
ICWAI in 2004: Grappling With New Challenges

Introduction

In 2004, the Institute of Cost and Works Accountants of India (ICWAI), faced major concerns. While the Institute's financial position was rapidly deteriorating, there had been a sharp decline in student registrations. The institute was also mired in controversies involving examination malpractices and financial mismanagement. According to informed observers, various factors seemed to have contributed to the crisis – an outdated curriculum, severe competitive pressure from new programs and serious differences within the Central Council, ICWAI's apex body. To complicate matters, on 22nd December 2003, the finance minister Jaswant Singh introduced a bill in the Parliament to amend the law governing the ICWAI. The bill gave the government, powers to dissolve the Central Council if its directions were not followed. The threat of government intervention seemed to accentuate ICWAI's problems.

H R Subramania who had taken over as ICWAI's president in July 2004 admitted:

“We are living in times of significant changes and Institutions like the ICWAI are evolved to establish and enhance the positive perspectives in life. Indeed the responses from ICWAI had been rather slow and it is imperative that further continuation of such slow responses to contemporary changes would bring down the Institute and the Cost and Management Accountancy Profession in the country. I hope to express the Central Council's strategies to develop the Institute and the Profession through this column and expect all of you to give your valuable views on the plans and programmes. As Members, we should be the most prepared and the most proactive professionals in this changing environment.”¹

As 2004 got under way, ICWAI's Central Council members wondered how they could revitalise their 60-year old organization. Even as ICWAI

¹ www.mycwai.com

examined various strategic options, many observers had serious doubts whether ICWAI would be able to emerge unscathed from the crisis that it faced. But K L Jaisingh, who belonged to the first batch of ICWAI and the recently retired president believed that ICWAI would undoubtedly emerge as a strong institution:

“ICWAI has a strong pillar. The top floor of a strong building may get damaged but the foundation will remain in tact. As industrial growth picks up, enrolments will increase. What you are seeing is only a temporary phase.”²

About ICWAI

ICWAI’s national headquarters were located in Kolkata, India. There were four regional offices in Mumbai, Kolkata, Chennai and New Delhi. Below the regional councils, there were 92 chapters located in major cities and towns all over India and some overseas centers to promote the cost accounting profession and provide various services to members.

The Central Council - a body of 12 elected members (three each from the four regions) was ICWAI’s apex body. The election to the council took place every three years. All members of the Institute in India and abroad constituted the Electoral College. In addition to the elected members, the Central government nominated up to four members comprising senior officers of the Department of Company Affairs (DCA), academicians and other experts to advise the Council on matters of professional interest.

In 2004, ICWAI had around 22,000 Associate/fellow members³, many of whom occupied senior positions in Finance, Accounts, Costing, Internal Audit and allied disciplines in public and private sector companies, government departments, academic and research institutions. An estimated 2000 members were in practice as cost auditors and management consultants.

ICWAI’s local chapters were expected to coordinate with the local educational institutions and organize meetings of the senior students in which representatives of the institute highlighted the scope of the cost and

² Interview with case writer on 2nd September 2004.

³ Dey, Nilanjan. “ICWAI bid to stall Govt move to increase its hold,” *The Hindu Business line*, 11th February 2004.

management accountancy profession in the emerging business environment. Various career-counseling programs were held for final level students in several educational institutions. In recent times, the chapters had also started conducting personality development workshops for students.

ICWAI had also introduced training schemes to give practical exposure to the students. Reputed organizations like Indian Oil Corporation, ITC, NALCO, Indo Rama, Hindustan Lever and ITI engaged ICWAI's trainees in their organizations.

The Training and Educational Facilities Committee had formed an expert group in August 1999. The committee consisted of representatives from Trade, Industry, Commerce and Academia. The proposed syllabus intended to cover new topics like: Valuation and Value Management, International Finance, Human Resources Accounting, Service sector operations and management and Information technology. The Central government approved the revised syllabus on 25.6.2002. (See appendix for ICWAI syllabus in 2004).

Postal coaching for foundation courses was started in 2002-2003. The institute also provided oral coaching to students through 106 centers spread all over the country and one overseas coaching center in Dubai.

ICWAI's website offered various facilities to members. Examination admit cards and results were made available on the website. The institute planned to introduce online training. ICWAI's journal which featured articles of interest for students and practitioners, was also available online.

Background Note

Early History

The concept of cost accounting as an independent field of study emerged during the early years of World War II. Defense operations were expensive. The government found it difficult to ascertain the price of defense

purchases. Thus evolved the concept of cost plus contracts.⁴ The cost accounting profession gained further momentum in the 1940s and 1950s during the post-war reconstruction and industrial boom. Price controls gave the necessary impetus to the growth of the profession.

In India, the cost accounting profession was essentially a British legacy. One school of thought strongly believed that a separate body of cost accounting professionals was redundant. The existing body of Chartered Accountants (CA) seemed adequately equipped to deal with costing matters. But since such an institute existed in Britain, Indians trained there, lobbied for a similar institute in India.

As the years passed after independence, the cost accounting profession succeeded in getting various forms of support from the central government. In 1954, the Estimates committee of the parliament in its ninth report laid great stress on the introduction of cost accounting in industries and recommended various measures for the proper regulation of the profession. The Public Accounts Committees of the Parliament and other government bodies also emphasized the importance of cost accounting from time to time. With price controls prevailing in most sectors of the economy, the role of costing gained in importance. There was also a feeling in some government circles that for industrial development to gather momentum, costs would have to be kept under control.

