

Interview



CMA D. Ramana Murthy

Financial Advisor & Chief Accounts Officer (FA&CAO)

Head of Finance Department

Visakhapatnam Port Authority, Visakhapatnam

rmdevara@gmail.com

CMA D. Ramana Murthy is a distinguished finance professional with a career spanning nearly three decades in the public sector. He established a strong academic foundation by securing an All India 13th Rank in the ICWAI Final Examination in 1995, complemented by an M.Com in Personnel Management from Nagarjuna University. After beginning his career as an Accounts Officer at a Central Government PSU in 1997, he joined the Visakhapatnam Port Trust in 2006 as Dy. FA&CAO. Over the years, he ascended through various leadership roles, and in 2019, was

appointed by the Ministry of Ports, Shipping and Waterways as the Financial Adviser and Chief Accounts Officer (FA&CAO) of Chennai Port Authority. Since March 2024, he has returned to Visakhapatnam Port Authority to serve as its FA&CAO. Notably, Mr. Murthy has demonstrated exceptional strategic expertise by successfully overseeing the entire acquisition process of two PSUs slated for disinvestment between 2019 and 2020, managing everything from the initial bid to the final transfer of government shares.

Q1. VPA recently achieved a historic 80-MMT cargo milestone in a record 327 days during the 2025-26 fiscal year. As the FA & CAO, how does the Finance Department balance the need for rapid operational scaling with the rigorous cost controls required to maintain the port's profitability?

Ans. The 80-MMT milestone is indeed a testament to the dedication of the entire VPA team led by our Chairperson Dr.M.Angamuthu, IAS and we are marching towards 90 MMT as target for the Financial Year 2025-26 and we are sure of achieving the target. The growth in Finance perspective, it represents a paradigm shift in how we view the relationship between growth and fiscal discipline.

We have implemented ERP system where in revenue and expenditure allows us to monitor on daily basis and the important parameters like cost-per-tonne, operational ratio on monthly basis. As cargo volumes surged, we identified thresholds where marginal operational costs would spike due to resource constraints. Instead of authorizing indiscriminate spending, we used predictive analytics to preposition resources like hiring additional skilled labour for maintenance works etc.,

We focused on asset utilization and asset monetization. Profitability in a port isn't just about revenue; it's about throughput per asset. We conducted a rigorous cost-benefit analysis and we have offered some of the services on Operation and Maintenance Model. We ensured operational continuity without compromising our capital expenditure budget. We balanced the need for speed by incentivizing operational teams with cost-linked performance metrics—for instance, reducing turnaround time, which directly lowers the port's cost structure and enhances our competitive edge. In essence, we financed the speed of scaling by extracting latent efficiencies from our existing assets and processes, ensuring that profitability margins kept pace with the historic volume growth.

Q2. VPA is pushing toward 'Smart and Sustainable' port operations. From a Management Accountant's perspective, how is the integration of AI and ERP systems changing the way you approach internal audits and risk management at the port?

Ans. As a Management Accountant, I view the integration of AI and advanced ERP systems as a fundamental shift from a retrospective audit function to a predictive and prescriptive risk management framework. At VPA, this transformation is already underway.

Traditionally, internal audits were reactive—we would analyse transactions after the fact to identify anomalies. With AI-enabled ERP, we can ensure continuous auditing.

In terms of risk management, AI has revolutionized the approach to predictive risk modeling. For instance, use of AI algorithms to assess vendor risk by analyzing not just financial stability but also delivery timelines, quality metrics, and compliance histories from ERP. This helps to de-risk the supply chain. The integration of AI essentially transforms Finance Department from a team of number-crunchers into a strategic partner that provides real-time assurance, enabling the port to adopt new smart technologies with confidence.

Q3. For the budding CMA students of ICAI, the port sector is a niche but vital field. What specific 'on-ground' competencies should students develop today to be ready for the financial complexities of the shipping and logistics industry?

Ans. The port sector is a fascinating confluence of infrastructure, logistics, and international trade, and it demands a unique skill set. For budding CMAs, I would emphasize three specific 'on-ground' competencies beyond textbook knowledge.

First, Operational Acumen. It's crucial to understand that in a port, finance isn't done in isolation. A CMA must understand the physics of the business—how a vessel's turnaround time impacts berth hire charges, how inventory management of bulk cargo affects storage revenue, and the cost implications of tidal cycles on dredging. I advise students to spend time on the ground, understanding

terminal operations, maintenance schedules, and logistics flows. A CMA who can discuss cost drivers with a terminal manager in their language is infinitely more effective than one who only looks at ledgers.

