PREFACE

Cost Audit Report Rules, 2001 that is a comprehensive amendment of earlier Cost Audit Report Rules. This comprehensive amendment reconfirms the very significant role that the Cost Accountants are now required to play in the new environment of liberalization and market economy where global competitiveness is the key to survival and success.

When liberalization came to India, an apprehension loomed large that perhaps on the pretext of liberalization, statutory cost accounting and cost audit along with much other statutory work will shrink away, or even disappear. That is, however, based on the misconception that the sole object of cost audit is to aid administered pricing and state imposed controls and restrictions which are incompatible with the so-called free market economy in this era of liberalization. The comprehensive amendment of Cost Audit Report Rules has exploded this misconception that Cost Audit is only a tool for the ‘regime of control and regulation’.

On the contrary, the message of globalization is global competition that is not possible without cost competitiveness. And in fact Cost Audit is the only statutory mechanism that can act as the benchmark for corporate excellence and measure competitiveness of our economic activities in a globally competitive regime. We are happy that with paradigm shift this role of Cost Audit has been highlighted by promulgation of this Cost Audit Report Rules, 2001 (a comprehensive amendment of earlier Cost Audit Report rules).

Cost Audit is now not merely for cost determination and attestation of costs so determined but also focuses on such strategic areas like: domestic & global competitiveness and their related costs, market share
and likely impact that may be made by competing imported products, impact of WTO provisions etc. On the other hand new and emerging areas like human resource development, energy management, pollution control and environment management have also been brought within the ambit of Cost Accounting Records Rules and Cost Audit Report Rules.

This research work aptly sizes up all these new developments and points to a new horizon where Cost Accountants are the most important professionals of the global economic world.

The objective of research work is to reduce the Cost Accounting options in the compilation of Annexure to the Cost Audit Practice in India-A Case Study of CIL, within the limits of authentic rationality, thereby ensuring uniformity and standardized structure of the overall presentation of data and information.

The data on various chapter of the Cost Audit Practice in India provide background material, terms and terminologies, legal requirements and provisions and also gives illustrations to make the worked user friendly.

This research is compiled as a source document for the benefit and use of those dealing with the subject matter. Utmost care has been taken to ensure the accuracy of the material content herein. However there may be different views on the interpretation of the various provisions of CARR 2001 and cost audit system in Coal India Limited.

The entire research work, for the sake of convenience has been divided into eight chapters. The first chapter deals with very concept and objective of cost audit practice in India, the scope and importance for the assistant of researcher/industrialist and also as part of legal requirement
of accountants. The second chapter gives a resume of conceptual frame work about the cost audit. Chapter three explains the how cost audit plan and programme would be made. In forth chapter the statutory cost audit in India is helping in auditing and necessary for users. Chapter five gives the history of Coal India Limited, performance with the production information including graphs, table, and percentage of profit in certain period. Chapter six consider the cost audit (report) rules, with amendments. The seventh chapter gives a resume of different literature, which speaks about the cost audit practice in India and chapter eight explain the research conclusion along with suggestion for improvement if needed be.

I am sure that this research can be followed by the Cost Accounting Professionals and the Industry while discharging their duties effectively.

(Sunil Kumar)