From 1949 to 1959, the Cost Accounting body in India functioned as a chapter of the Institute of Costs & Works Accountants, London. The parliament accorded statutory recognition to the institute by passing the Cost and Works Accountants Act, (CWA) 1959. ICWAI was established in May 1959. In 1964, the central government amended the Companies Act, 1956 by introducing statutory maintenance and audit of cost accounting records in select core industries by “qualified cost and management accountants for the protection of investors, consumers, tax payers and the society at large.” In 1969, the statutory cost audit was introduced by the government for some industries. At first, both CAs and Cost Accountants were permitted to do the audit but later on, it became the sole privilege of

⁴ In cost plus contracts the contractors submitted the estimates of cost for the works being undertaken by them, for the award of contracts.

cost accountants. This development gave a shot in the arm to ICWAI. In 1982, ICWAI received another big boost when the Indian government created an all India cadre known as Indian Cost Accounts Service at par with Class I services of the central government.

Despite the various forms of government support, it became quickly clear that ICWAI would find it difficult to take on the Institute of Chartered Accountants of India (ICAI). As one member put it: "Over time, ICWAI began to be perceived as the poor man's CA." The ICWAI course was also less demanding. There was no apprenticeship, which many believed was the real strength of the CA program. People could stay in employment and pursue the course and complete it without much difficulty.

Nevertheless, ICWAI's best days seemed to be ahead in the 1980s. At the peak of the Socialist Raj, because of the prevailing price controls, cost data became necessary in a wide range of industries. Cost accountants began to be employed to verify cost data. Bulk of the costing professionals were employed in the public sector. With the public sector occupying the commanding heights of the economy, the profession thrived.

Recent Developments

In hindsight, India's economic liberalization which began in 1991, was a turning point in ICWAI's history. As market forces gained momentum, price controls began to be dismantled in many industries. The role of the public sector also came for a critical reexamination. As a result, the importance of cost accounting seemed to decline.

Meanwhile, competition emerged from nowhere. As the Information Technology (IT) sector boomed, young graduates who would otherwise have enrolled with ICWAI, were attracted to the software industry which offered good pay and bright career opportunities. Around this time, the MBA market in the country also opened up. Almost 900 Business Schools sprang up in a short period of time. For many graduates, the choice was no longer between ICWA and CA but between MBA and CA. A distinct advantage of MBA programs was that there was reasonable certainty that students would finish the course on time. Moreover, B Schools by offering class room instruction made learning more exciting than ICWAI which

primarily offered a correspondence course. MBAs in general had better communication skills. Because of all these factors, the placement prospects for MBAs were much brighter.

ICWAI's enrolments peaked at around 30,000 in the mid-1990s. From then onwards, there was a sharp decline in the number of students. Registrations came down from 31,394 in 1993-94 to 13,106 in 2002-03.

The ICWAI management believed this was a temporary phenomenon. None of the institute's communications discussed the sharp fall in enrolments. Nor did they discuss the corrective measures planned by the management. The Institute journal, also remained silent about the causes for the decline.

Senior ICWAI members saw no reason to be pessimistic. B V Ramanamurthy, who was president of ICWAI in 2002-2003 and a highly respected finance professional, based in Hyderabad, believed that it was wrong to single out ICWAI for the decline in student enrolments. He pointed out that the Institute of Company Secretaries (ICSI) and the ICAI had also been affected because of the IT boom⁵. He added that if economic liberalization had resulted in the expected industrial growth, there would have been no decline in enrolments. A combination of factors - FDIs not taking off as expected, the software sector booming and massive VRS schemes in the public sector had affected enrolments. But these were structural problems. Ramanamurthy felt it was unfair to blame ICWAI's management for the decline in enrolment.

Ramanamurthy believed the long term outlook for ICWAI seemed bright:

*"Costing has only gained in importance in this era of liberalization and globalisation. When there is global competition, cost control is a key success factor in generating a competitive edge."*⁶

He felt that the IT boom would have a severe impact on chartered accountants, not cost accountants:

⁵ Interview with case writer, 6th September 2004.

⁶ *ibid.*

“Many of the functions of Chartered Accountants have been taken over by IT. So even clerks can prepare accounts. On the other hand, IT by facilitating the collection of cost data is enabling cost accountants to concentrate on analysis and take up more value adding activities. Earlier, cost accountants had to spend too much time on the shop floor collecting data. IT has solved the problem. Indeed, there is now scope for cost accountants to get involved at the product design stage.”⁷

Other senior ICWAI members like Jaisingh felt that concerns about decline in student enrolments due to competition from B Schools and the IT Sector were largely exaggerated.

“IT is no longer a separate discipline. IT courses cannot be compared with ICWAI. They only create low end jobs today. Moreover, ICWAI has already incorporated IT in the curriculum. Similarly, most of the MBAs are being produced by B and C rung B Schools. These MBAs are struggling to get decent jobs. So, it is wrong to compare cost accounting & MBA. Once industrial growth picks up, ICWAI enrolments will show an uptrend.”⁸

A N Raman, a practising Cost accountant, based in Chennai, had a slightly different view. Like Ramanamurty, he believed the IT sector was having an impact on various sectors of the economy.

As he jocularly put it,

“Look at the matrimonial market. There is little doubt who is in demand.”⁹

But Raman believed that ICWAI also had to do some serious introspection:

“Most students do not have ICWAI as their first career choice. ICWAI has to do more to make the costing profession a more rewarding career. IT may have become the preferred choice of many

⁷ *ibid.*

⁸ Interview with case writer, 6th September 2004.

