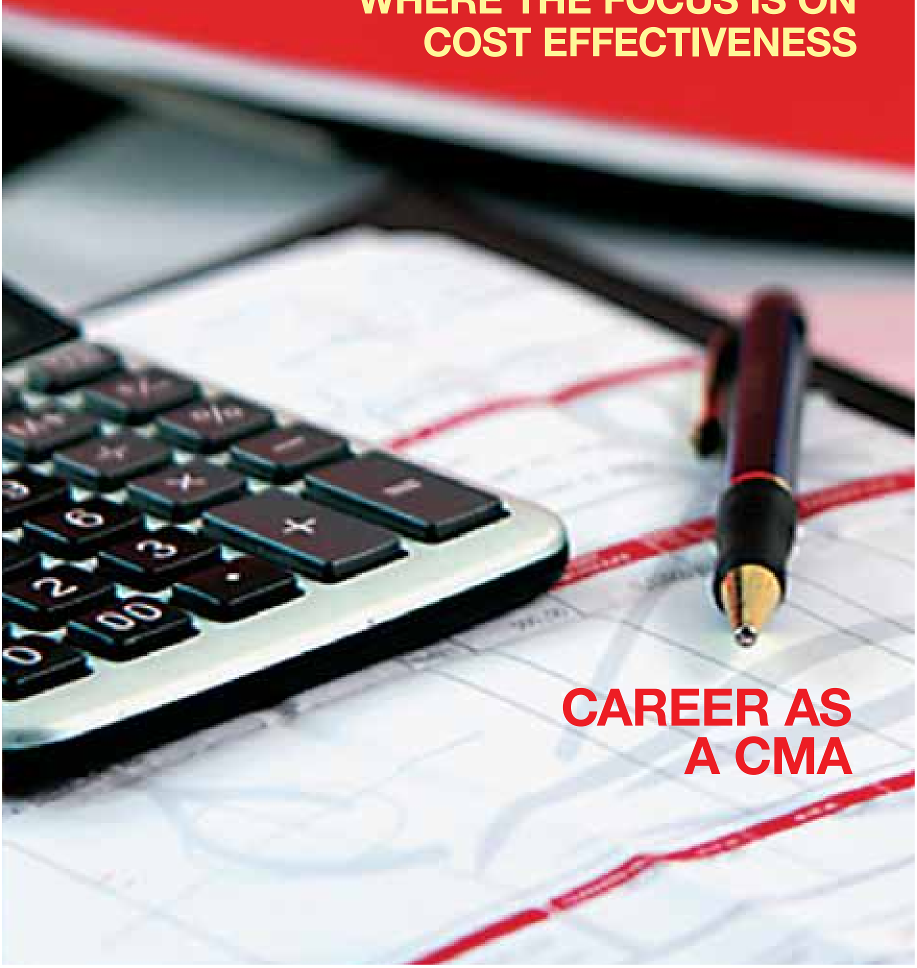
THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

COST ACCOUNTANCY COURSE

WHERE THE FOCUS IS ON COST EFFECTIVENESS



CAREER AS A CMA

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INTRODUCTION

ABOUT THE INSTITUTE OF COST ACCOUNTANTS OF INDIA

The Institute of Cost Accountants of India is a statutory body set up under an Act of Parliament in the year 1959. The institute, as a part of its obligation, regulate the profession of Cost and Management Accountancy, enrols students for its courses, provide coaching facilities to the students, organise professional development programmes for the members and undertake research programme in the field of Cost and Management Accountancy. The institute pursues the vision of cost competitiveness, cost management, efficient use of resources and structured approach to cost accounting as the key drivers of the profession. In today's world, the profession of conventional accounting and auditing has taken a back seat and cost and management accountants increasingly contributing 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 in India and abroad.

After an amendment to the Cost and Works Accountants Act, 1959, passed by Parliament, the institute is now renamed as the Institute of Cost Accountants of India. This step is aimed towards synergising with the global management accounting bodies, sharing the best practices and will be useful to large number of trans-national Indian companies operating from India and abroad to remain competitive. With the current emphasis on management of resources, the professionals with specialized knowledge of evaluating operating efficiency are known as CMAs.

The Institution operates through four regional councils at Kolkata, Delhi, Mumbai and Chennai and 95 Chapters situated at important cities in the country as well as 7 Overseas Centres headquartered at Kolkata. It is under the administrative control of Ministry of Corporate Affairs, Government of India.

ABOUT THE BOOKLET

This 36-page dossier of quick information has been brought out by the institute for its students and members. It provides guidance to students about how to become a CMA. The Institute acted as a content provider to bring out this booklet.

WHAT ROLE DOES A CMA PERFORM?

A CMA PLANS, MONITORS AND CONTROLS THE COST AND PRICE OF A PRODUCT OR A SERVICE

A CMA carries out costing or pricing of goods and services as well as carries out the certification and auditing of cost accounting and related statements

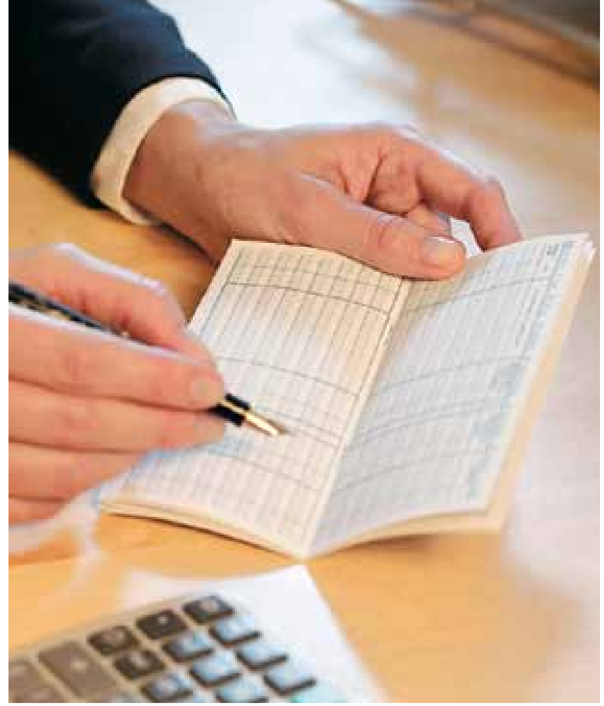
A CMA is a person who offers to perform services involving the costing or pricing of goods and services or carries out the preparation, verification, auditing or certification of cost accounting and related statements. The role and importance of cost accountants has increased manifold on account of growing competition in the corporate sector. Their job, broadly stated, essentially consists of closely analysing costs and devising ways to reduce it as far as possible.

