) the implementation of such schemes for economic development and social justice as may be entrusted to them.

Financial Powers of Panchayati Raj Institutions

Article 243-G of the Constitution of India provides that the States/UTs may, by law, endow the Panchayats with such powers and authority as may be necessary to enable them to function as institutions of self-government and to prepare plans for economic development and social justice and their implementation including those in relation to the matters listed in the Eleventh Schedule.

As per Article 243-H of the Constitution, State Legislatures have been empowered to enact laws;

(i) to authorise a Panchayat to levy, collect and appropriate some taxes, duties, tolls and fees;

(ii) to assign to the Panchayat, some taxes, duties, tolls levied and collected by the State Government;

(iii) to provide for making grants-in-aid to the Panchayats from the Consolidated Fund of the State; and

(iv) to provide for constitution of such funds for Panchayats for crediting all money received by or on behalf of Panchayats and also the withdrawal of such money there from.



Objectives of Panchayati Raj

The main objective of Panchayati Raj is to develop a system of devolvement and democratic decentralization of powers with an aim of fostering rapid social and economic development and prompt justice. Some social developmental measures include

- Improving school infrastructure and quality of education
- Increase water and electricity availability
- Reduce the occurrence of communicable diseases
- Increase income generated per household

Role of Cost Accountants in Panchayats

From the above schemes under Panchayati Raj, the following role of cost accountants may be visualized:

- 1 Planning and budgeting for each of the scheme based on the resources allocated by the Government/ agencies;
- 2 Monitoring proper and cost effective utilization of funds allocated for these schemes;
- 3 Appropriate cost effective resource procurement and resource management;
- 4 Design and maintenance of proper implementation process;
- 5 Design and maintenance of delivery system;
- 6 Assist in installation of strong follow-up, reviewing and monitoring to take the scheme forward and to augment its outreach and efficacy.
- 7 Transparency and accountability for both inputs and outputs;
- 8 Assist in implementation of scheme for economic development and social justice;
- 9 Assist in reporting and preparation of various Reports and Returns prescribed under the Scheme;
- 10 Continuous monitoring to ensure prevention of leakage of funds;

The Government of India allocates huge funds for these schemes and main objective of the Government is to ensure that the benefits from the schemes

should reach to the people for which these schemes have been implemented.

A comprehensive system of monitoring is to be adopted under each scheme. The programme is monitored from the Central level down to the grass root level. At the Central level, the Central Level Co-ordination Committee (CLCC) monitors and reviews the implementation of the Programme and lays down Policy Guidelines for all aspects related to credit linkages etc. The Performance Review Committee for each Project/Scheme reviews the implementation of the scheme. At the State level, a State Level Coordination Committee (SLCC) monitors the Programme. In addition, the progress under the Scheme is monitored periodically through Reports and Returns submitted by the agencies named in the Scheme. Detailed monitoring formats for reporting progress of the Programme are circulated to all the concerned. Implementation of the Programme is monitored and reviewed through the Project Directors. Workshops and periodic meetings with the State Secretaries are held to monitoring the successful implementation of scheme. At the Block level, monitoring is done through field visits and physical verification of assets.

In view of above, there is a need for the installation of strong follow-up, reviewing and monitoring systems apart from identification of committed manpower and resource persons at all levels to take the scheme forward and to augment its outreach and efficacy. The cost accountants can play major role in the above activities. In summary it is mentioned that costing and management for these schemes are essential to prevent leakage of funds and to ensure that the benefits from these schemes are reached to targeted persons.

Cost Accountants role in the above activities may be summarized as follows:

- 1 Periodical reporting of all cost and financial data pertaining to the Panchayats linked to outcome, matched with funds, inputs and outputs;
- 2 Periodical verification of costs and performances of Panchayats;
- 3 Accounting so that the benefits for each scheme are percolated to the targeted people;
- 4 Social Accounting and Social Audit;
- 5 Capacity Building and training for Panchayats.
- 6 Acting as key resource person for rural business hubs.



The Institute of Cost Accountants of India

Keeping in view huge requirement of junior level accountants particularly for Panchayats, the Institute has launched a Certificate Course in Accounting Technicians. The details of Course can be viewed at Institute's Website: <https://icmai.in/icmai/cat>

To find more details regarding accounting and costing system the members may refer Institute's Research Publication titled "**Accounting and Costing Systems in Panchayat: Role of Cost Accountants**".

16

Municipal Accounting on Accrual Basis

The Ministry of Urban Development (MoUD), Government of India has taken several initiatives to make urban local bodies self sustaining viable entities of local-self government.

In pursuance of the recommendations of the Eleventh Finance Commission and Guidelines for the Utilization of Local Bodies Grants issued by Ministry of Finance, Department of Expenditure, Government of India, the Comptroller and Auditor General of India (CAG) was to prescribe the Accounting and Budget Formats for Urban Local Bodies (ULB). Accordingly, CAG constituted a Task Force, which submitted its report on Accounting and Budget Formats for ULB to the Ministry of Urban Development (MoUD). The report of the Task Force was accepted by the Government of India and forwarded to State Governments for implementation, keeping in view the local requirements.

The CAG, with USAID FIRE-D support, prepared model national municipal accounts manual and a companion model-training manual and common software for computerization of budget and accounts and these have be provided by the MoUD to the State Governments. Based on these, the State Governments can prepare state-level accounting manual, state level training manual and adopt the software according to their requirements.

National Municipal Accounts Manual (NMAM)

The NMAM contains the required forms, formats, procedures, accounting entries, periodical statements, reconciliation procedures, etc with respect to transactions of the ULB. The recommended principles for accounting have also been included.



Training Manual

This training manual is targeted at the Elected Representatives and the Top Management of the ULB. It gives an overview of the accounting system and also helps the reader in understanding the financial statements. The training manual opens with a brief introduction to the Accrual Based Double Entry System of Accounting including the Accounting Principles. An overview of the NMAM is given in Chapter 4 and Chapter 5 provides an understanding of the financial statements and Management Information System (MIS) reports.

More details on National Municipal Accounts Manual (NMAM) and Training Manual may be viewed at the website:

http://210.212.227.99/adminx/na_mu_ac_ma_Staff_.pdf

Based on the guidelines contained in National Municipal Accounts Manual (NMAM) and Training Manual, the State Governments initiated the action for preparation of their manual and advertised their requirements. A sample regarding the scope and work involved in Municipal Accrual System of Accounting is given below:

Preparation of Policy Frame Work

1. Rapid assessment of the existing accounting system and requirement for smooth transition into the proposed system.
2. Review of accounting reforms at select other states.
3. Rapid Assessment and Review of legislative framework with reference to the existing laws and procedures.
4. Review the draft Municipal Accounts Manual and revision to the extent needed.
5. Drafting of required amendments in Municipal Act and Rules to make and facilitate Double Entry Accounting System compulsory and of accounts rules.
6. Design of Double Entry Accounting system on accrual basis to be adopted by each of the bodies.

Preparation Of Common Accounting Manual

1. Preparation of a Common Municipal Accounting Manual based on National Municipal Accounts Manual
2. Development of double entry based Budgeting and Auditing Manual

3. Internal Controls and Procedures

4. Design of Chart of Accounts with Account-Code.(based on NMAM recommendations)

Developing New Systems and Procedures

1. Business process reengineering, as required with reference to the new system of accounting.

2. Framing of Accounting Policies, Budget Regulations

3. Formats of Financial Statements, Reports, Vouchers, Forms and Registers in the new system.

4. Design and implementation of appropriate Budgetary Control System (accrual based budgeting) in line with new accounting system and linkage between budgetary system and financial management information system and decision-making system.

5. Design of the following supporting systems :-

(i) Asset Information System

(ii) Revenue Information System

(iii) Demand Collection Balance System (Assessee wise)

(iv) Inventory System

(v) Works contracts management

(vi) Stores and inventory management

(vii) Capital Work in Progress System

(viii)Municipal Management Information System (Financial)

(ix) User charges billing system

(x) Procurement systems

(xi) Other systems as required

6. Strengthening Pay Roll System and grouping employees under Function wise.

7. Review the existing system in the Revenue Department and do the changes for meeting the accrual based double entry concept.

Cost Accountants considered by following authorities

1. Urban Development and Housing Department (UD & HD), Government of Bihar considered Cost Accountants for maintaining books of accounts on Books of accounts on Double Entry Accounting System at 18 Urban Local Bodies of Bihar under Support Programme for Urban Reforms (SPUR) and Consultancy Firms for Compilation of Financial Statements of Patna Municipal Corporation.
2. Government of Jharkhand, Urban Development & Housing Department, State Urban Development Agency included Cost Accountant Firms for Internal Audit in 41 Urban Local Bodies (ULBs) of Jharkhand.
3. Maharashtra Government included Cost Accountants Firms for implementation of Accrual Based Double Entry System of Accounting in Municipal Councils in Maharashtra state. KalyanDombivli Municipal Corporation for implementation of Accrual Based Double Entry System in Municipal Councils.
4. Government of Kerala vide its Order GO(Rt) No.1639/2010/LSGD dated, Thiruvanthapuram dated 17.5.2010 included the services of Cost Accountants for preparation of opening Balance Sheet and for adoption of Accrual-based Double Entry System of Accounting to be implemented in Municipal Corporation.
5. Sanjeevini-NRLM Karnataka State Rural Livelihood Promotion Society, Department of Rural Development and Panchayat Raj included Cost Accountants Firms for providing services for internal audit and Financial Management and Technical Support Consultancy.
6. Bhavnagar Municipal Corporation included Cost Accountants Firms for Developing Accrual Based Double Entry Accounting System, Preparation of Standard Comprehensive Municipal Accounts Manual, Full Transmission of current accounting system to Accrual based system and Developing and/or Implementing Accounting Software.
7. New Town Kolkata Development Authority included cost accountant firms for preparation of accounts of the urban local bodies with accounting software.
8. Tamil Nadu Urban Finance and Infrastructure Development Corporation Ltd. for appointment of Financial Experts for analyzing the Accounts of Urban Local Bodies.

9. Hyderabad Metropolitan Water Supply & Sewerage Board included Cost Accountants for Accounts Maintenance and Allied Support in Tally ERP 9 package.
10. District Magistrate & District Programme Coordinator, NREGA, Coochbehar, Government of West Bengal also included Cost Accountants and Firms of Cost Accountants for conducting Institutional Financial Audit.

Empanelment of Cost Accountants by Kerala Government

The Government of Kerala has allowed Cost Accountants in practice to provide their services for for the preparation of Opening Balance Sheet of the Municipalities. The Institute is taking up with Ministry of Urban Development at National level for utilization of services of cost accountants by other State Governments also.

The copy of the letter received from Government of Kerala is placed below for information of members:



GOVERNMENT OF KERALA

Abstract

Local Self Government Department- Adoption of Double Entry Accrual based system of Accounting implemented in Corporations and Municipalities-permissive sanction to utilize the services of cost accountants-orders issued.

LOCAL SELF GOVERNMENT (AA) DEPARTMENT

**GO (Rt) No. 1639/2010/LSGD _____ Dated, Thiruvanthapuram,
17.5.2010**

Read: - G.O. (Ms) 23/2010/LSGD dated 4.2.2010

ORDER

1. As per G.O. read above, Government have ordered the implementation of Double Entry Accounting System in the Municipalities and the Urban Local



The Institute of Cost Accountants of India

Bodies were allowed to utilize the services of a Chartered Accountant or a qualified person for the preparation of opening Balance Sheet. The Institute of Cost and Works Accountants of India, Cochin chapter had submitted a proposal offering the services of Cost Accountants for the preparation of Opening Balance Sheet of the Municipalities. Their proposal is that the Chapter would propose the names of Cost Accountants who may be appointed by ULBs. ICWAI (Cochin chapter) have requested that the remuneration should not less than Rs. 20000/-

2. Government have examined the matter in detail and the municipalities are hereby permitted to utilize the services of Cost Accountants/ Chartered Accountants/ Professionally qualified persons for the preparation of opening Balance Sheet as on 31st March 2010 at a remuneration not exceeding Rs. 20000/- (Rupees twenty thousand only). It should be ensured that any person / agency should only be engaged on the basis of a contract with clear terms about the terms of payment and period of completion of the work. The agency shall prepare the opening Balance Sheet as per the templates given in Kerala Municipal Accounts Manual and its duties would include :

- (i) Updating of records,
- (ii) Verification of assets and liabilities,
- (iii) Checking with original records and title deeds etc.
- (iv) Valuation/ costing of fixed assets as per the provisions of Kerala Municipal Accounts Manual
- (v) Compilation of information which should be approved by the Municipal Council,'

3. Expenditure in this regard shall be met from Own Fund/ General Purpose Fund.

By order of the Governor
S.M. VIJYANAND
PRINCIPAL SECRETARY

To,

The Principal Accountant General (Audit), Kerala, Tvpm.