⁹ Telephonic interview on 11th September 2004.

youngsters. But in this era of competition, cost management has become more important. Unfortunately, ICWAI has not fully exploited the opportunities opening up.”¹⁰

Raman added that better management would definitely help ICWAI to deal with this problem. He pointed to the south where enrolments had held steady. He believed this was because the southern regional council had more dedicated members who had built partnerships with bodies such as Indian Institute of Technology (IIT) and Confederation of Indian Industry (CII). There had been little politics in the south. The south had also taken full advantage of the fact that many companies based in Chennai, like the TVS group had launched cost and quality control initiatives.

Other Concerns

Even as ICWAI’s enrolments fell, the institute found itself embroiled in avoidable controversies. Allegations against the office bearers of ICWAI became a routine event. The most serious of them involved malpractices in the conduct of examinations.

In early 2000, the ICWAI Employees’ Association shot off a letter to the president, Mahesh Shah.¹¹ The association charged that a student, who was closely related to a council member, had passed the exam using unfair means. A Central Council member, who was also the chairman of the examination committee, was singled out by the association for his alleged complicity in the scam. While he was subsequently let off the hook¹², the axe fell on the Secretary, a senior professional who had joined the Institute as its CEO. Press reports speculated about possible collusion among senior officials in DCA and a few central council members. The association demanded a CBI enquiry into the matter.

The employees’ association also criticized the way computer purchases had been handled. ICWAI had purchased an expensive Nexus Alpha Server 800 (at Rs 1.4 million). But after incurring heavy expenses, this server had not even been installed, not to speak of software conversion and training.

¹⁰ *ibid.*

¹¹ “Marching order for ICWAI secretary,” 22nd April 2000.

¹² *ibid.*

One of the most controversial issues was the decision by ICWAI to contest elections for the post of Vice-president of South Asian Federation of Accountants (SAFA)¹³. The post of SAFA called for foreign trips, holding seminars and other activities that seemed unaffordable for an institute which did not have enough funds. Meanwhile, the Central Council members were making frequent foreign trips. The DCA directed ICWAI to withdraw its candidature and asked the institute to show restraint on the issue of foreign trips. A show-cause notice asked the institute to cite reasons why the Council should not be dissolved¹⁴.

In a meeting held in May 2002, ICWAI decided to dissociate itself from some of the contentious foreign trips made by its council members stating that “... *violations have been committed by the individuals and not the council.*” The council also decided to leave it to the government to decide on the SAFA nomination.¹⁵ In response, DCA constituted a three-member committee to look after the financial affairs of the institute. After enquiry, the Council was given back some of the financial powers. However, by deciding to retain the powers to monitor the travel expenses of the members, DCA sent out clear signals that it would be closely involved in the affairs of ICWAI.

Meanwhile ICWAI faced various other concerns¹⁶. There was a sharp decline in academic, technical and research activities. ICWAI had come out with few publications relating to cost management. As a result, it had failed to demonstrate a strong domain expertise. Council members retained their posts for decades¹⁷. There were huge backlogs in the examination system. Admit cards often reached candidates after the examination was over. Symbolising the state of affairs, was an e-group of close to 900 ICWAI members. The e-group acted as a watchdog and strongly voiced its concern whenever it sensed something wrong in the system.

¹³ ICWAI was a founding member of SAFA.

¹⁴The CWA Act allowed the government to take punitive action against persistent violation of its directives. Section 35 of the Act also empowered the government to even dissolve the central council if required

¹⁵ One member of ICAI was designated to SAFA.

¹⁶ “Good business awaits cost accountants,” *The Financial Express*, 20th April 1998.

¹⁷ New rules were introduced in the late 1990s to restrict members to a maximum of three, three-year terms.

ICWAI's response

Cost accountants or management accountants?

In recent times, ICWAI's top management had some around to the view that a change in name was the need of the hour. ICWAI recommended to the Indian government, a new name, Institute of Cost and Management Accountants of India. ICWAI believed the name change issue had become important because of developments in the accounting profession and the global business environment. The opening of the service sector because of the World Trade Organization (WTO) added impetus to the name change issue. ICWAI contended that in many services like insurance, banking, education and healthcare, management accounting had become important. Members felt that they were unable to exploit good business opportunities due to their name. Jaisingh pointed out that ICWAI's current name was essentially a British legacy." The parent itself has changed its name to Chartered Institute of Management Accountants. In countries like Pakistan and Bangladesh, we have Institute of Cost and Management Accountants. So the name change is absolutely desirable and logical." Jaisingh was also critical of ICAI's efforts to block the name change proposal. He felt ICAI's aim was to corner all the business for its members.

Like Jaisingh, Ramanamurthy believed that the name change was desirable as the role of cost accountants had changed significantly over the years from the collection of cost data in the factories to analysis of cost data. Cost accountants had an important role to play in controlling costs, at the same time ensuring that quality was not diluted. For the managerial role of cost accountants to be properly recognized, a name change made eminent sense.

He added:

*"When other countries have changed the name and global competition in services such as accounting is round the corner, Indian Cost accountants may be at a tremendous disadvantage."*¹⁸

¹⁸ "Name change proposal creates flutter at ICWAI," *Business Line*, 2nd April 2002.

However, some members expressed their cynicism about the name change proposal. They felt the re-christening effort was cosmetic and aimed at diverting attention away from the problems which ICWAI faced.