CMA assists in planning, monitoring and controlling the cost and price of a product or a service. Nowadays with multi-product ventures taking place, it has become important to know and understand the exact cost of production of every product and service at different stages, to minimize the expenditure incurred on them and to ensure optimum utilization of resources. This is where the role of CMA comes in.

They are also expected to evaluate the operating efficiency and effectiveness of production and service management by collecting, compiling, organising, verifying, comparing and analysing information from different departments of the organisation. The process involves critical monitoring of relevant costs like material, labour, overhead and other elements of costs involved in making a product or providing a service. They analyse the sales trend to strike a balance between the demand and supply, to prevent over production. They also monitor the performance, to spot and report on problems and prevent them from recurring. This analysis helps in comparing the financial performances, making assessments and projections, providing figures for future costing and pricing policies and other managerial decisions.

Unlike pure accounting professionals, a CMA is required across functions in all organisations. In marketing he is required to prepare the quote, in production he is required to advise on the profitable product mix, in purchase for taking make or buy decisions and in top management for identifying business risks and their mitigation. Since its inception, a large number of members of the institute are working in the fields of Excise and Customs, Income Tax, pricing of essential commodities and pharmaceutical products, Anti-dumping proceedings, determination of subsidies, awarding of contracts, valuation, risk management, etc. While the demand for them remains hidden in a growth phase, it rises to the surface during recession or economic slow down.

Unlike pure accounting professionals, a CMA is required across functions in an organisation



EMPLOYMENT AVENUES

CMAs hold key positions as Chairman, Managing Director, Finance Director, Chief Finance Officer, Chief Executive Officer, Finance Manager, etc in MNCs, private and public sector, State and central government. Many of the public sector units like Coal India, ONGC, NMDC, STC, MMTC, Allahabad Bank and Corporate houses like Nestle, TCS, HCL, TVS, Vedanta, Wipro regularly look for CMAs. The institute has a Placement Directorate that provides assistance in placements across sectors. The CMAs can also carry out independent practice and deploy their services across sectors.

COST ACCOUNTANTS IN GOVERNMENT DEPARTMENTS:

Realising the potential 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 to advise the government in cost pricing and in framing the appropriate fiscal and tax policies.

ROLE OF CMAs

- Corporate Decision Making
- Resource Management
- Performance Management
- Financial Reporting & Strategy
- Optimization of Stakeholder's value
- Risk Management
- Enterprise Governance
- Audit Assurance and Taxation
- Sustainable Development
- Corporate Social Responsibility

COST ACCOUNTANTS IN EDUCATION:

According to the University Grants Commission's regulations of 2010, the minimum qualification for appointment of Assistant Professor, Professor and Principal/Director/of the Institution in universities and colleges in the area of Management/ Business Administration includes first class graduate and professionally qualified Cost Accountant among other qualifications and subject to other requirements including qualifying NET/SLET/SET as the minimum eligibility condition for recruitment of Assistant Professors. Hence, a qualified Cost Accountant is also entitled to a teaching career, apart from being involved in pricing issues.

NICHE AVENUES OF THE CMA IN INDIA

AN APPROPRIATE MANAGEMENT ACCOUNTING SYSTEM IS ESSENTIAL FOR ALL BUSINESSES TO MAKE VENTURES PROFITABLE IN SHORT & LONG TERM

A CMA is driving force of management as well as key consultant, auditor and advisor in practice

In today's dynamic and uncertain world of business buffeted by persistent possibility of global shocks, it has become essential to devise a strategy where the business gets value for every penny spent. Here, CMAs steps in with their skill sets to make it possible. The emerging complex business environment has resulted in a situation where it is expected that instead of restricting themselves to conventional accounting and auditing, cost accountants will increasingly contribute towards the management of scarce resources and take strategic decisions for corporate with long-term implication.

KEY ROLE IN DECISION MAKING

Members of Institute of Cost Accountants of India are the driving force in the team of management while in employment and key consultant, effective Cost Auditor and an appropriate advisor in practice. Contemporary economic environment demands that all businesses will require relevant and appropriate information - quantitative and qualitative, which is adequate to take decisions that will assist the business in sustaining and growing in the competitive market place. The main objective of business organisation is to maximise wealth or to put it in other words, to be profitable in the short-term as well as in the long-term. In order to ensure this, all businesses must have a management information system, which may vary from simple information system to a complex statistical and analytical system or Decision Support System (DSS) according to the requirement of business. The most important is the financial management information system as it plays a crucial role in strategising appropriate policy for risk mitigation. Management Information System (MIS) developed with assistance of CMAs gives regular financial reports to management at all levels regarding performance measures in financial and non-financial terms. This enables the organisation to understand and identify weaknesses in terms of efficiency

COST CONTROL AND REDUCTION

'Cost Accounting' measures and reports information relating to cost of acquiring and utilising resources for operations of the organisation. It provides information for management and financial accounting. Cost management in turn describes the approaches and activities in short-run and long-run for planning and control decisions of managers. The resultant decisions increase value to the customers and lower costs of products and services. Cost management is an integral part of a company's strategy to achieve competitiveness in the market place.

As the market place becomes highly competitive, in which price at which a product will be sold is largely determined by market forces, there is persistent pressure to achieve target cost through cost control and cost reduction. This can be achieved through devising management accounting system by CMAs. A CMA utilises his training and skills to architect a management accounting system and management information system, which is in tune with its organisational objectives, organisational culture, operations, structure and human resources. This is because sound information is the basis of rational decision making in any organisation. The role of the CMAs becomes highly specialised and immensely important for functioning of the organisation.

HOW TO BECOME A SUCCESSFUL AND COMPETENT CMA?

DIWAKAR MARDA

RANK HOLDER

STUDY REGULARLY, PRACTICE QUESTION PAPERS AND REVISE IMPORTANT SECTIONS TO SUCCESSFULLY COMPLETE CMA

If you want to complete the CMA Course successfully, all you need to do is to study regularly for about six hours a day, says Diwakar Marda, a rank-holder in the CMA Final level exam held in December 2011. Now immensely excited to practise as a CMA, he shares that regular study and thorough revision has been his key to success.

Q: Why did you choose to take up a course in Cost Accountancy? Did you start right after Class 12 or after graduation?

A: After completing my BCom, I pursued a PG Diploma in Taxation. I started working after that. But I intended to attain a degree of higher repute. Going by the market trend, I narrowed down my choice to CMA course. For pursuing the course, I did not leave my job. I just joined a coaching centre that helped me to prepare for the various papers.

