

**Address by the Chief Guest Mr Sachin Pilot, Hon'ble Union Minister of State for Corporate Affairs on the occasion of presentation ceremony of 10<sup>th</sup> National Awards for Excellence in Cost Management – 2012 on 22<sup>nd</sup> August 2013, at Vigyan Bhawan, New Delhi**

Mr Masood, Secretary, Ministry of Corporate Affairs, Mr Joseph, Additional Secretary, Ministry of corporate affairs, Dr. Durga Prasad, Mr Rakesh Singh, Mr Banerjee, past presidents, office bearers of the institute, ladies and gentlemen, very good evening. Let me first begin by congratulating all the awardees who are recognized today and I wish to thank the institute for having put together this event and thank you for having invited me here this afternoon.

Friends, this is primarily an occasion where the awards are given companies and individuals who have excelled in this field are chosen and are recognized and appreciated. But I think I would like to use this opportunity to share a few thoughts about what you have perhaps heard from the earlier speakers. The fact that we are faced with a challenging situation as far as our economy is concerned is a known fact. But we also have to look at what are the steps that we need to take as a government, as an economy, as a country and more importantly as a society which involves and includes professionals such as yourselves and other such professions who are involved constantly in rebooting, rebuilding and constantly enhancing the scale and scope of the presence of companies and corporates that spot the landscape of our economy. I think this particular profession is gaining momentum not just in terms of number of people involved doing this job but also the kinds of jobs that are being asked of you, the efficiency, the innovativeness, the competition that companies required to have within and outside are increasing at a breakneck speed. The cost management, cost accounting to basically understand the nuances of it and to be able to deliver tangible benefits that accrue from efficient cost management I think that concept was perhaps not so well entrenched 15-20 years ago. But today the world has changed, companies have changed and we have to be able to have policies that are effective, that are going to penetrate markets, that are going to make companies more agile, more dynamic, more flexible certainly more transparent but more importantly more efficient. I think your role in making this happen is second to none. The complexities of business are increasing ever so often with new technologies, new revenue models, new geographies, new markets to be tapped. The internal processes of each company need to be scrutinized. We need to look within as much as we need to look outside. Therefore, the professionals involved in doing this job, their services need to be constantly re-skilled. I was asking just before I came to speak that how many people are involved in this

profession and how are we generating the inquisitiveness and curiosity amongst the young people to be involved in this profession. It is after all a niche profession but we need to be able to proliferate this line of work not just within large metro cities but also to the growing tier II, tier III cities where young boys, young men and women have the capabilities and the desire and the spirit to join this field of work but perhaps don't have the information or knowledge or even the resources to be able to qualify and practice in this profession. I think that the institute also must start reaching out. I think we already have about 70 odd centers where exams for this profession are undertaken but there is no harm in thinking about how we can expand and spread this profession as far as possible. We have 1.2 million companies registered in this country today. A far cry from a few thousand when the Companies Act was first made post independence in 1956 and you were just being told about how we have been able to replace that Companies Act of 1956 with the new companies bill awaiting consent from the Rashtrapati. But we tried to rewrite the law keeping in mind the global realities of today, the economic challenges that we are confronted with today and the need of the hour for our country to raise above these small impediments and to forge ahead and create the space that our economy and our country deserve to have amongst the comity of nations across the world. While we do this we will need to fire from all cylinders we will have to have a good regulatory mechanism, a good investment climate, a good set of compliances that are done by companies and professions themselves as opposed to the government standing and mandating what needs to be done. In the process of achieving this target it will require the fullest cooperation of not just the corporate sector but professionals that help run the corporate sector. I think all of you are more knowledgeable than I in understanding the importance that you contribute in making these companies work like a well oiled machinery. The secretary mentioned this evening before I spoke about the importance of undertaking the costing of medical procedures and operations. I think there are N number of things that needed to be scrutinized and understood because nothing more than management of cost is going to help us reduce the cost burden overall. The concept of having CSR in the statute is a new one in this country. There are about 200 countries in the world I don't think that anyone of these countries has a concept of CSR in the statute which actually encourages companies to spend 2% of their profits. When I say spend I actually mean invest because you are not spending money in terms of charity; you are contributing resources and money into communities which will then be able to offer you a better work force, better environment and perhaps the perception that there is some trust deficit between large corporates and the communities amongst which they work I don't think that is the norm in every case but certainly instances have cropped up where we see the perception of the trust

deficit. Companies spend a lot of money in brand building and advertising and catching eyeballs and making their name very very famous and prevalent which is a very legitimate business activity for any business development. But what the CSR will enable companies to do is to be able to endear themselves to the people amongst which they are working, to be able to earn the good very not with commercial interest but with empathy and compassion that is required make sure that this divide that we are seeing in some parts of our country becomes as less as possible. Even in that process I think your profession has a great role to play to be able to manage those costs to see how we are able to display to the world not just with the shareholders about the good works that the companies are undertaking. Because it is a new concept we in the ministry are trying to make it as flexible, as dynamic and as transparent as possible are while we frame rules and how CSR ought to be conducted the broadly leave it to the CSR committees on the board of each of these companies who are qualified to do CSR to up to their consciousness of how they want to spend the money and how disclosures should be done by the companies themselves as opposed to intrusively being asked by the ministry of the government of India. We want to keep the government away that 2% of CSR is not a tax that the government of India receives or any other government receives. This is the company's profits which is companies hard earned money they must have full authority and choice of how they want to spend that money.

But what you have done this evening is not just honor these companies and recognize them and appreciate the good work has gone behind achieving these targets and I am sure that the jury has deployed all its attention and scrutiny before deciding who the winners should be. Evenings like these and occasions like this where we are able to celebrate the successes of such companies and individuals I think goes a long way in encouraging professionals to keep doing the good work because companies and nations are not made out of brand and buildings. They are made out of people. I dare say that even parliament and politicians we are made of individuals and people. If we are good people doing good work no matter what the institution is, no matter what the profession is people we will all earn a good name and carry on doing things together as equal stakeholders, equal partners in creating a better economy, a better nation for our country not just for today but for long time to come.

Thank you

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