

Role of the Institute of Cost Accountants of India in cost reporting practices in India



Jansy C. M.¹, Dr. Sivakumar A²

¹Jansy C. M, Part- time PhD Scholar, PG & Research Department of Commerce and Management Studies, Sree Neelakanta Government Sanskrit College, Pattambi. (Affiliated to Calicut University) & Assistant Professor, PG Department of Commerce Government Arts and Science College Pathirippala, Palakkad, Kerala-678642, Email: jansylalu@gmail.com

²Dr. Sivakumar A, FCMA, Assistant Professor of Commerce, PG & Research Department of Commerce and Management Studies. Sree Neelakanta Government Sanskrit College, Pattambi (Affiliated to Calicut University), Fellow Member of the Institute of Cost Accountants of India. PhD Guide of Calicut University. Email: sivakumarnetumpuramayannur@gmail.com

Abstract

Cost Accounting has a recent origin, especially after the Second World War. The Institute of Cost Accountants of India (ICMAI) is the sole agency in cost reporting practices. In India, the Institute of Chartered Accountants of India and the Institute of Company Secretaries of India are the other regulators. All of the institutes are functioning under the administrative control of the Ministry of Corporate Affairs of the government of India. Here, the researchers have collected both the primary data and the secondary data. From the data analysis using descriptive statistics and inferential statistics, especially one-way ANOVA, the researchers conclude that demographic variables related to employees of cost-system implementing entities. (Sample Size -190) and employees of cost- system non-implementing entities. (Sample Size-194) have a positive impact on their attitude towards different functions of the Institute of Cost Accountants of India.

Keywords: Role of the Institute of Cost Accountants of India, Cost reporting practices in India, Cost Accounting Standards, Employees of Costing system implementing entities, employees of Costing system non-implementing entities.

Introduction

Price and profit margin are important concerns since the emergence of the Industrial Revolution in Europe. But during the Second World War, various dimensions of cost were taken into consideration by the relevant stakeholders. As a result, in India, a special Institute named The Institute of Cost Accountants of India was established in 1945 as a registered company. The institute accepts wide reforms in regular intervals, and the Institute of Cost Accountants of India is the sole agency after independence as far as cost reporting is concerned. Hence, the researchers have taken the title Role of the Institute of Cost Accountants of India in cost reporting practices in India.

Institute of Cost Accountants of India.

2. To make a comparative study among the data collected from various sources.

Sources of Data

Here, the researcher applies data available from various websites. Primary data has also been collected by applying a multi-stage sampling method. A sample size of 384 has been drawn from the following stakeholders:

1. Employees of cost-system implementing entities. (Sample Size -190)
2. Employees of cost- system non-implementing entities. (Sample Size-194)

Objectives

1. To analyse the relationship between the demographic features of the employees of cost- system implementing entities and non-implementing entities and their attitude towards the cost audit function of the

Data Analysis Tools

SPSS software has been applied to conduct a one-way ANOVA based on the responses available through the questionnaire. Validity and reliability measures have been checked through pre-testing process.

Data Collection and analysis.

Table No:1. Three regulators in the corporate governance process

The Institute of Cost Accountants of India1.	The Institute of Chartered Accountants of India2.	The Institute of Company Secretaries of India3.	Administrative control
Regulator in the financial reporting process.	Regulator in the cost reporting process.	Regulator of secretarial practices.	The Ministry of Corporate Affairs of India.

The above table shows the three regulators in the corporate governance process in India.