The Accountant General (A & E), Kerala, Tvpm.

The Secretaries of all Municipalities



The Institute of Cost Accountants of India

The Director of Urban Affairs, Tvpm.

The Executive Chairman, Director, IKM, Tvpm.

The Director, KILA, Mulankunnathukavu, Thrissur.

The Project Director, KSUDP, Tvpm.

The Director, Local Fund Audit, Tvpm.

The Director, I & PRD

Stock File/ Office Copy.

Forwarded/ By Order
Sd/-
Section Officer

17

Role of Cost Accountants in Power Sector

Introduction

Power Sector has gone through a sea change on account of reforms implemented way back in 1990s and with the promulgation of new Electricity Act, 2003. Almost all the States have gone for the unbundling of age old Electricity Boards and corporatized various utilities carrying out different activities in power sector. In essence, generation, transmission and distribution business has been separated from each other and being managed by a corporate body. Trading has been recognized as a distinct activity and power trading license have been issued by the Regulatory Commissions to enable the power trader for purchase and sale of electricity. Open Access has been permitted to transmit the electricity from one corner to another corner of the country without any restrictions. Regulatory Commissions have been institutionalized to take care of tariff and other regulatory issues. Regulatory Commissions have come out with various Regulations, in consistent with the Act, for their smooth functioning. Commercial and financial issues on the basis of information submitted by the Utilities are to be vetted by financial/accounting experts. Moreover, thrust has been given on promoting competition, improving efficiency and economy so that benefit of affordable and quality power is accrued to the ultimate consumers. Initiatives have been taken by the Government of India and other State Governments to procure power through competitive bidding process. Two Power Exchanges are in operation where a portion of the electricity are being have been purchased and sold every day.

With this background, the role of Cost and Management Accountants has increased manifold in Power Sector. Their services are required by the

The Institute of Cost Accountants of India

Regulators, Utilities, Traders, Power Developers, Investors and the likes.

The following role of Cost Accountants can be visualized:

- (i) With the unbundling of erstwhile State Electricity Boards the requirement of finance professionals at various levels like CEO and supporting staff has increased manifold;
- (ii) The Cost Accountant can play active role in electricity sector as staff of the power utilities and regulatory bodies;
- (iii) Independent analysts and independent practitioner.
- (iv) The cost accountants have statutory role to certify various information submitted by the utilities in formats specified by the Commissions for determination of generation, transmission and distribution tariff, renewable energy tariff, fees and charges of RLDCs and expected revenue requirement under section 62(5) of the Act.
- (v) They are authorised to carry out Cost Audit of the utilities in power sector, as is required to be done under various statutory provisions.
- (vi) The Cost Accountant can assist regulatory bodies in tariff determination.
- (vii) Similarly, their services could be hired by the utilities and regulated entities in filing tariff applications before the Commission.
- (viii) They can also appear before the Commission on behalf of their clients to justify their claims.
- (ix) They can assist the developers in competitive bidding process and traders/buyers/sellers in power procurement through power exchange.
- (x) They also have an important role to play in assisting the utilities in profit maximization through increased revenue, reduced cost and optimal utilization of resources.

Central Electricity Regulatory Commission (CERC)

CERC is a statutory body functioning under Section 76 of Electricity Act, 2003 (CERC was initially constituted under the Electricity Regulation Commission Act, 1998 on 24th July, 1998).

As entrusted by the Electricity Act, 2003 the Commission has the responsibility to discharge the following functions:



Mandatory Functions:

- to regulate the tariff of generating companies owned or controlled by the Central Government;
- to regulate the tariff of generating companies other than those owned or controlled by the Central Government specified in clause (a), if such generating companies enter into or otherwise have a composite scheme for generation and sale of electricity in more than one State;
- to regulate the inter-State transmission of electricity ;
- to determine tariff for inter-State transmission of electricity;
- to issue licences to persons to function as transmission licensee and electricity trader with respect to their inter-State operations;
- Improve access to information for all stakeholders.
- to adjudicate upon disputes involving generating companies or transmission licensee in regard to matters connected with clauses (a) to (d) above and to refer any dispute for arbitration;
- to levy fees for the purposes of the Act;
- to specify Grid Code having regard to Grid Standards;
- to specify and enforce the standards with respect to quality, continuity and reliability of service by licensees;
- to fix the trading margin in the inter-State trading of electricity, if considered, necessary;
- to discharge such other functions as may be assigned under the Act.

Advisory Functions:

- formulation of National Electricity Policy and Tariff Policy;
- promotion of competition, efficiency and economy in the activities of the electricity industry;
- promotion of investment in electricity industry;
- any other matter referred to the Central Commission by the Central Government.

Cost Accountants in practice authorised for certification work as under

For Central Electricity Regulatory Commission (CERC), the Cost Accountants in practice are authorised for the following work:

Procedures for calculating the expected revenue from tariffs and charges Regulations, 2010

In exercise of powers conferred under Section 62(5) read with Section 178 (2)(u) of the Electricity Act, 2003 (36 of 2003 Issued Gazette notification No. 1-1/9/2009/CERC dated 12.4.2010 “Central Electricity Regulatory Commission (Procedures for calculating the expected revenue from tariffs and charges) Regulations, 2010”. In the above said regulation Cost Accountants are authorized as auditor in the Definitions of Auditor under Para 2(d).

‘auditor’ means a practicing chartered accountant or cost accountant or a firm of chartered accountants or cost accountants, qualified to carry out audit in accordance with the provisions of sections 224, 233B and 619 of the Companies Act, 1956 (1 of 1956), or any other law for the time being in force, as the case may be;

For more details <https://cercind.gov.in/2016/regulation/23.pdf>

- Certification of various forms prescribed under the Central Electricity Regulatory Commission (CERC) and State Electricity Regulatory Commissions (SERCs)
- Cost accountants have been authorized for certification of various information submitted by the utilities in formats specified by the CERC for determination of generation, transmission and distribution tariff, renewable energy tariff, fees and charges of RLDCs and expected revenue requirement under section 62(5) of the Electricity Act 2003.
- Certification of list of Buyers and Sellers under Central Electricity Regulatory Commission (Procedure, Terms and Conditions for grant of trading licence and other related matters) Regulations, 2020 vide No. L-1/253/2019/CERC dated 2nd January, 2020.

For more details <https://cercind.gov.in/2019/regulation/154.pdf>

- Cost Accountants are being appointed as consultants/ employees to assist



The Institute of Cost Accountants of India

regulatory bodies in tariff determination. Cost Accountants also assist the developers in competitive bidding process and traders/buyers/sellers in power procurement through power exchange. Similarly, their services are hired by the utilities and regulated entities in filing tariff applications before the CERC.

- Cost Accountants can also appear before the CERC as “Authorized Representative”.

18

Other Regulatory Authorities

Insurance Regulatory Development Authority

Surveyor and Loss Assessor

The cost accountants in practice are authorised under Insurance Regulatory and Development Authority for the following work:

Surveyor And Loss Assessor

Extract from The Insurance Act, 1938

Section 64UM: Licensing of surveyors and loss assessors.-

- (1) (A) Save as otherwise provided in this section, no person shall act as a surveyor or loss assessor in respect of general insurance business after the expiry of a period of one year from the commencement of the Insurance (Amendment) Act, 1968, unless he holds a valid licence issued to him by the Authority.
- (B) Every person who intends to act as a surveyor or loss assessor after the expiry of a period of one year from the commencement of the Insurance (Amendment) Act, 1968, shall make an application to the Controller within such time, in such form, in such manner and on payment of such fee, not exceeding rupees two hundred and fifty, as may be prescribed.
- (C) Every licence issued under this section shall remain in force, unless cancelled earlier, for a period of five years from the date of issue thereof, and may be renewed for a period of five years at a time, on payment of such fee, not exceeding rupees two hundred, as may be determined by the

regulations.

- (D) No licence to act as a surveyor or loss assessor shall be issued unless-
- (i) the applicant, where he is an individual, satisfies the Controller that he-
 - (a) has been in practice as a surveyor or loss assessor on the 26th day of October, 1968, or
 - (b) holds a degree of a recognized University in any branch of engineering, or
 - (c) is a fellow or associate member of the Institute of Chartered Accountants of India or the Institute of Cost and Works Accountants of India, or 130K
 - (d) possesses actuarial qualifications or holds a degree or diploma of any recognized University or institute in relation to insurance, or
 - (e) holds a diploma in insurance granted or recognized by the Government, or
 - (f) possesses such other technical qualification as may be prescribed, and
 - (g) does not suffer from any of the disqualifications mentioned in sub-section (4) of section 42;
 - (ii) the applicant, where he is a company or firm, satisfies the Controller that all his directors or partners, as the case may be, possess one or more of the qualifications specified in clause (i) and none of such directors or partners suffer from any of the disqualifications mentioned in sub-section (4) of section 42.
- (E) Every application for the renewal of the licence shall be made at least thirty days before the expiry of the period of validity thereof.
- (F) The Authority may, if he is satisfied that any licence issued or renewed under this section has been lost or destroyed, issue a duplicate licence on payment of a fee of rupees five and the duplicate licence so issued shall remain in force for the remainder of the period of validity of the licence in lieu of which it is issued.
- (G) Without prejudice to the powers conferred by sub-section (7), the Authority, if satisfied that the holder of any licence has made a statement which is false in material particulars with regard to his eligibility for obtaining such licence or has, after the issue or renewal of such licence, acquired any of the disqualifications mentioned in sub-section (4) of section 42, may, after giving a reasonable opportunity to the holder of



The Institute of Cost Accountants of India

such licence of being heard, by order cancel such licence and notify such cancellation in the Official Gazette.

- (2) No claim in respect of a loss which has occurred in India and requiring to be paid or settled in India equal to or exceeding twenty thousand rupees in value on any policy of insurance, arising or intimated to an insurer at any time after the expiry of a period of one year from the commencement of the Insurance (Amendment) Act, 1968, shall, unless otherwise directed by the Authority, be admitted for payment or settled by the insurer unless he has obtained a report, on the loss that has occurred, from a person who holds a licence issued under this section to act as a surveyor or 130L loss assessor (hereafter referred to as "approved surveyor or loss assessor"): Provided that nothing in this sub-section shall be deemed to take away or abridge the right of the insurer to pay or settle any claim at any amount different from the amount assessed by the approved surveyor or loss assessor.
- (3) The Authority may, at any time, in respect of any claim of the nature referred to in sub-section (2), call for an independent report from any other approved surveyor or loss assessor specified by him and such surveyor or loss assessor shall furnish such report to the Authority within such time as may be specified by the Authority or if no time limit has been specified by him within a reasonable time and the cost of, or incidental to, such report shall be borne by the insurer.
- (4) The Authority may, on receipt of a report referred to in sub-section (3), issue such directions as he may consider necessary with regard to the settlement of the claim including any direction to settle a claim at a figure less than, or more than, that at which it is proposed to settle it or it was settled and the insurer shall be bound to comply with such directions: Provided that where the Authority issues a direction for settling a claim at a figure lower than that at which it has already been settled, the insurer shall be deemed to comply with such direction if he satisfies the Controller that all reasonable steps, with due regard to the question whether the expenditure involved is not disproportionate to the amount required to be recovered, have been taken with due despatch by him: Provided further that no direction for the payment of a lesser sum shall be made where the amount of the claim has already been paid and the Authority is of opinion that the recovery of the amount paid in excess would cause undue hardship to the insured: Provided also that nothing in this section shall relieve the insurer from any liability, civil or

criminal, to which he would have been subject but for the provisions of this sub-section.

- (5) No insurer shall, after the expiry of a period of one year from the commencement of the Insurance (Amendment) Act, 1968, pay to any person any fee or remuneration for surveying, verifying or reporting on a claim of loss under a policy of insurance unless the person making such survey, verification or report is an approved surveyor or loss assessor.

Where, in the case of a claim of less than twenty thousand rupees in value on any policy of insurance it is not practicable for an insurer to employ an approved surveyor or loss assessor without incurring expenses disproportionate to the amount of the claim, the insurer may employ any other person (not being a person disqualified for the time being for being employed as a surveyor or loss assessor) for surveying such loss and may pay such reasonable fee or remuneration to the person so employed as he may think fit.

