THE COST ACCOUNTANTS ACT, 1959

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THE COST ACCOUNTANTS ACT, 1959

ACT NO. 23 OF 1959

[19*th May*, 1959.]

An Act to make provision for the [1][regulation and development of the profession of cost accountants].

BE it enacted by Parliament in the Tenth Year of the Republic of India as follows:—

CHAPTER I

PRELIMINARY

1. Short title, extent and commencement.—(*1*) This Act may be called the [2][Cost Accountants] Act, 1959.

(*2*) It extends[3] to the whole of India [4]***;

(*3*) It shall come into force on such date[5] as the Central Government may, by notification in the Official Gazette, appoint.

2. Definitions and interpretation.—(*1*) In this Act, unless the context otherwise requires,—

(*a*) "associate" means an associate member of the Institute;

[6][(*aa*) "Authority" means the Appellate Authority referred to in section 22A;

(*aaa*) "Board" means the Quality Review Board constituted under section 29A];

[7][(*ab*) "Board of Discipline" means the Board of Discipline constituted under sub-section (*1*) of section 21A;

(*ac*) "Companies Act" means the Companies Act, 2013 (18 of 2013) or any other previous company law as defined in clause (*67*) of section 2 of the said Act;]

(*b*) "cost accountant" means a person who is a member of the Institute;

(*c*) "Council" means the Council of the Institute [7][constituted under section 9];

[7][(*ca*) "Director (Discipline)" means the Director (Discipline) referred to in section 21 and includes Joint Director (Discipline);

(*cb*) "Disciplinary Committee" means the Disciplinary Committee constituted under sub-section (*1*) of section 21B;

(*cc*) "Disciplinary Directorate" means the Disciplinary Directorate established under sub-section (*1*) of section 21;]

(*d*) "dissolved company" means the Institute of Cost and Works Accountants registered under the Companies Act, [8]***;

[9][(*e*) "fellow" means a fellow member of the Institute;]

[10][(*ea*)"firm" shall have the meaning assigned to it in section 4 of the Indian Partnership Act, 1932 (9 of 1932), and includes,—

1. Subs. by Act 12 of 2022, s. 38, for "regulation of the profession of cost and work accountants" (w.e.f. 10-5-2022).
2. Subs. by s. 39, *ibid*., for "Cost and Works Accountants" (w.e.f. 10-5-2022).
3. This is made applicable union territory Goa, Daman and Diu, s. 3 and the Schedule (w.e.f. 1-8-1965).
4. The words "except the State of Jammu and Kashmir" omitted by Act 25 of 1968, s. 2 and the Schedule (w.e.f. 15-8-1968).
5. 28th May, 1959, *vide* notification No. G.S.R. 610, dated 25th May, 1959, *see* Gazette of India, Extraordinary, Part II, sec. 3(*i*).
6. Ins. by Act 7 of 2006, s. 2 (w.e.f. 8-8-2006).
7. Ins. by Act 12 of 2022, s. 40 (w.e.f. 10-5-2022).
8. The figure "1956" omitted by s. 40, *ibid.* (w.e.f. 10-5-2022).
9. Subs. by s. 40, *ibid*., for clause (*e*) (w.e.f. 10-5-2022).
10. Ins. by Act 10 of 2012, s. 2 (w.e.f. 1-2-2012).

(*i*) the limited liability partnership as defined in clause (*n*) of sub-section (*1*) of section 2 of the Limited Liability Partnership Act, 2008 (6 of 2009); or

(*ii*) the sole proprietorship,

registered with the Institute;]

(*f*) "Institute" means the [1][Institute of Cost Accountants of India] constituted under this Act;

[2][(*fa*) "notification" means a notification published in the Official Gazette and the term "notify" shall be construed accordingly;]

[3][(*fb*) "partner" shall have the meaning assigned to it in section 4 of the Indian Partnership Act, 1932 (9 of 1932) or in clause (*q*) of sub-section (*1*) of section 2 of the Limited Liability Partnership Act, 2008 (6 of 2009), as the case may be;

(*fc*) "partnership" means—

(*A*) a partnership as defined in section 4 of the Indian Partnership Act, 1932 (9 of 1932); or

(*B*) a limited liability partnership which has no company as its Partner;]

(*g*) "prescribed" means prescribed by regulations made under this Act;

(*h*) "President" means the President of the Council;

[4][(*i*) "Register" means the Register of members of the Institute maintained under section 19 or Register of firms of the Institute maintained under section 20B, as the case may be;]

[5][(*ia*) "specified" means specified by rules made by the Central Government under this Act;

[3][(*iaa*) "sole proprietorship" means an individual who engages himself in the practice of cost accountancy or offers to perform services referred to in clauses (*ii*) to (*iv*) of sub-section (*2*);]

[6][(*iaaa*) "Standing Committee" means a Standing Committee constituted under sub-section (*1*) of section 17;]

(*ib*) "Tribunal" means a Tribunal established under sub-section (*1*) of section 10B;]

(*j*) "Vice-President" means the Vice-President of the Council;

(*k*) "year" means the period commencing on the 1st day of April of any year and ending on the 31st day of March of the succeeding year.

(*2*) Save as otherwise provided in this Act, a member of the Institute shall be deemed "to be in practice" when, individually or in partnership with one or more members of the Institute in practice, [3][or in partnership with members of such other recognised professions as may be prescribed] he, in consideration of remuneration received or to be received,—

(*i*) engages himself in the practice of [7][cost accountancy]; or

(*ii*) offers to perform or performs services involving the costing or pricing of goods or services or the preparation, verification or [8][certification or auditing of cost accounting and related statements or holds himself out to the public as a cost accountant in practice]; or

1. Subs. by Act 10 of 2012, s. 2, for "Institute of Cost and Works Accountants of India" (w.e.f. 1-2-2012).
2. Subs. by Act 12 of 2022, s. 40, for clause (*fa*) (w.e.f. 10-5-2022).
3. Ins. by Act 10 of 2012, s. 2 (w.e.f. 1-2-2012).
4. Subs. by Act 12 of 2022, s. 40, for clause (*i*) (w.e.f. 10-5-2022).
5. Ins. by Act 7 of 2006, s. 2 (w.e.f. 8-8-2006).
6. Ins. by Act 12 of 2022, s. 40 (w.e.f. 10-5-2022).
7. Subs. by Act 10 of 2012, s. 2, for "cost and works accountancy" (w.e.f. 1-2-2012).
8. Subs. by s. 2, *ibid*., for "certification of cost accounting and related statements or holds himself out to the public as a cost accountant in practice" (w.e.f. 1-2-2012).

(*iii*) renders professional services or assistance in or about matters of principle or detail relating to cost accounting procedure or the recording, presentation or certification of costing facts or data; or

(*iv*) renders such other services as, in the opinion of the Council, are or may be rendered by a cost accountant in practice;

and the words "to be in practice", with their grammatical variations and cognate expressions, shall be construed accordingly.

Explanation.—A member of the Institute who is a whole-time salaried employee of any person shall not be deemed to be in practice within the meaning of this sub-section.

CHAPTER II

THE INSTITUTE OF COST [1]*** ACCOUNTANTS

3. Incorporation of the Institute.—(*1*) All persons whose names are entered in the Register at the commencement of this Act and all persons who may hereafter have their names entered in the Register under the provisions of this Act, so long as they continue to have their names borne on the said Register, are hereby constituted a body corporate by the name of the [2][Institute of Cost Accountants of India], and all such persons shall be known as members of the Institute.

(*2*) The Institute shall have perpetual succession and a common seal, and shall have power to acquire, hold and dispose of property, both movable and immovable, and shall by its name sue or be sued.

4. Entry of names in the [3][Register of members].—(*1*) Any of the following persons shall be entitled to have his name entered in the [3][Register of members], namely:—

(*i*) any person who was an associate or a fellow of the dissolved company (other than an honorary associate or honorary fellow thereof) immediately before the commencement of this Act, except any such person who is not a permanent resident of India and is not at such commencement practicing as a cost accountant in India;

(*ii*) any person who has passed such examination and completed such training as may be prescribed for members of the Institute;

(*iii*) any person who, at the commencement of this Act, is engaged in the practice of cost accountancy in India and who fulfills such conditions as the Central Government or the Council may specify in this behalf;

(*iv*) any person who has passed such other examination and completed such other training [4][outside India] as is recognised by the Central Government or the Council as being equivalent to the examination and training prescribed for members of the Institute:

Provided that in the case of any person who is not permanently residing in India, the Central Government or the Council may impose such further conditions as it may deem fit;

(*v*) any person domiciled in India, who at the commencement of this Act is studying for any foreign examination and is at the same time undergoing training, whether within or [4][outside India], or, who, having passed such examination, is at such commencement undergoing training whether within or [4][outside India]:

Provided that such foreign examination and training are recognised by the Central Government or the Council in this behalf:

Provided further that the person passes the examination and completes his training within five years from the commencement of this Act.

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1. The heading "AND WORKS" omitted by Act 12 of 2022, s. 41 (w.e.f. 10-5-2022).
2. Subs. by Act 10 of 2012, s. 3, for "Institute of Cost and Works Accountants of India" (w.e.f. 1-2-2012).
3. Subs. by Act 12 of 2022, s. 42, for "Register" (w.e.f. 10-5-2022).
4. Subs. by s. 42, *ibid*., for "without India" (w.e.f. 10-5-2022).