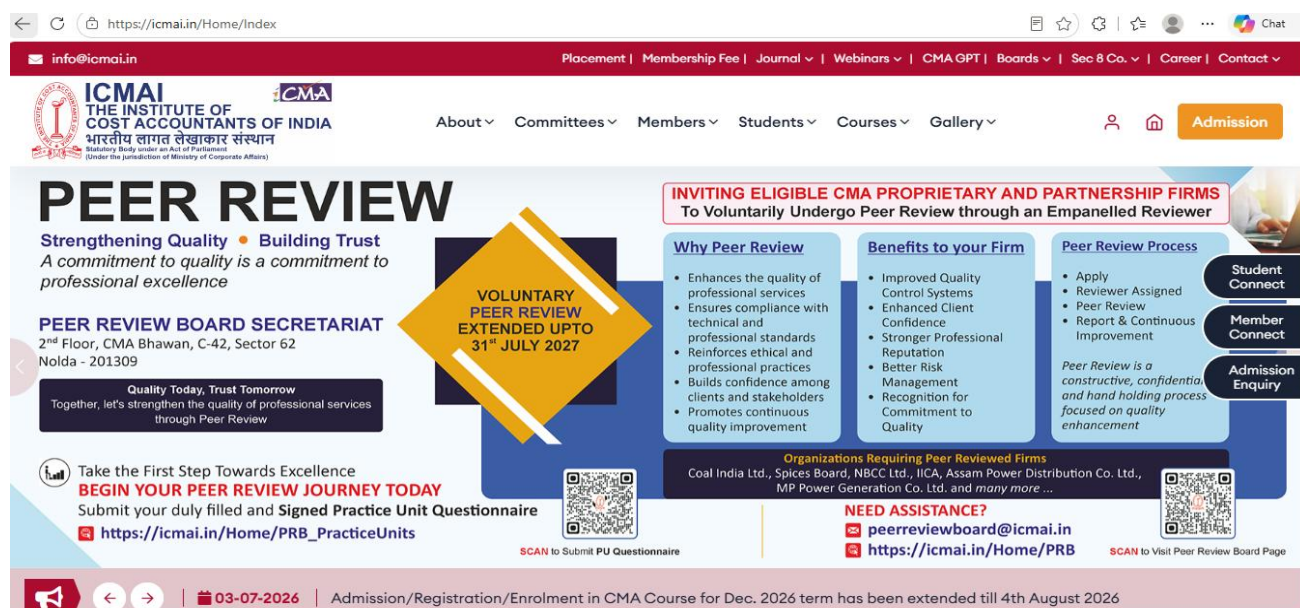


Fig :1. The Institute of Cost Accountants of India.

(Source: <https://icmai.in/Home/Index#4>)

The above Figure 1 shows the official website of the Institute of Cost Accountants of India and the various sub-menus available in it.

Table No:2. Role of ICAI in cost reporting practices in India and the results of one-way ANOVA based on primary data concerning employees of cost- system implementing entities.

Serial No	Role of ICAI in cost reporting practices in India.	Functions of the Institute of Cost Accountants of India based on secondary data and the personal opinion of researchers.	Opinion analysed based on one-way ANOVA
1	Cost Audit	Cost audit is mandatory in the regulated and unregulated sectors based on aggregate turnover of products/ services. Researcher's personal opinion: Cost audit is one of the primary functions of the practising cost accountant who is a member of the Institute of Cost Accountants of India.	$P < 0.05$ Hence, the researchers conclude that there is a relationship between the demographic features of the respondents and their attitude towards the cost audit function of the Institute of Cost

			Accountants of India.
2	Cost reports and cost accounts.	Preparation and maintenance of cost records are mandatory in the regulated and unregulated sectors. Researcher's personal opinion: Preparation and maintenance of cost records are mandatory in the regulated and unregulated sectors as per the Companies Act 2013.	$P < 0.05$ Hence, the researchers conclude that there is a relationship between the demographic features of the respondents and their attitude towards the overview function of the Institute of Cost Accountants of India concerning the preparation and maintenance of cost records being mandatory in the regulated and unregulated sectors.
3	Advocacy function	The Institute of Cost Accountants of India advises both the central government and the state governments in matters related to cost reporting practices. Researcher's personal opinion: The government sought information whenever the need arose.	$P < 0.05$ Hence, the researchers conclude that there is a relationship between the demographic features of the respondents and their attitude towards the advocacy function of the Institute of Cost Accountants of India.