Q: How was the course structured and what elements did you find interesting?

A: The course is structured in a very comprehensive manner and provides complete knowledge of the financial arena. The curriculum is based on International standards so that it is easy for certified CMAs to practise in many parts of the world. The papers that generated my interest include cost accounting, direct and indirect taxation and advanced financial accounting and reporting.

Q: How did you prepare for the various papers? Did you study for very long hours?

A: I studied the course along with my job. My day began very early. I had my coaching every morning from 7 a.m to 9 a.m. After a gruelling day at the office, I did self-study in the evenings regularly. On Saturdays and Sundays, I used to study for longer hours. I took the help of last 10 years' question papers and revision test papers. The coaching centre provided proper guidance and training that helped me to sail through the papers. If a student studies meticulously for 5-6 hours daily, he can clear CMA with flying colours.

Q: How difficult is the course level?

A: For somebody who studies on regular basis and practises test papers, there is nothing very difficult across Intermediate and Final levels. However, in Final level the group 3 papers had lengthy syllabus and required much more perseverance than the other three groups.

Q: What are your future plan?

A: I had always aspired to attain a higher degree in accounting. Now with the realisation of my dream, I intend to pursue it on a full-fledged basis. I will be a practicing CMA.

Q: Could you give some tips for future aspirants?

A: Although I am sure most aspirants are pretty serious about acing the papers, I can only say study regularly, revise at proper intervals to retain and solve previous years' question papers. That is all one would need to complete the course successfully.

THE STEPS TO BECOME A CMA

The candidates who intend to pursue CMA course should qualify in the three stages of the course. First stage is called the Foundation Course. Those who have passed plus two or its equivalent can apply for this

Where to Apply for pursuing CMA

Address of Regional Councils	Area Covered
Western India Regional Council, "Rohit Chambers",4th Floor Janmabhoomi Marg,Fort Mumbai - 400 001 Ph : 022-22872010/ 22841138/ 22043406/ 22043416 Fax : 91- 022- 22870763 Email :wirc@icwai.org Web site : www. icwai-wirc.org	The State of Chhattisgarh, Gujarat, Madhya Pardesh, Maharashtra, Goa and the Union Territories: Daman Diu., Dadra, and Nagar Heveli.
Southern India Regional Council,, 4, Montieth Lane, Egmore, Chennai - 600 008 Ph:044-28554443/28554326/28528219 Fax : 91- 044- 28554651 Website:www.sircoficwai.com Email: sirc@icwai.org	The State of Andhra Pradesh, Karnatka, Kerala, Tamilnadu, Pondicherry and the Unition Terrritory: the Lakshadweep
Eastern India Regional Council, 84, Harish Mukherjee Road, Kolkata - 700 025 Ph : 033 -24553418 /24555957 Fax : 91 033-2455-7920 Email :eirc@icwai.org	The States of Assam, Arunachal Pradesh, Bihar, Jharkhand, Manipur, Maghalaya, Mizoram, Nagaland, Orissa, Tripura, West Bengal, Sikkim, the Union Territories: The Andaman and Nicobar Islands and foreign countries.
Northern India Regional Council, 3, Institutional Area, Lodi Road, New Delhi - 110 003 Ph : 011 - 24626678 / 24615788 Fax : 43583642 Email :nirc@icwai.org	The States of Delhi, Haryana, Himachal Pradesh, Jammu and Kashmir, Punjab, Rajastan, Uttar Pradesh, Uttarakhand and the Union Territory: Chandigarh.

course and the age limit specified for this course is minimum seventeen years. Duration of the course is about eight months.

After completing this course, one can apply for the second stage of the course. The second stage of the CMA course is called the Intermediate Course. Those who are applying for the Intermediate Course should have completed their graduation from any recognised university or foundation course of the Institute. Their age should not be less than eighteen years. Candidates who have passed all the six papers in the intermediate course can apply for the final stage..

After qualifying the final examination one can become a CMA.

KEY ELEMENTS IN THE PROCESS

- Pass plus two or its equivalent
- Complete the foundation course of CMA successfully or completed graduation from any recognised university
- Complete Intermediate Course of CMA successfully
- Qualify the final exam of CMA

SKILLS REQUIRED FOR A CMA

Cost accountants should have good negotiation skills to confirm a deal with the available budget. They should possess good computer skills for using different accounting softwares. Communication skill is the most important quality needed for a successful CMA. They should have the skill to make strategic decisions and independent judgments in crucial situations.

WHEN TO APPLY:

Examinations are held two times in a year, that is, in June and December. For the June Term examinations, one should apply before December 5 of the previous year and for December Term Examination apply before June 5 of the same year.

The timing for applying remains the same usually every year. So in case you are planning to apply for an CMA course, just keep these deadlines in mind.

Overview of CMA course

Knowledge Pillar	Financial Reporting	Regulatory Function	Management	Strategy
Intermediate Course		• Commercial and Industrial Laws and Auditing • Applied Direct Taxation		
Group-I	Financial Accounting Auditng			
Group 2		Applied Indirect Taxation	• Cost and Management Accounting • Operation Management and Information Systems	
Final Course				
Group 3		• Corporate Laws • Indirect & Direct Tax Management	Financial Management & International Finance	• Capital Market Analysis • Management Accounting-Strategic Management
Group 4	Advanced Financial Accounting & Reporting	Cost Audit	• Operational Audit • Business Valuation	Management Accounting-Enterprise Performance Management

Fees structure (in Rs)

Foundation Course		Intermediate Course		Final Course	
Postal	Oral	Postal	Oral	Postal	Oral
3500/-	3500/-	15700/-	19700/-	11500/-	16500/-

THEORY AND PRACTICAL TRAINING

A CMA HAS TO UNDERGO 3 YEARS' PRACTICAL TRAINING WITH A PRACTISING CMA OR A BUSINESS ORGANISATION

Exposure to practical on-job training and developing disciplined attitude amongst aspirants are important objectives of training

In order to develop the necessary skills required for applying theoretical knowledge of cost and management accounting to practical situations in different fields among students, the institute has introduced a scheme of Practical Training effective from January, 2008. As per this scheme, all the students are to undergo three years' practical training with either practising Cost Accountants or business organisations. The practical training provides exposure to environments in which different organisations work and helps the students to get acquainted with the industry. The Institute has tied up with various organisations to enrol the students under the training scheme. For instance - they have signed an MoU with Food Corporation of India (FCI) in February 2012 to take 500 cost trainees (those who have passed intermediate stage) for their locations across the country. They have also introduced mentoring programmes, where senior executives impart practical knowledge from their respective industries. The Institute is also taking cost trainees in the Centres of Excellence it has formed across the country.