As one member, remarked,

“Name does not convey much. Take the Xavier Labour Relations Institute (XLRI) one of the most unusual names imaginable for a B School. Yet, XLRI is today among the top 5 business schools in the country. ICWAI needs to do some real soul-searching. It is simplistic to argue that a name change can solve ICWAI’s current problems.”¹⁹

Raman admitted that the name change issue had in the past been an attempt by Central Council members to divert attention away from more pressing problems. But he believed a name change was desirable and necessary. He felt that the traditional role of cost accountants who spent most of their time in the factories had changed. A new name was necessary to project the cost accounting profession correctly.

Meanwhile, the government had kept the proposal for name change in limbo. It had not rejected the proposal. At the same time, it had on the pretext of soliciting more information, not given a final nod. Till the government gave a final ruling, ICWAI had to just bide time.

Mandatory Cost Audit

ICWAI also actively lobbied with DCA to make the annual cost audit mandatory for all companies covered under the Cost Accounting Record Rules. Under the existing system, Cost audit orders were issued by the cost audit branch on a selective basis and the companies appointed the cost auditor. ICWAI argued that cost auditors should also be appointed by the companies in their annual general meeting like the statutory auditors for financial audit. The institute felt that some of the important extracts of the Cost Audit Report, projecting a true and fair view of the operating performance of the company, should be disclosed in the annual report for the benefit of the shareholders.

¹⁹ *ibid.*

According to Ramanamurthy,

“The Indian mindset is to avoid something if it is not mandatory. If cost audit is not made compulsory, the companies will not do it. The only way for cost audit to become an integral part of corporate reporting is to make it mandatory and binding.”²⁰

Raman believed that in principle, making cost audit mandatory was logical. However, he wondered whether it was fair to ask companies to disclose their cost details beyond a point, as it would mean leaking out competitive information. Raman felt a cost audit certification to the effect that cost management systems were in place to protect shareholders’ interests, might be the right way to go forward.

ICWAI also wanted to make it mandatory for the tariff regulatory bodies in the power and telecom sector to use cost accounting for tariff determination. It had taken up with the government to consider the inclusion of municipal bodies, local authorities like ‘Gram panchayats’²¹ and local development agencies for the purpose of cost audit and monitoring. The institute’s spokespersons argued that involvement of cost accountants in banking, insurance and financial services would enable these sectors to make a better assessment of non-performing assets, performance and efficiency monitoring, project evaluation and risk assessment.²²

The Government’s Response

As per the Cost and works Accountants Act, 1959, the duties of carrying out the provisions of the Act were vested with the Central Council. The Council consisted of not more than 12 persons elected by the members of the Institute and not more than 4 persons nominated by the central government.²³ One of these four members was a government employee while the three others were non-official nominees.

The Department of Company Affairs (DCA) had started taking an active interest in the working of ICWAI following a report from JPC (Joint

²⁰ *The Hindu Business line*, 6th September 2003.

²¹ Village level committee for rural administration.

²² *ibid.*

²³ www.dca.nic.in

Parliamentary Committee)²⁴ which believed that inadequate disciplinary action against erring members of the three institutes (ICWAI, ICAI and ICSI) could lead to many future scams. The government decided to introduce a new provision for cancelling the certificate of practice of the members in case of misconduct or negligence of duty.

Some of the broad proposals mooted by DCA with respect to the working of ICWAI, ICAI and ICSI included²⁵:

- A new sub-section to be added to the three Acts (for ICWAI, ICAI, ICSI) to give the DCA the power to cancel the certificate of practice.
- Modifications in the disciplinary procedure.
- Strengthening the disciplinary committees constituted by the council.
- Increase in strength of the council to the maximum limit.
- Lengthening of the term of the elected council of the three institutes from the present three to four years.
- Not allowing office members of the council to hold office for more than three consecutive terms.

In November 2003, the government issued a show-cause notice to ICWAI for “acts of non-compliance of Government directions”.²⁶ Apart from voicing concern at the alleged deterioration in the institute’s financial position, the notice demanded an explanation for the transfer of a director from Kolkata to Delhi, and failure to take appropriate action against the former director (examinations) for alleged malpractices. The government directed the institute to put the transfer on hold till the post of secretary was filled. The post had been lying vacant for more than two years, as ICWAI could not reach a consensus on any one candidate.²⁷ Council members mentioned that an enquiry committee, formed to investigate the issue, had found no malpractices in the examination system. The former director (examinations) was, however, asked to be more vigilant in his duties. But, the government did not seem to be satisfied with the steps. By

²⁴ Which was investigating the causes of the stock market scam in India.

²⁵ www.indianexpress.com

²⁶ *The Hindu Business Line*, 3rd December 2003.

²⁷ *ibid.*

amending the CWA act, the government intended to increase the number of nominees from 4 to 5 in the 16-member council. This would provide the government with the critical strength needed to influence decisions made by the council.

ICWAI reacted strongly to the government moves. The institute started lobbying with some Members of Parliament to stall the government moves to increase its hold in ICWAI. The institute felt that it needed to:

“Uphold professional independence and prevent interference by bureaucrats.”²⁸

As B. Majumdar, Vice-president, ICWAI put it:

“In the era of free market economy, the government should minimize its control over professional organizations such as ours.”²⁹

According to Jaisingh, the government was taking unfair advantage of dissenting views within the council. But he believed any government involvement would only be temporary and ICWAI’s autonomy remained unchallenged.