4	CMA Course	To get membership in the Institute of Cost Accountants of India, one has to pass the CMA course conducted by the ICAI. Researcher's personal opinion: Passing the CMA course plus training under a practising Cost Accountant is needed to get membership in the Institute of Cost Accountants of India.	$P < 0.05$ Hence, the researchers conclude that there is a relationship between the demographic features of the respondents and their attitude towards the CMA course of the Institute of Cost Accountants of India.
5	Membership functions.	The Institute of Cost Accountants of India offers various membership functions through its web portal. Researcher's personal opinion: CPE Credit Hours are needed to get FCMA status in the ICAI.	$P < 0.05$ Hence, the researchers conclude that there is a relationship between the demographic features of the respondents and their attitude towards the membership functions of the Institute of Cost Accountants of India.
6	Student functions.	The Institute of Cost Accountants of India offers various student functions through its web portal. Researcher's personal opinion: Exam registration and all other activities are carried out through the ICAI portal.	$P < 0.05$ Hence, the researchers conclude that there is a relationship between the demographic features of the respondents and their attitude towards the student functions of the Institute of Cost Accountants of India.

7	Corporate Mitra Course.	Corporate Mitra Course is a new para-professional course in commerce. It is aimed at MSMEs. The course is offered through the portal named SWAYAM PLUS. Researcher's personal opinion: The following three regulators provide academic support to the course. The Institute of Cost Accountants of India (ICMAI). The Institute of Chartered Accountants of India. The Institute of Company Secretaries of India.	P <0.05 Hence, the researchers conclude that there is a relationship between the demographic features of the respondents and their attitude towards the Corporate Mitra Course of the Institute of Cost Accountants of India.
8	Short-term diploma courses to defence personnel.	The Institute of Cost Accountants of India offers various Short-term diploma courses for defence personnel related to cost accounting. Researcher's personal opinion: Those courses provide a basic understanding of the costing system to defence personnel.	P <0.05 Hence, the researchers conclude that there is a relationship between the demographic features of the respondents and their attitude towards the short-term diploma courses to defence personnel by the Institute of Cost Accountants of India.
9	Awareness programmes by the ICMAI.	ICMAI provides various awareness programmes to different stakeholders including students. Researcher's personal opinion: Those awareness programmes help the public understand ICMAI.	P <0.05 Hence, the researchers conclude that there is a relationship between the demographic features of the respondents and their attitude towards the Awareness programmes by the Institute of Cost Accountants of India.

10	Publication	ICMAI publishes two journals. The Management Accountant Research Bulletin. Researcher's personal opinion: The above-mentioned journals are peer-reviewed and help to disseminate the best cost reporting practices.	$P < 0.05$ Hence, the researchers conclude that there is a relationship between the demographic features of the respondents and their attitude towards the publication function of the Institute of Cost Accountants of India.
11	Cost Accounting Standards.	The Institute of Cost Accountants of India has so far issued 25 Cost Accounting Standards to various stakeholders. Researcher's personal opinion: Those 25 Cost Accounting Standards are the basis of cost records and cost audit in India.	$P < 0.05$ Hence, the researchers conclude that there is a relationship between the demographic features of the respondents and their attitude towards the cost Accounting Standards issued by the Institute of Cost Accountants of India.
12	Generally Accepted costing Principles.	Generally Accepted Cost Accounting Principles issued by ICMAI give definitions to all basic items appearing in the cost records. Researcher's personal opinion: Generally Accepted Cost Accounting Principles issued by ICMAI give definitions to all basic items appearing in the cost records.	$P < 0.05$ Hence, the researchers conclude that there is a relationship between the demographic features of the respondents and their attitude towards the Generally Accepted Cost Accounting Principles issued by the Institute of Cost Accountants of India.