OBJECTIVES OF THE PRACTICAL TRAINING

- Exposure to environments under which different organisations work
- Providing on-the-job experience of practical aspects of Cost and Management Accounting
- Developing disciplined attitude required by a professional
- Awareness of ethical values in professional work

ORGANIZATIONS RECOGNISED FOR TRAINING

The CMA Trainee shall undergo practical training under (1) Practicing CMA or (2) a firm of Cost Accountants or (3) in organisations specified in training scheme. The organisations will be recognised for training of the students, if its annual turnover is Rs. 5 crores or more. Here are the organisations that can provide training:

- Central/State Government/ Semi-Government/Public Utilities
- Banks and other Financial Institutions
- Insurance Company

- Public Sector Unit
- Public Limited Company
- Private Limited Company
- Information Technology Sector
- KPO/BPO
- Stock Exchange
- Universities, Management Institutes and any other educational institute
- Limited Liability Partnership Firm
- Management Consultancy Firms
- NGO
- Co-operative societies engaged in Banking, Manufacturing
- Any other institution as approved by the Council

RECOGNISED AREAS FOR TRAINING:

- Management Accounting
- Cost Accounting
- Financial Accounting
- Financial Management
- Auditing
- Regulatory compliances
- Direct Taxation
- Indirect Taxation
- Corporate Laws, Industrial Laws, Commercial Laws
- Systems Analysis, Information Technology (including ERP system)
- Project Management
- Banking Operations
- Insurance
- Valuation
- Financial Services
- Teaching in Finance, Accounts, Costing, Taxation, Management and subjects covered in Institute of Cost Accountants of India Syllabus (other than visiting faculty)
- Management Consultancy Services as defined in appendix 6 under Regulation 111 of CWA Regulation, 1959

PERIOD OF PRACTICAL TRAINING:

- Period of Training shall be 3 years.
- A student working in areas other than those specified (mentioned above) shall be required to have experience or training of minimum six months in the specified areas in addition to at least two-and-a-half-years' experience in other than specified areas.
- A certificate of training needs to be issued by the organisation.

MODULAR TRAINING

Students shall undergo Modular Training for 15 days organised by the Institute to have a comprehensive understanding on the working in different professional fields relating to Cost Accounting. This will help them in gaining knowledge about the industry practices.

Training as well as theory form an integral part of the Institute curriculum.

MoUs AND FOREIGN COLLABORATIONS

THE INSTITUTE HAS SIGNED MoUs WITH CIMA, UK; IMA, USA; NIA, AUSTRALIA AND CISI, UK AS WELL AS WITH IGNOU AND CBEC

The MoUs with CMA bodies in UK, USA & Australia will help CMAs from India gain global recognition

CIMA (The Chartered Institute of Management Accountants, UK) and The Institute of Cost Accountants of India signed a Memorandum of Understanding (MoU) to allow mutual advanced entry for students of both the institutes' professional examinations. This agreement serves both in strengthening the professional accounting links between two of the world's leading economies and provides highly skilled professional accountants for the global labour market, enabling both institutes to work together to enhance recognition of the profession and their professional bodies. The MoU introduced a new CIMA Professional Gateway examination (available from May 2009) for the institute's students who have successfully completed the professional examination, enabling a 'fast track' route into CIMA's strategic level examinations, final tests of professional competence and ultimately CIMA Membership. CIMA students also have a 'fast track' route to the institute's membership.

MoU WITH IMA, USA

The Institute entered into an MoU with the Institute of Management Accountants (IMA), USA to enable mutual recognition and cooperation between the two institutes to develop the profession of Management Accountancy for the benefit of their members and students. The MoU enables recognition of the professional qualification of the respective institutes. A member of the institute can get enrolled as a member of IMA, USA and vice versa. However, an IMA member enrolling as a member of the Institute of Cost Accountants of India will not be allowed to hold a certificate of practice to undertake any statutory work in India. The MoU brings mutual recognition and global cooperation between members of the institute and of IMA. The institutes have agreed to assist and cooperate in conducting joint research, development of management accounting guidelines and standards as well as hold joint seminars, conferences and activities beneficial to both of the institutes, their members and students.

MoU WITH IPAR, RUSSIA

The Institute and Institute of Professional Accountants and Auditors of Russia (IPAR) entered into an MoU for long-term cooperation in order to achieve perfection in business accounting, management accounting and audit in both the countries. The Institutes work together to develop joint R&D projects, promotion of results of the researches in work practice of accounting community of both the countries, cooperate in various forms by realisation of the rights, the economic competence of both the institutes as well as provide informative, organisational and other assistance to each other within the framework of this MoU.

MOU WITH CISI, UK

The Institute and Chartered Institute for Securities and Investment (CISI), UK signed an MoU for awarding the membership of CISI to the Institute of Cost Accountants of India members and concessional fee for the latter's members. The Chartered Institute for Securities & Investment is the largest professional body for those who work in the securities and investment industry in the UK and in a growing number of major financial centres round the world. The CISI offers their membership upon application at Associate (ACSI) level to the Institute of Cost Accountants of India members and Member (MCSI) level to members of the Institute with three years' relevant experience.

MoU WITH ,PIA AUSTRALIA

Institute of Public Accountants, Melbourne, Australia and The Institute of Cost Accountants of India signed an MoU aiming 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. In addition, both the institutes will recognise the professional qualifications and professional development programmes offered by each institute. It also enables members to assist and cooperate in conducting applied research on management accounting and related areas through an appropriate mechanism with focus on contemporary domains. The institutes can share developments in the areas of common interest at the international level including interaction with UN and other Regional/ International/Multinational bodies and Institutes.

MoUS WITHIN INDIA: MoU WITH IGNOU

The Institute and Indira Gandhi National Open University (IGNOU) have signed a Memorandum of Understanding (MoU) in 2008. Under this MoU, IGNOU offers specialised BCom Course with major in Financial & Cost Accounting and specialised MCom Course in Management Accounting & Financial Strategies for Institute of Cost Accountants of India students and members of the Institute. 10+2 students can take admission in Foundation Course of the Institute and specialised BCom course of IGNOU simultaneously. Similarly, Intermediate examination passed students of the institute and graduates can pursue Final level and MCom simultaneously at IGNOU.

MoU WITH FCI

The Institute of Cost Accountants of India and Food Corporation of India (FCI), a Government of India Undertaking, signed an MoU in February 2012. As per this MoU the intermediate passed students of the institute will be able to undergo practical training with FCI. The students of the institute will get wider exposure to the working of a giant and vital organisation like FCI and hence this opportunity will be a good stepping stone for their future career. Training period will be counted while granting the membership after qualifying the final examinations of the institute. The Intermediate level pass-outs can also look forth to this opportunity.

