



The Institute of Cost Accountants of India
(Statutory body under an Act of Parliament)

Comparative Statement showing Original Rules 2014 vis-a-vis Amendment Rules 2016 issued on 14th July 2016

Notes:

- 1) All additions are shown in red and deletions are shown in blue.
- 2) Entire Rules are not given; only changes have been highlighted

Sno.	Original Provision	Revised Provision	CETA Heading	Remarks
<u>Table A (Regulated Sectors)</u>				
1.	Telecommunication services made available to users by means of any transmission or reception of signs, signals, writing, images and sounds or intelligence of any nature (other than broadcasting services) and regulated by the Telecom Regulatory Authority of India under the Telecom Regulatory Authority of India Act, 1997 (24 of 1997);	Telecommunication services made available to users by means of any transmission or reception of signs, signals, writing, images and sounds or intelligence of any nature and regulated by the Telecom Regulatory Authority of India under the Telecom Regulatory Authority of India Act, 1997 (24 of 1997); including activities that requires authorization or licence issued by Department of Telecommunication, Government of India under Indian Telegraph Act, 1885.	Not applicable	Since telecommunication includes broadcasting services; hence words "other than broadcasting services" have been deleted. The amendment now includes all such activities that require authorization or licence issued by the Department of Telecommunication, Government of India under Indian Telegraph Act, 1885. This is in line with FAQ No. 1.15 of FAQs-1 issued by the Institute on 19 th March 2015.



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Sno.	Original Provision	Revised Provision	CETA Heading	Remarks
2.	Generation, transmission, distribution and supply of electricity regulated by the relevant regulatory body or authority under the Electricity Act, 2003 (36 of 2003), other than for captive generation (referred to in the Electricity Rules, 2005) ;	Generation, transmission, distribution and supply of electricity regulated by the relevant regulatory body or authority under the Electricity Act, 2003 (36 of 2003);	Generation-2716; Other Activity-Not Applicable	Amendment in this category may be read alongwith changes done in sub-rule 3 of rule 4. It means all companies having captive generation of electricity, whether covered under audit or not, shall be required to maintain cost records. This is in line with FAQ No. 1.19 and 1.20 of FAQs-1 issued by the Institute on 19 th March 2015.
3.	Petroleum products regulated by the Petroleum and Natural Gas Regulatory Board under the Petroleum and Natural Gas Regulatory Board Act, 2006 (19 of 2006);	Petroleum products; including activities regulated by the Petroleum and Natural Gas Regulatory Board under the Petroleum and Natural Gas Regulatory Board Act, 2006 (19 of 2006);	2709 to 2715; Other Activity - Not Applicable	The amendment now makes it clear that all petroleum activities, including those regulated by PNGRB, are covered. This is in line with FAQ No. 1.14 of FAQs-1 issued by the Institute on 19 th March 2015.

Table B (Non-Regulated Sectors)

1.	Machinery and mechanical appliances used in defence, space and atomic	Machinery and mechanical appliances used in defence, space and atomic energy	8401 to 8402 ; 8801 to 8805;	CETA code 8402 has now been added in "Other Machinery" at
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Sno.	Original Provision	Revised Provision	CETA Heading	Remarks
	energy sectors excluding any ancillary item or items; Explanation – For the purposes of this sub- clause any company which is engaged in any item or items supplied exclusively for use under this clause, shall be deemed to be covered under these rules.	sectors excluding any ancillary item or items; Explanation – For the purposes of this sub- clause any company which is engaged in any item or items supplied exclusively for use under this clause, shall be deemed to be covered under these rules.	8901 to 8908	Sno. 31.
3.	Arms and ammunitions;	Arms, ammunitions and explosives ;	3601 to 3603; 9301 to 9306.	Addition of words “explosives” is clarificatory in nature. Any product covered under the CETA Codes is covered.
7.	Port services of stevedoring, pilotage, hauling, mooring, re-mooring, hooking, measuring, loading and unloading services rendered by a Port in relation to a vessel or goods regulated by the Tariff Authority for Major Ports under section 111 of the Major Port Trusts Act, 1963 (38 of 1963) ;	Port services of stevedoring, pilotage, hauling, mooring, re-mooring, hooking, measuring, loading and unloading services rendered by a Port in relation to a vessel or goods regulated by the Tariff Authority for Major Ports;	Not applicable	The amendment would mean that the scope of port activities & their coverage is now not restricted to the activities covered “under section 111 of the Major Port Trusts Act, 1963 (38 of 1963)”.
9.	Steel;	Iron and Steel;	7201 to 7229; 7301 to 7326	Addition of the word “Iron” is a clarification only; otherwise all