Raman also felt that the government involvement in ICWAI’s affairs had been exaggerated beyond a point. He felt much of the government intervention was directed at the ICAI which was involved in core areas of the economy like taxation. But since targeting ICAI alone might be perceived wrongly, the government had from time to time attempted to intervene in the affairs of ICWAI and ICSI. Raman felt that by emphasizing professional recognition as opposed to lobbying with the government for concessions, ICWAI could keep the government at bay.

²⁸ Dey, Nilanjan. “ICWAI bid to stall Govt move to increase its hold,” *The Hindu Business line*, 11th February 2004.

²⁹ *ibid.*

The Road Ahead

Shortly after taking charge as president of ICWAI, Subramania outlined his plans for the Institute: “The discipline of Cost and Management Accountancy has undergone considerable change, thanks to tremendous developments in global trade environment as well as developments in Information Technology. Conventional cost structuring techniques and cost control systems have been replaced by flexible concepts like ABC, Target Costing and Strategic Cost Management & Performance. Unfortunately, the academicians have not responded to these changes and the conventional tools still occupy the basic education in cost and management accountancy. The Institute has an important role in guiding the educational institutions in the country to update the curriculum of Cost Accounting and simultaneously upgrade the Institute's own syllabus to International Standards. This would help in training our budding Cost Accountants to gain knowledge of the latest developments in Cost and Management Accountancy... The Globalisation process under the Economic Reforms and the emerging focus on Rural sector are two major developments that have made the art of Cost and performance Management, the need of the hour. The professional members of the Institute should take the responsibility. But to be competent, the members are required to open their mind and appreciate the contemporary changes including competition from developed countries... I wish to add here that it is time we appreciate our profession's role in the competitive environment rather than the conventional approach of seeking Government's patronage.”

Meanwhile, as ICWAI's crisis deepened, comparisons with the ICAI became inevitable. ICAI was generally considered to be far better managed in areas such as membership services, quality of publications, examinations, employer networking, international networking and financial management. In recent times, ICAI had recorded healthy surpluses whereas ICWAI had posted small surpluses or losses. There had been several complaints against ICWAI's Central Council, the integrity of the examination system and misuse of financial powers by office bearers. On the other hand, ICAI had all along attracted talented and capable people into its governing council. One ICWAI member remarked:

“Most Central Council members have not achieved much in their careers. They are looking at Central Council membership as a route to glory. Instead of trying to bring glory to the institute they are living in the reflected glory of the institute.”³⁰

As 2004 drew towards a close, the moment of reckoning seemed to have arrived for ICWAI. With professional opportunities declining and new competitors emerging, the senior management had to take some tough decisions in the coming years. Among the options being discussed were a merger with the ICAI³¹, a radical redesign of the entire curriculum and launching an MBA program with a specialization in costing.

Jaisingh, however, maintained that the various concerns expressed about ICWAI had been hyped up. He believed ICWAI’s future remained bright.

“The ICWAI syllabus has been updated regularly. The syllabus now matches international standards. The corresponding bodies in the US and the UK give exemptions to our students. Our coaching facilities have also improved.”³²

He added that a change in name, earmarking indirect taxation exclusively for cost accountants and making cost, audit universal, automatic and transparent was the crying need of the hour.

Ramanamurthy agreed with Jaisingh that the fundamental prospects for cost accounting professionals remained bright:

“With the removal of trade barriers, in industries like textiles/pharma, global competition will increase. Cost management will increase in importance. There will be frequent charges of dumping. Under such circumstances, costing will have a very important role to play.”³³

Raman, like Ramanamurthy, believed cost management would become a critical success factor for most companies in the years to come. But he

³⁰ Dey, Nilanjan. “ICWAI bid to stall Govt move to increase its hold,” *The Hindu Business line*, 11th February 2004.

³¹ A few years back, ICWAI and ICSI had agreed to merge with ICAI but ICAI had backed out as the discussions reached the final stage.