MoU WITH CBEC

The Institute has an MoU with Central Board of Excise & Customs (CBEC) which enables Cost Accountants in practice to set up Automation of Central Excise and Service Tax (ACES) Certified Facilitation Centres (CFCs) and offer various services such as digitisation of paper documents and on-line filing/uploading of documents such as application for registration, filing of returns, refunds, accounting, disputes resolution etc.

BECOME A MEMBER OF THE INSTITUTE

A MEMBERSHIP HELPS IN STAYING IN TOUCH WITH THE INDUSTRY STANDARDS AND STAY IN TOUCH WITH PEERS

The Members of Institute of Cost Accountants of India have to undergo mandatory training of 10 hours every year

A person who has passed the final examination of the institute and has obtained at least three years of practical experience covering different branches of costing or industrial accounting viz stores, materials, labour, overhead, etc, in a responsible position in any one or more industrial, commercial or government units or departments and has produced evidence to that effect may seek admission to associate membership of the Institute. The practical experience as above may be acquired prior to or after passing the final examination or partly before and partly after passing the final examination.

The Council has decided that the following types of experience for the duration indicated in each may be acceptable as adequate for the purpose of admission to Associate Membership, subject to the satisfaction of the council.

- In Banking, Insurance or other financial institution - experience involving project analysis, feasibility reports, financial profitability analysis, etc. or economic efficiency analysis of institutions for a minimum period of three years on a whole time basis.
- In Universities, Management institutions, etc. practical experience in handling projects and specific studies in Costing and management Accounting and in other management functions with economic content and analysis for a minimum period of three years.
- Professional experience in a full time basis with practising CMA for a minimum period of five years on a part-time basis.
- Experience with engineering projects involving analysis, project study and allied disciplines for a minimum period of three years.
- In the case of persons who are members of the Institute of the Company Secretaries of India:

1. Experience as company secretary having direct responsibility of cost accounting functions for a minimum period of three years.
2. Experience as Company Secretary who is closely associated with cost accounting functions for a minimum period of three years in a manufacturing company having a paid up capital of not less than' Rs.25 lakhs.
3. Practical training/experience in cost accounting functions on full time basis for a period of two and half years.

- In the case of persons having teaching experience, the following conditions should be fulfilled: they should have had teaching experience in Cost Accountancy for a minimum period of five years at Graduate or Post Graduate

THE FEES PAYABLE ARE		
	Associate Member(In Rs.)	Fellow Member(In Rs.)
Entrance Fees	1000	1000
Annual Membership Fees	800	1500

level in Government Institutions, Universities, or University affiliated colleges.

CONTINUING EDUCATION PROGRAMME

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 services to trade, commerce and industry.

The CEP Directorate of the Institute regularly organises around 80 training programmes/Seminars/Workshops in a year at different locations in India and abroad. The institute has taken initiatives to train the professionals in the areas of Cost Management, Financial Management, Taxation, Project Management and Contract Management. The objective of the CEP Directorate is to up-date the knowledge and skills of the Finance Professionals in the Public and Private sector organisations, government departments, Multinationals, Financial Institutions, Banks and Insurance Companies.

The CEP Directorate introduced the intensive Certificate course on IFRS which has been very well received by the Indian Corporates. The CEP Directorate organises regular exclusive in-house programmes for Indian Navy, Indian Air Force, Railways Ministry, National Highways Authority of India, Central Electricity Regulatory Commission, ONGC Ltd., BHEL, MMTC and more PSUs and other government departments.

FOR MEMBERS IN PRACTICE

(i) The member should undergo minimum mandatory training of 10 hours per year w.e.f. 2009-10.

(ii) The certificate of attendance for training will have to be enclosed with the application for renewal of Certificate of Practice.

FOR MEMBERS IN SERVICE

(i) The member should undergo minimum mandatory training of 6 hours per year w.e.f. 2009-10.

(ii) The certificate of attendance for training will have to be enclosed with the application for renewal of membership.

The attendance of members in National Cost Convention, Regional Cost Convention, Seminars/Workshops conducted by the Institute/Regional Councils/Chapters (both paid/unpaid programme) will be reckoned against the requirement of mandatory training period under this scheme.

The requirement specified above will not apply to a member who has attained the age of 65 years.

Thus, there are immense advantages if one attains the membership of the Institute.

Mr. M. Gopalakrishnan, President, The Institute of Cost Accountants of India

A CMA'S FORTE IS MICRO ANALYSIS

THE PRESIDENT OF THE INSTITUTE STARTED HIS CAREER AS A CMA CONSULTANT FOR TEXTILE INDUSTRIES IN COIMBATORE IN THE 1980s

CMA **M Gopalakrishnan,** President of the Institute of Cost Accountants of India, talks to **Nimesh Chandra** on a range of issues from defining cost accountancy, student issues & challenges, to plethora of possibilities for a professional in the cost and management accounting domain.

Q: If you were asked to define the role of a CMA to a student, what would it be?

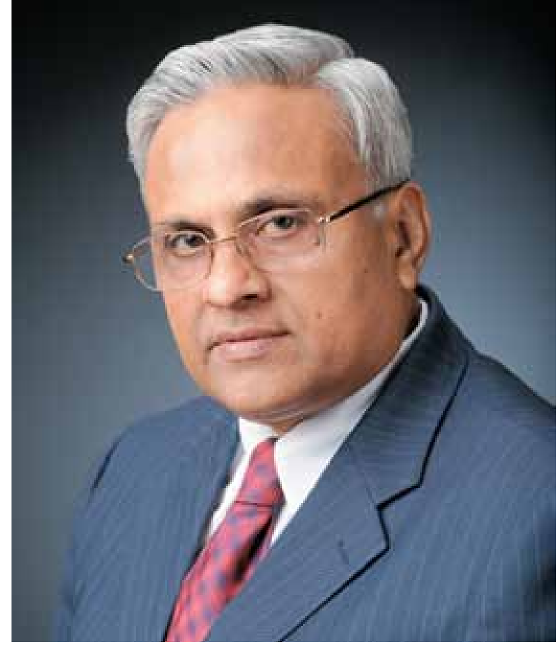
A: A CMA becomes an enabler of adding value to decision making. Any decision has two facets - either it should result in some reasonable profits and in case profit or margin is not involved, then it should be at a minimum cost to the person who is taking the decision. And towards this there are various alternatives that emerge and since resource consumption is crucial, the CMA becomes a key enabler by putting the various alternatives -- the availability and consumption of resources, its value etc -- before the decision maker. In cases where complexities and crisis are involved, a CMA can play a major role in giving the management a 'laxman rekha' or a threshold value beyond which, taking risk could prove detrimental for the decision maker. Therefore, I will ask the student, "Do you want to be a part of the decision making in an organisation?"