(*2*) Every person belonging to the class mentioned in clause (*i*) of sub-section (*1*) shall have his name entered in the [1][Register of members] without the payment of any entrance fee.

[2][(*3*) Every person belonging to any of the classes mentioned in clauses (*ii*), (*iii*), (*iv*) and (*v*) of sub-section (*1*) shall have his name entered in the [1][Register of members] on an application being made and granted in the prescribed manner and on payment of such fees, as may be determined, by notification, by the Council [3]***:

[4]* * * * *.]

(*4*) The Central Government shall take such steps as may be necessary for the purpose of having the names of all persons belonging to the class mentioned in clause (*i*) of sub-section (*1*) entered in the [1][Register of members] at the commencement of this Act.

5. Fellows and Associates.—(*1*) The members of the Institute shall be divided into two classes designated respectively as associates and fellows.

(*2*) Any person other than a person to whom the provisions of sub-section (*3*) apply shall, on his name being entered in the [5][Register of members], be deemed to have become an associate member of the Institute and so long as his name remains so entered, shall be entitled to use the letters [6][ACMA] after his name to indicate that he is an associate member of the [7][Institute of Cost Accountants of India].

(*3*) Any person who was a fellow of the dissolved company and who is entitled to have his name entered in the [5][Register of members], under clause (*i*) of sub-section (*1*) of section 4, shall be entered in the [5][Register of members] as a fellow of the Institute.

[8][(*4*) A member, being an associate who has been in continuous practice in India for at least five years, whether before or after the commencement of this Act, or whether partly before and partly after the commencement of this Act, and a member who has been an associate for a continuous period of not less than five years and who possesses such qualifications as the Council may prescribe with a view to ensuring that he has experience equivalent to the experience normally acquired as a result of continuous practice for a period of five years as a cost accountant shall, on payment of such fees, as may be determined, by notification, by the Council, [9]*** and on application made and granted in the prescribed manner, be entered in the Register as a fellow of the Institute:

[10]* * * * *.

Explanation I.—For the purposes of this sub-section, a person shall be deemed to have practiced in India for any period for which he has held a certificate of practice under section 6, notwithstanding that he did not actually practice during that period.

Explanation II.—In computing the continuous period during which a person has been an associate of the Institute, there shall be included any continuous period during which the person has been an associate of the dissolved company immediately before he became an associate of the Institute.]

(*5*) Any person whose name is entered in the [5][Register of members] as a fellow of the Institute and so long as his name remains so entered, shall be entitled to use the letters [11][FCMA] after his name to indicate that he is a fellow of the [7][Institute of Cost Accountants of India].

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1. Subs. by Act 12 of 2022, s. 42, for "Register" (w.e.f. 10-5-2022).
2. Subs. by Act 7 of 2006, s. 3, for sub-section (*3*) (w.e.f. 8-8-2006).
3. The words ", which shall not exceed rupees three thousand" omitted by Act 12 of 2022, s. 42 (w.e.f. 10-5-2022).
4. The proviso omitted by s. 42, *ibid*. (w.e.f. 10-5-2022).
5. Subs. by s. 43, *ibid*., for "Register" (w.e.f. 10-5-2022).
6. Subs. by Act 10 of 2012, s. 4, for "AICWA" (w.e.f. 1-2-2012).
7. Subs. by s. 4, *ibid*. ,for "Institute of Cost and Works Accountants" (w.e.f. 1-2-2012).
8. Subs. by Act 7 of 2006, s. 4, for sub-section (*4*) (w.e.f. 8-8-2006).
9. The words "which shall not exceed rupees five thousand," omitted by Act 12 of 2022, s. 43 (w.e.f. 10-5-2022).
10. The proviso omitted by s. 43, *ibid*. (w.e.f. 10-5-2022).
11. Subs. by Act 10 of 2012, s. 4, for "FICWA" (w.e.f. 1-2-2012).

6. Certificate of practice.—(*1*) No member of the Institute shall be entitled to practise, whether in India or elsewhere, unless he has obtained from the Council a certificate of practice.

[1][(*2*) Every such member shall make an application in such form, and pay such annual fee, for his certificate as may be determined, by notification, by the Council, [2]*** and such fee shall be payable on or before the 1st day of April in each year:

[3]* * * * *

[4][Provided that] if a member of the Institute, who was in practice immediately before the commencement of this Act, has made within one month of such commencement an application for the grant of certificate of practice, he shall not be deemed to have contravened the provisions of sub-section (*1*) by reason of his having practiced during the period between such commencement and the disposal of the application];

[5][(*3*) The certificate of practice obtained under sub-section (*1*) may be cancelled by the Council under such circumstances as may be prescribed.]

7. Members to be known as cost accountants.—Every member of the Institute in practice shall, and any other member may, use the designation of a cost accountant and no member using such designation shall use any other description, whether in addition thereto or in substitution therefore:

Provided that nothing in this section shall be deemed to prohibit any such member from adding any other description or letters to his name, if entitled thereto, to indicate membership of such other Institute of accountancy, whether in India or elsewhere, as may be recognised in this behalf by the Council, or any other qualification that he may possess, or to prohibit a firm, all the partners of which are members of the Institute and in practice, from being known by its firm name as cost accountants.

8. Disabilities.—Notwithstanding anything contained in section 4, a person shall not be entitled to have his name entered in, or borne on, the [6][Register of members] if he—

(*i*) has not attained the age of twenty-one years at the time of his application for the entry of his name in the [6][Register of members]; or

(*ii*) is of unsound mind and stands so adjudged by a competent court; or

(*iii*) is an undischarged insolvent [7][or undischarged bankrupt]; or

[7][(*iiia*) is declared bankrupt under the Insolvency and Bankruptcy Code, 2016 (31 of 2016);]

(*iv*) being a discharged insolvent, has not obtained from the court a certificate stating that his insolvency was caused by misfortune without any misconduct on his part; or

(*v*) has been convicted by a competent court whether within or [8][outside India], of an offence involving moral turpitude and punishable with imprisonment or of an offence, not of a technical nature, committed by him in his professional capacity unless in respect of the offence committed he has either been granted a pardon or, on an application made by him in this behalf, the Central Government has, by an order in writing removed the disability; or

(*vi*) has been removed from membership of the Institute on being found on inquiry to have been guilty of professional or other misconduct:

Provided that a person who has been removed from membership for a specified period, shall not be entitled to have his name entered in the [6][Register of members] until the expiry of such period.

1. Subs. by Act 7 of 2006, s. 5, for sub-section (*2*) (w.e.f. 8-8-2006).
2. The words "which shall not exceed rupees three thousand" omitted by Act 12 of 2022, s. 44 (w.e.f. 10-5-2022).
3. The proviso omitted by s. 44, *ibid*. (w.e.f. 10-5-2022).
4. Subs. by s. 44, *ibid*., for "Provided further that" (w.e.f. 10-5-2022).
5. Ins. by Act 7 of 2006, s. 5 (w.e.f. 8-8-2006).
6. Subs. by Act 12 of 2022, s. 45, for "Register" (w.e.f. 10-5-2022).
7. Ins. by s. 45, *ibid*. (w.e.f. 10-5-2022).
8. Subs. by s. 45, *ibid*., for "without India" (w.e.f. 10-5-2022).

CHAPTER III

COUNCIL OF THE INSTITUTE

9. Constitution of the Council of the Institute.—(*1*) There shall be a Council of the Institute for the management of the affairs of the Institute and for discharging the functions assigned to it by or under this Act.

[1][(*2*) The Council shall be composed of the following persons, namely:—

(*a*) not more than fifteen persons elected by the members of the Institute, from amongst the fellows of the Institute chosen in such manner and from such regional constituencies as may be specified:

Provided that a fellow of the Institute, who has been found guilty of any professional or other misconduct, and whose name is removed from the [2][Register of members] or has been awarded penalty of fine, shall not be eligible to contest the election,—

(*i*) in case of misconduct falling under the First Schedule of this Act, for a period of [3][four years];

(*ii*) in case of misconduct falling under the Second Schedule of this Act, for a period of [4][eight years],

from the completion of the period of removal of name from the [2][Register of members] or payment of fine, as the case may be;

(*b*) not more than five persons nominated in the specified manner by the Central Government.]

[5][(*3*) No person holding a post under the Central Government or a State Government shall be eligible for election to the Council under clause (*a*) of sub-section (*2*).

(*4*) No [6][member of the Institute or any partner of a firm] who has been auditor of the Institute shall be eligible for election to the Council under clause (*a*) of sub-section (*2*) for a period of [7][four years] after he ceases to be an auditor.]

[8][10. Re-election or re-nomination to Council.—A member of the Council, elected or nominated under sub-section (*2*) of section 9, shall be eligible for re-election or as the case may be,re-nomination:

Provided that no member shall hold the office for more than two consecutive terms:

Provided further that a member of the Council, who is or has been elected as President under sub-section (*1*) of section 12, shall not be eligible for election or nomination as a member of the Council.]

[9][10A. Settlement of disputes regarding election.—In case of any dispute regarding any election under clause (*a*) of sub-section (*2*) of section 9, the aggrieved person may make an application within thirty days from the date of declaration of the result of election to the Secretary of the Institute, who shall forward the same to the Central Government.

