

From the President



CA. K. Raghu, President, ICAI

My effort has been to facilitate Indian Chartered Accountants to take up global careers. Towards this end, we have particularly set our sights on Australia, where Indian Chartered Accountants have been writing a remarkable success story over the years. To promote this phenomenon further, we are working tirelessly through our three chapters in Sydney, Melbourne and Brisbane while three more chapters will soon be opened at Perth, Adelaide and Canberra. In line with this spirit, I recently signed an addendum to the MoU between ICAI and the Institute of Chartered Accountants in Australia (ICAA) and renewed our MRA with Certified Practising Accountants (CPA) Australia at Sydney during my visit to Australia.

Dear Professional Colleagues,

“There is a higher court than (all) courts of justice and that is the court of conscience,” rightly said the father of our nation Mahatma Gandhi, for whom the professionalism was intertwined with ethics, call of conscience and service to the nation. This messiah of truth and non-violence also had a special knack for learning new things as part of which he even learnt the basics of accountancy while preparing for a legal case. As the world celebrates his birth anniversary on 2nd October, we as Chartered Accountants should be inspired by his learning- and service-oriented idea of professionalism, and people- and nation-oriented leadership. I feel that imbibing these traits will be our real tribute to the father of our nation.

India Set to Become a Global Hub for Accounting Professionals

I am happy to share with you my enthusiasm over the emerging silver lining in the accounting horizon of our country in the years to come. I clearly foresee India emerging as the global hub for accounting professionals since our country is emerging as a preferred destination of global business with a series of economic reforms being launched by our new government.

Further, India is set to usher a new era of accounting reforms with our Finance Minister's announcement in the Union Budget on implementation of Ind AS converged with IFRS, which will put Indian CAs in global demand. To complement this trend, new professional opportunities are emerging in the domains of Companies Act 2013, CSR Reporting, Direct Tax Code, GST, Integrated Reporting, XBRL, Cloud Computing and International Taxation, etc. India is now also being preferred as a low cost destination for outsourcing the accounting, payroll and tax filing services.

Our position as the second largest accounting body in the world with more than 235,000 members, a big stream of accounting technicians, and 850,000 students is constantly getting strengthened with hundreds of new members getting added every year and it will definitely steer India to become a global hub for accounting professionals.

Specialisation—The Need of the Hour

A recent study has found that in the wake of growing business complexities, knowledge requirements, regulatory and legal changes and client expectations, specialists will be preferred over generalists in future. As such, it is high time that we specialise and build domain expertise in various emerging areas of our profession also. We at the ICAI are very much alive to this need of specialisation and are offering 14 Post-Qualification Certificate Courses across the country for members to build new skill sets. I hope that these courses will help our members to conquer new frontiers.

Remarks by ITAT Bench Irks our Profession

The comments made about our profession and our members as a whole by a bench of ITAT at Mumbai were totally uncalled for. The Council deliberated on this matter and was of the unanimous view that the comments on our profession and functions of the ICAI were not warranted and totally out of context.

The Institute is conscious of its responsibility to regulate the conduct of its members and whenever it comes across any lapse, the same is appropriately dealt with under the disciplinary mechanism of the Chartered Accountants Act, 1949. The Council reiterates its respect for the judicial system in the country, including the Income Tax Appellate Tribunals. However, the Council has decided to take up the instant matter with appropriate authorities for expunging the aforesaid remarks made against the profession.

With an impeccable track record, our profession has been appreciated for its contribution in the growth and development of the nation and our fraternity has been held in high esteem for its professional excellence in society.

Our Actions in Satyam Case Completed

You would appreciate that as part of a continuous drive to uphold the credibility, integrity and image of the accountancy profession in India, our regulatory mechanism is working assiduously. The Disciplinary Directorate of ICAI has been taking disciplinary action against its errant members as per the provisions of the Chartered Accountants (Amendment) Act, 2006 and Rules

framed thereunder. Here, I would like to update you on our actions emanating in the wake of the Satyam case. Soon after the Satyam scam was exposed, disciplinary action was initiated against the Statutory Auditors concerned, the CFO of the Company and the Head of Internal Audit Department. The Disciplinary Committee, after completion of enquiry against the aforesaid persons, has found them guilty of professional misconduct and has awarded the maximum punishment of removal of their names from the Register of Members permanently and also imposed a fine of ₹5 lakh each on them. The Appellate Authority constituted under Section 22A of the Chartered Accountants (Amendments) Act, 2006, in all cases, except one case which is yet to be heard by the said Authority, has also upheld the decision of the Disciplinary Committee of ICAI. With this, the ICAI has fulfilled its resolve to punish its erring members in this case.

Our Profession Scores a Victory in UP

I am happy to share with you that we have achieved a major victory in the state of Uttar Pradesh with regard to appearances in the cases of VAT. The Lucknow Bench of Allahabad High Court had earlier directed that any person, who is not a registered advocate, shall not be permitted to appear before the Authorities under the UP VAT Act, 2008. We took up this matter immediately and filed for impleadment and vacation of the said order dated 6th August, 2014. Consequently, the Lucknow Bench of Allahabad High Court has now modified the order and allowed the Chartered Accountants to appear before the authorities under the VAT Act in the state of Uttar Pradesh.

Expanding our Global Horizons—MoUs with ICAA and CPA Australia

Today's knowledge economy doesn't have any boundaries, and the time is not far when we all have to compete in a globalised environment. My effort has been to facilitate Indian Chartered Accountants to take up global careers. Towards this end, we have particularly set our sights on Australia, where Indian Chartered Accountants have been writing a remarkable success story over the years. To promote this phenomenon further, we are working tirelessly through our

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The purpose of these agreements is to recognise the qualification and training of each other, and admit the members in good standing by prescribing a bridging mechanism on principles of reciprocity. I am sure these agreements will provide professional edge and opportunities to our Australia-based and Australia-bound members besides boosting India-Australia bilateral relations by facilitating increased mobility of professionals at either ends.