Q: But profession of a Chartered Accountant also does the same, so where does the difference lie?

A: Each profession concentrates on certain specific areas and is specialised in that domain. The profession you are referring to is mainly in the audit of financial reports, which is mandated by their Act. The financial statements prepared by any organisation reflects the summary of financial transactions during a particular reporting period and a Chartered Accountant certifies the financial statements -- the profit and loss account or balance sheet of the enterprise comprising all its businesses. They are also involved in certification of various taxation areas, mainly in direct taxation. Their entire research and training is tuned towards financial reporting that gets reflected in financial statements. The domain of a CMA under our Act is the costing and pricing of goods and services, which is the fulcrum on which an enterprise sustains. A CMA also indulges in micro analysis of the business segment(s). They go into the details of the business and its process - how to optimise resources, who are the consumers, where in production, marketing or quality control – there are chances of improvement. This happens at all levels starting from workers in different units/departments. So, in other words a CMA financially evaluates the methodology of businesses and looks into reasons of profits/loss. Even for sick units, the cost accountants have been involved in turning around many sick enterprises to a stage where they have been able to declare dividends to their shareholders.

Q: Quality is considered to be a vital aspect. How does the Institute ensure this?

A: We have a very rigorous training methodology within the institute. Students also need to have a minimum knowledge, comprehension and skill level. We have close to 100 chapters spread across India and primarily the trainers at those chapters are also working professionals bringing the practical aspect of work responsibilities to the learning process. We have a continuing education programme where each member cannot continue his/her membership unless they complete a mandatory training period every year. In addition we conduct webinars, training programmes and management development programmes say in financial regulations, accounts management, streamlining government procurement, contract management etc. We also go beyond financial reporting and are proactive in emerging areas such as 'integrated reporting' which was earlier called 'triple bottom-line reporting' where



"The average salary package for the CMA student has been in the range of 6 lakhs to 11 lakhs per annum in India"

"The institute has helped the government in identifying systems by which tariff fixation (electricity, telecommunication...) has been done most effectively"

environment, society and governance aspects also have to be considered to enable enterprises sustain on a long-term basis. These reports are aimed to be simple, concise and easy to understand. Those who are interested in detailed analysis can refer to the various reports made available by the Company or by the Government regulators.

Q: How is a professional in this domain working in India different from one who is abroad?

A: The foreign countries are primarily governed by market economy where the market decides the sustainability of projects and the risk is always taken by the investor who could be a debt or equity investor. We could see that these models definitely do not work in Asian economies. India has its own growth model, which has improved off late and our economy has not been much affected by the financial upheavals abroad, primarily due to the prudent economic policies adopted by various governments. In India, public welfare is one of the primary drivers of economic growth and this is also a key part of the triple bottom-line approach (environment, society and governance aspects) which I talked about earlier. Unless a balanced growth happens in all the three aspects, the business cannot become sustainable in the long run. As far as Cost and Management accounting professionals (as they are called in USA, UK and other countries) are concerned, optimising the consumption of resources is equally applicable to public welfare schemes also. The resources belong to the nation and a proper cost accounting information system enables a check and balance on their consumption.

Q: How has the response of the student been to macro things like integrated reporting, public welfare system since their primary aim is to get employment?

A: Any system evolves over a period and a student of a professional course should be aware of what is in store for him when he joins an organisation as an executive.The students may not straight away be exposed to these aspects but once a basic philosophy is built into the course curricula, their comprehension will be on an awareness level. The organisations where students will be employed also test the basic knowledge and awareness level of students expecting it to align with the corporate philosophy. Many organisations have started integrating the triple-bottom aspects, into their corporate philosophy.At the institute, we work at two levels: first, in giving basic knowledge through our course curricula and second at the advanced level where we closely interact with government and industry in bringing global practices which are being adopted elsewhere in the world.

"We were able to develop the cost accounting standards, achieving the status of being the first national professional body to do so"

Q: What have been the institute's key initiatives recently?

A: In mid-2000, India was emerging as a leading destination for investments for MNCs and foreign companies and owing to globalization and the market reforms initiated by the government in the last decade, many professionals thought they could be involved in giving back to the profession having gained from it. These professionals in our institute enabled the development of cost accounting standards and we were able to develop the same achieving the status of being the first nation to do so. Since India focuses a lot on welfare schemes in education, health, employment and so on, the challenge was on optimising the use of national resources. The cost accounting standards thus looked into the prevailing best practices across different sectors through a nation-wide survey - codified them and structured in a standard format. For instance we arrived at a material cost, a labour cost or the cost of utility like water, power – which told us how they may be accounted in a proper scientific manner. Another key initiative was aligning the legislative framework of cost accounting records and cost audit to enable cost competitiveness.

Further, in many government schemes – Rural Health, Education etc, private players are being involved to have a wider reach, reduce the cost to the exchequer and at the same time bring quicker delivery of benefits to people. In this direction, the institute has helped in streamlining the systems through which fixation of tariffs can be on sound cost accounting principles. For eg. in areas such as electricity tariff, telecom tariff, cost accounting plays a vital part. Also, there is a separate Indian Cost Account Service branch within the government, which has over the years, used cost accounting principles to arrive at effective ways in administering prices for various schemes of the government including the agriculture prices.

Q: Any future initiatives for students you would like to share?

A: We feel that the full potential of the student growth in our profession is yet to be realized. I say this because this is one course which does not have any restrictions either in terms of qualifications or a prerequisite of a special training like articleship. Anyone, irrespective of whether he/she is employed, can do this course, and can become a globally recognized professional accountant. Based on the relevant experience one can get membership of the Institute. Recently, we have started involving the universities and colleges across India to create awareness about the course. Our student growth has been phenomenal. From about 40,000 students enrolment per year three years back, we expect to cross 120,000 per year now. Since we hold the exam twice a year, the June 2012 exam will have close to 80,000 students appearing in various levels. We have also been conducting placements over the past few years across the country wherein many companies regularly visit the campus and on an average 75-80% students get placed. In the most recent placement, the average salary package was in the range of Rs. 6 lakh to Rs. 11 lakh per annum. We have a rigorous evaluation procedure in the exam and the success percentage of candidates is close to 15%.