10B. Establishment of Tribunal.—(*1*) On receipt of any application under section 10A, the Central Government shall, by notification, establish a Tribunal consisting of a Presiding Officer and two other Members to decide such dispute and the decision of such Tribunal shall be final.

(*2*) A person shall not be qualified for appointment,—

(*a*) as a Presiding Officer of the Tribunal unless he has been a member of the Indian Legal Service and has held a post in Grade I of the service for at least three years;

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1. Subs. by Act 7 of 2006, s. 6, for sub-section (*2*) (w.e.f. 17-11-2006).
2. Subs. by Act 12 of 2022, s. 46, for "Register" (w.e.f. 10-5-2022).
3. Subs. by s. 46, *ibid*., for "three years" (w.e.f. 10-5-2022).
4. Subs. by s. 46, *ibid*., for "six years" (w.e.f. 10-5-2022).
5. Ins. by Act 7 of 2006, s. 6 (w.e.f. 17-11-2006).
6. Subs. by Act 12 of 2022, s. 46, for "person" (w.e.f. 10-5-2022).
7. Subs. by s. 46, *ibid*., for "three years" (w.e.f. 10-5-2022).
8. Subs. by Act 7 of 2006, s. 7, for section 10 (w.e.f. 17-11-2006).
9. Ins. by s. 8, *ibid*. (w.e.f. 17-11-2006).

(*b*) as a Member unless he has been a member of the Council for at least one full term, and who is not a sitting member of the Council or who has not been a candidate in the election under dispute; or

(*c*) as a Member unless he holds the post of a Joint Secretary to the Government of India or any other post under the Central Government carrying a scale of pay which is not less than that of a Joint Secretary to the Government of India.

(*3*) The terms and conditions of service of the Presiding Officer and Members of the Tribunal, their place of meetings and allowances shall be such as may be specified.

(*4*) The expenses of the Tribunal shall be borne by the Council.]

11. Nomination in default of election.—If the members of the Institute fail to elect any member under clause (*a*) of sub-section (*2*) of section 9 from any of the regional constituencies that may be specified under that clause, the Central Government may nominate any duly qualified person from such constituency to fill the vacancy, and any person so nominated shall be deemed to be a duly elected member of the Council.

12. President and Vice-president.—(*1*) The Council at its first meeting shall elect two of its members to be respectively the President and the Vice-President thereof, and so often as the office of the President or the Vice-President becomes vacant, the Council shall choose a person to be the President or the Vice-President, as the case may be:

[1]* * * * *

(*2*) The President shall be the [2][Head] of the Council.

[3][(*2A*) The President shall preside at the meetings of the Council.

(*2B*) The President and the Vice-President shall exercise such powers and perform such duties and functions as may be prescribed.

(*2C*) It shall be the duty of the President to ensure that the decisions taken by the Council are implemented.

(*2D*) If, for any reason a vacancy occurs in the office of the President, or if the President is absent or for any other reason, is unable to exercise the powers or perform the duties assigned to him, the Vice-President shall act in his place and exercise the powers and perform the duties of the President.]

(*3*) The President or the Vice-President shall hold office for a period of one year from the date on which he is chosen but so as not to extend beyond his term of office as a member of the Council, and, subject to his being a member of the Council at the relevant time, he shall be eligible for re-election [4][under sub-section (*1*)]:

Provided that [5][the President and the Vice-President] of the Council at the time of the expiration of its duration shall continue to hold office until a new Council is constituted in accordance with the provisions of this Act.

13. Resignation of membership and casual vacancies.—(*1*) Any member of the Council may at any time resign his membership by writing under his hand addressed to the President, and the seat of such member shall become vacant when such resignation is notified in the Official Gazette.

(*2*) A member of the Council shall be deemed to have vacated his seat if he is declared by the Council to have been absent without sufficient excuse from three consecutive meetings of the Council [6][or he has been found guilty of any professional or other misconduct and awarded penalty of fine], or if his name is, for any cause, removed from the [7][Register of members] under the provisions of section 20.

1. The proviso omitted by Act 12 of 2022, s. 47 (w.e.f. 10-5-2022).
2. Subs. by Act 7 of 2006, s. 7, for "Chief Executive Authority" (w.e.f. 8-8-2006).
3. Ins. by Act 12 of 2022, s. 47 (w.e.f. 10-5-2022).
4. Ins. by Act 7 of 2006, s. 9 (w.e.f. 8-8-2006).
5. Subs. by s. 9, *ibid*., for "the President" (w.e.f. 8-8-2006).
6. Ins. by Act 7 of 2006, s. 10, (w.e.f. 17-11-2006).
7. Subs. by Act 12 of 2022, s. 48, for "Register" (w.e.f. 10-5-2022).

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(*3*) A casual vacancy in the Council shall be filled by fresh election from the constituency concerned or by nomination by the Central Government, as the case may be, and the person elected or nominated to fill the vacancy shall hold office until the dissolution of the Council:

Provided that no election shall be held to fill a casual vacancy occurring within[1][one year] prior to the date of the expiration of the duration of the Council, but such a vacancy may be filled by the nomination by the Central Government after consultation with the President of the Council.

(*4*) No act done by the Council shall be called in question on the ground merely of the existence of any vacancy in, or defect in the constitution of, the Council.

14. Duration and dissolution of Council.—(*1*) The duration of any Council constituted under this Act shall be [2][four years] from the date of its first meeting.

(*2*) Notwithstanding the expiration of the duration of a Council (hereinafter referred to as the former Council), the former Council shall continue to exercise its functions under this Act until a new Council is constituted in accordance with the provisions of this Act, and on such constitution, the former Council shall stand dissolved.

[3][**15. Functions of Council.**—(*1*) The Institute shall function under the overall control, guidance and supervision of the Council and the duty of carrying out the provisions of this Act shall be vested in the Council.

(*2*) In particular, and without prejudice to the generality of the foregoing powers, the duties of the Council shall include—

(*a*) to approve academic courses and their contents;

(*b*) the prescribing of fees for the examination of candidates for enrolment;

(*c*) the prescribing of qualifications for entry in the [4][Register of members];

(*d*) the recognition of foreign qualifications and training for the purposes of enrolment;

(*e*) the prescribing of guidelines for granting or refusal of certificates of practice under this Act;

[5][(*ea*) the granting or refusal, of registration of a firm;]

(*f*) the levy of fees from members, examinees and other persons;

(*g*) the regulation and maintenance of the status and standard of professional qualifications of members of the Institute;

(*h*) the carrying out, by granting financial assistance to persons other than members of the Council or in any other manner, of research in accountancy;

(*i*) to enable functioning of the Director (Discipline), the Board of Discipline, the Disciplinary Committee and the Appellate Authority constituted under the provisions of this Act;

(*j*) to enable functioning of the Quality Review Board;

[5][(*ja*) to issue guidelines for the purpose of carrying out the objects of this Act;

(*jb*) to conduct investor education and awareness programmes;

(*jc*) to enter into any memorandum or arrangement with the prior approval of the Central Government, with any agency of any foreign country, for the purpose of performing its functions under this Act;]

(*k*) consideration of the recommendations of the Quality Review Board made under clause (*a*) of section 29B [6][and the details of action taken thereon in its annual report]; and

1. Subs. by Act 7 of 2006, s. 10, for "six months" (w.e.f. 8-8-2006).
2. Subs. by s. 11, *ibid.*, for "three years" (w.e.f. 22-7-2007).
3. Subs. by s. 12, *ibid.*, for section 15 (w.e.f. 17-11-2006).
4. Subs. by Act 12 of 2022, s. 49, for "Register" (w.e.f. 10-5-2022).
5. Ins. by s. 49, *ibid.* (w.e.f. 10-5-2022).
6. Subs. by s. 49, *ibid.*, for ", action taken thereon with a report to the Central Government within a period of three months, and their inclusion in the annual report" (w.e.f. 10-5-2022).

(*l*) to ensure the functioning of the Institute in accordance with the provisions of this Act and in performance of other statutory duties as may be entrusted to the Institute from time to time].

[1][**15A. Functions of Institute.**—The functions of the Institute shall include—

(*a*) the examination of candidates for enrolment;

(*b*) the regulation of training of students;

(*c*) the maintenance and publication of a Register of persons qualified to practice as cost accountants;

[2][(*ca*) the maintenance and publication of a Register of firms;]

(*d*) collection of fees from members, examinees and other persons;

(*e*) subject to the orders of the appropriate authorities under this Act, the removal of names from the [3][Register of members and firms and the restoration of names to the Register of members and firms] which have been removed;

(*f*) the maintenance of a library and publication of books and periodicals relating to accountancy and allied subjects;

(*g*) the conduct of elections to the Council of the Institute; and

(*h*) the granting or refusal of certificates of practice as per guidelines issued by the Council.

15B. Imparting education by Universities and other bodies.—(*1*) Subject to the provisions of this Act, any University established by law or any body affiliated to the Institute, may impart education on the subjects covered by the academic courses of the Institute.

(*2*) The Universities or bodies referred to in sub-section (*1*) shall, while awarding degree, diploma or certificate or bestowing any designation, ensure that the award or designation do not resemble or is not identical to one awarded by the Institute.

(*3*) Nothing contained in this section shall enable a University or a body to adopt a name or nomenclature which is in any way similar to that of the Institute.]