- (6) If the Authority is satisfied that an approved surveyor or loss assessor has been guilty of willfully making a false statement knowing it to be false or of being knowingly a party to the settlement of a claim in a fraudulent manner, he may, after giving such surveyor or loss assessor an opportunity of being heard, cancel the licence issued to him with effect from such date as may be specified by him and shall notify such cancellation in the Official Gazette.
- (7) Any surveyor or loss assessor whose licence has been cancelled shall not be eligible for having a licence to act as a surveyor or loss assessor for a period of three years from the date on which the cancellation is notified in the Official Gazette.
- (8) The Authority may in respect of any claim of value of less than twenty thousand rupees on an insurance policy, if the claim has not been or is not proposed to be reported upon by a surveyor or loss assessor, direct that such claim shall be reported upon by an approved surveyor or loss assessor and where the Authority makes such direction, the provisions of sub-sections (3) and (4) shall apply in respect of such claim.

(9) Where, in relation to any class of claims, the Central Government is satisfied that it is customary to entrust the work of survey or loss assessment to any person other than a licensed surveyor or loss assessor, or it is not practicable to make any survey or loss assessment, it may, by an order

published in the Official Gazette, exempt such class of claims from the operation of this section.

The International Financial Services Centre Authority

The International Financial Services Centre Authority: authorized Cost Accountants to issue certificate for:

- Companies registering in the Insurance Business that all compliances of the IFSCA Act has been complied with by the Companies under International Financial Services Centres Authority (Registration of Insurance Business) (Amendment) Regulations, 2021 vide IFSCA/2021-22/GN/REG019 dated 4.1.2022.
- for Insurance Intermediary of their paid up capital and net worth and also to certify that regulatory requirements has been complied with by the insurance intermediaries under International Financial Services Centres Authority (Insurance Intermediary) (Amendment) Regulations, 2021 vide IFSCA/2021-22/GN/REG020 dated 4.1.2022.

Competition Commission of India (CCI)

Competition Commission of India has also issued notification for determination of Cost of Production relevant to transfer pricing; the relevant extract of dated 20th August 2009 is given below:

Determination of Cost of Production

To determine transfer pricing, the Institute has issued a Cost Accounting Standards-CAS-4 “COST ACCOUNTING STANDARD ON COST OF PRODUCTION FOR CAPTIVE CONSUMPTION” and CAS-4 has already been approved and notified by the Central Board of Excise & Customs (CBEC) for determining Cost of products, services or activities. CAS-4 has been very useful in settling long pending cases of valuation of captive consumption between the department (CBEC) and the assesseees.

Competition Commission of India has also issued notification for determination of Cost of Production; the relevant extract is given below for



information of members:

THE COMPETITION COMMISSION OF INDIA

NOTIFICATION

**The Competition Commission of India (Determination of Cost of
Production) Regulations, 2009**

(No. 6 of 2009)

New Delhi, the 20th day of August, 2009

No. L-3 (5)/Reg-Cost/2009-10/CCI.-In exercise of powers conferred by clause (a) of sub-section (2) of section 64 of the Competition Act, 2002 (12 of 2003), the Competition Commission of India hereby makes the following regulations, namely: -

2. Definitions.-

(1) In these regulations, unless the context otherwise requires –

- (a) “Act” means the Competition Act, 2002 (12 of 2003);
- (b) “average variable cost” means total variable cost divided by total output during the referred period ;
- (c) “Cost” as used in Regulation 3 and its derivation may have reference to :
 - i. “total cost” means the actual cost of production including items, such as cost of material consumed, direct wages and salaries, direct expenses, work overheads, quality control cost, research and development cost, packaging cost, finance and administrative overheads attributable to the product during the referred period ;
 - ii. “total variable cost” means the total cost referred to in clause (i) minus the fixed cost and share of fixed overheads, if any, during the referred period;
 - iii. “total avoidable cost” means the cost that could have been avoided if the enterprise had not produced the quantity of extra output during the referred period;
 - iv. “average avoidable cost” is the total avoidable cost divided by the total output considered for estimating ‘total avoidable cost’;



The Institute of Cost Accountants of India

- v. long run average incremental cost” is the increment to long run average cost on account of an additional unit of product, where long run cost includes both capital and operating costs;
 - vi. “market value” means the consideration which the customer pays or agrees to pay for a product which is sold or provided or can be sold or provided, as the case may be;
 - (d) “Commission” means the Competition Commission of India established under subsection (1) of section 7 of the Act;
 - (e) “product” means the goods or services, as the case may be, as defined in the Act;
 - (f) ‘marginal cost’ is the change in total cost that arises when the quantity produced changes by one unit.
- (2) Words and expressions used but not defined in these regulations shall have the same meaning respectively assigned to them in the Act or the Companies Act, 1956 (1 of 1956), as the case may be.

Determination of cost.

(1) “Cost” in the Explanation to section 4 of the Act shall, generally, be taken as average variable cost, as a proxy for marginal cost:

Provided that in specific cases, for reasons to be recorded in writing, the Commission may, depending on the nature of the industry, market and technology used, consider any other relevant cost concept such as avoidable cost, long run average incremental cost, market value. (2) In arriving at the figures of costs, the Commission /Director General may take the help of suitable experts.

Engagement of experts.

Where an enterprise disputes the cost determined by the Commission under regulation 3, it may, for reasons to be submitted in writing, request the Commission to appoint expert (s) for determining the cost.

Role of Cost Accountants

CCI Act has recognized Cost Accountants to represent their clients to appear before the commission. Cost Accountants may also appear before the Competition Appellate Tribunal for award of compensation to be paid by any dominant enterprise for any loss or damage shown to have been suffered by



The Institute of Cost Accountants of India

any applicant as a result of any contravention of the Section 4 of CCI Act by such enterprise, if after inquiry it is established by the Commission

The Act also provides for direction to the dominant enterprise concerned to comply with such other orders and directions, including payment of cost, if any.

Cost accountants are also empanelled by the Commission to develop the economic and legal concepts and practices included in the Act. The Commission have separate expert groups working with the Commission on its Regulations, on Economic Information, on Market Studies and Research Projects, on Predatory Pricing, on Competition Advocacy, and on Academic Course Curriculum. These expert groups comprise of economists, legal experts, trade and industry representatives, consumer organizations, and other such professionals. In this way, the Commission, even with a small team of officials on its roll, has been able to avail of the knowledge and skills of highly regarded experts in the field of competition economics and law. Thus Cost Accountants have huge scope to prove their ability in this field.

Engagement of Experts and Professionals

The Competition Commission of India (CCI) has procedure for engagement of Experts and professional working in the different fields. CCI has issued the Competition Commission of India (Procedure for Engagement of Experts and Professionals) Regulations, 2009 vide notification dated 15th May 2009.

For detail refer the link:

https://www.cci.gov.in/sites/default/files/regulation_pdf/engagement.pdf

Empanelment: Empanelment of special counsel by Commission

Notification

Extract Notification No 2 of The Competition Commission of India (General) Regulation, 2009

Regulation 51.Empanelment of special counsel by Commission. – (1) The Commission may draw up a panel of legal practitioners or chartered accountants or company secretaries or cost accountants to assist in proceedings before the Competition Appellate Tribunal or any other quasi

judicial body or Court.

(2) The Director General may call upon the legal practitioners or chartered accountants or company secretaries or cost accountants from the panel for assistance in the proceedings before the Commission, if so required.

(3) The remuneration payable and other allowances and compensation admissible to counsel shall be specified in consultation with the Commission.

For detail refer the link:

https://www.cci.gov.in/sites/default/files/regulation_pdf/cci-general-regulations-as-amended.pdf

Appearance before Commission

Cost Accountant in practice has been authorised to appear before Commission prescribed under Section-35, Section-53(1) of The Competition (Amendment) Act, 2007 and Regulation-46 of The Competition Commission of India (General) Regulation, 2009 .

Anti-Dumping

The General Agreement on Tariffs and Trade lays down the principles to be followed by the member countries for imposition of anti-dumping duties, countervailing duties and safeguard measures. Pursuant to the GATT, 1994, detailed guidelines have been prescribed under the specific agreements which have also been incorporated in the national legislation of the member countries of the WTO. Indian laws were amended with effect from 1.1.95 to bring them in line with the provisions of the respective GATT agreements.

Dumping is said to have taken place when an exporter sells a product to India at a price less than the price prevailing in its domestic market. However, the phenomenon of dumping is per se not condemnable as it is recognized that producers sell their goods at different prices to different market. It is also not unusual for prices to vary from time to time in the light of supply and demand conditions.

It is also recognized that price discrimination in the form of dumping is a common international commercial practice. It is also not uncommon that the

export prices are lower than the domestic prices. Therefore, from the point of view of antidumping practices, there is nothing inherently illegal or immoral about the practice of dumping. However, where dumping causes or threatens to cause material injury to the domestic industry of India, the Designated Authority initiates necessary action for investigations and subsequent imposition of anti-dumping duties.

Sections 9A, 9B and 9C of the Customs Tariff Act, 1975 as amended in 1995 and the Customs Tariff (Identification, Assessment and Collection of Anti-dumping Duty on Dumped Articles and for Determination of Injury) Rules, 1995 framed thereunder form the legal basis for anti-dumping investigations and for the levy of anti-dumping duties. These laws are based on the Agreement on Anti-Dumping which is in pursuance of Article VI of GATT 1994.

Therefore, Dumping occurs when the export price of goods imported into India is less than the Normal Value of 'like articles' sold in the domestic market of the exporter. Imports at cheap or low prices do not per se indicate dumping. The price at which like articles are sold in the domestic market of the exporter is referred to as the "Normal Value" of those articles.

Area for certification under Anti Dumping

The information in the following proforma is to be certified by practising Cost Accountant only:

Format "CI"

STATEMENT OF COST OF PRODUCTION

Name of the Company

Installed capacity

Production in Installed

Capacity Utilisation (%)



Production in Investigation
Period

Capacity Utilisation in
Sales (quantity)

Particulars	Previous Accounting Year		Investigation Period	
	Qty.	Rate Value Cost	Qty.	Rate Value Cost
Manufacturing expenses				
Raw materials (specify the major raw materials)				
Utilities				
Depreciation				
Others (please specify the				
Administrative Expenses				
- Variable				
- Fixed				
Selling & Distribution Expenses				
- Variable				



- Fixed

Financial Expenses

- Variable

- Fixed

Less: Misc. Income (from
duct concerned)

Total Cost to make and
Sell

Selling price

Profit / Loss

Note: Please specify the unit, wherever applicable.

The information in this proforma is to be certified by practising Cost Accountant.



Format “CII”

ALLOCATION AND APPORTIONMENT OF EXPENDITURE

Please provide the basis along with the amount allocated to the subject product and to other products out of the total expenses of the company, as per following format

Sl.	Particulars Expenses	Total applicable to product under investigation	Share Applicable to product under investigatio	Share not allocation / Apportionment	Basis of
1	2	3	4	5	6
	Raw Material (item-wise) Consumable stores and spares/other inputs Utilities (power, fuel, steam, etc.)				



The Institute of Cost Accountants of India

Direct labour				
Manufacturing Overheads (Specify under major heads)				
Research & Development				
Administrative Overheads				
Selling & Distribution cost				
Depreciation				
Financial expenses				
Other misc. expenses				
Total expenditure				
Sales				
Other income				
Total income				
Profits / Loss				

Note :

1. The information in this proforma is **to be certified by practising Cost Accountant**
2. All items of income and expenditure shall be reconciled with Annual Accounts.



Special Economic Zone (SEZ)

A Special Economic Zone (SEZ) is an ecological district that follows noninterventionist monetary guidelines which are different from the conventional economic norms of a country. SEZ envelops a wide array of zones incorporating Free Zones (FZ), Free Trade Zones (FTZ), Industrial Estates (IE), Export Processing Zones (EPZ), Free Ports, etc. Generally the objective of SEZ formation is to attract more foreign investment typically through an overseas business or a conglomerate.

Generally, SEZs are constructed by utilizing an array of institutional compositions varying from complete government owned organizations to privately owned firms. In some cases, the government owned organizations perform as quasi-government groups in which they follow a pseudo-corporate organization composition and have total control over their budget construction.

SEZs are also constructed under the tie-up of private and government organizations where the government sector offer assistance by introducing provisions on infrastructure, investment, issue of bonds & debentures, etc. This enables the private industry to attain a considerable rate of return on the venture.

The Ministry of Commerce and Industry lays down the regulations that govern the setting up and administering of the SEZs. The Central Government is functioning, while the State Governments play a significant lead role in the development of SEZs in their respective States by stipulating the conditions to be adhered to by an SEZ and granting the necessary approvals. The policy framework for SEZs has been enacted in the SEZ Act and the supporting procedures are laid down in SEZ Rules.