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Sno.	Original Provision	Revised Provision	CETA Heading	Remarks
				products included in the given CETA codes were already covered.
11.	Rubber and allied products being regulated by the Rubber Board constituted under the Rubber Act, 1947 (XXIV of 1947)	Rubber and allied products; including products regulated by the Rubber Board constituted under the Rubber Act, 1947 (XXIV of 1947).	4001 to 4017	<p>This amendment now clarifies that all rubber and allied products covered under CETA codes 4001 to 4017, whether regulated by the Rubber Board or not, are included in the Rules.</p> <p>This is in line with FAQ No. 1.14 of FAQs-1 issued by the Institute on 19th March 2015.</p>
31.	Other machinery;	Other machinery and Mechanical Appliances;	8402; 8403 to 8487	<p>The words “and Mechanical Appliances with CETA heading 8402” has been added. All products covered under these CETA Codes are now covered. Addition of 8402 is reclassification and added under this category.</p>



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Other Changes in the Rules

Rule No.	Existing Provision	Revised Provision
Rule 2(d)	“cost audit report” means the report duly audited and signed by the cost auditor including attachment, annexure, qualifications or observations etc. to cost audit report;	“cost audit report” means the report duly signed cost auditor’s report on cost records examined and cost statements which are prepared as per these rules, including attachment, annexure, qualifications or observations attached with or included in such report;
Rule 4(3)	The requirement for cost audit under these rules shall not apply to a company which is covered in rule 3, and- (i) whose revenue from exports, in foreign exchange, exceeds seventy five per cent of its total revenue; or (ii) which is operating from a special economic zone.	The requirement for cost audit under these rules shall not apply to a company which is covered in rule 3, and- (i) whose revenue from exports, in foreign exchange, exceeds seventy five per cent of its total revenue; or (ii) which is operating from a special economic zone; or (iii) which is engaged in generation of electricity for captive consumption through captive generation plant. For this purpose, the term within “Captive Generation Plant” shall have the same meaning as assigned in Rule 3 of the Electricity Rules, 2005.
Rule 6(1) & (1A)	New insertion	Provided that before such appointment is made, the written consent of the cost auditor to such appointment, and a certificate from him or it, as provided in sub-rule (1A), shall be obtained: (1A) The cost auditor appointed under sub-rule (1) shall submit a certificate that:- (a) the individual or the firm, as the case may be, is eligible for



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Rule No.	Existing Provision	Revised Provision
		<p>appointment and is not disqualified for appointment under the Act, the Cost and Works Accountants Act, 1959 and the rules or regulations made thereunder;</p> <p>(b) the individual or the firm, as the case may be, satisfies the criteria provided in section 141 of the Act;</p> <p>(c) the proposed appointment is within the limits laid down by or under the authority of the Act;</p> <p>(d) the list of proceedings against the cost auditor or audit firm or any partner of the audit firm pending with respect to professional matters of conduct, as disclosed in the certificate, is true and correct.</p>
Rule 6 (3)	New insertion	<p>Provided that the cost auditor appointed under these rules may be removed from his office before the expiry of his term, through a board resolution after giving a reasonable opportunity of being heard to the Cost Auditor and recording the reasons for such removal in writing:</p> <p>Provided further that the Form CRA-2 to be filed with the Central Government for intimating appointment of another cost auditor shall enclose the relevant Board Resolution to the effect:</p> <p>Provided also that nothing contained in this sub-rule shall prejudice the right of the cost auditor to resign from such office of the company.</p>



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Rule No.	Existing Provision	Revised Provision
Rule 6, Sub-rule (3B)	New insertion	(3B) The cost statements, including other statements to be annexed to the cost audit report, shall be approved by the Board of Directors before they are signed on behalf of the Board by any of the director authorized by the Board, for submission to the cost auditor to report thereon;
Rule 6, Sub-rule (5)	(5) Every cost auditor shall forward his report to the Board of Directors of the company within a period of one hundred and eighty days from the closure of the financial year to which the report relates and the Board of directors shall consider and examine such report particularly any reservation or qualification contained therein.	(5) Every cost auditor shall forward his duly signed report to the Board of Directors of the company within a period of one hundred and eighty days from the closure of the financial year to which the report relates and the Board of directors shall consider and examine such report, particularly any reservation or qualification contained therein.
Rule 6 (6)	(6) Every company covered under these rules shall, within a period of thirty days from the date of receipt of a copy of the cost audit report, furnish the Central Government with such report along with full information and explanation on every reservation or qualification contained therein, in form CRA-4 alongwith fees specified in the Companies (Registration Offices and Fees) Rules, 2014.	(6) Every company covered under these rules shall, within a period of thirty days from the date of receipt of a copy of the cost audit report, furnish the Central Government with such report alongwith full information and explanation on every reservation or qualification contained therein, in form CRA-4 in Extensible Business Reporting Language (XBRL) format in the manner as specified in the Companies (Filing of Documents and Forms in Extensible Business Reporting language) Rules, 2015 alongwith fees specified in the Companies (Registration Offices and Fees) Rules, 2014.