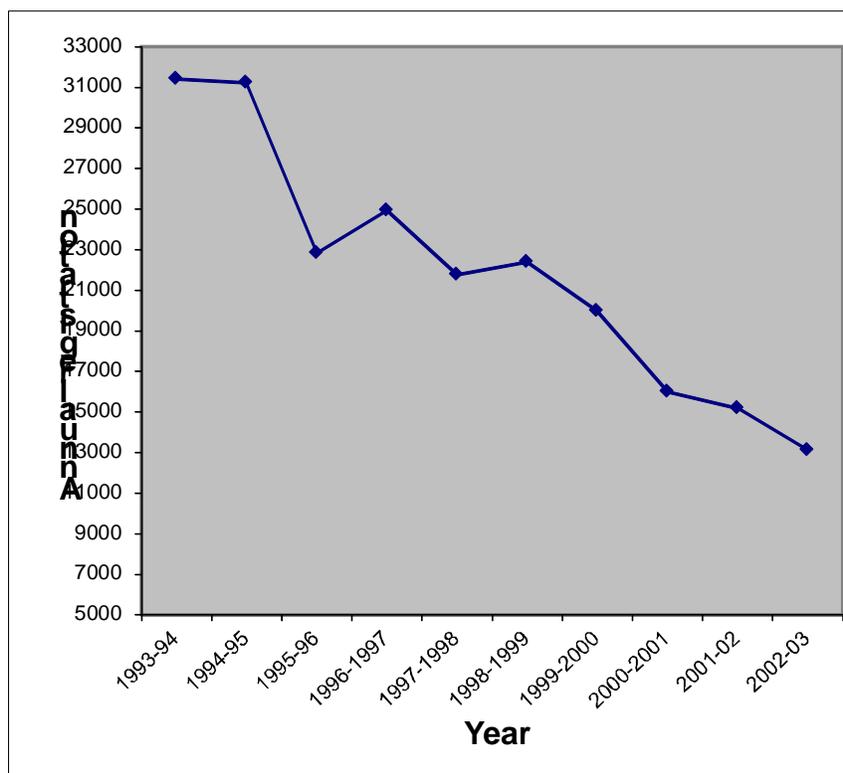
³² *ibid.*

³³ www.myicwai.com

believed that ICWAI had made a strategic blunder in lobbying with the government for various compliance related concessions. The right way for ICWAI to move forward was to gain professional recognition. Raman felt a few concrete steps were the need of the hour. The institute had to reposition itself away from cost accounting to cost management. It had to set up centers of excellence in at least five cities in the country. These centers could function on the lines of the Indian Institutes of Management (IIMs) and offer residential programs in cost management. As a step in this direction, ICWAI could first introduce an extra year of optional training at these centers of excellence in collaboration with the Indian Institutes of Technology (IIT), Confederation of Indian Industry (CII) and other reputed national institutions. Such training would be invaluable to the ICWAI students. Later, the training could be made mandatory and an integral part of the coursework.

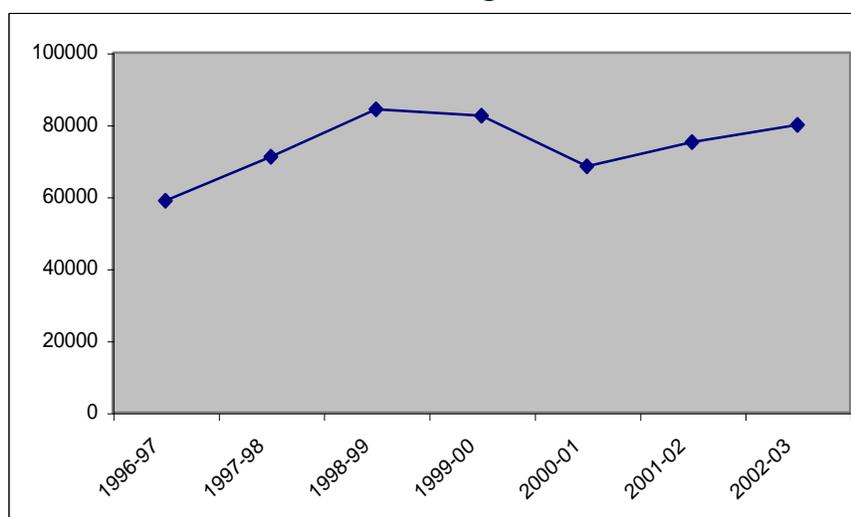
Meanwhile, some observers were more cynical. A member wondered whether ICWAI could take tough decisions. He believed any tough decision would not only need government approval but also the willpower to move ahead in the wake of possible opposition from entrenched interests within the Central Council. Most of the members of the Council, he felt, were in favour of the status quo. And as enrolments continued to decline, and competition increased, he felt time was clearly running out for ICWAI.

Exhibit 1
ICWAI: Student Registration



Source: The Management Accountant, September 2003.

Exhibit 2
ICAI: Student Registration



Source: Registration figures collected from www.icaai.org

Exhibit 3
Membership Details

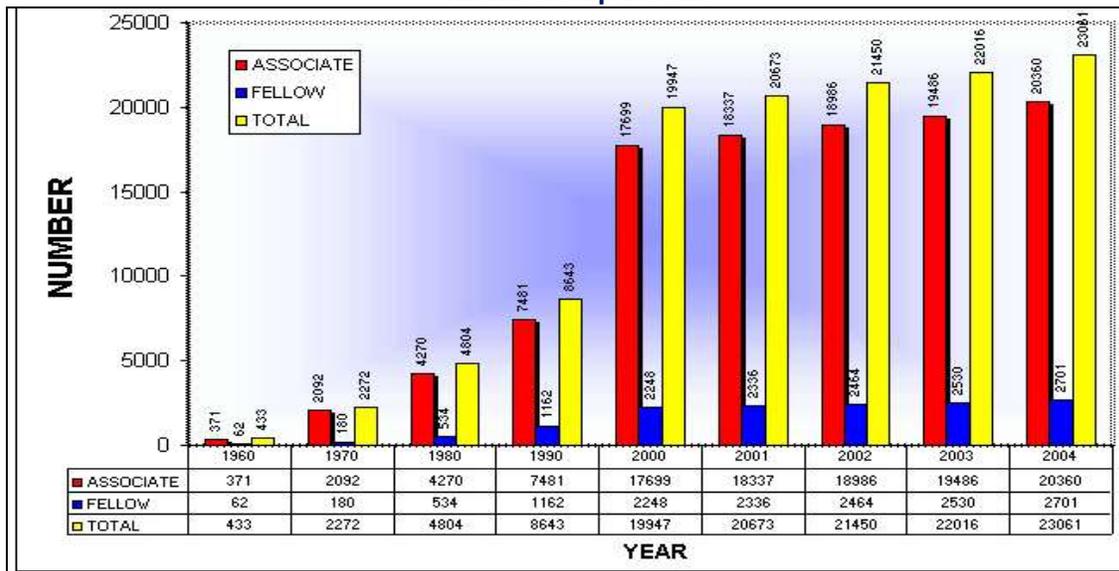


Exhibit 4

Objectives of the Institute of Cost and Works Accountants of India

- a) To develop the Cost and Management Accountancy function as a powerful tool of management control in all spheres of economic activities.
- (b) To promote and develop the adoption of scientific methods in cost and management accountancy.
- (c) 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.
- (d) To keep abreast of the latest developments in the cost and management accounting principles and practices, to incorporate such changes are essential for sustained vitality of the industry and other economic activities.
- (e) To exercise supervision for the entrants to the profession and to ensure strict adherence to the best ethical standards by the profession.
- (f) To organize seminars and conferences on subjects of professional interest in different parts of the country for cross-fertilization of ideas for professional growth.
- (g) 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 and commercial units in India and abroad.