Incentives and facilities offered to the SEZs

The incentives and facilities offered to the units in SEZs for attracting investments into the SEZs, including foreign investment include:-

- Duty free import/domestic procurement of goods for development, operation and maintenance of SEZ units



The Institute of Cost Accountants of India

- 100% Income Tax exemption on export income for SEZ units under Section 10AA of the Income Tax Act for first 5 years, 50% for next 5 years thereafter and 50% of the ploughed back export profit for next 5 years. (Sunset Clause for Units will become effective from 01.04.2020)
- Exemption from Minimum Alternate Tax (MAT) under section 115JB of the Income Tax Act. (withdrawn w.e.f. 1.4.2012)
- Exemption from Central Sales Tax, Exemption from Service Tax and Exemption from State sales tax. These have now subsumed into GST and supplies to SEZs are zero rated under IGST Act, 2017.
- Other levies as imposed by the respective State Governments.
- Single window clearance for Central and State level approvals.

The major incentives and facilities available to SEZ developers include:-

- Exemption from customs/excise duties for development of SEZs for authorized operations approved by the BOA.
- Income Tax exemption on income derived from the business of development of the SEZ in a block of 10 years in 15 years under Section 80-IAB of the Income Tax Act. (Sunset Clause for Developers has become effective from 01.04.2017)
- Exemption from Minimum Alternate Tax (MAT) under Section 115 JB of the Income Tax Act. (withdrawn w.e.f. 1.4.2012)
- Exemption from Dividend Distribution Tax (DDT) under Section 115O of the Income Tax Act. (withdrawn w.e.f. 1.6.2011)
- Exemption from Central Sales Tax (CST).
- Exemption from Service Tax (Section 7, 26 and Second Schedule of the SEZ Act).

Services that can be provided by Cost Accountants in Practice

A Cost Accountant in Practice can provide the following services under SEZ:

- **Audit of accounts of SEZ developer:** Audit of accounts of SEZ developer as directed by the Commissioner of Customs/Central Excise [refer Circular No.



The Institute of Cost Accountants of India

52/2002-Customs dated 14th August, 2002];

- **Annual Performance Report** :Department of Commerce, Ministry of Commerce and Industry vide notification dated 7.3.2019 issued Special Economic Zones (2nd Amendment) Rules, 2019 and consider Cost Accountants at par with Chartered Accountants for certification of Form-I Annual Performance Report for Units under Rule 22 of Special Economic Zones Rules, 2006.
- **Certification** :Ministry Of Commerce and Industry vide notification dated 19th September 2018 amended the Special Economic Zones Rules, 2006, Cost Accountants are authorized to certify the half-yearly certificate for the period ending 31st March and 30th September of every financial year regarding utilization of goods and services submitted by developer under sub-rule (7) of Rule 12. [Read More](#)
- **Rights of appellant to appear before the Board:** Rule 61 of the Special Economic Zone Rules 2006
 - Assist Client in preparation of Project Report
 - Consultancy services for setting up the Special Economic Zone
 - Appear before the Board as authorised representative of Applicant

Software Technology Park of India

Software Technology Parks of India (STPI) is a premier S&T organization under Ministry of Electronics and Information Technology (MeitY) engaged in promoting IT/ITES Industry, innovation, R&D, start-ups, product/IP creation in the field of emerging technologies like IoT, Blockchain, Artificial Intelligence (AI), Machine Learning (ML), Computer Vision, Robotics, Robotics Process Automation (RPA), Augmented & Virtual Reality, Animation & Visual effect, Data Science & Analytics for various domains like Gaming, FinTech, Agritech, MedTech, Autonomous Connected Electric & Shared(ACES) Mobility, ESDM, Cyber Security, Industry 4.0, Drone, Efficiency Augmentation, etc.



Software Technology Park (STP) Scheme

The STP Scheme is a 100% export-oriented scheme for the development and export of computer software, including export of professional services using communication links or physical media. As a unique scheme, it focuses on one sector, i.e. computer software. The scheme integrates the government concept of 100% Export Oriented Units (EOU) and Export Processing Zones (EPZ) and the concept of Science Parks/Technology Parks, as operating elsewhere in the world. The unique feature of the STP scheme is the provisioning of single-point contact services for member units, enabling them to conduct exports operations at a pace commensurate with international practices.

Scheme Benefits and Highlights

- Approvals are given under single window clearance system.
- An STP unit may be set up anywhere in India.
- Jurisdictional STPI authorities can clear projects costing less than Rs.100 million with Indian Investment.
- 100% foreign equity is permitted.
- All the imports of Hardware & Software in the STP units are completely duty free, import of second-hand capital goods are also permitted.
- Re-export of capital goods is also permitted.
- Simplified Minimum Export Performance norms i.e., "Positive Net Foreign Exchange Earnings".
- Use of computer system for commercial training purposes is permissible subject to the condition that no computer terminals are installed outside the STP premises.
- Sales in the Domestic Tariff Area (DTA) are permissible.
- The capital goods purchased from the DTA are entitled for refund of GST.
- Capital invested by foreign entrepreneurs, know-how Fees, royalty, dividend etc., can be freely repatriated after payment of Income Taxes due on them, if any



The Institute of Cost Accountants of India

- The items like computers and computers peripherals can be donated to recognized non-commercial educational institutions, registered charitable hospitals, public libraries, public funded research and development establishments, organizations of Govt. of India, or Govt of a State or Union Territory without payment of any duties after two years of their import.
- 100 Percent Depreciation on computers and computer peripherals over a period of five years.

Electronic Hardware Technology Park (EHTP) Scheme

The EHTP Scheme is a 100% export-oriented scheme for the development and export of electronics hardware.

Scheme Benefits and Highlights

Units established under EHTP Scheme may carry out the following activities:

- Manufacture any item of electronic hardware for exports.
- Manufacture of both hardware and software in an integrated manner for exports.
- R&D activity, maintenance, testing and calibration services for electronics products meant for exports.
 - EHTP units may import all types of goods, including capital goods free of duty as defined in the Export Import (EXIM) Policy, required by it for manufacture, services, production and processing or in connection therewith.
 - The units shall also be permitted to import goods, including capital goods, free of cost or on loan from clients required for the approved activity.
 - EHTP units may procure goods required by them for manufacture, services, production and processing or in connection therewith, duty free, from bonded warehouses.
 - Simplified minimum export performance norms i.e. “Positive Net Foreign Exchange Earnings”.



The Institute of Cost Accountants of India

Software Technology Park of India, Bangalore have prescribed the following Annexure where Cost Accountants in practice may give the Certificate:

Software Technology Parks Of India-Bangalore ANNEXURE – XIII

To,
The Director,
Software Technology Parks of India BANGALORE.

Dear Sir

Sub: Request for Bonding

Name of the Company :

Address where the Bonding to be carried out :

Import Approval No.& Date :

CIF Value :

Bill of Entry No.& Date :

Thanking You,

Yours faithfully,

Authorized Signatory

FOR OFFICE USE ONLY

1. Bonding Done on :
2. Any variation in the above Import :
3. Bonding Done by :
4. Database update : Signature of Member EXIM Group



ANNEXURE-XXXI
APPLICATION FOR GRANT / RENEWAL OF LICENCE FOR PRIVATE
BONDED WAREHOUSE

(U/S 58 AND 65 OF THE Customs Act, 1962)

1. Particulars of License

(i) For an individual or incorporated company

4. Name :

5. Address :

6. Nature of Business :

(ii) For a Firm

a) Name :

b) Business Address :

c) Nature of business and following particulars in respect of each person having any proprietary interest in the firm :

Name :

Address :

Description :

2. Description of goods to be warehoused

3. Whether any goods other than those belonging to the License or for which he is an agent are intended to be warehoused.

4. Particulars of minimum stock intended to be held in the warehouse at any one time

(a) Name of packages

(b) Value

(c) Duty (at rate in force at the time of application)

Note: In case of spirit intended for denaturation, this should be separately specified



The Institute of Cost Accountants of India

5. Particulars of maximum stock actually held at any one time under the expiring license (for use in case of renewals only).
- (a) Date :
- (b) No. of packages :
- (c) Value :
- (d) Duty :
6. Particulars of any change in proprietorship of the firm since date of last renewal. (to be filled by firms applying for renewal)
7. Particulars of premises to be licensed.
3. Name and address of the owner
4. Place at which situated
5. Dimensions (in feet)
- (i) Length
- (ii) Breadth
- (iii) Height
6. Distance from Custom House.

Note: If more than one godown is to be licensed, separate particulars should be given for each, if necessary on a separate sheet.

8. Name and address of bankers or other persons to whom reference may be made regarding the financial status of the LICENSEE.

We hereby declare the above particulars to be true and apply for grant of a license under Section 58 of the Customs Act, 1962 in accordance therewith.

Place:

Authorised Signatory

Date:



ANNEXURE-XXIII

Application for Enhancement of CG limit

- 11. Name of Company
- 12. a) STP permission Letter No. & Date
b) Any Subsequent amendment, if any
- 13. Customs Bonding No. & Date
- 14. Customs Bonding valid upto
- 15. Value of capital goods approved so far
- 16. Value of exports to be achieved as per the permission letter
- 17. Details as per enclosure-1 enclosed

ANNEXURE-XXII

APPLICATION FORM FOR CLAIMING SPECIAL IMPORT LICENSE

FOR OFFICIAL USE

File No. :	Date:
------------	-------

- 2.** Name and Address of the applicant :
- 3.** IEC Number :
- 4.** Application Fee : Rs. :
- Bank/Receipt/ DD :
- No. & Date
- Issued by :
- 5.** Details of exports



The Institute of Cost Accountants of India

Sl. No.	Shipping Bill & No. Date	GR Form No & Date	Description of Exports	FOB Value in freely convertible currency	Equivalent Value in Rupees	Date of Realization	CIF Value of advance Lic. + 25 times of DEPB	NFE	SIL Rate	Entitlement
1	2	3	4	5	6	7	8	9	10	11

6. Value of License claimed : Rs. (in words and figures)

DECLARATION/UNDERTAKING

18. I/We hereby declare that the particulars and the statements made in this application are true and correct to the best of my/our knowledge and belief and nothing has been concealed or held there form.
19. I/We fully understand that any information furnished in the application if proved incorrect or false will render me/us liable for any penal action or other consequences as may be prescribed in law or otherwise warranted.
20. I/We undertake to abide by the provisions of the Foreign Trade (Development and Regulation) Act, 1992, the rules and other framed there under, the Export and Import Policy and the Handbook of Procedures.
21. I hereby certify that I am authorized to verify and sign this declaration as per Paragraph 3.8 of the Policy.

Place:

.....

Signature of the Applicant

Name:

Date:

Designation

Official Address:

Tel No.:

Residential Address:



Certified of chartered accountant/ Cost Accountant for issue of special import license for specified category of exporters

I/We hereby confirm that I/We have examined the prescribed registers and also the relevant records of M/s..... for the period..... and hereby certify that:

M/s.....(full name and address of the applicant) have made the exports during April-September.....October-March.....(whichever is applicable)

- (i) The following document/records have been furnished by the applicant and have been examined and verified by me/us namely
- (ii) Export Order/Contract, Shipping Bills, Bill of lading (and/or Airways Bills/Receipts), Customs Bank attested Invoices, Bank Certificates of exports showing exports made in freely convertible currency in their own name and connected books of accounts.
- (iii)The relevant registers have been authenticated under my/our seal/signature
- (iv)The financial information given in the above statement is in agreement with the relevant register and records: the same has been incorporated in the books of accounts maintained by the exporter: and is also true and correct.
- (v) It has been ensured that the information furnished is true and correct in all respect; no part of it is false or misleading and no relevant information has been concealed or withheld.
- (vi) Neither I, nor any person of my partners is partners, director or an employee of the above named entity or its associated concerns.
- (vii) I/We fully understand that any statement made in this certificate, if proved incorrect or false, will render me/us liable for any penal or other consequences as may be prescribed in law or otherwise warranted.

(Signature and Stamp/Seal of the signatory)
(Chartered Accountant /Cost Accountant)
Name of the signatory:
Full Address :
Place:
Membership No. :
Date:



The Institute of Cost Accountants of India

If any documents or records mentioned in item (ii) of the certificate have not been maintained/ furnished, examined or verified, they may please be specified below:

- 1.
- 2.
3. Documents to be enclosed with the application form
 - i. Bank Receipt (in duplicate)/Demand Draft evidencing payment of application fee in terms of Appendix
 - ii. Self certified copy of valid RCMC.
 - iii. E.P copy of shipping bills (in original)
 - iv. Bank certificate of exports as given in Appendix- (in original)



19

Management Consultancy Services

Management Consultancy Services as defined by Council

The Council of the Institute of Cost Accountants of India has defined Management Consultancy Services in its meeting on 16th January, 2005. This definition should be read along with Regulation 111 of the CWA Regulations, 1959. The definition is being reproduced below for reference.