Second, Expertise in Contract and Concession Agreements. The port sector relies heavily on public-private partnership models, licensing, and complex service contracts. Students must develop a sharp eye for contract law, revenue-sharing models, and the financial implications of force majeure clauses. They should learn to model financial scenarios based on tariff regulations and volume commitments.

Third, Data Analytics and Systems Thinking. With the push for smart ports, students must be proficient not just in Excel, but in working with large datasets from ERP systems like SAP or Oracle. They need to be comfortable using data visualization tools to present complex financial data—like vessel-related costs or project profitability—to non-finance stakeholders. The ability to translate data into actionable business intelligence is the single most critical competency for a CMA in this industry today.

Q4. As a senior member of the profession, what do you believe the ICMAI can do further to enhance the 'brand value' of CMAs in Public Sector Undertakings (PSUs) and Statutory Authorities to ensure they are the first choice for financial leadership?

Ans. That's a pivotal question for the future of our profession. The CMA designation is uniquely suited for PSUs and statutory authorities because of our core competency in cost optimization, efficiency, and resource management—which are the lifeblood of public sector accountability. To enhance our brand value further, I believe ICMAI should focus on three strategic areas.

First, institutionalizing a PSU Leadership Program. ICMAI should establish a dedicated, high-level certification or fellowship program in association with organizations like the SCOPE (Standing Conference of Public Enterprises). This program would focus on the nuances of public

financial management—dealing with the CAG, understanding the intricacies of the General Financial Rules (GFR), and mastering project appraisal under regulatory frameworks. This would signal that a CMA with this credential is not just a qualified accountant, but a specialist in PSU governance.

Second, proactive advocacy programs. ICMAI should actively engage with the Department of Public Enterprises and the Ministry of Ports, Shipping, and Waterways to create structured pathways. This could include advocating for mandatory CMA representation in key finance committees (like the Board of Directors) or creating secondment programs where top CMAs are placed in key PSUs for a period to demonstrate their value.

Third, showcasing success stories. The Institute should create a formal repository and recognition platform for "CMAs in PSUs" who have delivered outstanding results. By publishing case studies on cost savings, efficiency improvements, and robust financial management led by CMAs, the ICMAI can build a compelling narrative that the CMA is not just a cost accountant, but the most qualified professional to ensure the financial health and operational excellence of any statutory authority or PSU.

Q5. Could you share an instance where a cost-benefit analysis performed by your team directly influenced a major capital expenditure or infrastructure project at VPA?

Ans. Cost Benefit Analysis is regular phenomena in Finance Decision making. In most of the cases where Marine equipment Tugs which are highly essential for Marine operations whether to procure or to hire the equipment. Based on CBA, it was decided to engage on hire basis instead of procurement which has saved operational and maintenance expenses including repairs and also availability of equipment throughout the period.

Another area of CBA is we could either continue with the existing, semi-mechanized, labor-intensive model which had high operational costs and environmental concerns, or invest in a state-of-the-art, fully mechanized terminals with significant

upfront capital expenditure. We modeled two scenarios over a 30-year concession period. The traditional model showed lower initial CAPEX but high OPEX—including recurring labor costs, higher demurrage due to slower handling rates, and significant environmental compliance costs that were escalating due to stricter green port norms.

For the mechanized terminal, we quantified not just the direct savings in handling costs per tonne, but also the intangible benefits. We assigned a monetary value to reduced turnaround time for vessels, which translates to higher berth productivity and increased revenue potential. We also incorporated a ‘green premium’—the long-term savings from reduced carbon emissions and elimination of manual handling, which positioned us favorably for future sustainability-linked financing.

Q6. With the maritime sector focusing on ‘Net-Zero’ and Green Ports, how are you as a CMA quantifying the ‘Green Risk Premium’ or the Return on Investment (ROI) for sustainable infrastructure projects at Visakhapatnam Port?

Ans. This is where the modern CMA adds immense strategic value. The traditional ROI model often underestimates the value of green investments. At VPA, we’ve developed a multi-faceted framework to quantify the ‘Green Risk Premium’ and ROI, ensuring that sustainability and financial prudence go hand in hand.

We’ve shifted from a simple payback period to a Total Cost of Ownership (TCO) and Risk-Adjusted ROI model. For instance, when evaluating the transition of our cargo-handling equipment from diesel to electric or hybrid, our analysis includes:

- ⦿ **Operational Savings:** We quantify the reduction in fuel costs and maintenance, which are significant.
- ⦿ **Regulatory Risk Mitigation:** We assign a probability and cost to future carbon taxes, stricter emission norms, and potential non-compliance penalties. The ‘green risk premium’ is essentially the cost of not investing, which we quantify as the potential financial impact of future regulations.
- ⦿ **Revenue Enhancement:** We factor in the

increasing market preference for green supply chains. Major shipping lines and cargo owners are beginning to favor ports with a lower carbon footprint. We quantify the potential for attracting new, environmentally conscious cargo and securing longer-term contracts as a direct revenue benefit of our green investments.