Source: www.mycwai.com

Exhibit 5

ICWAI: Student registration

Year	Annual
1993-1994	31394
1994-1995	31205
1995-1996	22813
1996-1997	24907
1997-1998	21754
1998-1999	22372
1999-2000	19965
2000-2001	15995
2001-2002	15178
2002-2003	13106

(Source: The Management Accountant, September 2003. See Exhibit 1 for a graphical representation of the student registration figures)

Exhibit 6

Travel Details³⁴

In the year 2000-01, ICWAI representatives were sent to:

- Golden Jubilee Celebration of ICMA Pakistan
- IFAC Assembly Edinburgh, UK
- Conference hosted by Australian Society of CPAs
- SAFA Assembly in Dhaka, Bangladesh.
- SAFA conference in Colombo, Sri Lanka
- National Convention of CPAs in Manila, Philippines

In the year 2001-02, ICWAI representatives sent to:

- CAPA Excom Kuala Lumpur
- CAPA Assembly Sydney Australia
- CAPA Excom at Tokyo, Japan
- IFAC meeting at Sydney, Australia

In the year 2002-03, ICWAI representatives were sent to:

- World Congress of Accountants, Hong Kong
- Council Meetings of IFAC
- Council meetings of EXCOM
- AGM of CAPA

Source: ICWAI Annual Reports.

³⁴Collected from ICWAI Annual reports. SAFA: South Asian federation of Accountants, IFAC: International Federation of Accountants, CAPA: Confederation of Asian and Pacific Accountants.

Exhibit 7: Financial highlights

Year	Income (Rs)	Surplus/Deficit (Rs)
2000-01	64,925,786	(8,534,474)
2001-02	66,961,993	(7,731,781)
2002-03	71,351,796	997,396

Source: ICWAI Annual Reports.

Exhibit 8: Opportunities for Cost Accountants**Employment Opportunities**

Members of the Institute are occupying high echelons like Chairman, Managing Director, Finance Director, Chief Executive, General Manager, Finance Manager, etc. in many Public and Private sectors organisations and also in the Government.

Government Departments

There is an existing Cost Accounting Service in Central Govt. named as Indian Cost Accounts Service, which is at par with the Class I Services of the Government of India.

Opportunity for Independent Practice

Cost Accountants can practice in the following areas:

- In mandatory Cost Audit Under Section 233 (B) of the Companies Act, 1956.
- Certification under Export & Import Policy.
- Excise Audit under Section 14A of the Central Excise Act and Special Audit of Certification Of Manufacturing account as per Customs Act.
- Consultancy Assignments.

Academic Opportunities

The Association of Indian Universities {AIU} resolved on May 28, 1991 that Bachelor Degree holders, who have passed ICWAI Final Examination be allowed by the Indian Universities to register for M.Phil. and Ph.D in Commerce and allied disciplines. Since then the Institute is approaching different Universities to make necessary provision in their respective Rules so that Members of our Institute having Graduation qualification can register themselves for Ph.D. courses in Commerce and allied areas. Till now the Institute is in receipt of approval from 35 Indian Universities. Recently, in response to our letter No. DS-3{UL}/11/2000 dated November 17,2000 to AIU it has been clarified by AIU {vide their letter No.EV/II{2}/2000/179741 dated November 29,2000} that recognition awarded by AIU is generally accepted by the Universities in our country.

Universities Who Have Already Recognised The Membership Of The Institute Of Cost And Works Accountants Of India As Sufficient Qualification For Pursuing Ph.D. Courses

1. Sardar Patel University, P.B. No. 10, Vallabh Vidyanagar -388 120.
2. Guru Nanak Dev University, Amritsar -
3. South Gujarat University, University Campus Udhana – Magdalla Road, Surat -
4. Moharshi Dayanand University, Rohtak -
5. University of Poona, Ganeshkhind, Pune -411 007
6. Punjab University, Chandigarh -160014
7. Nagpur University, Nagpur -
8. Meerut University, Meerut -
9. Mangalore University, Light House Hill, Mangalore -575003
10. University of Kerala, Trivandrum -
11. University of Mysore, Viswavidyanilaya Karya Soudha Crawford Hall, Mysore -
12. Cochin University of Science & Technology, Cochin -
13. Shivaji University, Vindyanagar, Kolhapur -416 004
14. University of Bombay, Mumbai -400 032
15. Sri Venkateswara University, Tirupati Andhra Pradesh -
16. Varanasi University, Uttar Pradesh -
17. Karnataka University, Karnataka -
18. Osmania University, Hyderabad -500007
19. Madras University, Chennai -
20. Punjabi University, Patiala -
21. North Maharashtra University, Jalgaon -
22. Yashwantrao Chavan Maharashtra Open University, Nasik Maharashtra -
23. Alagappa University, Karaikudi -
24. Bangalore University, University City Campus, Bangalore -560 001
25. Tezpur University, Tezpur -
26. Guru Ghasidas University Bilaspur, Madhya Pradesh -
27. Vikram University, Ujjain -
28. Manipur University, Canchipur, Imphal -795 003
29. Pondicherry University, Pondicherry -
30. Vidyasagar University, Midnapore -
31. Madurai Kamraj University, Madurai -
32. North Gujarat University, Rajmahel Road P.B. No. 21, -
33. Sambalpur University, Jyoti Vihar Burla, Sambalpur -768 019
34. The University of Kashmir, Srinagar -
35. Gauhati University, Guwahati -781 014
36. Hyderabad University