Definition of “Management Consultancy Services”

“The expression ‘Management Consultancy Services’ shall not include the function of statutory periodical audit, tax (both direct taxes and indirect taxes) representation or advise concerning tax matters or acting as liquidator, trustee, executor, administrator, arbitrator or receiver, but shall include besides all functions done as cost accountant the following:

- (i) Financial management planning and financial policy determination.
- (ii) Cost management planning and costing policy determination.
- (iii) Capital structure planning and advice regarding raising finance.
- (iv) Working capital management.
- (v) Preparing project reports and feasibility studies.
- (vi) Preparing cash budget, cash flow statements, profitability statements,



The Institute of Cost Accountants of India

statements of sources and application of funds.

- (vii) Budgeting including capital budgets and revenue budgets.
- (viii) Inventory management, material handling and storage.
- (ix) Market research and demand studies.
- (x) Price- fixation and other management decision making.
- (xi) Management accounting systems including TCM, TQM, BPR, cost control and value analysis.
- (xii) Control methods and management information and reporting.
- (xiii) Personnel recruitment and selection.
- (xiv) Setting up executive incentive plans, wage incentive plans etc.
- (xv) Management, operational, quality, environmental and energy audits.
- (xvi) Valuation of shares and business and advice regarding amalgamation, mergers and acquisitions etc.
- (xvii) Business policy, corporate planning, organisation development, growth and diversification.
- (xviii) Organisation structure and behavior, development of human resources including design and conduct of training programmes, work study, time study, job-description, job evaluation and evaluation of work loads.
- (xix) Systems analysis and design and computer related services including selection of hardware and development of software in all areas of services which can otherwise be rendered by a cost accountant in practice and also to carry out any other professional services relating to EDP, e - filing etc.
- (xx) Acting as advisor or consultant to an issue, including such matters as:-
 - (a) drafting of prospectus and memorandum containing salient features of prospectus. Drafting and filing of listing agreement and completing formalities with Stock Exchanges, Registrar of Companies and SEBI.
 - (b) Preparation of publicity budget, advice regarding arrangements for selection of (i) ad-media (ii) centres for holding conferences of brokers, investors etc. (iii) bankers to issue (iv) collection centres (v) brokers to issue (vi) underwriters and the underwriting arrangement, distribution



The Institute of Cost Accountants of India

of publicity and issue material including application form, prospectus and brochure and deciding on the quantum of issue material (In doing so, the relevant provisions of the Code of Conduct must be kept in mind).

- (c) Advice regarding selection of various agencies connected with issue, namely Registrar to issue, printers and advertising agencies.
- (d) Advice to the post issue activities, e.g. follow up steps which include listing of instruments and dispatch of certificates and refunds with the various agencies connected with the work.

Explanation: For removal of doubts, it is hereby clarified that the activities of broking, underwriting and portfolio management are not permitted.

- (xxi) Investment counseling in respect of securities [as defined in the Securities Contracts (Regulation) Act, 1956 and other financial instruments.] (In doing so, the relevant provisions of the Code of Conduct must be kept in mind).
- (xxii) Acting as registrar to an issue and for transfer of shares / other securities. (In doing so, the relevant provisions of the Code of Conduct must be kept in mind).
- (xxiii) Acting as recovery consultant in Banking Sector
- (xxiv) Insurance Financial Advisory services under the Insurance Regulatory Development Authority Act, 1999, including Insurance Brokerage.

The cost accountants are offering services like Cost Management, Techno-economic Study, Systems, Computerization, ERP, Insurance companies and other Financial Institutions, Financial Management, Project Consultancy, Materials Management, Management Accountancy, Tax Planning, Diagnostic Accounting & Revival of Sick Units, Merchant Banking, Investment Counseling & Portfolio Management, Internal Management and Operational Audits, Organization Structure Review, Training and Executive Selection, Incentive Plans, Productivity, Conservation of Energy and Energy Audit and Environmental Audit etc



Business Plans

A **Business Plan** is a formal statement of a set of attainable business goals by an enterprise. It may also contain background information about the organization or team attempting to reach those goals. Each and every organization, whether for-profit or non-profit, prepares some kind of Business Plan. For-profit business plans typically focus on financial goals, such as profit or creation of wealth. Non-profit and government agency business plans tend to focus on organizational mission which is the basis for their governmental status or their non-profit, tax-exempt status, respectively. However, non-profits may also focus on optimizing revenue. In non-profit organizations, have to put more efforts to balance mission with "margin" or revenue.

A good business plan can help to make a good business credible, understandable, and attractive to someone who is unfamiliar with the business. Writing a good business plan can't guarantee success, but it can go a long way toward reducing the odds of failure.

Cost Accountants may assist their clients in preparing good Business Plan. Some of the tips are given below:

- First and foremost, it will define and focus the objective using appropriate information and analysis.
- This can be used as a selling tool in dealing with important relationships including the lenders, investors and banks.
- Business plan can uncover omissions and/or weaknesses in the planning process.

Cost Accountants can use the plan to solicit opinions and advice from employees, including those in the same field of business and can give freely invaluable advice.

What should it contain

Business Plan should be short duration e.g. for ONE YEAR duration. Better to stick with short-term objectives and modify the plan as the business progresses.

Too often, long-range planning becomes meaningless because the reality of the business can be different from initial concept.

The Cost Accountants should not ignore spelling out what would be the strategies in the event of business adversities.

Use simple language in explaining the issues. Make it easy to read and understand. The outlines of Business Plan are:

- **Business Profile:** Define and describe the intended business and exactly how the plan to go about it. Focus on the specialized market to serve.
- **Economic Assessment:** Provide a complete assessment of the economic environment in which the business will become a part. Explain how the business will be appropriate for the regulatory agencies and demographics with which it will be dealing.
- **Cash flow assessment:** Include a one-year cash flow. Include the assessment of what could go wrong and plan how the Business will the handle problems.
 - Include the Business marketing plan and expansion plans

How Business Plan look like

- cover page and table of contents
- executive summary
- business description
- business environment analysis
- industry background
- competitive analysis
- market analysis
- marketing plan
- operations plan
- Cash Flow Statement
- management summary

- financial plan
- attachment and milestones

Enterprise Resource Planning

Enterprise Resource Planning (ERP) has come into its own with the need for faster and better integration of departments. This business tool is used by manufacturers for up-to-date information needed for smooth operations. ERP solutions comprise several modules, each of which encompasses the best business practice that can be implemented for that company.

Enterprise resource planning helps in integrating all departments and functions within a company in a single computer system that serves specific needs of different departments. Enterprise Resource Planning systems (ERPs) integrate (or attempt to integrate) all data and processes of an organization into a unified system. A typical ERP system will use multiple components of computer software and hardware to achieve the integration. A key ingredient of most ERP systems is the use of a unified database to store data for various system modules.

Role which can be played by Cost Accountants in ERP

Since Cost Accountants have knowledge and analytical skills in various fields of Finance, Cost and other related areas, he can play the following role in ERP:

- a) Help the management of an organization to map various activities and areas where ERP can be implemented and integrated with the other Departments to produce the better results for e.g. Finance Module, Human Resource Module, Purchase, Marketing and Store Modules. If these modules are integrated, the activities performed by the organization will be efficient and cost effective;
- b) Help in Process mapping and reengineering exercise;
- c) To understand the requirements of various departments and operations for integration purpose;
- d) Discussion with ERP consultants at various stages of pre-implementation stage.

Mergers and Acquisitions (M&A)

Mergers and acquisitions (M&A) and corporate restructuring are a big part of the corporate finance world. Every day, we heard that so and so company is being taken over, merged or acquired by someone. M&A transactions, which bring separate companies together to form larger ones. Mergers and acquisitions (M&A) refers to the aspect of corporate strategy, corporate finance and management dealing with the buying, selling and combining of different companies that can aid, finance, or help a growing company in a given industry grow rapidly without having to create another business entity.

An **acquisition**, also known as a **takeover** or a **buyout** or "merger", is the buying of one company by another. An acquisition may be friendly or hostile. Whether a purchase is perceived as a friendly or hostile depends on how it is communicated to and received by the acquired company's board of directors, employees and shareholders. In the case of a friendly transaction, the companies cooperate in negotiations whereas in the case of a hostile deal, the takeover is unwilling to be bought or the company board, which is being acquired, does not have prior knowledge of the offer. Acquisition usually refers to a purchase of a smaller firm by a larger one. Sometimes, however, a smaller firm will acquire management control of a larger or longer established company and keep its name for the combined entity. This is known as a **reverse takeover**. A **reverse merger** occurs when a company that has strong prospects and is eager to raise financing buys a company, usually one with no business and limited assets.

The practice of mergers and acquisitions has attained considerable significance in the contemporary corporate scenario which is broadly used for reorganizing the business entities. Indian industries were exposed to plethora of challenges both nationally and internationally, since the introduction of Indian economic reform in 1991. The cut-throat competition in international market compelled the Indian firms to opt for mergers and acquisitions strategies, making it a vital premeditated option.

Why Mergers and Acquisitions attaining Importance in India

Now the question arises why mergers and acquisitions are taking place in India even after the global recession.

The factors responsible for making the merger and acquisition deals favorable in India are:

- Dynamic government policies
- Corporate investments in industry
- Economic stability
- “ready to experiment” attitude of Indian industrialists

Sectors like pharmaceuticals, IT, ITES, telecommunications, steel, construction, etc, have proved their worth in the international scenario and the rising participation of Indian firms in signing M&A deals has further triggered the acquisition activities in India.

Role of Cost Accountants in M&A

Regardless of motive, the M&A process can be difficult, slow and often unsuccessful without outside expertise. There are many obstacles from the beginning to end stages for e.g.

- a) Identifying the right company for appropriate business synergy;
- b) Defining how entities integrate for maximum efficiency; and
- c) Follow many regulatory procedures (SEBI Takeover Code, RBI approval etc).

Therefore, Cost accountants may provide his expert advice on the above aspects. Further in the following cases also cost accountants may provide consultancy/expert advice:

- 1) Accurately assessing target companies and synergies worldwide and locating suitable counter-parties.
- 2) Liaison for bringing target company into negotiation;
- 3) Assessing and advising on augmenting the viability.
- 4) Verify fair market value of the target company;
- 5) Perform all due diligence and compliances;
- 6) Be part of Negotiating Team to negotiate terms of agreement;
- 7) Drafting information memoranda for potential buyers/ sellers.
- 8) Structuring and negotiating of terms and conditions for the new entity.
- 9) Determining of share exchange ratio.
- 10) Managing and monitoring of the documentation, transaction and

transition process.

- 11) Help in successful transform of the combined organizations to deliver all projected synergies and value.
- 12) Suggest defense strategies against hostile takeovers. Also, look at the impact on people and organization, assessing and delivering programs that manage change effectively.

Merger and amalgamation of companies Act 2013

Section 230-232 of the Companies Act, 2013 read with Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 deals with the Mergers and Amalgamation of the Companies and Section 234 read with rule 25A of Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 deals with Merger or Amalgamation of a foreign company with a company and vice-versa.

Section 232 (7) “Every company in relation to which the order is made shall, until the completion of the scheme, file a statement in such form and within such time as may be prescribed with the Registrar every year duly certified by a chartered accountant or a **cost accountant** or a company secretary in practice indicating whether the scheme is being complied with in accordance with the orders of the Tribunal or not.”

Risk Management

Business Risks

Business risks arises due to the uncertainties that can impinge on a company's ability to achieve its objectives and can result in many interdependent outcomes - some negative, some positive. Therefore, risk is associated with uncertainties of outcome in future date. Risk is a function of probability (or likelihood) of an expected state of the world, which may or may not manifest in future. If risk happens the enterprise is exposed to variety of risks. Each enterprise makes the short-term and long term business plans for future its growth viz. Production & Marketing Plans, HR Plans, Corporate Financing, Credit & Borrowings, Cash Flow and Profitability etc. These plans are based on estimates for future and future is uncertain. These plans

emanate from Business Objectives. Therefore, business risks relate to business objectives because risk taking is a prerequisite to success - without risk, there is no profit and reward. Accordingly, some risks must be exploited to take advantage of strategic opportunities. Conversely, risks that threaten success must be mitigated. These risks include threats of problems occurring, such as misappropriation of assets, or opportunities not occurring, such as a failure to achieve strategic goals. Enterprise Risk Management (ERM) is a structured and disciplined approach to help management understand and manage business risk. ERM encompasses all business risks using an integrated and holistic approach.