13	CCRAR 2014.	The Companies (Cost Records and Audit) Rules, 2014 is the basis of cost reporting practices in India. Researcher's personal opinion: The Companies (Cost Records and Audit) Rules, 2014 is the basis of cost reporting practices in India.	$P < 0.05$ Hence, the researchers conclude that there is a relationship between the demographic features of the respondents and their attitude towards The Companies (Cost Records and Audit) Rules, 2014.
14	Cost Audit and Assurance Standards.	The government of India has approved 4 cost auditing standards issued by the ICAI. Researcher's personal opinion: The government of India has approved 4 cost auditing standards issued by the ICAI.	$P < 0.05$ Hence, the researchers conclude that there is a relationship between the demographic features of the respondents and their attitude towards the 4 cost auditing standards issued by the ICAI.
15	Guidance notes on Internal Audit.	Internal audit is one of the important areas in which ICAI gives expert advice through Guidance Notes on Internal Audit. Researcher's personal opinion: Internal audit is one of the important areas in which ICAI gives expert advice through Guidance Notes on Internal Audit.	$P < 0.05$ Hence, the researchers conclude that there is a relationship between the demographic features of the respondents and their attitude towards the Guidance notes on Internal Audit. issued by the Institute of Cost Accountants of India.

16	Management Accounting.	The ICAI notices and confirms the recent changes in the areas related to Management Accounting. Researcher's personal opinion. The ICAI notices and confirms the recent changes in the areas related to Management Accounting.	$P < 0.05$ Hence, the researchers conclude that there is a relationship between the demographic features of the respondents and their attitude towards the up dation function of the Institute of Cost Accountants of India.
17	Research	The research portal of the ICAI provides information regarding the following: a. Research b. New vistas in CMA Research. c. Case Study. d. Tax Research. e. Emerging concepts in Management Accounting. f. Research Article. Researcher's personal opinion: The research portal of the ICAI provides information regarding the following: a. Research b. New vistas in CMA Research. c. Case Study. d. Tax Research. e. Emerging concepts in Management Accounting. f. Research Article.	$P < 0.05$ Hence, the researchers conclude that there is a relationship between the demographic features of the respondents and their attitude towards the research function of the Institute of Cost Accountants of India.
18	Peer Review Board.	The Peer Review Board of the ICAI conducts a peer Review exercise concerned with practising CMA entities. Researcher's personal opinion: The Peer Review Board of the ICAI conducts a peer Review exercise concerned with practising CMA entities.	$P < 0.05$ Hence, the researchers conclude that there is a relationship between the demographic features of the respondents and their attitude towards the Peer Review function of the Institute of Cost Accountants of

			India.
--	--	--	--------

(Source: Both the primary and the secondary data)

Here, the researchers have conducted three types of analysis. The details are as follows:

1. One-way ANOVA using the primary data.
2. Data collected from secondary sources.

3. Researchers' personal opinion.

A comparative study is conducted using data collected through the above sources, and the results are depicted in the above table.

Table No:3. Role of ICAI in cost reporting practices in India and the results of One-Way ANOVA based on primary data concerning employees of cost- system non- implementing entities.

Serial No	Role of ICAI in cost reporting practices in India.	Functions of the Institute of Cost Accountants of India based on secondary data and the personal opinion of researchers.	Opinion analysed based on one-way ANOVA
1	Cost Audit	Cost audit is mandatory in the regulated and unregulated sectors based on aggregate turnover of products/ services. Researcher's personal opinion: Cost audit is one of the primary functions of the practising cost accountant who is a member of the Institute of Cost Accountants of India.	$P > 0.05$ Hence, the researchers conclude that there is a relationship between the demographic features of the respondents and their attitude towards the cost audit function of the Institute of Cost Accountants of India.
2	Cost reports and cost accounts	Preparation and maintenance of cost records are mandatory in the regulated and unregulated sectors. Researcher's personal opinion: Preparation and maintenance of cost records are mandatory in the regulated and unregulated sectors as per the Companies Act 2013.	$P > 0.05$ Hence, the researchers conclude that there is no relationship between the demographic features of the respondents and their attitude towards the