[4][**16. Officers and employees, salary, allowances, etc.**—(*1*) For the efficient performance of its duties, the Council shall—

(*a*) appoint a Secretary of the Council to perform such duties as may be prescribed;

(*b*) appoint a Director (Discipline) to perform such functions as assigned to him under this Act and the rules and regulations framed thereunder;

(*c*) designate an officer of the Council or the Institute to carry out the administrative functions of the Institute as its chief executive.

(*2*) The Council may also—

(*a*) appoint such other officers and employees to the Council and the Institute as it considers necessary;

(*b*) require and take from the Secretary or from any other officer or employee of the Council and the Institute such security for the due performance of his duties, as the Council considers necessary;

[5][(*c*) prescribe the manner of appointment, powers, duties and functions of the Secretary and other officers and employees, their salaries, fees, allowances and other terms and conditions of service;]

(*d*) with the previous sanction of the Central Government, fix the allowances of the President, Vice-President and other members of the Council and members of its Committees.

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1. Ins. by Act 7 of 2006, s. 13 (w.e.f. 17-11-2006).
2. Ins. by Act 12 of 2022, s. 50 (w.e.f. 10-5-2022).
3. Subs. by s. 50, *ibid*., for "Register and the restoration to the Register of names" (w.e.f. 10-5-2022).
2. Subs. by Act 7 of 2006, s. 14, for section 16 (w.e.f. 17-11-2006).
5. Subs. by Act 12 of 2022, s. 51clause (*ii*), for clause (*c*) (w.e.f. 10-5-2022).

(*3*) The Secretary of the Council shall be entitled to participate in the meetings of the Council but shall not be entitled to vote thereat.]

17. Committees of the Council.—(*1*) The Council shall constitute from amongst its members of the following Standing Committees, namely:—

(*i*) an Executive Committee;

[1][(*ii*) a Finance Committee; and];

(*iii*) an Examination Committee.

(*2*) The Council may also form a Training and Educational Facilities Committee and such other Committees from amongst its members as it deems necessary for the purpose of carrying out the provisions of this Act.

[2][(*3*) Each of the Standing Committees shall consist of the President and the Vice-President *ex officio*, and minimum of three and maximum of five members to be elected by the Council from amongst its members];

[3]* * * * *

(*6*) Notwithstanding anything contained in this section, any Committee formed under sub-section (*2*), may, with the sanction of the Council, co-opt such other members of the Institute not exceeding[4][one-third of total membership of the Committee] as the Committee thinks fit, and any member so co-opted shall be entitled to exercise all the rights of a member of the Committee.

(*7*) The President shall be the Chairman of every Committee of which he is a member, arid in his absence, the Vice-President, if he is a member of the Committee, shall be the Chairman.

(*8*) The Standing Committees and other Committees formed under this section shall exercise such functions and be subject to such conditions in the exercise thereof as may be prescribed.

18. Finances of the Council.—(*1*) There shall be established a fund under the management and control of the Council into which shall be paid all moneys received by the Council and out of which shall be met all expenses and liabilities properly incurred by the Council.

(*2*) The Council may invest any money for the time being standing to the credit of the fund in any Government security or in any other security approved by the Central Government.

[5][(*3*) The Council shall keep proper accounts of the fund distinguishing capital from revenue in the manner prescribed.

(*4*) The Council shall prepare in the manner prescribed and approve, prior to the start of the financial year, an annual financial statement (the budget) indicating all its anticipated revenues as well as all proposed expenditures for the forthcoming year.

[6][(*5*)The annual accounts of the Council shall be prepared in such manner as may be prescribed and subject to audit by a firm of chartered accountants to be appointed annually by the Council from the panel of auditors maintained by the Comptroller and Auditor-General of India:

Provided that a firm shall not be eligible for appointment as an auditor under this sub-section, if any of its partner is or has been a member of the Council during the last four years:

Provided further that in the event it is brought to the notice of the Council that the accounts of the Council do not represent a true and fair view of its finances, then, the Council may itself cause a special audit to be conducted:

1. Subs. by Act 7 of 2006, s. 15, for clause (*ii*) (w.e.f. 17-11-2006).
2. Subs. by s. 15,*ibid*., for sub-section (*3*) (w.e.f. 17-11-2006).
3. Sub-sections (*4*) and (*5*) omitted by s. 15, *ibid*. (w.e.f. 17-11-2006).
4. Subs. by s. 15, *ibid*., for "two-thirds of total membership of the Committee" (w.e.f. 17-11-2006).
5. Subs. by s. 16, *ibid*., for sub-sections (*3*), (*4*) and (*5*) (w.e.f. 17-11-2006).
6. Subs. by Act 12 of 2022, s. 52, for sub-section (*5*) (w.e.f. 10-5-2022).

Provided also that, if such information, that the accounts of the Council do not represent a true and fair view of its finances, is sent to the Council by the Central Government, then, the Council may, wherever appropriate cause a special audit or take such other action as it considers necessary and shall furnish an action taken report thereon to the Central Government.]

[1][(*5A*) As soon as may be practicable at the end of each year, the Council shall circulate the audited accounts to its members at least fifteen days in advance and consider and approve these accounts in a special meeting convened for the purpose.

(*5B*) The Council shall cause to be published in the Gazette of India not later than the 30th day of September of the year next following, a copy of the audited accounts and the Report of the Council for that year duly approved by the Council and copies of the said accounts and Report shall be forwarded to the Central Government and to all the members of the Institute.]

(*6*) The Council may borrow from a scheduled bank as defined in the Reserve Bank of India Act, 1934 (2 of 1934), or from the Central Government—

(*a*) any money required for meeting its liabilities on capital account on the security of the fund or on the security of any other assets for the time being belonging to it; or

(*b*) for the purpose of meeting current liabilities pending the receipt of income by way of temporary loan or overdraft.

CHAPTER IV

REGISTER OF MEMBERS

19. [2][Register of members].—[3][(*1*) The Council shall maintain a Register of members of the Institute in such manner as may be prescribed.]

(*2*) The [2][Register of members] shall include the following particulars about every member of the Institute, namely:—

(*a*) his full name, date of birth, domicile, residential and professional addresses;

(*b*) the date on which his name is entered in the [2][Register of members];

(*c*) his qualifications;

[4][(*ca*) whether any actionable information or complaint is pending or any penalty has been imposed against him under Chapter V, including details thereof, if any;]

(*d*) whether he holds a certificate of practice; and

(*e*) any other particulars which may be prescribed.

(*3*) The Council shall cause to be published in such manner as may be prescribed a list of members of the Institute as on the 1st day of April of each year, and shall, if requested to do so by any such member, send him a copy of such list [5][on payment of such amount as may be prescribed].

[6][(*4*) Every member of the Institute shall, on his name being entered in the [2][Register of members], pay such annual membership fee as may be determined, by notification, by the Council [7]***:

[8]* * * * *.]

20. Removal from the [9][Register of members].—(*1*) The Council may remove from the [9][Register of members] the name of any member of the Institute,—

(*a*) who is dead; or

1. Ins. by Act 7 of 2006, s. 16 (w.e.f. 17-11-2006).
2. Subs. by Act 12 of 2022, s. 53, for "Register" (w.e.f. 10-5-2022).
3. Subs. by s. 53, *ibid*., for sub-section (*1*) (w.e.f. 10-5-2022).
4. Ins. by s. 53, *ibid*. (w.e.f. 10-5-2022).
5. Ins. by Act 7 of 2006, s. 17 (w.e.f. 17-11-20006).
6. Subs. by s. 17, *ibid.*, for sub-section (*4*) (w.e.f. 17-11-2006).
7. The words ", which shall not exceed rupees five thousand" omitted by Act 12 of 2022, s. 53 (w.e.f. 10-5-2022).
8. The proviso omitted by s. 53, *ibid*. (w.e.f. 10-5-2022).
9. Subs. by s. 54, *ibid*., for "Register" (w.e.f. 10-5-2022).

(*b*) from whom a request has been received to that effect; or

(*c*) who has not paid any prescribed fee required to be paid by him; or

(*d*) who is found to have been subject at the time when his name was entered in the [1][Register of members], or who at any time thereafter has become subject, to any of the disabilities mentioned in section 8, or who for any other reason has ceased to be entitled to have his name borne on the Register.

(*2*) The Council shall remove from the [1][Register of members] the name of any member in respect of whom an order has been passed under this Act removing him from membership of the Institute.

[2][(*3*) If the name of any member has been removed from the Register under clause (*c*) of sub-section (*1*), on receipt of an application, his name may be entered again in the Register on payment of the arrears of annual fee and entrance fee along with such additional fee, as may be determined, by notification, by the Council [3]***:

[4]* * * * *.]

CHAPTER V

MISCONDUCT

[5]**[21. Disciplinary Directorate.**—(*1*) The Council shall, by notification, establish a Disciplinary Directorate headed by an officer of the Institute designated as Director (Discipline) and such other employees for making investigations in respect of any information or complaint received by it.

(*2*) On receipt of any information or complaint along with the prescribed fee, the Director (Discipline) shall arrive at a *prima facie* opinion on the occurrence of the alleged misconduct.

(*3*) Where the Director (Discipline) is of the opinion that a member is guilty of any professional or other misconduct mentioned in the First Schedule, he shall place the matter before the Board of Discipline and where the Director (Discipline) is of the opinion that a member is guilty of any professional or other misconduct mentioned in the Second Schedule or in both the Schedules, he shall place the matter before the Disciplinary Committee.