- ⦿ **Financing Advantage:** Green projects are increasingly eligible for favorable financing—lower interest rates, green bonds, and longer tenors from financial institutions. We quantify this lower cost of capital as a direct financial benefit in our ROI calculations.

By integrating these elements into our financial models, we present a compelling case that sustainable projects are not just an environmental obligation but a financially superior, lower-risk investment. For example, our recent investment in shore-to-ship power supply was justified using this model, where the ROI was driven not just by electricity sales, but by the strategic advantage of being a first-mover in reducing vessel emissions, thereby solidifying our position as a sustainable port of choice.

Q7. Under the Maritime India Vision 2047, ports are expected to optimize logistic costs significantly. What is your ‘roadmap’ for VPA’s finance department to ensure that the port remains the most cost-competitive gateway on the East Coast of India?

Ans. The Maritime India Vision 2047 sets an ambitious target, and for VPA to remain the most cost-competitive gateway, the finance department must evolve from a support function to a core driver of cost leadership. The roadmap is built on three pillars: Transparency, Technology, and Tariff Agility.

Pillar 1: End-to-End Cost Transparency through Activity-Based Costing (ABC). Our first step is to implement a granular ABC system across every service line—from pilotage and berthing to storage and evacuation. We need to know, with precision, the true cost of handling a tonne of coal versus a container versus a project cargo. This will allow us

to identify and eliminate hidden inefficiencies and cross-subsidies that mask true cost competitiveness. We will use this data to negotiate more effectively with our private terminal operators and service providers.

Pillar 2: Technology-Driven Process Optimization. My roadmap includes a complete digitization of the finance function to eliminate transaction costs. We are moving towards a fully integrated, paperless, and touchless financial workflow for vendor payments, customer invoicing, and reconciliations. By integrating our ERP with the Port Community System (PCS), we will reduce dwell time and documentation costs for our customers. Every day we reduce in a vessel's turnaround time or a truck's waiting time translates directly into lower logistics costs for the trade. The finance department will actively monitor these cost-of-time metrics and use them to streamline processes.

Pillar 3: Strategic Tariff and Concession Management. Cost competitiveness isn't just about lowering our own costs; it's about creating the lowest total cost for the customer. We will use our financial data to design innovative, volume-based incentive schemes that encourage faster evacuation, higher throughput, and the use of rail (which is cheaper than road). By creating a dynamic tariff structure that rewards efficiency, we can lower the effective cost for high-volume, efficient customers while optimizing our own asset utilization.

Ultimately, the roadmap is about creating a data-driven culture where every operational decision is evaluated through the lens of total logistic cost, ensuring that VPA not only remains competitive but actively drives down the cost of trade for the entire East Coast.

Q8. What practical guidance would you offer to newly qualified Cost & Management Accountants as they begin their careers? Which foundational techniques or skills do you believe are most critical for building a successful trajectory, particularly in today's competitive and evolving business environment?

Ans. To the newly qualified CMAs, I would offer this guidance: Your qualification is a license to

learn, not a certificate of mastery. The foundational techniques that will build your trajectory are, interestingly, the ones that combine technical rigor with human connection.

First, master the art of 'Cost Conversion'. A common mistake is to present financial data in complex accounting language. Your core skill is to convert complex cost data into simple, actionable business intelligence for decision-makers. Whether it's a production manager or a port operations head, they need to know how a decision impacts profitability. Practice creating one-page dashboards and concise, visual presentations that tell a story. If you can translate a variance analysis into a clear operational action point, you will become indispensable.

Second, develop a 'process-first' mindset. Before you look at a number, understand the process that generated it. Walk the shop floor, the port terminal, or the data center. Understand how a transaction flows from initiation to recording. In my experience, the most impactful cost accountants are those who can identify control weaknesses by understanding the operational process, not just by auditing the journal entries. This on-ground understanding is what allows you to design robust, practical cost control systems.

Third, embrace systems and data analytics as your native language. In today's environment, Excel is a starting point. Invest time in learning your organization's ERP inside out—whether it's SAP, Oracle, or another system. Learn to extract data using SQL or Power BI. The CMA of the future is a data scientist who understands cost accounting principles. This combination will make you invaluable.

Finally, cultivate intellectual curiosity and ethical courage. Always ask "why" the cost is what it is. And never compromise on integrity. Your professional ethics are your greatest asset. A successful career is built on a foundation of trust. If your stakeholders trust your numbers and your judgment, you will not just succeed—you will lead. 