			overview function of the Institute of Cost Accountants of India concerning the preparation and maintenance of cost records being mandatory in the regulated and unregulated sectors.
3	Advocacy function	The Institute of Cost Accountants of India advises both the central government and the state governments in matters related to cost reporting practices. Researcher's personal opinion: The government sought information whenever the need arose.	$P > 0.05$ Hence, the researchers conclude that there is no relationship between the demographic features of the respondents and their attitude towards the advocacy function of the Institute of Cost Accountants of India.
4	CMA Course	To get membership in the Institute of Cost Accountants of India, one has to pass the CMA course conducted by the ICAI. Researcher's personal opinion: Passing the CMA course plus training under a practising Cost Accountant is needed to get membership in the Institute of Cost Accountants of India.	$P < 0.05$ Hence, the researchers conclude that there is a relationship between the demographic features of the respondents and their attitude towards the CMA course of the Institute of Cost Accountants of India.

5	Membership functions	The Institute of Cost Accountants of India offers various membership functions through its web portal. Researcher's personal opinion: CPE Credit Hours are needed to get FCMA status in the ICAI.	$P > 0.05$ Hence, the researchers conclude that there is no relationship between the demographic features of the respondents and their attitude towards the membership functions of the Institute of Cost Accountants of India.
6	Student functions	The Institute of Cost Accountants of India offers various student functions through its web portal. Researcher's personal opinion: Exam registration and all other activities are carried out through the ICAI portal.	$P < 0.05$ Hence, the researchers conclude that there is a relationship between the demographic features of the respondents and their attitude towards the student functions of the Institute of Cost Accountants of India.
7	Corporate Mitra Course	Corporate Mitra Course is a new para-professional course in commerce. It is aimed at MSMEs. The course is offered through the portal named SWAYAM PLUS. Researcher's personal opinion: The following three regulators provide academic support to the course. The Institute of Cost Accountants of India (ICAI). The Institute of Chartered	$P > 0.05$ Hence, the researchers conclude that there is no relationship between the demographic features of the respondents and their attitude towards the Corporate Mitra Course of the Institute of Cost Accountants

		Accountants of India. The Institute of Company Secretaries of India.	of India.
8	Short-term diploma courses to defence personnel.	The Institute of Cost Accountants of India offers various Short-term diploma courses for defence personnel related to cost accounting. Researcher's personal opinion: Those courses provide a basic understanding of the costing system to defence personnel.	$P > 0.05$ Hence, the researchers conclude that there is no relationship between the demographic features of the respondents and their attitude towards the short-term diploma courses to defence personnel by the Institute of Cost Accountants of India.
9	Awareness programmes by the ICAI.	ICAI provides various awareness programmes to different stakeholders including students. Researcher's personal opinion: Those awareness programmes help the public understand ICAI.	$P < 0.05$ Hence, the researchers conclude that there is a relationship between the demographic features of the respondents and their attitude towards the Awareness programmes by the Institute of Cost Accountants of India.

10	Publication	ICMAI publishes two journals. The Management Accountant Research Bulletin. Researcher's personal opinion: The above-mentioned journals are peer-reviewed and help to disseminate the best cost reporting practices.	$P > 0.05$ Hence, the researchers conclude that there is no relationship between the demographic features of the respondents and their attitude towards the publication function of the Institute of Cost Accountants of India.
11	Cost Accounting Standards	The Institute of Cost Accountants of India has so far issued 25 Cost Accounting Standards to various stakeholders. Researcher's personal opinion: Those 25 Cost Accounting Standards are the basis of cost records and cost audit in India.	$P > 0.05$ Hence, the researchers conclude that there is no relationship between the demographic features of the respondents and their attitude towards the cost Accounting Standards issued by the Institute of Cost Accountants of India.
12	Generally Accepted costing Principles.	Generally Accepted Cost Accounting Principles issued by ICMAI give definitions to all basic items appearing in the cost records. Researcher's personal opinion: Generally Accepted Cost Accounting Principles issued by ICMAI give definitions to all basic items appearing in the cost records.	$P > 0.05$ Hence, the researchers conclude that there is no relationship between the demographic features of the respondents and their attitude towards the Generally Accepted Cost Accounting Principles