(*4*) In order to make investigations under the provisions of this Act, the Disciplinary Directorate shall follow such procedure as may be specified.

(*5*) Where a complainant withdraws the complaint, the Director (Discipline) shall place such withdrawal before the Board of Discipline or as the case may be, the Disciplinary Committee, and the said Board of Committee may, if it is of the view that the circumstances so warrant, permit the withdrawal at any stage.]

[6]**[21A. Board of Discipline.**—(*1*) The Council shall constitute a Board of Discipline consisting of—

(*a*) a person with experience in law and having knowledge of disciplinary matters and the profession, to be its presiding officer;

(*b*) two members one of whom shall be a member of the Council elected by the Council and the other member shall be the person designated under clause (*c*) of sub-section (*1*) of section 16;

(*c*) the Director (Discipline) shall function as the Secretary of the Board.

(*2*) The Board of Discipline shall follow summary disposal procedure in dealing with all the cases before it.

(*3*) Where the Board of Discipline is of the opinion that a member is guilty of a professional or other misconduct mentioned in the First Schedule, it shall afford to the member an opportunity of being heard

1. Subs. by Act 12 of 2022, s. 54, for "Register" (w.e.f. 10-5-2022).
2. Ins. by Act 7 of 2006, s. 18 (w.e.f. 17-11-2006).
3. The words "which shall not exceed rupees two thousand" omitted by Act 12 of 2022, s. 54 (w.e.f. 10-5-2022).
4. The proviso omitted by s. 54, *ibid*. (w.e.f. 10-5-2022).
5. Subs. by Act 7 of 2006, s. 19, for section 21 (w.e.f. 17-11-2006).
6. Ins. by s. 20, *ibid*. (w.e.f. 17-11-2006).

before making any order against him and may thereafter take any one or more of the following actions, namely:—

(*a*) reprimand the member;

(*b*) remove the name of the member from the Register up to a period of three months;

(*c*) impose such fine as it may think fit which may extend to rupees one lakh.

(*4*) The Director (Discipline) shall submit before the Board of Discipline all information and complaints where he is of the opinion that there is no *prima facie* case and the Board of Discipline may, if it agrees with the opinion of the Director (Discipline), close the matter or in case of disagreement, may advise the Director (Discipline) to further investigate the matter.

21B. Disciplinary Committee.—(*1*) The Council shall constitute a Disciplinary Committee consisting of the President or the Vice-President of the Council as the Presiding Officer and two members to be elected from amongst the members of the Council and two members to be nominated by the Central Government from amongst the persons of eminence having experience in the field of law, economics, business, finance or accountancy:

Provided that the Council may constitute more Disciplinary Committees as and when it considers necessary.

(*2*) The Disciplinary Committee while considering the cases placed before it, shall follow such procedure as may be specified.

(*3*) Where the Disciplinary Committee is of the opinion that a member is guilty of a professional or other misconduct mentioned in the Second Schedule or both the First Schedule and the Second Schedule, it shall afford to the member an opportunity of being heard before making any order against him and may thereafter take any one or more of the following actions, namely:—

(*a*) reprimand the member;

(*b*) remove the name of the member from the Register permanently or for such period, as it thinks fit;

(*c*) impose such fine as it may think fit, which may extend to rupees five lakhs.

(*4*) The allowances payable to the members nominated by the Central Government shall be such as may be specified.

21C. Authority, Disciplinary Committee, Board of Discipline and Director (Discipline) to have powers of civil court.—For the purposes of an inquiry under the provisions of this Act, the Authority, the Disciplinary Committee, Board of Discipline and the Director (Discipline) shall have the same powers as are vested in a civil court under the Code of Civil Procedure, 1908(5 of 1908), in respect of the following matters, namely:—

(*a*) summoning and enforcing the attendance of any person and examining him on oath;

(*b*) the discovery and production of any document; and

(*c*) receiving evidence on affidavit.

[1]* * * * *.

21D.Transitional provisions.—All complaints pending before the Council or any inquiry initiated by the Disciplinary Committee or any reference or appeal made to a High Court prior to the commencement of the Cost and Works Accountants (Amendment) Act, 2006 shall continue to be

1. The *Explanation* omitted by Act 12 of 2022, s. 59 (w.e.f. 10-5-2022).

governed by the provisions of this Act, as if this Act had not been amended by the Cost and Works Accountants (Amendment) Act, 2006.]

[1][**22. Professional or other misconduct defined.**—For the purposes of this Act, the expression "professional or other misconduct" shall be deemed to include any act or omission provided in any of the Schedules but nothing in this section shall be construed to limit or abridge in any way the power conferred or duty cast on the Director (Discipline) under sub-section (*1*) of section 21 to inquire into the conduct of any member of the Institute under any other circumstances.]

[2][**22A. Constitution of Appellate Authority.**—The Appellate Authority constituted under sub-section (*1*) of section 22A of the Chartered Accountants Act, 1949(38 of 1949), shall be deemed to be the Appellate Authority for the purposes of this Act subject to the modification that for clause (*b*) of said sub-section (*1*), the following clause had been substituted, namely:—

"(*b*) the Central Government shall, by notification appoint two part-time members from amongst the persons who have been members of the Council of the [3][Institute of Cost Accountants of India] for at least one full term and who is not a sitting member of the Council;".

22B. Term of office of members of Authority.—A person appointed as a member shall hold office for a term of three years from the date on which he enters upon his office or until he attains the age of sixty-two years, whichever is earlier.

22C. Procedure, etc., of Authority.—The provisions of section 22C, section 22D and section 22F of the Chartered Accountants Act, 1949(38 of 1949) shall apply to the Authority in relation to allowances and terms and conditions of service of its Chairperson and members and in the discharge of its functions under this Act as they apply to it in the discharge of its functions under the Chartered Accountants Act, 1949.

22D. Officers and other staff of Authority.—(*1*) The Council shall make available to the Authority such officers and other staff members as may be necessary for the efficient performance of the functions of the Authority.

(*2*) The salaries and allowances and conditions of service of the officers and other staff members of the Authority shall be such as may be prescribed.

22E. Appeal to Authority.—(*1*) Any member of the Institute aggrieved by any order of the Board of Discipline or the Disciplinary Committee imposing on him any of the penalties referred to in sub-section (*3*) of section 21A and sub-section (*3*) of section 21B, may within ninety days from the date on which the order is communicated to him, prefer an appeal to the Authority:

Provided that the Director (Discipline) may also appeal against the decision of the Board of Discipline or the Disciplinary Committee to the Authority if so authorised by the Council, within ninety days:

Provided further that the Authority may entertain any such appeal after the expiry of the said period of ninety days, if it is satisfied that there was sufficient cause for not filing the appeal in time.

(*2*) The Authority may, after calling for the records of any case, revise any order made by the Board of Discipline or the Disciplinary Committee under sub-section (*3*) of section 21A and sub-section (*3*) of section 21B and may—

(*a*) confirm, modify or set aside the order;

(*b*) impose any penalty or set aside, reduce, or enhance the penalty imposed by the order;

(*c*) remit the case to the Board of Discipline or Disciplinary Committee for such further enquiry as the Authority considers proper in the circumstances of the case; or

(*d*) pass such other order as the Authority thinks fit:

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1. Subs. by Act 7 of 2006, s. 21, for section 22 (w.e.f. 17-11-2006).
2. Ins. by s. 22, *ibid*. (w.e.f. 17-11-2006).
3. Subs. by s. 5, *ibid*., for "Institute of Cost and Works Accountants of India" (w.e.f. 17-11-2006).

Provided that the Authority shall give an opportunity of being heard to the parties concerned before passing any order.]

CHAPTER VI

REGIONAL COUNCILS

23. Constitution and functions of Regional Councils.—(*1*) For the purpose of advising and assisting it on matters concerning its functions, the Council may constitute such Regional Councils as and when it deems fit for one or more of the regional constituencies that may be specified by the Central Government under clause (*a*) of sub-section (*2*) of section 9.

(*2*) The Regional Councils shall be constituted in such manner and exercise such functions as may be prescribed.

CHAPTER VII

PENALTIES

24. Penalty for falsely claiming to be a member, etc.—Any person who,—

(*i*) not being a member of the Institute—

(*a*) represents that he is a member of the Institute; or

(*b*) uses the designation cost accountant; or

(*ii*) being a member of the Institute, but not having a certificate of practice, represents that he is in practice or practices as a cost accountant;

shall be punishable on first conviction with fine which may extend to [1][one lakh rupees], and on any subsequent conviction with imprisonment which may extend to six months, or with fine which may extend to [2][five lakh rupees], or with both.

25. Penalty for using name of the Council, awarding degrees of cost accountancy, etc.—(*1*) Save as otherwise provided in this Act, no person shall,—

(*i*) use a name or a common seal which is identical with the name or the common seal of the Institute or so nearly resembles it as to deceive or as is likely to deceive the public;

(*ii*) award any degree, diploma or certificate or bestow any designation which indicates or purports to indicate the position or attainment of any qualification or competence in cost accountancy similar to that of a member of the Institute; or

(*iii*) seek to regulate in any manner whatsoever the profession of [3][cost accountants].