Exhibit 9: Registered Students

During the current year, 12,428 students registered themselves with the Institute. In the previous year the number was 13,106. The number of registered students at the end of the year stood at 1, 51,643.

Registration		
REGION	2002-2003	2003-2004
WESTERN	2,527	2,738
SOUTHERN	5,052	4,544
EASTERN	1,508	1,489
NORTHERN	2,181	1,965
Total	11,268	10,736
Denovo	1,838	1,692
G-Total	13,106	12,428

Source: www.myicwai.com

Exhibit 10: Coaching

During the year, 25,977 students enrolled themselves for coaching.

POSTAL AND ORAL STATISTICS							
Course	Region	POSTAL		ORAL		TOTAL	
		2002-2003	2003-2004	2002-2003	2003-2004	2002-2003	2003-2004
FOUNDATION	NORTHERN	300	656	687	730	987	1,386
	EASTERN	250	269	270	262	520	531
	WESTERN	181	410	490	857	671	1,267
	SOUTHERN	780	1,069	1,670	1,284	2,450	2,353
Sub Total		1,511	2,404	3,117	3,133	4,628	5,537
INTER	NORTHERN	2,490	2,363	1,249	1,041	3,739	3,404
	EASTERN	1,059	901	1,470	1,328	2,529	2,229
	WESTERN	1,840	1,689	2,652	2,450	4,492	4,139
	SOUTHERN	4,438	4,010	5,115	4,390	9,553	8,400
Sub Total		9827	8963	10486	9209	20313	18172
FINAL	NORTHERN	296	431	54	75	350	506
	EASTERN	99	243	96	100	195	343
	WESTERN	157	298	98	116	255	414
	SOUTHERN	497	768	165	237	662	1,005
Sub Total		1049	1740	413	528	1462	2268
GRAND TOTAL		12,387	13,107	14,016	12,870	26,403	25,977

Facility for Postal Coaching in the form of supply of study notes, test papers and suggested answers through Regional Councils continues to be provided to the students during the year. Publication of suggested answers to the questions set at the Institutes examinations (Foundation, Inter and Final), Supplements on Taxation and Accounting Standards with comparative study of US GAPP and International Accounting Standards is continuously meeting the demands of students undergoing Postal and Oral Coaching

Besides Postal Coaching, the Institute is providing Oral Coaching to the students through 105 centers spread all over the country and 1 Overseas Coaching Center at Dubai.

Source: www.myicwai.com

Exhibit 11: Membership Details

<i>YEAR</i>	<i>ASSOCIATE</i>	<i>FELLOW</i>	<i>TOTAL</i>
1960	371	62	433
1970	2092	180	2272
1980	4270	534	4804
1990	7481	1162	8643
2000	17699	2248	19947
2001	18337	2336	20673
2002	18986	2464	21450
2003	19486	2530	22016
2004	20360	2701	23061

Exhibit 12: Syllabus

The curriculum of the Institute is so designed that it is possible for a student to learn while earning, and after passing its examinations is equipped with all modern tools of Management Accounting. Subjects of the syllabus for Foundation, Intermediate and Final are as follows:

Foundation Course

S.No	Name
1	Organisation & Management Fundamentals.
2	Financial Accounting Fundamentals.
3	Economics and Business Fundamentals.
4	Business Mathematics and Statistics Fundamentals.

Intermediate Course

S.No	Name
STAGE 1	
1	Cost and Management Accounting.
2	Information Systems and Technology.
3	Business Laws and Communication Skill.
4	Business Taxation.
STAGE 2	
1	Management Accounting – Performance Management.
2	Advanced Financial Accounting.
3	Auditing.
4	Quantitative Methods.

Final Course

S.No	Name
STAGE 3	
1	Operations and Project Management & Control.
2	Advanced Financial Management and International Finance.
3	Strategic Management and Marketing.
4	Strategic Tax Management.
STAGE 4	
1	Management Accounting – Decision Making.
2	Management Accounting – Financial Strategy and Reporting.
3	Cost Audit and Management Audit.
4	Valuations Management and Case Study.

Source: www.mycwai.com

Bibliography

1. "Good business awaits cost accountants," *The Financial Express*, 20th April 1998.
2. "Marching order for ICWAI secretary," 22nd April 2000.
3. "Name change proposal creates flutter at ICWAI," *Business Line*, 2nd April 2002.
4. *The Management Accountant*, September 2003.
5. *The Hindu Business line*, 6th September 2003.
6. *The Hindu Business Line*, 3rd December 2003.
7. Dey, Nilanjan. "ICWAI bid to stall Govt move to increase its hold," *The Hindu Business line*, 11th February 2004.
8. Interview with case writer on 2nd September 2004.
9. ICWAI Annual Reports.
10. www.mycwai.com
11. www.dca.nic.in
12. www.indianexpress.com