			issued by the Institute of Cost Accountants of India.
13	CCRAR 2014.	The Companies (Cost Records and Audit) Rules, 2014 is the basis of cost reporting practices in India. Researcher's personal opinion: The Companies (Cost Records and Audit) Rules, 2014 is the basis of cost reporting practices in India.	$P < 0.05$ Hence, the researchers conclude that there is a relationship between the demographic features of the respondents and their attitude towards The Companies (Cost Records and Audit) Rules, 2014.
14	Cost Audit and Assurance Standards.	The government of India has approved 4 cost auditing standards issued by the ICAI. Researcher's personal opinion: The government of India has approved 4 cost auditing standards issued by the ICAI.	$P > 0.05$ Hence, the researchers conclude that there is no relationship between the demographic features of the respondents and their attitude towards the 4 cost auditing standards issued by the ICAI.
15	Guidance notes on Internal Audit.	Internal audit is one of the important areas in which ICAI gives expert advice through Guidance Notes on Internal Audit. Researcher's personal opinion: Internal audit is one of the important areas in which ICAI gives expert advice	$P < 0.05$ Hence, the researchers conclude that there is a relationship between the demographic features of the respondents and their attitude

		through Guidance Notes on Internal Audit.	towards the Guidance notes on Internal Audit. issued by the Institute of Cost Accountants of India.
16	Management Accounting.	The ICAI notices and confirms the recent changes in the areas related to Management Accounting. Researcher's personal opinion. The ICAI notices and confirms the recent changes in the areas related to Management Accounting.	$P < 0.05$ Hence, the researchers conclude that there is a relationship between the demographic features of the respondents and their attitude towards the up dation function of the Institute of Cost Accountants of India.
17	Research	The research portal of the ICAI provides information regarding the following: a. Research b. New vistas in CMA Research. c. Case Study. d. Tax Research. e. Emerging concepts in Management Accounting. f. Research Article. Researcher's personal opinion: The research portal of the ICAI provides information regarding the following: a. Research b. New vistas in CMA Research. c. Case Study. d. Tax Research. e. Emerging concepts in Management Accounting. f. Research Article.	$P < 0.05$ Hence, the researchers conclude that there is a relationship between the demographic features of the respondents and their attitude towards the research function of the Institute of Cost Accountants of India.

18	Peer Review Board.	The Peer Review Board of the ICAI conducts a peer Review exercise concerned with practising CMA entities. Researcher's personal opinion: The Peer Review Board of the ICAI conducts a peer Review exercise concerned with practising CMA entities.	$P > 0.05$ Hence, the researchers conclude that there is no relationship between the demographic features of the respondents and their attitude towards the Peer Review function of the Institute of Cost Accountants of India.

(Source: Both the primary and the secondary data)

The above table shows the results of one-way ANOVA system non-implementing entities. based on primary data concerning employees of cost-

Cost Accounting Standards		
CAS No	Title	Objective
CAS-1 (Revised 2015)	Classification of Cost	For preparation of Cost Statements
CAS2 (Revised 2024)	Capacity Determination	CASB of ICAI issues the CAS-2 (Revised 2024) replacing the existing CAS-2 (Revised 2015) for implementation w.e.f. 1st April 2024
CAS3 (Revised 2015)	Production and Operation Overheads	To bring uniformity and consistency in the principles and methods of determining the Production or Operation Overheads with reasonable accuracy.
CAS-4 (Revised 2018)#	Cost Accounting Standard on Cost of Production / Acquisition / Supply of Goods / Provision of Services	To determine cost of production or acquisition or supply of goods or provision of services or both.
CAS5	Average (equalized) Cost of Transportation	To determine averaged/equalized transportation cost
CAS6 (Limited Revision 2017)	Material Cost	To bring uniformity and consistency in the principles and methods of determining the material cost with reasonable accuracy in an economically feasible manner.