(*2*) Any person contravening the provisions of sub-section (*1*) shall, without prejudice to any other proceedings which may be taken against him, [4][be punishable with imprisonment which may extend to six months or with fine which shall not be less than one lakh rupees but which may extend to five lakh rupees or with both on first conviction], and on any subsequent conviction with imprisonment which may extend to [5][one year, or with fine which shall not be less than two lakh rupees but which may extend to ten lakh rupees], or with both.

[6]* * * * *

(*4*) If the Central Government is satisfied that any diploma or certificate or any designation granted or conferred by any person other than the Institute, which purports to be a qualification in cost accountancy but which, in the opinion of the Central Government, falls short of the standard of qualifications prescribed for cost accountants and does not in fact indicate or purport to indicate the position or

1. Subs. by Act 12 of 2022, s. 63, for "one thousand rupees" (w.e.f. 10-5-2022).
2. Subs. by s. 63, *ibid*., for "five thousand rupees" (w.e.f. 10-5-2022).
3. Subs. by Act 10 of 2012, s. 6, for "cost and works accountants" (w.e.f. 1-2-2012).
4. Subs. by Act 12 of 2022, s. 64, for "be punishable on first conviction with fine which may extend to one thousand rupees" (w.e.f. 10-5-2022).
5. Subs. by s. 64, *ibid*., for "six months, or with fine which may extend to five thousand rupees" (w.e.f. 10-5-2022).
6. Sub-section (*3*) omitted by Act 7 of 2006, s. 23 (w.e.f. 8-8-2006).

attainment of any qualification or competence in cost accountancy similar to that of a member of the Institute, it may, by notification in the Official Gazette and subject to such conditions as it may think fit to impose, declare that this section shall not apply to such diploma or certificate or designation.

26. Companies not to engage in cost accountancy.—(*1*) No company, whether incorporated in India or elsewhere, shall practice as cost accountants.

[1][*Explanation.*—For the removal of doubts, it is hereby declared that the "company" shall include any limited liability partnership which has company as its partner for the purposes of this section.]

[2][(*2*) If any company contravenes the provisions of sub-section (*1*), then every director, manager, Secretary and any other officer who is knowingly a party to such contravention shall be punished on first conviction with fine which shall not be less than two lakh rupees but which may extend to ten lakh rupees, and on any subsequent conviction, with fine which shall not be less than four lakh rupees but which may extend to twenty lakh rupees.]

27. Unqualified persons not to sign documents.—(*1*) No person other than a member of the Institute shall sign any document on behalf of cost accountant in practice or a firm of such cost accountants in his or its professional capacity.

[3][(*2*) Any person who contravenes the provisions of sub-section (*1*) shall, without prejudice to any other proceedings which may be taken against him, be punishable on first conviction with a fine not less than [4][one lakh rupees] but which may extend to [5][five lakh rupees], and in the event of a second or subsequent conviction with imprisonment for a term which may extend to one year or with a fine not less than [6][two lakh rupees] but which may extend to [7][ten lakh rupees] or with both.]

28. Offences by companies.—(*1*) If the person committing an offence under this Act is a company, the company as well as every person in charge of, and responsible to, the company for the conduct of its business at the time of the commission of the offence shall be deemed to be guilty of the offence and shall be liable to be proceeded against and punished accordingly:

Provided that nothing contained in this sub-section shall render any such person liable to any punishment if he proves that the offence was committed without his knowledge or that he exercised all due diligence to prevent the commission of such offence.

(*2*) Notwithstanding anything contained in sub-section (*1*), where an offence under this Act has been committed by a company and it is proved that the offence has been committed with the consent or connivance of, or that the commission of the offence is attributable to any neglect on the part of, any director, manager, secretary or other officer of the company, such director, manager, secretary or other officer shall also be deemed to be guilty of that offence and shall be liable to be proceeded against and punished accordingly.

Explanation.—For the purposes of this section,—

(*a*) "company" with respect to any offence under section 24, section 25 or section 27, means any body corporate and includes a firm or other association of individuals; and with respect to an offence under section 26 means a body corporate; and

(*b*) "director", in relation to a firm, means a partner in the firm.

29. Sanction to prosecute.—No person shall be prosecuted under this Act except on a complaint made by or under the order of the Council or of the Central Government.

1. Ins. by Act 10 of 2012, s. 7 (w.e.f. 1-2-2012).
2. Subs. by Act 12 of 2022, s. 65, for sub-section (*2*) (w.e.f. 10-5-2022).
3. Subs. by Act 7 of 2006, s. 24, for sub-section (*2*) (w.e.f. 17-11-2006).
4. Subs. by Act 12 of 2022, s. 66, for "five thousand rupees" (w.e.f. 10-5-2022).
5. Subs. by s. 66, *ibid*., for " one lakh rupees" (w.e.f. 10-5-2022).
6. Subs. by s. 66, *ibid*., for "ten thousand rupees" (w.e.f. 10-5-2022).
7. Subs. by s. 66, *ibid*., for " two lakh rupees" (w.e.f. 10-5-2022).

[1][CHAPTER VIIA

QUALITY REVIEW BOARD

29A. Establishment of Quality Review Board.—(*1*) The Central Government shall, by notification, constitute a Quality Review Board consisting of a Chairperson and four other members.

(*2*) The Chairperson and members of the Board shall be appointed from amongst the persons of eminence having experience in the field of law, economics, business, finance or accountancy.

(*3*) Two members of the Board shall be nominated by the Council and other two members shall be nominated by the Central Government.

29B. Functions of Board.—The Board shall perform the following functions, namely:—

(*a*) to make recommendations to the Council with regard to the quality of services provided by the members of the Institute;

(*b*) to review the quality of services provided by the members of the Institute including cost audit services; and

(*c*) to guide the members of the Institute to improve the quality of services and adherence to the various statutory and other regulatory requirements.

[2][(*d*) to forward cases of non-compliance with various statutory and regulatory requirements by the members of the Institute or firms noticed by it during the course of its review, to the Disciplinary Directorate for its examination.]

29C. Procedure of Board.—The Board shall meet at such time and place and follow in its meetings such procedure as may be specified.

29D. Terms and conditions of service of Chairperson and members of Board and its expenditure.—(*1*) The terms and conditions of service of the Chairperson and the members of the Board, and their allowances shall be such as may be specified.

(*2*) The expenditure of the Board shall be borne by the Council.]

CHAPTER VIII

DISSSOLUTION OF THE INSTITUTE OF COST AND WORKS ACCOUNTANTS REGISTERED UNDER THE COMPANIES ACT, 1956 (1 OF 1956)

30. Dissolution of the Institute of Cost and Works Accountants registered under the Companies Act, 1956.—On the commencement of this Act,—

(*a*) the company known as the Institute of Cost and Works Accountants registered under the Companies Act, 1956(1 of 1956), shall be dissolved and thereafter no person shall make, assert or take any claims, demands or proceedings against the dissolved company or against any officer thereof in his capacity as such officer except in so far as may be necessary, for enforcing the provisions of this Act;

(*b*) the right of every member to or in respect of the dissolved company shall be extinguished, and thereafter no member of that company shall make, assert or take any claims or demands or proceedings in respect of that company except as provided in this Act.

31. Transfer of assets and liabilities of the dissolved company to the Institute.—(*1*) On the commencement of this Act, there shall be transferred to and vested in the Institute all the assets and liabilities of the dissolved company.

(*2*) The assets of the dissolved company shall be deemed to include all rights and powers, and all property, whether movable or immovable of the company, including, in particular, cash balances, reserve funds, investments, deposits and all other interests and rights in or arising out of such property as may be in the possession of the dissolved company and all books of accounts or documents of the dissolved

1. Ins. by Act 7 of 2006, s. 25 (w.e.f. 17-11-2006).
2. Ins. by Act 12 of 2022, s. 67 (w.e.f. 10-5-2022).

company; and the liabilities shall be deemed to include all debts, liabilities and obligations of whatever kind then existing of that company.

(*3*) All contracts, debts, bonds, agreements and other instruments of whatever nature to which the dissolved company is a party, subsisting or having effect immediately before the commencement of this Act, shall be of as full force and effect against or in favour of the Institute, as the case may be, and may be enforced as fully and effectively as if instead of the dissolved company, the Institute had been a party thereto.

(*4*) If, on the commencement of this Act, any suit, appeal or other legal proceeding of whatever nature by or against the dissolved company is pending, the same shall not abate, be discontinued or be in any way prejudicially affected by reason of the transfer to the Institute of the assets and liabilities of the dissolved company or of anything contained in this Act, but the suit, appeal or other proceeding may be continued, prosecuted and enforced by or against the Institute, in the same manner and to the same extent as it would or may be continued, prosecuted and enforced by or against the dissolved company if this Act had not been passed.

32. Provisions respecting employees of the dissolved company.—(*1*) Every person employed in the dissolved company prior to the 1st day of September, 1958, and still in its employment immediately before the commencement of this Act shall, as from such commencement, become an employee of the Institute, shall hold his office or service therein by the same tenure and upon the same terms and conditions and with the same rights and privileges as to pension and gratuity as he would have held the same under the dissolved company if this Act had not been passed, and shall continue to do so unless and until his employment in the Institute is terminated or until his remuneration, terms and conditions of employment are duly altered by the Institute.

(*2*) Notwithstanding anything contained in the Industrial Disputes Act, 1947 (14 of 1947), or in any other law for the time being in force the transfer of the services of any employee of the dissolved company to the Institute shall not entitle any such employee to any compensation under that Act or other law, and no such claim shall be entertained by any court, tribunal or other authority.