There is risk of manipulation by the companies to shareholders. Many scandals highlight how accounting manipulations, especially financial accounting were used in earning management to misrepresent company performance. Such activities were performed in collusion between managers and auditors. To alleviate these problems, stringent measures were undertaken by regulating institutions in the form of better regulations and more frequent reporting. This has resulted in an increase in the short-term conformance requirements. Such disclosure and audit requirements were regulated so that the investors can trust the short-term performance measures of an organisation such as its ROI, net profit, and share price. In addition, the regulatory bodies also required appropriate functioning of Boards in terms of composition and its behaviour.

The Board needs to ensure that the organisation is able to respond to changing circumstances and take advantage of relevant market opportunities even as it continues to pursue its planned goals and objectives. Corporate governance needs to contribute to both business prosperity and to accountability. In the current environment it is all too easy to forget the former. Nevertheless, business leaders and shareholders alike must ensure that undue concentration on aspects of accountability does not destroy entrepreneurship and ultimately value. Management accounting information systems involve linking long term or strategic goals of an organisation with performance evaluation outcomes. The management accounting and control systems in turn, processes information on the various activities through the data collection, information processing and communicates such information to higher management through internal reports.

Risk Management Process

Risk management is a process of thinking systematically about all possible risks, problems or disasters before they happen and setting up procedures to avoid the risk, minimise its effects or cope with its impact. Therefore, risk management is simply a practice of systematically selecting cost effective approaches for minimising the effect of threat realization to the organization. All risks can never be fully avoided or mitigated simply because of financial and practical limitations. Hence, all organizations have to accept some level of residual risks. We cannot predict everything that could happen but just talking about risk management will make even the most unpredictable event easier to deal with.

Risk Management begins with Three Basic Questions

What can go wrong?

What will we do to prevent it?

What will we do if it happens?

Types of Risk Management

There are various types of risks and an enterprise in order to be effective and successful has to manage these risks for its growth. If these risks are not managed well the enterprise may not survive long. The following is indicative list of various types of risk management:

1. **Operational risk management:** These risks are connected with operational risk management and basically deal with technical failures and human errors.
2. **Financial risk management:** Financial risks are of those kinds where an enterprise fails to honour its commitment towards non-payment various of clients, LCs and cash credit and increased rate of interest.
3. **Market risk management:** These types of risks are always there and these are market related risks such as interest rate risk, equity risk, commodity risk, and currency risk.
4. **Bank risk management:** These risks are related to banks and these risks are: market risk, credit risk, liquidity risk, legal risk, operational risk and reputational risk.
5. **Project risk management:** An enterprise takes many projects and outcome

of each project is full of uncertainties for e.g. resources, zero date, completion time, time and cost overrun, profitability, cash management, escalation in cost etc.

6. **Credit risk management:** Most of the enterprises have to sell their goods and services on credit basis. The timely realization of debtors is the key to success of business. But there is a risk related to the probability of nonpayment from the debtors.
7. **Commodity risk management:** An Organization also suffers with different types of commodity risks, such as price risk, political risk, quantity risk and cost risk.
8. **Currency risk management:** The currency risks are related to those organizations whose products and services are purchased or sold outside India and consideration of such goods and services are in foreign currency. The foreign currency is exposed to fluctuations and these fluctuations pose risks since organizations have to honour their commitment in foreign currency.
9. **Technology risk management:** Each organization is posed with technological risk in their operations. There are very sharp advancements in this field. A machine acquired during the year may after two or three years become obsolete and may have to be replaced. So process of managing the risks associated with implementation of new technology.
10. **Software risk management:** Likewise software purchased by an enterprise may become obsolete and requires replacement. This Deals with different types of risks associated with implementation of new softwares.

Scope for consultancy for Cost Accountants

Based on the above discussion, it is mentioned that a cost accountant may do consultancy in risk management and can help the enterprise particularly Chief Executive Officer (CFO) and other financial executives to strengthen their finance functions.



20

Anneuxure I

Professional Avenues for CMAs in Practice

S. No.	Statute/Authority	Description
A	Audit Assignments	
(i)	Companies Act, 2013	<p>Vide Companies (Cost Records and Audit) Rules, 2014, G.S.R. No. 425 (E) dated 1st July, 2014 and amendment thereof issued on 31st December 2014. under section 148(2), ibid Cost Accountants are exclusively authorized to appoint as Cost Auditor and conduct Cost Audit as per the provisions of the Companies (Cost Records and Audit) Rules, 2014.</p> <p>Section 138(1) of the Companies Act, 2013 empowers the Cost Accountants/Firms of Cost Accountant to conduct the Internal Audit of the Class of Companies. Companies (Accounts) Rules, 2014 issued by the Government vide GSR 239 (E) dated 31st March, 2014 defines the class of companies in which the Cost</p>



S. No.	Statute/Authority	Description
		Accountants/Firms of Cost Accountant can be appointed/empanelled as Internal Auditor.
(ii)	Central Goods & Services Tax Act, 2017	<p>Audit of Accounts & Records under Section 35(5) of Central Goods & Service Tax Act, 2017. (Now repealed)</p> <p>Special Audit under Section 66(1) of Central Goods & Service Tax Act, 2017.</p> <p>Access to business premises under Section 71.</p>
(iii)	Central Board of Excise and Customs (CBEC)	<p>Special Audit under Section 14A & 14AA of the Central Excise Act, 1944 of Central Board of Excise and Customs (CBEC).</p> <p>Special Audit in certain cases under Section 11 of Customs Act, 1962, Circular No. 88/98-Customs dated 2/12/1998 as authorized by Central Board Excise and Customs.</p>
(iv)	Central Board of Indirect Taxes and Custom	Custom Audit Regulation 2018: Central Board of Indirect Taxes and Custom included Cost Accountant for providing assistance in the audit(Para 6) in the Notification No 45/2018-Customs(N.T.) dated 24.5.2018 on Custom Audit Regulation 2018.

S. No.	Statute/Authority	Description
(v)	Ministry of Health & Family Welfare	Internal Audit/Concurrent Audit under National Health Mission (NHM) as empowered by the Ministry of Health & Family Welfare, New Delhi. Internal Audit/Concurrent Audit under National Aids Control Organization (NACO) as empowered by the Ministry of Health & Family Welfare, New Delhi.
(vi)	Ministry of Road Transport and Highways	Model Concession Agreement (MCA) on infrastructure for PPP Projects in Highways empowered by Ministry of Road Transport and Highways.
(vii)	National Bank for Agriculture and Rural Development (NABARD)	Stock audit for Working Capital Finance as prescribed by National Bank for Agriculture and Rural Development (NABARD).
(viii)	National Securities Depository Limited (NSDL)	Internal and Concurrent Audit for depository operations under National Securities Depository Ltd (NSDL).
(ix)	Respective Bank Circulars	Stock Audit, Concurrent Audit, Forensic Audit and other professional services of various Public Sector and Private Sector Banks in India.
(x)	State Co-operative Societies Act	Financial Audit of Cooperative Societies in states Maharashtra, Karnataka, Himachal Pradesh and West Bengal.



S. No.	Statute/Authority	Description
		Special Audit i.e. Cost Audit and Performance Audit of co-operative societies under the respective Co-operative Societies Act of West Bengal, Maharashtra, Karnataka, Punjab, and Delhi.
(xi)	State Public Sector Enterprises	Internal Audit in various State Public Sector Enterprises
(xii)	Securities Exchange Board of India (SEBI)	Half-yearly Internal Audit of stock brokers/trading members/clearing members as prescribed by Securities Exchange Board of India (SEBI) vide circular no MRD/DMS/Cir-29/2008 dated October 21, 2008 read with SEBI circular No. MIRSD/ DPSIII/ Cir-26/ 08 dated August 22, 2008.
		Internal Audit for Credit Rating Agencies (CRAs) as prescribed by Securities Exchange Board of India vide circular no SEBI/MIRSD/CRA/Cir-01/2010 dated January 06, 2010.
		Internal audit of Registrars to an Issue / Share Transfer Agents (RTAs). vide circular no. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018
		Share reconciliation audit: Security Exchange Board of India considered the practicing Cost Accountants to carry out



S. No.	Statute/Authority	Description
		share reconciliation audit of issuer companies under the Regulation 76(1) of SEBI (D&P) Regulations, 2018
(xiii)	Telecom Regulatory Authority of India (TRAI)	<p>Audit for Metering and Billing Accuracy – authorised to conduct audit for Telecom Regulatory Authority of India (TRAI).</p> <p>Audit of Digital Addressable System -in accordance with the regulatory framework for digital addressable systems comprising of the “Telecommunication (Broadcasting and Cable) Service Interconnection (Addressable Systems) Regulations, 2017, “Telecommunication (Broadcasting and Cable) Services Standards of Quality of Service and Consumer Protection (Addressable Systems) Regulations, and “Telecommunication (Broadcasting and Cable) Services (Eighth) (Addressable Systems) Tariff Order, 2017</p>
(xiv)	Central Electricity Regulatory Commission (CERC)	Central Electricity Regulatory Commission (Procedures for calculating the expected revenue from tariffs and charges) Regulations, 2010 vide No. L-1/9/2009/CERC dated dated: 12.4.2010 Cost Accountants are authorized as auditor in the Definitions of Auditor under Para 2(d).
(xv)	Various State VAT Act/ Rules	Statutory Auditors under Value Added Tax Act of States.



S. No.	Statute/Authority	Description
B	Certification Areas	
(i)	Companies Act, 2013	Certifying e-forms which are to be filled by companies under Companies Act and Rules.
(ii)	Central Excise Act, 1944	Circular No. 692/08/2003-CX dated 13th February, 2003 Certificate of Cost of production of captively consumed goods as per Rule 8 of Central Excise Act, 1944 in accordance with Cost Accounting Standard CAS – 4 issued by the Institute.
(iii)	Central Excise Valuation (Determination of Price of Excisable Goods) Rules, 2000	Circular No.643/34/2002-CX dated 1st July, 2002 Certificate for Average Cost of Transportation as per Rule 5 of the Central Excise Valuation (Determination of Price of Excisable Goods) Rules, 2000.
(iv)	Central Electricity Regulatory Commission (CERC)	Certification of various forms prescribed under the Central Electricity Regulatory Commission (CERC). Central Electricity Regulatory Commission (Procedure, Terms and Conditions for grant of trading licence and other related matters) Regulations, 2020 NOTIFICATION No. L-1/253/2019/CERC Dated: 2 nd January, 2020
(v)	Customs Act, 1962	Certificate towards the amount of duty paid on the materials used for the



S. No.	Statute/Authority	Description
		manufacture of exported goods as indicated in Forms DBK-I,II, IIA,III, IIIA under Customs Act, 1962.
(vi)	Directorate of Advertising and Visual Publicity (DAVP)	Certificate towards the authenticated figures of circulation, as per the Annexure XII of the DAVP guidelines representing a statement signed by the both publisher and Cost Accountant with their officials seals giving the details of newsprint and ink stored and consumed during the period
(vii)	Fertilizer Industry Coordination Committee (FICC)	Certificate of product wise position of production dispatches stock etc. for the year (Annexure III-A) under FICC.
		Issuance of various certificates as prescribed by Fertilizer Industry Coordination Committee (FICC) in respect of certifying Cost Data for Subsidy Scheme, Transportation Claims, Escalation Claims and Equalize Freight Claims.
(viii)	Insurance Regulatory and Development Authority (IRDA)	Certification of Application for License and renewal thereof to act as Surveyor and Loss Assessor under Insurance Regulatory and Development Authority (IRDA)
(viii)	The International Financial Services Centre Authority	The International Financial Services Centre Authority authorized Cost Accountants to issue certificate :



S. No.	Statute/Authority	Description
		<p>for Companies registering in the Insurance Business that all compliances of the IFSCA Act has been complied with by the Companies under International Financial Services Centres Authority (Registration of Insurance Business) (Amendment) Regulations, 2021 vide IFSCA/2021-22/GN/REG019 dated 4.1.2022</p> <p>for Insurance Intermediary of their paid up capital and net worth and also to certify that regulatory requirements has been complied with by the insurance intermediaries under International Financial Services Centres Authority (Insurance Intermediary) (Amendment) Regulations, 2021 vide IFSCA/2021-22/GN/REG020 dated 4.1.2022.</p>
(ix)	Ministry of Commerce and Industry	<p>Issuance of various certificates under Foreign Trade Policy & Procedures 2015-20 and Aayat Niryat (Import and Export) Forms (ANF). Vide F.No.01/94/180/468-Appendices/AM12/PC4 dated 11th October 2012, Cost Accountants are authorized to authenticate various forms and statements, under Foreign Trade Policy & Procedures 2015-20 issued by the Ministry of Commerce and Industry.</p> <p>Directorate General of Foreign Trade (DGFT) has issued a Public Notice 06/2015-2020 dated 07th May, 2019 to amend Form ANF-3B for claiming Services</p>