Fig:2. Cost Accounting Standards.

(Source: https://icmai.in/Home/CASB_Downloads)5

Cost Accounting standards are the basis of both the cost records and the cost audit. There are a total of 25 cost accounting standards issued by the Cost

Accounting Standards Board of the ICAI.CAS 25: Valuation of the inventory is the latest one in the series.

	Turnover (Rs. Crores) of					Applicability of	
	Table A Products 1	Table B Products 2	Table A + B Products 3 = 1+2	Other Products 4	Total Operating Revenue 5 = 3+4	Cost Records	Cost Audit
Case 1	5	10	15	19	34	No	No
Case 2	5	10	15	25	40	Yes	No
Case 3	10	15	25	26	51	Yes	Only Table A Products
Case 4	0	25	25	26	51	Yes	No
Case 5	20	14	34	75	109	Yes	Only Table A Products
Case 6	20	20	40	61	101	Yes	Both Table A & B Products

Fig.3. Applicability of Cost Records and Cost Audit.

(Source: https://dwpivt501gtb6.cloudfront.net/upload/members/TC_CRA_1602_24.pdf)⁶

The above figure shows the difference between the applicability of maintenance of Cost Records and Cost Audit.



- » Home
- » About the Board
- » Preface
- » Board Members
- » Chairman Communique
- » Exposure Draft
- » Download

Download

Government approves 4 Cost Auditing Standards

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

» SCAs as approved by CAASB & the Council

» Presentations on Standards on Cost Auditing: SCAs 101 - 104

Fig.4. Cost Auditing standards

(Source: https://icmai.in/Home/CAASB_Download)⁷

The above figure shows the four cost auditing standards approved by the Government of India.

Findings

The following are the important findings:

1. The researchers conclude that, concerning the following factors, no differences exist between the attitudes of employees of cost-system-implementing entities and non-implementing entities

- Cost Audit
- CMA Course
- Student functions
- Awareness Programmes by the ICAI
- CCRAR 2014
- Guidance notes on Internal Audit
- Management Accounting
- Research

2. It is observed that concerning the following factors,

differences exist among the employees of cost-system-implementing entities and non-implementing entities.

- Cost reports and cost accounts
- Advocacy function
- Membership functions.
- Corporate Mitra Course.
- Short-term diploma courses to defence personnel
- Publication function
- Cost Accounting Standards
- Generally accepted costing principles
- Cost Audit and Assurance Standards.
- Peer Review Board

3. Data collected from secondary sources are within the line of understanding of the researchers in the study areas.

Concluding remarks

The study recommends more research in the study area since the ICAI caters to the needs of various stakeholders concerning cost reporting practices. The differences in opinion between the employees of costing system implementing entities and non-implementing entities suggest stricter measures from the concerned authorities in compliance with relevant statutory provisions concerning cost audit in all sectors.

References

1. ICAI - The Institute of cost accountants of India. (n.d.). <https://icmai.in/Home/Index>
2. (n.d.). ICAI. <https://www.icaai.org/>
3. Home. (n.d.). ICSI. <https://icsi.edu/home/>
4. [https://icmai.in/Home/Index# 4.](https://icmai.in/Home/Index#4)
5. https://icmai.in/Home/CASB_Downloads
6. [https://dwpivt501gtb6.cloudfront.net/upload/members/TC_CRA_1602_24.pdf.](https://dwpivt501gtb6.cloudfront.net/upload/members/TC_CRA_1602_24.pdf)
7. [https://icmai.in/Home/CAASB_Download.](https://icmai.in/Home/CAASB_Download)