CHAPTER IX

MISCELLANEOUS

33. [*Appeals*.] *Omitted by Cost and Works (Amendment*) *Act*, 2006 (7 *of* 2006), *s*. 26 (*w.e.f.* 17-11-2006).

[1]**[34. Coordination Committee**.—The Coordination Committee constituted under section 9A of the Chartered Accountants Act, 1949 (38 of 1949), shall be deemed to be the Coordination Committee for the purposes of this Act.]

35. Directions of the Central Government.—(*1*) The Central Government may from time to time issue such directions to the Council as in the opinion of the Central Government are conducive to the fulfilment of the objects of this Act and in the discharge of its functions, the Council shall be bound to carry out any such directions.

(*2*) Directions issued under sub-section (*1*) may include directions to the Council to make any regulations or to amend or revoke any regulations already made.

(*3*) If, in the opinion of the Central Government the Council has persistently made default in giving effect to the directions issued under this section, the Central Government may, after giving an opportunity to the Council to state its case, by order, dissolve the Council, where after a new Council shall be constituted in accordance with the provisions of this Act with effect from such date as may be specified by the Central Government.

(*4*) Where the Central Government passes an order under sub-section (*3*) dissolving the Council, it may, pending the constitution of a new Council in accordance with the provisions of this Act, authorise any person or body of persons to take over the management of the affairs of the Institute and to exercise such functions as may be specified in this behalf by the Central Government.

1. Subs. by Act 12 of 2022, s. 68, for section 34 (w.e.f. 10-5-2022).

[1]**[36. Protection of action taken in good faith.**—No suit, prosecution or other legal proceeding shall lie against the Central Government or the Council or the Authority or the Disciplinary Committee or the Tribunal or the Board or the Board of Discipline or the Disciplinary Directorate or any officer of that Government, Council, Authority, Disciplinary Committee, Tribunal, Board, Board of Discipline or the Disciplinary Directorate, for anything which is in good faith done or intended to be done under this Act or any rule, regulation, notification, direction or order made thereunder.]

[2][**36A. Members, etc., to be public servants.**—The Chairperson, Presiding Officer, members and other officers and employees of the Authority, Disciplinary Committee, Tribunal, Board, Board of Discipline or the Disciplinary Directorate shall be deemed to be public servants within the meaning of section 21 of the Indian Penal Code(45 of 1860).]

37. Maintenance of branch offices.—(*1*) Where a cost accountant in practice or a firm of such cost accountants has more than one office in India, each one of such offices shall be in the separate charge of a member of the Institute:

Provided that the Council may in suitable cases exempt any cost accountant in practice or firm of such cost accountants from the operation of this sub-section.

(*2*) Every cost accountant in practice or firm of such cost accountants maintaining more than one office shall send to the Council a list of offices and the persons in charge thereof and shall keep the Council informed of any changes in relation thereto.

38. Reciprocity.—(*1*) Where any country, specified by the Central Government in this behalf by notification in the Official Gazette, prevents persons of Indian domicile from becoming members of any institution similar to the Institute established under this Act or from practicing the profession of costs accountancy or subject them to unfair discrimination in that country, no subject of any such country shall be entitled to become a member of the Institute or practice the profession of cost accountancy, in India.

(*2*) Subject to the provisions of sub-section (*1*), the Council may prescribe the conditions, if any, subject to which foreign qualifications relating to cost accountancy shall be recognised for the purposes of entry in the [3][Register of members].

[4][**38A. Power of Central Government to make rules.**—(*1*) The Central Government may, by notification, make rules to carry out the provisions of this Act.

(*2*) In particular, and without prejudice to the generality of the foregoing powers, such rules may provide for all or any of the following matters, namely:—

(*a*) the manner of election and nomination in respect of members to the Council under sub-section (*2*) of section 9;

(*b*) the terms and conditions of service of the Presiding Officer and Members of the Tribunal, place of meetings and allowances to be paid to them under sub-section (*5*) of section 10B;

[5][(*c*) the form and fee for filing an information or a complaint under sub-section (*1*), the manner of deciding a complaint or information as actionable or non-actionable under sub-section (*2*) and the procedure of investigation under sub-section (*7*)**,** of section 21;

(*d*) the procedure while considering the cases by the Board of Discipline under sub-section (*2*) and time limit for payment of fine under sub-section (*7*), of section 21A;

(*da*) the procedure while considering the cases by the Disciplinary Committee under sub-section (*2*) and time limit for payment of fine under sub-section (*7*), of section 21B;]

(*e*) the procedure to be followed by the Board in its meetings under section 29C; and

1. Subs. by Act 7 of 2006, s. 27, for section 36 (w.e.f. 17-11-2006).
2. Ins. by s. 28, *ibid*. (w.e.f. 17-11-2006).
3. Subs. by Act 12 of 2022, s. 69, for "Register" (w.e.f. 10-5-2022).
4. Ins. by Act 7 of 2006, s. 29 (w.e.f. 17-11-2006).
5. Subs. by Act 12 of 2022, s. 70, for clauses (*c*) and (*d*) (w.e.f. 10-5-2022).

(*f*) the terms and conditions of service of the Chairperson and members of the Board under sub-section (*1*) of section 29D.]

39. Power to make regulations.—(*1*) The Council may, by notification in the Gazette of India, make regulations for the purpose of carrying out the objects of this Act, [1]***.

(*2*) In particular, and without prejudice to the generality of the foregoing power, such regulations may provide for all or any of the following matters, namely:—

(*a*) the standard and conduct of examinations under this Act;

(*b*) the qualifications for the entry of the name of any person in the [2][Register of members] as a member of the Institute;

(*c*) the qualification required for the purposes of sub-section (*4*) of section 5;

(*d*) the conditions under which any examination or training may be treated as equivalent to the examination or training prescribed for members of the Institute;

(*e*) the conditions under which any foreign qualification may be recognised;

(*f*) the manner in which and the conditions subject to which applications for entry in the [2][Register of members] may be made;

(*g*) the fees payable for membership of the Institute and the annual fees payable by associates and fellows of the Institute in respect of their certificates;

[3]* * * * *

(*i*) the particulars to be entered in the [2][Register of members];

[4]* * * * *

(*k*) the regulation and maintenance of the status and standard of professional qualifications of members of the Institute;

(*l*) the carrying out of research in accountancy;

(*m*) the maintenance of libraries and publication of books and periodicals relating to cost accountancy and allied subjects;

(*n*) the management of the property of the Council and the maintenance and audit of its accounts;

(*o*) the summoning and holding of meetings of the Council and committees thereof, the times and places of such meetings, the procedure to be followed thereat and the number of members necessary to form a quorum;

(*p*) the manner in which the annual list of [5][members and firms registered with] the Institute shall be published;

(*q*) the powers, duties and functions of the President and the Vice-President of the Council;

(*r*) the functions of the Standing and other committees and the conditions subject to which such functions shall be discharged;

[6][(*s*) the circumstances under which certificates of practice may be cancelled under sub-section (*3*) of section 6;

(*sa*) the guidelines for granting or refusal of certificates of practice under clause (*e*) of sub-section (*2*) of section 15;

1. The words "and a copy of such regulations shall be sent to each member of the Institute" omitted by Act 7 of 2006, s. 30 (w.e.f. 17-11-2006).
2. Subs. by Act 12 of 2022, s. 71, for "Register" (w.e.f. 10-5-2022).
3. Clause (*h*) omitted by s. 71, *ibid*. (w.e.f. 10-5-2022).
4. Clause (*j*) omitted by s. 71, *ibid*. (w.e.f. 10-5-2022).
5. Subs. by s. 71, *ibid*., for "members of" (w.e.f. 10-5-2022).
6. Subs. by s. 71, *ibid*., for clause (*s*) (w.e.f. 10-5-2022).

(*sb*) the manner of appointment, powers, duties, functions, salaries, fees, allowances and other terms and conditions of service of the Secretary and other officers and employees of the Council under clause (*c*) of sub-section (*2*) of section 16;

(*sc*) the manner of preparing annual financial statement under sub-section (*4*) and the annual accounts under sub-section (*5*), of section 18;

(*sd*) the manner of maintaining a Register of the members of the Institute under sub-section (*1*) of section 19;

(*se*) the manner of making an application for grant of registration of a firm and the terms and conditions of such registration under section 20A;

(*sf*) the manner of maintenance of Register of firms and other particulars including details of pendency of any actionable information or complaint or imposition of any penalty against the firm under sub-section (*1*) and sub-section (*2*) and the manner in which the annual list of firms registered with the Institute shall be published under sub-section (*3*), of section 20B;

(*sg*) the manner of making available status of actionable information and complaints and orders passed under sub-section (*9*) of section 21;

(*sh*) the manner of preparing panel of persons under clauses (*a*), (*b*) and (*c*) of sub-section (*1*) and the allowances payable to the Presiding Officers and members of Board of Discipline under sub-section (*8*), of section 21A;

(*si*) the manner of preparing panel of persons under clauses (*a*), (*b*) and (*c*) of sub-section (*1*) and the allowances payable to the Presiding Officers and members of the Disciplinary Committees under sub-section (*8*), of section 21B;

(*sj*) the salaries and allowances and conditions of service of officers and other staff of the Authority under sub-section (*2*) of section 22D;

(*sk*) the manner in which Regional Council may be constituted under sub-section (*2*) of section 23 and the functions thereof;]

[1]* * * * *

(*u*) the terms and conditions of service of persons who have become employees of the Institute under section 32 of this Act;

(*v*) the registration and training of students and the fees to be charged therefor; and

(*w*) any other matter which is required to be, or may be, prescribed under this Act.