S. No.	Statute/Authority	Description
		Exports from India Scheme (SEIS) benefits under Foreign Trade Policy 2015-2020.
		<p>Certifying Performa CI & C2 under Anti-Dumping as prescribed by Ministry of Commerce & Industry.</p> <p>Certifying Statement of cost of production for Anti-dumping petition to Government of India.</p> <p>Certificate for verification of Local content in case of procurement for a value in excess of Rs. 10 Crores. (<u>Order No. P-45021/2/2017-B.E.-II dated 15th June, 2017</u> on Public Procurement (Preference to Make in India), Order, 2017).</p>
(x)	Special Economic Zones	<p>Department of Commerce, Ministry of Commerce and Industry vide notification dated 7.3.2019 issued Special Economic Zones (2nd Amendment) Rules, 2019 and consider Cost Accountants at par with Chartered Accountants for certification of Form-I Annual Performance Report for Units under Rule 22 of Special Economic Zones Rules, 2006.</p> <p>Ministry Of Commerce and Industry vide notification dated 19th September 2018 amended the Special Economic Zones Rules, 2006, Cost Accountants are authorized to certify the half-yearly</p>



S. No.	Statute/Authority	Description
		certificate for the period ending 31st March and 30th September of every financial year regarding utilization of goods and services submitted by developer under sub-rule (7) of Rule 12.
(xi)	Ministry of Consumer Affairs, Food and Public Distribution	Annual utilization certificate under Incentive Scheme for New Sugar Factories and Expansion Projects vide Notification No. F.3 (4)/89-PC/Vol.IV of Ministry of Food Dated 28th February, 1997.
(xii)	Ministry of Textile	Certificate of fulfillment of Hank Yarn obligation for Textile Industry and Textile Committee Cess – Monthly Return in Form – A.
(xiii)	National Pharmaceutical Pricing Authority (NPPA)	Certification of various Forms as mentioned in SECOND SCHEDULE of Drugs (Prices Control) Order, 1995;
(xiv)	Rubber Board Rubber Rules, 1955	Certifying half yearly return in Form 'N' for Quantity of Rubber purchased & consumed by manufacturers under rule 33 (f) of the Rubber Rules, 1955.
(xv)	Telecom Regulatory Authority of India (TRAI)	Reporting and Audit for System on Accounting Separation- Certification Work Telecom Regulatory Authority of India (TRAI).



S. No.	Statute/Authority	Description
(xvi)	e-Mudhra	Join us as a Partner for issuing e-Mudhra Digital Certificates. http://e-mudhra.com/portal/Partner.aspx
(xvii)	Ministry of Finance, Department of Expenditure	Certification regarding average annual financial turnover of bidder :Annexure 9 Sample Prequalification Criteria of Manual for Procurement of Goods 2017
(xviii)	Bureau of Indian Standards	Bureau of Indian Standards included Cost Accountants for the purpose of authentication of production statement in the Guidelines for Renewal of Licence (RoL) as per the conformity assessment Scheme – I of Schedule – II of BIS (Conformity Assessment) Regulations, 2018
C	Companies Act, 2013	
(i)	Companies Act, 2013 Section 148 (2)	Vide Companies (Cost Records and Audit) Rules, 2014, G.S.R. No. 425 (E) dated 1st July, 2014 and amendment thereof issued on 31st December 2014. under section 148(2), ibid Cost Accountants are exclusively authorized to appoint as Cost Auditor and conduct Cost Audit as per the provisions of the Companies (Cost Records and Audit) Rules, 2014
(ii)	Section 2(38)	An expert who has the power or authority



S. No.	Statute/Authority	Description
		to issue a certificate in pursuance of any law for the time being in force.
(iii)	Section 7(1)(b)	Declaration in the prescribed form no. INC.8. form no.INC 14 that the memorandum and articles have been drawn as per the provisions and in conformity.
(iv)	Form DIR – 12	Sections 7(1)(c), 168 & 170(2) and rule 17 of the Companies (Incorporation) Rules 2014 and 8, 15 & 18 of the Companies (Appointment and Qualification of Directors) Rules, 2014 – Particulars of appointment of Directors and the Key Managerial Personnel and the changes among them in form no. DIR 12
(v)	Form INC – 14	Declaration that the draft memorandum and articles of association have been drawn up in conformity with the provisions of section 8 in form No. INC.14.
(vi)	Form INC – 21	Section 11(1)(a) read with Rule 24 of the Companies (Incorporation) Rules, 2014- Declaration prior to commencement of business or exercising borrowing powers in form No. INC 21.
(vii)	Form INC – 22	Section 12(2) & (4) and Rule 25 and 27 of The Companies (Incorporation) Rules 2014- Notice of situation or change of situation of registered office in form no.



S. No.	Statute/Authority	Description
		INC 22.
(viii)	Form – PAS 3	Section 39(4) and 42 (9) and Rule 12 and 14 Companies (Prospectus and Allotment of Securities) Rules, 2014- Return of Allotment in form no. PAS 3.
(ix)	Form – SH7	Section 64(1) and pursuant to Rule 15 of the Companies (Share Capital & Debentures) Rules, 2014 - Notice to Registrar of any alteration of share capital in form no. SH 7.
(x)	Form – CHG 9	Sections 71(3), 77, 78 & 79 and pursuant to Section 384 read with 71(3), 77, 78 and 79 and Rule 3 of The Companies (Registration of charges) Rules 2014 Application for registration of creation or modification of charge for debentures or rectification of particulars filed in respect of creation or modification of charge for debentures in form no. CHG 9.
(xi)	Form – CHG 1	Sections 77, 78 and 79 and pursuant to Section 384 read with 77, 78 and 79 and Rule 3(1) of the Companies (Registration of Charges) Rules 2014- Registration of creation, modification of charge (other than those related to debentures) including particulars of modification of charge by Asset Reconstruction Company in terms of Securitization and Reconstruction of



S. No.	Statute/Authority	Description
		Finance Assets and Enforcement of Securities Act, 2002 (SARFAESI) in form no. CHG 1.
(xii)	Form – CHG 4	Section 82(1) and Rule 8(1) of the Companies (Registration of charges) Rules 2014- Particulars of satisfaction of charges thereof in form no. CHG 4.
(xiii)	Form – MGT 14	Section 94(1), 117(1) and section 192 – The Companies Act, 1956- Filing of resolutions and agreements to the Registrar in form no. MGT 14.
(xiv)	Section 137	Under form no. AOC – 4 disclosures of related party transactions.
(xv)	Section 143	Report to the Central Government if a fraud is being or has been committed against the company by officers or employees of the company.
(xvi)	Section 149(4)	Section 149 (4) read with Rule 5 of the Companies (Appointment and Qualification of Directors) Rules, 2014: Independent Director Possess skills, experience and knowledge in one or more fields inter alia finance to be an Independent Director.
(xvii)	Section 153	Section 153 and & Rule 9(1) of The Companies (Appointment and Qualification of Directors) Rules, 2014 &



S. No.	Statute/Authority	Description
		Rule 10 of Limited Liability Partnership Rules, 2009: Digital verification of the Form DIR-3: Application for allotment of Director Identification Number
(xviii)	Section 196	Section 196 read with Section 197 and Schedule V of the Companies Act, 2013 and pursuant to Rule 3 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014- Return of appointment of key managerial personnel in form no. MR 1
(xix)	Section 196, 197, 200, 201(1), 203(1)	Section 196, 197, 200, 201(1), 203(1) and Schedule V & Rule 7 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014- Form of application to the Central Government for approval of appointment and remuneration or increase in remuneration or waiver for excess or over payment to Managing Director or Whole Time Director or Manager and commission or remuneration to Directors in form no. MR 2.
(xx)	Section 232(7)	Declaration of compliance alongwith Statement to be filed with Registrar of Companies.
(xxi)	Section 247(1)	Eligible to apply for being registered as a valuer.



S. No.	Statute/Authority	Description
(xxii)	Section 259(1)	Appointment as Company Administrator by the tribunal.
(xxiii)	Section 275(1)	Appointment as Company liquidator for winding up of the Company.
(xxiv)	Section 366	Application by a company for registration in Form No. URC-1.
(xxv)	Section 409(3)	Appointment as Technical person of Tribunal (15 years of experience is required)
(xxvi)	Section 432	Appearance in the Tribunal for public examination of promoters/directors.
(xxvii)	Section 455(1)	Section 455(1) read with Rule 3 of The Companies (Miscellaneous) Rules, 2014 – Application to Registrar for obtaining the status of dormant company in form no. MSC 1
(xxviii)	Section 455(5)	Section 455(5) and Rule 7 and 8 of the Companies (Miscellaneous) Rules, 2014- Return of dormant companies in form no. MSC 3.
(xxix)	Rule 5(2)	Nidhi Rules, 2014- Return of statutory compliances in form no. NDH 1.
(xxx)	Rule 5(3)	Nidhi Rules, 2014- Application for extension of time in form no. NDH 2.



S. No.	Statute/Authority	Description
(xxxix)	Rule 21	Nidhi Rules, 2014- Half yearly return in form no. NDH 3.
(xxxix)	Rule 8(8)	As per Companies (Registration Offices and Fees) Rules, 2014, documents or form or application filed may contain a power of attorney issued to Cost Accountant.
(xxxix)	Form GNL – 1	Rule 12(2) of the companies (Registration offices and Fees) Rules, 2014- Form for filing an application with Registrar of Companies in form no. GNL 1.
(xxxix)	Form GNL – 3	Rule 12(3) of the Companies (Registration offices and Fees) Rules, 2014 – Particulars of person(s) or key managerial personnel charged or specified for the purpose of sub-clause (iii) or (iv) of clause 60 of Section 2 in form no. GNL 3.
(xxxix)	Rule 20(3)(ix)	Rule 20(3)(ix) of the Companies (Management and Administration) Rules, 2014: Scrutinizer for supervising the Voting through electronic means (e-voting) process.
(xxxix)	Form INC – 28	Rule 31 of Companies (Incorporation) Rules, 2014 – Notice of the order of the Court or any other competent authority in form no. INC – 28.
(xxxix)	Disclosure in	MCA vide G.S.R. 725(E) dated 31st July,



S. No.	Statute/Authority	Description
	Board's Report	2018 notifies Companies (Accounts) Amendment Rules, 2018 to include disclosure in Board's Report on Compliance of Maintenance of Cost Records as per Section 148(1) of the Companies Act, 2013.
D	Other Statutory Work	
(i)	Securities and Exchange Board of India Infrastructure Investment Trusts Regulations, 2014	Authorized to act as "Valuer" in respect of financial valuation under : Notification No. SEBI/LAD/NRO/GN/2016-17/021 dated 30th November, 2016 Securities and Exchange Board Of India (Infrastructure Investment Trusts) (Amendment) Regulations, 2016
		Authorized to act as "Valuer" in respect of financial valuation under section 2(zz) of the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014 as amended on 30.11.2016.
(ii)	Central Board of Direct Taxes (CBDT)	Central Board of Direct Taxes (CBDT): CBDT vide Notification no. S.O. 2670(E) recognized Cost Accountants as e-return intermediaries;
(iii)	National Securities Depository Ltd.	National Securities Depository Ltd. recognized Cost Accountants in the eligibility condition of e-return



S. No.	Statute/Authority	Description
		intermediaries.
(iv)	Central Board of Excise and Customs (CBEC)	Accepting of services of the Cost Accountant's may also be considered by the respective Commission rates depending upon the extent of complexity of the cases as provided under Circular No.04/2006 dated 12th January, 2006 modified and its inclusion in the assessed value as extended cost of transportation;
		Audit of accounts of SEZ developer as directed by the Commissioner of Customs/Central Excise [refer Circular No. 52/2002-Customs dated 14th August, 2002].
		Computation of freight of time chartered/daughter vessel and its inclusion in the assessed value as extended cost of transportation [refer Circular No.04/2006 dated 12th January, 2006].
		Custom Broker: Central Board of Excise and Customs (CBEC) vide notification No. 01/2016-Customs (N.T.) dated 5th January, 2016 Amended Customs Brokers Licensing Regulations, 2013 and included the Cost Accountant qualification for Customs Brokers Examination.
		Ministry of Finance amended Circular