As you may be aware, the ICAA, with 62,000 members, represents Chartered Accountants in Australia while the CPA Australia is one of the world's largest accounting bodies with a membership of more than 150,000 finance, accounting and business professionals in 121 countries across the globe.

During my visit, I also had the opportunity of meeting and interacting with the members of our Sydney, Melbourne and Brisbane Chapters. I also took part in the 3rd Annual International Conference on *Australia India: Changing Perspective* organised by our Sydney Chapter, where a Global Career e-Kit was also launched as a sequel to such kits already launched at UAE, Kuwait and Muscat to provide panoramic view of the primary information to our members intending to go abroad for professional forays.

Our Role in Checking the Rising Banking Frauds

Recently, the banking frauds have dominated the headlines. You will be surprised to know that public sector banks have cumulatively lost a massive sum of ₹22,743 crore due to cheating and

forgery in the last three years alone. Our banking system is also under severe strain because of mounting non-performing assets.

As the keepers of financial discipline in the country with long and strong association with the banking industry, this situation should worry us all the more. Given our training, exposure and skills, we can play a crucial role in reversing the rising trend of banking frauds and NPAs by adopting an approach of preventive vigilance in whatever capacity we serve the banking industry—be it as an auditor, as an employee, or as management consultants. In this context, the conduct of Bank Branch Audit by us and the need for wider coverage of public sector banks under this exercise assumes paramount importance for the banking industry, the banking regulator and the nation as a whole.

As such, pursuing our firm and long held stand, we have recently approached the Reserve Bank of India Governor Shri Raghuram Rajan for considering an increase in audit coverage of branches of public-sector banks under Statutory Audit by restoring the threshold (Advances) limit for audit of branches of public sector banks to ₹6 crore. In view of the rising banking frauds and NPAs, this is the need of the hour. The concerned Finance Ministry is also seriously considering 'policy tightening' and 'strengthening of risk management', and our stand on the threshold (Advances) limit for audit of bank branches perfectly gels with the Government move.

Further, our role in Information System Audit in the capacity of ICAI's DISA-qualified members is also very important. We may further enhance our fraud detection and investigative skills by pursuing a specialised Certificate Course of the Institute on Forensic Accounting & Fraud Detection. Let's lend our professional expertise and acumen for a healthy and resilient banking industry in India.

Tremendous Response to CABF in Aid of the Needy

Chartered Accountants Benevolent Fund has been our effective answer to the calls of our members in distress. I am thankful and happy to note your tremendous response to our appeals to strengthen the corpus of this fund to help the families of our fellow professionals in need. We have received an encouraging contribution

of ₹56,08,218 so far from 2nd March 2014 to 20th August, 2014. Out of the total corpus, ₹70,16,000 has been granted as financial assistance to the families of deceased members during this period. Let's keep up this benevolent trend.

Network of Reading Rooms Expanded

Many of you may be aware that providing reading facilities to our students has been very close to my heart. Thus, I have laid special emphasis on establishing more and more reading rooms across the country. I am happy to inform you that pushing this initiative forward, we have been able to establish 98 Reading Rooms at various places across the nation. This facility provides a conducive reading environment to students who do not have facility to study at home. This initiative also provides an opportunity to students coming from remote areas to study in metros and bigger cities.

More ITT Centres to Leverage Technology

Considering the importance of Information Technology in the accounting profession and in order to impart synchronised and uniform theoretical and practical IT knowledge to all the aspiring CA students in the IT area, the Institute has established its own IT labs equipped with latest computers, software and other infrastructural facilities at almost all its branches and regional offices. As on date, 156 ITT centres are imparting IT training to our CA students and four of these ITT centres namely Bhavnagar, Anantapur, Ongole and Karimnagar were given accreditation for conducting IT training recently.

Young Members Practitioners Kit

Post-liberalisation of our economy, the demand from industry for young Chartered Accountants has increased manifold in various sectors of the economy. There are endless opportunities for practicing young CAs. To help our young members tap these enormous opportunities, we are all set to launch Young Members Practitioners Kit which would provide young CAs an insight into the various aspects of practice. These aspects include the constitution of the practice entity, areas of specialisation, office infrastructure, branding, staffing and HR management, modern audit tools and

techniques, audit programme, etc. The information contained in this manual will be very informative and will guide our young members to be effective and successful practitioners.

XIX World Congress of Accountants in Rome

I am glad to inform you that ICAI has been invited to share India's vision at the World Congress of Accountants which will be held in Rome in November this year on the theme '2020 Vision: Learning from the Past, Building the Future'. More than 5,000 world accountancy professionals are expected to participate and make use of this platform to address contemporary concerns in global accountancy and discuss the professional challenges and respective solutions. While I am one of those invited to speak in this mega conference, it will be a chance for our profession to affirm its fundamental role in serving the public interest.

Before I conclude, I would also like to remember another great nationalist leader, freedom fighter and former Prime Minister Shri Lal Bahadur Shastri who was also born on 2nd October and still remembered for his vision and famous slogan of *Jai Jawan Jai Kisan*. A son of the soil and a man of people and principles, he was of the opinion that: '*Hard work is equal to prayer*', which is worth taking note of by all of us.

Meanwhile, it is time for the onset of the season of festivals which give us a chance to celebrate life with togetherness. I extend my best wishes in advance to all on Dussehra, Diwali, Chhath and Id-ul-Azha festivities.

Best Wishes,



CA. K. Raghu
President, ICAI

New Delhi, September 23, 2014