(*3*) All regulations made by the Council under this Act shall be subject to the condition of previous publication and to the approval of the Central Government.

(*4*) Notwithstanding anything contained in sub-sections (*1*) and (*2*), the Central Government may frame the first regulations for the purposes mentioned in this section, and such regulations shall be deemed to have been made by the Council, and shall remain in force until they are amended, altered or revoked by the Council.

[1]* * * * *

[2]**[40. Rules, regulations and notifications to laid before Parliament.**—Every rule and every regulation made and every notification issued under this Act shall be laid, as soon as may be after it is made or issued, before each House of Parliament, while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the rule, regulation or notification, or both Houses agree that the rule, regulation or notification should not be made or issued, the rule, regulation or notification shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any such

1. Clause (*t*) omitted by Act 7 of 2006, s. 30 (w.e.f. 17-11-2006).
2. Ins. by s. 31, *ibid*. (w.e.f. 17-11-2006).

modification or annulment shall be without prejudice to the validity of anything previously done under that rule, regulation or notification.]

THE FIRST SCHEDULE

[*See* sections 21 (*3*),21A(*3*) and 22]

PART I

Professional misconduct in relation to cost accountants in practice

A cost accountant in practice shall be deemed to be guilty of professional misconduct, if he—

(*1*) allows any person to practice in his name as a cost accountant unless such person is also a cost accountant in practice and is in partnership with or employed by him;

(*2*) pays or allows or agrees to pay or allow, directly or indirectly, any share, commission or brokerage in the fees or profits of his professional business, to any person other than a member of the Institute or a partner or a retired partner or the legal representative of a deceased partner, or a member of any other professional body or with such other persons having such qualifications as may be prescribed, for the purpose of rendering such professional services from time to time in or outside India.

Explanation.—In this item, "partner" includes a person residing outside India with whom a cost accountant in practice has entered into partnership which is not in contravention of item (*4*) of this Part;

(*3*) accepts or agrees to accept any part of the profits of the professional work of a person who is not a member of the Institute:

Provided that nothing herein contained shall be construed as prohibiting a member from entering into profit sharing or other similar arrangements, including receiving any share, commission or brokerage in the fees, with a member of such professional body or other person having qualifications, as is referred to in item (*2*) of this Part;

(*4*) enters into partnership, in or outside India, with any person other than a cost accountant in practice or such other person who is a member of any other professional body having such qualifications as may be prescribed, including a resident who but for his residence abroad would be entitled to be registered as a member under clause (*iv*) of sub-section (*1*) of section 4 or whose qualifications are recognised by the Central Government or the Council for the purpose of permitting such partnerships;

(*5*) secures, either through the services of a person who is not an employee of such cost accountant or who is not his partner or by means which are not open to a cost accountant, any professional business:

Provided that nothing herein contained shall be construed as prohibiting any arrangement permitted in terms of items (*2*), (*3*) and (*4*) of this Part;

(*6*) solicits clients or professional work, either directly or indirectly, by circular, advertisement, personal communication or interview or by any other means:

Provided that nothing herein contained shall be construed as preventing or prohibiting—

(*i*) any cost accountant from applying or requesting for or inviting or securing professional work from another cost accountant in practice; or

(*ii*) a member from responding to tenders or enquiries issued by various users of professional services or organisations from time to time and securing professional work as a consequence;

(*7*) advertises his professional attainments or services, or uses any designation or expressions other than cost accountant on professional documents, visiting cards, letter heads or sign boards, unless it be a degree of a University established by law in India or recognised by the Central Government or a title indicating membership of the [1][Institute of Cost Accountants of India] or of any other institution that has been recognised by the Central Government or may be recognised by the Council:

Provided that a member in practice may advertise through a write up, setting out the services provided by him or his firm and particulars of his firm subject to such guidelines as may be issued by the Council;

1. Subs. by Act 10 of 2012, s. 8, for "Institute of Cost Accountants of India" (w.e.f. 17-11-2006).

(*8*) accepts a position as cost accountant previously held by another cost accountant in practice without first communicating with him in writing;

(*9*) charges or offers to charge, accepts or offers to accept in respect of any professional employment, fees which are based on a percentage of profits or which are contingent upon the findings or results of such employment, except as permitted under any regulation made under this Act;

(*10*) engages in any business or occupation other than the profession of cost accountant unless permitted by the Council so to engage:

Provided that nothing contained herein shall disentitle a cost accountant from being a director of a company (not being a managing director or a whole time director) unless he or any of his partners is interested in such company as accountant;

(*11*) allows a person not being a member of the Institute in practice, or a member not being his partner to sign on his behalf or on behalf of his firm, any cost or pricing statements or any other statements relating thereto.

PART II

Professional misconduct in relation to members of the Institute in service

A member of the Institute (other than a member in practice) shall be deemed to be guilty of professional misconduct, if he being an employee of any company, firm or person—

(*1*) pays or allows or agrees to pay, directly or indirectly, to any person any share in the emoluments of the employment undertaken by him;

(*2*) accepts or agrees to accept any part of fees, profit or gains from a lawyer, a cost accountant or broker engaged by such company, firm or person or agent or customer of such company, firm or person by way of commission or gratification.

IndiaCode

PART III

Professional misconduct in relation to members of the Institute generally

A member of the Institute, whether in practice or not, shall be deemed to be guilty of professional misconduct, if he—

(*1*) not being a fellow of the Institute acts as a fellow of the Institute;

(*2*) does not supply the information called for, or does not comply with the requirements asked for by the Institute, Council or any of its Committees, Director (Discipline), Board of Discipline, Disciplinary Committee, Quality Review Board or the Appellate Authority;

(*3*) while inviting professional work from another cost accountant or while responding to tenders or enquiries or while advertising through a write up, or anything as provided for in items (*6*) and (*7*) of Part I of this Schedule, gives information knowing it to be false.

PART IV

Other misconduct in relation to members of the Institute generally

A member of the Institute, whether in practice or not, shall be deemed to be guilty of other misconduct, if—

(*1*) he is held guilty by any civil or criminal court for an offence which is punishable with imprisonment for a term not exceeding six months;

(*2*) in the opinion of the Council he brings disrepute to the profession or the Institute as a result of his action whether or not related to his professional work.

THE SECOND SCHEDULE

[*See* sections 21 (*3*), 21B (*3*) and 22]

PART I

Professional misconduct in relation to cost accountants in practice

A cost accountant in practice shall be deemed to be guilty of professional misconduct, if he—

(*1*) discloses information acquired in the course of his professional engagement to any person other than his client so engaging him, without the consent of his client, or otherwise than as required by any law for the time being in force;

(*2*) certifies or submits in his name, or in the name of his firm, a report of an examination of cost accounting and related statements unless the examination of such statements has been made by him or by a partner or an employee in his firm or by another cost accountant in practice;

(*3*) permits his name or the name of his firm to be used in connection with an estimate of cost or earnings contingent upon future transactions in a manner which may lead to the belief that he vouches for the accuracy of the forecast;

(*4*) expresses his opinion on cost or pricing statements of any business or enterprise in which he, his firm or a partner in his firm has a substantial interest;

(*5*) fails to disclose a material fact known to him in a cost or pricing statement, which is not disclosed in a cost or pricing statement but disclosure of which is necessary in making such statement where he is concerned with such statement in a professional capacity;

(*6*) fails to report a material mis-statement known to him to appear in a cost or pricing statement with which he is concerned in a professional capacity;

(*7*) does not exercise due diligence, or is grossly negligent in the conduct of his professional duties;

(*8*) fails to obtain sufficient information which is necessary for expression of an opinion or its exceptions are sufficiently material to negate the expression of an opinion ;

(*9*) fails to invite attention to any material departure from the generally accepted procedure of costing and pricing applicable to the circumstances;

(*10*) fails to keep moneys of his client other than fees or remuneration or money meant to be expended in a separate banking account or to use such moneys for purposes for which they are intended within a reasonable time.

PART II

Professional misconduct in relation to members of the Institute generally

A member of the Institute, whether in practice or not, shall be deemed to be guilty of professional misconduct, if he—

(*1*) contravenes any of the provisions of this Act or the regulations made thereunder or any guidelines issued by the Council;

(*2*) being an employee of any company, firm or person, discloses confidential information acquired in the course of his employment, except as and when required by any law for the time being in force or except as permitted by the employer;

(*3*) includes in any information, statement, return or form to be submitted to the Institute, Council or any of its Committees, Director (Discipline), Board of Discipline, Disciplinary Committee, Quality Review Board or the Appellate Authority any particulars knowing them to be false;

(*4*) defalcates or embezzles moneys received in his professional capacity.

IndiaCode

PART III

Other misconduct in relation to members of the Institute generally

A member of the Institute, whether in practice or not, shall be deemed to be guilty of other misconduct, if he is held guilty by any civil or criminal court for an offence which is punishable with imprisonment for a term exceeding six months.]

IndiaCode