S. No.	Statute/Authority	Description
		<p>No.18/2010 Customs dated 08.07.2010 vide Circular No 01/ 2012-Customs dated 5th January 2012 to authorize inter alia Cost Accountants to issue a certificate, certifying that burden of 4% CVD has not been passed on by the importers to any other person.</p> <p>Certified Facilitation Centers (CFCs) – under ACES-CBEC Scheme: As per MOU with CBEC, Ministry of Finance, Cost Accountants in whole-time practice are authorized to set up Certified Facilitation Centers (CFCs) under Certified Facilitation Centre Scheme in filing various Excise and Service Tax Returns under the provisions of Central Excise Act and Service Tax Act;</p>
(v)	<p>Central Excise Valuation (Determination of Price of Excisable Goods) Rules, 2000</p>	<p>Valuation Certificate for Cost of goods produced for Captive Consumption, in accordance with Cost Accounting Standard CAS – 4 issued by the Institute, under Rule 8 of the Central Excise Valuation (Determination of Price of Excisable Goods) Rules, 2000;</p>
(vi)	<p>Central Excise Valuation (Determination of Price of Excisable Goods) Rules, 2000</p>	<p>Certificate for Average Cost of Transportation, in accordance with Cost Accounting Standard CAS – 5 issued by the Institute, under Rule 5 of the Central Excise Valuation (Determination of Price of Excisable Goods) Rules, 2000.</p>



S. No.	Statute/Authority	Description
(vii)	Customs Act, 1962	<p>Certification of refund of additional duty of Customs on the goods imported for subsequent sale under Indian Customs Act; Form DBK II Form DBK IIA Form DBK III Form DBK IIIA</p>
		<p>Under the Fixation of brand rate of Drawback without pre-verification – Simplified procedure Scheme, unless there are any special reasons, drawback rates are to be fixed without pre-verification of the date filed, (which should be duly verified by the applicant and Cost Accountant or Chartered Accountant or Chartered Engineers) and the exporter would be authorised by provisional brand rate letters issued by the Ministry to claim the drawback rate considered admissible from the concerned Customs House(s).</p>
	<p>Customs and Central Excise Duties Drawback Rules, 1995</p>	<p>Under Rules 6 and 7 of the Customs and Central Excise Duties Drawback Rules, 1995, the exporters may be asked to furnish the purchase invoice as to the procurement of the raw hides/wet blue leather. They should also furnish a certificate inter alia from the Cost Accountant as to the consumption and cost of processing chemicals used for its processing and other incidental overhead charges incurred.</p>
(viii)	<p>Customs Valuation</p>	<p>Under Rule 5 of Customs valuation</p>



S. No.	Statute/Authority	Description
	(Determination of Value of Export Goods) Rules, 2007	(Determination of Value of Export Goods) Rules, 2007, the proper officer shall give due consideration to the cost-certificate issued by a Cost Accountant.
(ix)	Arbitration	<p>Cost Accountants are considered for appointment as arbitrator under "The Arbitration & Conciliation (Amendment) Act 2019" in the gazette notification of India, dated 09th August, 2019. Extract of THE EIGHTH SCHEDULE : Section 43J (iii): Qualifications and Experience of Arbitrator of the notification as under: A person shall not be qualified to be an arbitrator unless he— (iii) is a cost accountant within the meaning of the Cost and Works Accountants Act, 1959 having ten years of practice experience as a cost accountant.</p> <p>As Arbitrator: The Indian Council of Arbitration authorizes Cost Accountants and Cost Accounting Firms for empanelment in the panel of arbitrators under the category of financial experts.</p>
(x)	Insolvency and Bankruptcy Code, 2016	Regulation 5 and 9 of the Insolvency and Bankruptcy Board of India (Insolvency Professionals) Regulations, 2016 authorized to act as an Insolvency Professional as per the section 206 and 207 of the Insolvency and Bankruptcy



S. No.	Statute/Authority	Description
		Code, 2016.
(xi)	Companies (Registered Valuers and Valuation) Rules, 2017	Under Annexure IV of the Companies (Registered Valuers and Valuation) Rules, 2017, the Member of the Institute of Cost Accountants of India are recognised as Registered Valuer for valuation of Securities or Financial Assets.
(xii)	Calcutta High Court	Valuer: Members can now apply directly as 'Valuer' for empanelment of Calcutta High Court.
(xiii)	Maharashtra unaided Private Professional Educational (Regulation of Admissions and Fees) Act,2015	Member of Fee Regulating Authority under Maharashtra unaided Private Professional Educational (Regulation of Admissions and Fees) Act,2015.
(xiv)	Insurance Institute of India	Vide letter dated 15th March 2018, Insurance Institute of India Relaxed five year period condition in respect of Institute of Cost Accountants qualified candidates for seeking Prior learning qualification for appearing in professional examination conducted by Insurance Institute of India.



S. No.	Statute/Authority	Description
E	Appearance as an Authorized Representative	
(i)	Companies Act, 2013	(a) Right to legal representation: Section 432 of the Companies Act 2013
		(b) Rights of a party to appear before the Bench: Regulation 19(2) of Company Law Board Regulations, 1991
(ii)	Competition Commission of India (CCI)	(a) Appearance before Commission: Section 35 of the Competition (Amendment) Act, 2007
		(b) Right to legal representation: Appeal to the Appellate Tribunal: Section 53(1) of the Competition (Amendment) Act, 2007.
(iii)	Central Board of Excise and Customs (CBEC)	(a) Appearance by Authorized Representative: Section 35Q of the Central Excises Act, 1944.
		(b) Appearance by Authorized Representative: Section 146A of the Customs Act, 1962.
		(c) Appearance by Authorized Representative: Rule 2(c) of Customs, Excise and Gold (Control) Appellate Tribunal (Procedure) Rules, 1982.



S. No.	Statute/Authority	Description
(iv)	Central Electricity Regulatory Commission (CERC)	Authority to represent before the Commission: vide Notification No. 8/(1)/99/CERC dated 27th August, 1999.
(v)	Depositories Act, 1996	Right to Legal Representations: Section 23C, Explanation (c) of Depositories Act, 1996.
(vi)	Income Tax Act, 1961	Appearance by Authorized Representative: Section 288 of the Income Tax Act 1961 read with Rule 50 of the Income Tax Rules, 1962.
(vii)	Real Estate (Regulation and Development) Act, 2016	Right to legal representation: Section 56 of the Real Estate (Regulation and Development) Act, 2016
(viii)	Securities Exchange Board of India (SEBI)	Right to Legal Representations: Clause 22C under Conditions for listing: Chapter IV of Listing of Securities.
(ix)	Service Tax	Appearance by Authorized Representative: Section 96D (5) of the Service Tax Act 1994.
(x)	Special Economic Zone (SEZ)	Rights of appellant to appear before the Board: Rule 61 of the Special Economic Zone Rules 2006.
(xi)	Telecom Regulatory	Right to Legal Representation before



S. No.	Statute/Authority	Description
	Authority of India (TRAI)	Appellate Tribunal as per Section 17 of TRAI Act, 1997.
(xii)	Value Added Tax Acts/ Rules	Cost Accountants are authorized to appear before authorities under VAT Acts/ Rules of various State Government(s).
(xiii)	Central Goods & Services Tax Act, 2017.	Appearance by authorized representative under Section 116 of Central Goods & Services Tax Act, 2017.
F	Reserve Bank of India	
(a)		For Valuation of Properties - Empanelment of Valuers. (Circular no. RBI No.2006-2007/224 DBOD.BP.BC No. 50/21.04.018/ 2006-07 January 4, 2007).
(b)		For certification of borrowal companies in respect of Lending under Consortium Arrangement/ Multiple Banking Arrangements. (Circular No. RBI/2008-2009/379 DBOD. No. BP.BC.110/08.12.001/2008-09 dated 10 th February, 2009).
(c)		For certification of borrowal companies in respect of Lending under Consortium Arrangement / Multiple Banking Arrangements. (Circular No. RBI/2008-



S. No.	Statute/Authority	Description
		<p>2009/382 UBD. PCB.No. 49 /13.05.000/2008-09 dated 12th February, 2009)</p> <p>UBD.BPD (PCB) MC. No. 5 / 13.05.000 / 2009-10 dated July 1, 2009 Master Circular on Management of Advances-UCBs</p>
(d)		<p>In respect of the Forensic Scrutiny – Guidelines for prevention of frauds (Circular no. RBI/2010-11/555 DBS. CO.FrMC.BC.No.10/23.04.001/2010-11 dated 31st May, 2011 read with Circular no. RBI/2008-09/508 DBS.CO.FrMC.Bc.No.8 /23.04.001/2008-09 dated June 24, 2009 on Frauds in borrowal accounts having multiple banking arrangements and Circular no. RBI/2008-2009/183 DBOD No BP BC 46 / 08.12.001/2008-09 dated September 19, 2008 on Lending under Consortium Arrangement/ Multi Banking Arrangements).</p>
(e)		<p>For Certificate indicating fair price of capital contribution/profit share of an LLP and a valuation certificate- Foreign Direct Investment (FDI) in Limited Liability Partnership (LLP) (Circular no. RBI/201314/566 A.P. (DIR Series) Circular No. 123 dated April 16, 2014).</p>



S. No.	Statute/Authority	Description
(f)		For Certificate in respect of Foreign Investment in India (Circular no. RBI/2014-15/6 Master Circular No.15/2014-15 July 01, 2014 (Amended upto February 09, 2015).
(g)		For certification in respect of Loans and Advances–Statutory and Other Restrictions for Lending under Consortium Arrangement/Multiple Banking Arrangement (Circular no. RBI/2014-15/64DBOD.No.Dir.BC.16 /13.03.00/2014-15 July 1, 2014).
(h)		For Certification in respect of Guarantees, Co-Acceptances & Letters of Credit – UCBs (Circular no. RBI/2013-14/19 UBD.BPD.(PCB) MC No.4/09.27.000/2013-14 July 1, 2013).
(i)		For Certification in respect of Management of Advances – UCBs for Exchange of information–Lending under Consortium Arrangement/Multiple Banking Arrangements (Circular No.RBI/2014-15/21 UBD.BPD.(PCB) MC No.5/13.05.000/2014-15 July 1, 2014).
(j)		Valuation Certificate in respect of Foreign Exchange Management (Transfer of Issue of Security by a Person Resident Outside



S. No.	Statute/Authority	Description
		India) (Third Amendment) Regulations, 2014 (Notification No. FEMA.298/2014-RB: dated 13th March, 2014)._
(k)		Valuation Certificate for Foreign Direct Investment (FDI) in Limited Liability Partnership (LLP) under Master Circular No. 15/2014-15 dated 1st July, 2014.
(l)		Valuation certificate in the Gazette Notification dated 7th November, 2017 No. FEMA 20(R)/ 2017-RB Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017
(m)		In the RBI/2017-18/194 A.P (DIR Series) Circular No.30 dated June 07, 2018 on Foreign Investment in India -Reporting in Single Master Form addressed to All Category – I Authorized Dealer Banks, RBI considered the ‘Cost Accountants’ for issuing the certificate indicating the manner of arriving at the fair price of the capital contribution/profit shares issued to the persons resident outside India in the para 5 (ii) of the Annexure II : Declaration to be filed by the Authorized Representative
(n)		RBI vide Circular No RBI/2019-20/21 DGBA.GBD.No.5/31.02.007/2019-20 dated July 31, 2019 included cost



S. No.	Statute/Authority	Description
		accountants for certification of Annexure B for claiming of agency commission .
(o)	Foreign Exchange Management Act, 1999	Valuation Certificate under Notification No. FEMA.298/2014-RB: Foreign Exchange Management (Transfer of Issue of Security by a Person Resident Outside India) (Third Amendment) Regulations, 2014 dated 13th March, 2014.
(p)	Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017	Regulation 11 of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017 authorises Cost Accountant in practice for valuation of capital instruments of an Indian company and also under Schedule 2 - Purchase/ Sale of capital instruments of a listed Indian company on a recognised stock exchange in India by Foreign Portfolio Investors and Schedule 6 - Investment in a Limited Liability Partnership (LLP) for valuation on an arm's length basis as per pricing methodology
G	Indian Banks Association (IBA)	
(i)		Recognized Firms of Cost Accountants for Empanelment as Forensic Auditor for frauds. Reserve Bank of India mandated that in



S. No.	Statute/Authority	Description
		<p>respect of all borrowing arrangement exceeding Rs. 500 crores, an Independent Evaluation Committee (IEC) would carry out an evaluation of the Techno-Economic Viability (TEV) and the proposed restructuring package. Number of Cost Accountants are members of “Independent Evaluation Committees (IEC) “.</p> <p>Advised all members Banks to engage Cost Accountants/Firms of Cost Accountants for Stock Audit and Risk Based Internal Audit and other Banking operations.</p>

*“Behind every successful business
decision there is always a **CMA**”*



HEADQUARTERS :

CMA Bhawan, 12, Sunder Street, Kolkata - 700016

DELHI OFFICE :

CMA Bhawan, 3, Institutional Area, Lodhi Road, New Delhi-110003