Another good development is that we now have a mutual recognition arrangement with Institute of Management Accountants, USA and Institute of Public Accountants, Australia and our members can automatically become members of these institutes. The course curricula have also been mapped with Chartered Institute of Management Accountants (CIMA) in UK, with whom we have a memorandum of understanding by which our students get exemption in eleven papers (at different levels) to qualify as a management accountant professional in UK.

Q: Do we foresee any revision in the course fee for students?

A: At present we do not have any plans for the same but our course curricula has to be revised in 2013, so at that time the council may consider revision of the course fee.

AWARD FOR EXCELLENCE IN COST MANAGEMENT

TO PROMOTE COST EFFICIENCY AMONGST ORGANISATIONS, INSTITUTE GIVES OUT AN AWARD FOR EXCELLENCE IN COST MANAGEMENT

In 2011, then Minister of Corporate Affairs, Dr. Veerappa Moily handed out the Award for National Excellence to the winners at a function organised by the Institute. Mr. R.P.N. Singh, Minister of State for Corporate Affairs, Mr. D.K.Mittal, Secretary, Ministry of Coporate Affairs and Mr. M. Gopalakrishnan,President of the Institute of Cost Accountants of India are also seen in the picture

As a part of its prime responsibility, the Institute is continuously making pioneering efforts to promote, recognise and reward cost management culture and practices in the public and private sector. It instituted National Award for Excellence in Cost Management in the year 2003 to recognise the qualitative cost management practices adopted by the industry. The award has successfully propagated the potentials of the tools and techniques of cost and management accountancy in the challenging global economic environment, especially after the global meltdown.

This award synergises the entrepreneurial abilities of the industry with intellectual prowess of CMA professionals to result in cost management excellence which has led to performance of participant organisations to improve tremendously over the years. The objective of 'National Award for Excellence in Cost Management" is to encourage corporate sector to get national and global recognition for the success of Cost Management initiatives. This acts as an incentive for the organisations to manage cost effectively and efficiently.

SELECTION PROCESS

A questionnaire is designed to obtain information on cost management practices and performance of the companies. A screening committee consisting of members from various corporate organisations and PSUs formed by the Institute evaluates the questionnaire submitted by the participating organisation/unit and places the same before the Jury for final selection.

OBJECTIVES OF THE AWARD

- Recognising leadership efforts of Cost Management Techniques
- Educating other industry members on innovative practices and their functioning
- Encouraging the organizations in emphasising their focused areas of Cost Management
- Strengthening the professional expertise in the areas of Cost Management
- Providing support service in implementation of new tools and techniques of cost management
- Undertaking research on effective Cost Management practices being followed in different industries

CMA GENERATE PROFITS FOR AN ORGANISATION

A CMA HAS TO DEAL WITH EXTERNAL AGENCIES LIKE BODY OF INVESTORS WHO HAVE OWNERSHIP OF RESOURCES

As the CMA s assume primary role in an organization due to their skills in accounting, strategising, regulating and management, they have become immensely indispensable functionaries. Here Rakesh Singh, Vice President, The Institute of Cost Accountants of India and a CMA himself talks about the importance of the role of CMAs, the issue of the name change of the institute, global recognition and the increasing student intake ratio.

Q. Tell us briefly about your background

A. I completed my BCom (Hons) from Delhi University in 1982. After that, I decided to pursue Cost Accountancy (it was referred to as Cost and Work Accountancy). After working in various leading organisations as a CMA, I soon became a partner with Shome & Bannerjee, a leading CMA firm in India in 2005 and was also elected as a Central Council member in ICWAI (now Institute of Cost Accountants of India) around the same time. In July 2011, I assumed two key responsibilities. I became the Director of Management Accounting Research Foundation (MARF) of the Institute and also took over as the Vice-President of the Institute. It has been quite a fulfilling journey!

Q. In February 2012, the name of Institute of Cost & Works Accountants of India was changed to Institute of Cost Accountants of India. Why was this done and how will it help the Institute?

A. In the global scenario, there are two recognised professions - Financial Accounting and Cost & Management Accounting. The world's largest professional body of cost and management accountants known as Chartered Institute of Management Accountants (CIMA) based in UK has had to undergo a change in name thrice (Initially referred to as Institute of Cost and Work Accountants) in order to stay abreast of developments in the profession and assuming a global role. We had been known as Institute of Cost & Works Accountants of India (ICWAI) for the longest time. Eventually the word 'Works' become redundant. After much resistance and debate, we have managed to remove it and are now known as Institute of Cost Accountants of India. In order to gain a level-playing field and become a global player, it is essential. Our professionals were not getting the deserved recognition. The professionals are referred to as CMAs.

Mr. Rakesh Singh, Vice President, The Institute of Cost Accountants of India

Q. How important do you think is the profession of CMA?

A. Cost and Management Accountants help in generating profits for an organisation. In order to make profits, it is essential to carry out optimal usage of resources. The CMAs are essentially involved in the costing and management of various resources. They also deal with external agencies such as the body of investors, who have stake in the organization. The investors are entitled to know how the resources are being utilised. The CMAs help in providing this

We have a sound placement mechanism. Jobs are available in PSUs & Corporate sector

"At the moment we have 50,000 qualified professionals associated with the institute, who are constantly upgraded and trained"

information to the investors. The Government of India has a policy, where organisations have to provide costing information of various sectors within it for judicious use leading to cost control and thereby profitability. The role of CMAs becomes essential here. In a consumption-based economy like ours, the central focus is towards accelerating the growth of the industrial and other sectors. The CMAs then naturally become drivers of the process.

Q. Is a 10+2 student excited to become CMA?

A. A student with commerce background in school has three main options to pursue later: he can become a Chartered Accountant, a Cost Accountant or a Company Secretary. Students have to eventually make a choice among these three options. Either they can start early after class 12th with Foundation/ similar courses available for all three streams or they can pursue it after graduation. At what stage they want to join is the choice of an individual.

Q. Do you find any difference between CMAs in India and abroad?

A. Yes, there is a difference. While throughout the world, the professionals in our domain are referred to as Cost and Management professionals, in India we were known as Cost and Work Accountant. The day our Institute is renamed as Institute of Cost and Management Accountants of India, I can visualise that the members of profession in India will attain parity on global recognition.

Q. How many members are currently associated with the institute? What are the kinds of advantages associated with the membership?

