

Address by Special Guest Mr M J Joseph, Additional Secretary, Ministry of Corporate Affairs on the occasion of presentation ceremony of 10th National Awards for Excellence in Cost Management – 2012 on 22nd August 2013, at Vigyan Bhawan, New Delhi

Good evening, Shri Sachin Pilot, Hon'ble Minister of Corporate Affairs, Shri Naved Masood, Secretary, ministry of Corporate Affairs Dr. Dugaprasad, vice president, Shri Kaushik Banerjee, Shri Rakesh Singh, past presidents of the institute, council members, ladies and gentlemen.

It is now a decade since the inception of the national awards for excellence in cost management instituted by the institute of cost accountants. Conferring these awards on cost conscious corporates serve to acknowledge and honor their commitment towards inculcating and embedding an effective cost management culture within their respective organizations. The institute needs to be congratulated for recognizing the efforts of the award winning corporates towards strengthening and promoting a vibrant cost management culture within their organizations. Equally we must thank the members of the jury headed by the respected honorable justice Mr V N Kare, former chief justice of India as well as the chairman and members of the screening committee for their efforts in selecting the winners of the national awards.

As Mr Rakesh Singh just mentioned, in the present global economic scenario cost management professionals have a significant role to play in rendering specialized professional services and advice to the corporate sector on cost management matters. We are all aware that the cost accounting is an integral part of the management process. It serves as an aid or a tool to assist management in strengthening cost control and improved cost analysis. The growing pressures of competition, technological innovation, volatility in exchange rate, input prices and change in business processes have made the subject of cost management even more critical and relevant than ever before.

Over the years the cost management professionals have played a very important role in enabling the corporate sector to achieve cost optimization and deliver better returns to their stakeholders. Recognizing the importance of cost management the Companies Act of 1956 was amended in 1965 when sections 209 (1)(d) and 233(b) relating to cost records and cost audit were inserted in the Act. At that time the economic, industrial and corporate environment, however, was very different from what it is today. During that period economic activities relating to production, manufacturing and processing were key industrial drivers of growth. The contribution of industry

to GDP then was very significant. However, that scenario changed significantly in the last two decades especially after the economic reforms were introduced in the early 1990s. At present the services sector contributes about 60% of GDP whereas the share of industry in GDP is about 25%. Recognizing this change the new Companies Bill 2013 contains enabling provisions for maintenance of cost records for prescribed class of companies engaged in the services sector. This change in the legal and regulatory framework presents a major challenge to cost management professionals who hitherto may have had specialized knowledge only in manufacturing, production or processing activities in the industrial sector. Henceforth, their skill sets and knowledge would increasingly be required in providing cost management expertise to the services sector as well. I must also mention that the Companies Bill, 2013 also provides an opportunity for cost accountants in discharging the internal audit function in respect of prescribed classes of companies. In addition, cost accountants would also be able to serve as insolvency administrators and company liquidators besides providing professional certification required on a number of areas mentioned in the Bill including with regard to various e-forms. These provisions in the new Companies Bill 2013 therefore, provide huge opportunities and challenges for cost management professionals, both in employment as well as for those engaged in practice. I am sure, that these opportunities and challenges would be addressed both by the institute and cost management professionals and help corporates achieve world class cost efficiency standards and competitiveness in respect of goods produced and services rendered by them. We in the ministry of corporate affairs look forward to working with the Institute of Cost Accountants of India in drafting enlightened set of rules under the provisions of the new law that meets the aspirations and expectations of all stakeholders be they governmental interests, requirements of regulatory agencies, professionals as well as of corporates.

I will conclude by once again congratulating those corporates selected for the national awards for excellence in cost management and I am sure that this honor will motivate them as well as all other corporates to achieve greater success in building a strong culture of cost consciousness and competitiveness in the country.

Thank you