A. At the moment, we have about 50000 qualified professionals associated with the Institute. When one becomes a member of the Institute, there are efforts to continuously train, upgrade and monitor the professional development. Members are expected to attain minimum CEP hours by attending various programmes organised by the institute. Also, we look into the ethical aspects in the profession and help them gain a firm footing. Therefore, by becoming a member, one can keep in touch with peers and discuss issues.

Q. How strong is the placement mechanism at the Institute?

A. We have a sound placement mechanism. There is a separate Placement Directorate that looks into various opportunities available for our students. We have some of the biggest names in PSUs as well as Private organisations that visit every year for placements. These include ONGC, Coal India, BHEL, Nestle, Vedanta, TCS, Genpact and many others. Over the last few years, there has been a gradual rise in the placement percentage and package offered. With about 4.5 lakh students aspiring to work as CMAs, the Institute offers numerous options for employment.

PLACEMENT OPTIONS FOR STUDENTS

WITH TOP NAMES FROM THE PRIVATE AND PUBLIC SECTOR MAKING A BEELINE, THERE IS NO DEARTH OF WORK!

In April 2012, there was 70% placement across centres and the average salary package was Rs 6.5 lakh/annum

The Institute has been organising Campus Placements for the fresh qualified CMAs from the June and December batches. The campus placement is generally organised in the month of October for qualifiers from June Examination and in the month of March/April for December qualifiers. The Institute organises the placements in 4 locations - Delhi, Mumbai, Chennai and Kolkata to help employers to look for their future managers from the institute campus. With its vast network across the country, the institute organises placement in any location across the country as per the requirements of the employer. Many of the PSUs like Coal India, ONGC, NMDC, STC, MMTC, Allahabad Bank and Corporates like Nestle, TCS, HCL, TVS, Vedanta, Wipro, Jindal Steel regularly visit the campus, scouting for talented CMAs. The institute has a dedicated Placement Directorate to work out the placement programmes. Placement Directorate maintains the data base of the job seeking members/students and the same is provided to the employers on their request. The institute is in close association with the Industry to understand their requirements. In April 2012, there was 70% placement across centres and the average salary package offered was around 6.5 lakh per annum.

The companies participating in the placement procedure have option to register their requirement online at the website of the institute. In order to keep the placement procedure unbiased, a candidate can appear for only four interviews irrespective of the fact that he/she is short-listed by several organisations but the moment they are offered job by an organisation and it is accepted in writing by the candidate, they will not be permitted to attend the rest of the campus interviews.

LIST OF SOME OF THE RECRUITERS IN RECENT PAST

- Assam Brooke Ltd.
- Ashok Leyland Ltd.
- Apollo Gleneagles Hospitals
- Bata India Ltd.
- Bharat Heavy Electricals Ltd
- Bharat Sanchar Nigam Ltd.
- Castrol India Ltd.
- Coal India Ltd.
- Dunlop India Ltd.
- Ford India Ltd.
- Genpact Ltd.
- Hindustan Zinc Ltd.
- IDBI Bank
- ICICI Bank
- ITC Ltd.
- Jindal Steel & Power Ltd.
- MMTC
- NTPC
- ONGC Ltd.
- Tata Consultancy Services Ltd.
- Vedanta
- Wipro BPO

THE SPECIAL FEATURES AT THE INSTITUTE

WEBINAR, E-PORTALS HELPS STUDENTS TO STUDY FROM ANY PART OF INDIA WHILE KEEPING IN TOUCH WITH NEWLY EMERGING CONCEPTS.

The webinar sessions typically last for 45 minutes and can be assessed from webinar archives

WEBINAR

In order to cater to students and members spread across country, the Institute developed a very strong IT backbone. They launched WEBINAR (Seminar through Internet) in a major way to broaden their reach to students. Sessions are conducted by professional experts on important topics in the area of cost and management accounting. The students and members may register online through website & attend the WEBINAR. The WEBINAR sessions usually range from 45 minutes to an hour and can be accessed through WEBINAR archives. Recently, they have also started industry-based learning circles, which enable members and students to disseminate best practices in the industry and adopt them to the business they work for.

The webinar is an essential modern means to reach out to a wide section of population.

PROVISION OF COMPENDIUM

Since June 2011, students of final level are provided with Compendiums along with the study materials. These compendiums are compilation of questions and answers, essential for students to get a hold on prior to the examination.

ONLINE REGISTRATION FOR THE COURSE

From December, 2011, the institute has implemented on-line registration of students on a pan-India basis. This is a web-based registration system and has introduced a centralised storage and distribution system of study materials for students. As a result, the students can receive the study materials and compendium within 72 to 120 working hours from the date of registration.

ADVANCED STUDIES DIRECTORATE

Learning does not stop with the passing of the final examination and is a continuous process. There needs to be a constant focus on new emerging concepts that are needed in today's complicated economic environment. For this, the institute has already created a state-of-the-art Directorate of Advanced Studies at Hyderabad. Regular programmes on business valuation, corporate restructuring, treasury and financial risk management, business strategy and risk based internal audit for banks are being conducted by the Directorate..

All these features are helpful in aiding the process of preparing competitive CMAs from the Institute.

E-LEARNING MODULES

The institute has been actively engaged in the professional development of its members and students. In 2011, the institute signed an MoU with C&K Management Ltd for allowing members and students of the Institute as well as other financial and accounting professionals to get equipped with the essential knowledge in International Financial Reporting Standards (IFRS). The delivery is online through highly convenient e-learning modules. The Institute is offering a 100-plus hours e-Learning course on IFRS. E-Learning offers the advantage of learning at one's own pace, time and place.

This 100-plus hours e-Learning Course covers 30 standards, comprising both the International Financial Reporting Standards and the International Accounting Standards. The course contains rich visual elements and interactivities, combined with audio. This facilitates a great learning experience for all types of learners.

The course has been developed on the following pattern:

- Simplification of the various original clauses contained in the standards, as given by the IASB
- Rearranging and grouping them into a logical flow
- Value addition through examples and case studies
- Additional headings & sub-headings to suit the relevant content

This will enable the learner to:

- Know about different standards
- Understand the different standards in depth

COST ACCOUNTING & ASSURANCE STANDARDS

In order to improve the quality of the services being rendered by the members, the Cost Accounting Standards Board has been constituted for developing a structured approach to the measurement of cost in manufacture or service sector and to provide guidance to the user organisations, government bodies, regulators, research agencies and academic institutions to achieve uniformity and consistency in classification, measurement and assignment of cost to product and services. The Cost Accounting Standards Board (CASB) has issued 14 Cost Accounting Standards.

The Cost Audit and Assurance Standards Board was also constituted to formulate strategies to establish standards and develop guidance in the areas of auditing, assurance services & related services control.