

Dy. Chairman of Rajya Sabha K. Rahman Khan

'ACCOUNTING PROFESSIONALS HAVE A GREAT FUTURE'



From Left to Right: Dr. Ashok Haldia, Secretary, ICAI, Mr. Kamlesh Vikamsey, President, ICAI, Mr. K. Rahman Khan, Deputy Chairman Rajya Sabha and Mr. T. N. Manoharan, Vice President, ICAI share the dais at the ICAI's 56th Annual Day Function at New Delhi on February 3, 2006.

Following are the excerpts from the speech of Deputy Chairman of Rajya Sabha Mr. K. Rahman Khan, delivered as the Chief Guest of the ICAI's 56th Annual Day function at New Delhi on February 3, 2006.

“...It is a day of introspection for each one of us. What is heartening and gives me a great satisfaction is to see the young future Chartered Accountants excelling in their examinations. They are the real future of the profession...

I should compliment the (ICAI) President, Vice-President and also Shri Sunil Goyal, Past President, and other past presidents of the Institute for the interest they took and the commitment they showed in the future of the profession when the Chartered Ac-

countants (Amendment) Bill, 2005 was introduced after a gap of about 50 years... I must compliment the entire Council for the great interest they evinced to protect the autonomy of the profession and to see that no damage is done to the profession.

Friends, the ICAI is a unique institution among the various institutions, which were set up to serve the country and support its development soon after the country attained its independence. After 57 years, when we look back, the ICAI has played a very signifi-

cant role in the overall economic development of the country and it has lived up to the expectations of the nation and the founders of our Institute.

The Accountancy profession has been recognised as an integral part of economic development. In a developing country, the accounting profession faces the same challenges as a Nation faces to become a developed nation.

Accounting professionals have a distinct future. Some of the services provided are in the nature of attest function and others pertain to management consultancy. Increasing competition has put pressure on the industry and, therefore, there are expectations of high quality of service from the professionals, maintaining at the same time their level of integrity and the excellence and independence. The profession faces competition not only from within the sector but also service providers of other areas. Structure of the accounting profession is dominated by small and medium size practitioners. In India, about 95% of the accounting profession comprises small and medium size practitioners. They intrinsically have their organisational, operational and financial limitations as compared to non-SMPs. It has become essential to strengthen SMPs to enable them to comprehensively address a wide variety of professional service requirements and expand their areas of practice functionally and geographically. The ICAI has been playing a proactive role in gearing up the profession in meeting the challenges of new economic order. The educational and training curriculum has been thoroughly revised and post-qualification course in the area of Information Technology, WTO and Trade Laws and Insurance Services have been launched.

...Never before the Government needed the services of chartered accountancy profession in every facet of economy. The changing economic realities have driven the government to necessarily take up the services of Chartered Accountants. In the similar way, global competitiveness has forced the trade in industry, big or small, to increasingly depend on the profession. The

demand for profession has been increasing. What has changed is the nature of services, demand and quality of performance. The profession is gearing up and getting oriented to realise the virtues of opportunities opened for them and the Institute is facilitating this process by helping them having suitable knowledge and skill set.

In an emerging economy like India, there are many areas, which have remained beyond the professional intervention of the Chartered Accountants... The accounting in the governmental entities is following the old legacy of government accounting system.. The unorganised sector in the agricultural and rural economy is still following the old-age system and is outside the mainstream of the economy. The Institute, through its proactive role is in touch with the Central Government, State Governments and local authorities for the switchover to the commercial system of accounting and I am happy to note that the Institute has constituted a Committee on Accounting of Local Bodies. The initiatives of the Institute include certification of end use utilisation of funds and vouching for efficiency in the programme/project implementation. Just today, I was discussing that our MP LAD scheme should also get audited by the CAs.

The growth of new sunrise knowledge-based industry in Information Technology, bio-technology, etc, the growing services sector and the international trade throw up new challenges for the Indian economy and the financial profession. There is a growing requirement of ensuing transparency in the conduct of financial affairs by the corporate sector, which could provide information at the desired level to enable the investor to take appropriate decisions. The professional chartered accountancy has an important role to play in ensuring that this objective is attained without imposition of unreasonable compliance cost by inducting new technological tools.

The role of the Institute is in fact very wide and comprehensive in creating professional expertise to address these challenges. In fact, the position of the Institute



A view of the gathering at the ICAI's 56th Annual Day Function at New Delhi.



Mr. Kamlesh Vikamsey, President ICAI, speaks at the the ICAI's 56th Annual Day function.

education, the Institute would undertake continuing research activity in the field of accountancy. The Institute should consider reserving a percentage of their annual expenditure towards these certain developmental activities. I understand that the Institute has also taken some steps towards IT education. I am sure this will further build on our strengths in the IT enabled accounting, book keeping and audit services.

Transformation of the world into a global village has thrown up a number of opportunities for different professions in India. However, to avail such opportunities the professional concerned should have globally acceptable and competitive skills... All of us must keep abreast of the contemporary trends and challenges. Simultaneously, the working environment must encourage professional excellence. This would require continuing education combined with responsiveness to user requirements. I understand that the Institute has already made continuing professional education mandatory for practising Chartered Accountants.

...The experience shows that the credibility of the financial system prevailing in the country is directly linked to economic development... In the Indian context, I would like to compliment the ICAI for doing a commendable job in developing Accounting Standards in the country and bringing the Accounting Standards almost at par with the International Accounting Standards and Internal Financial Reporting Standards. The activities of the Institute regarding the issuance of new and revised Accounting Standards, interpretations, announcements, etc. during the period clearly shows

is unique that its educational responsibility is fully integrated and includes determination of the syllabus, imparting training, conducting examinations, evaluating the students and granting certification. This makes the Institute very akin to an academic institution of professional learning... It is expected that as a premier Institution imparting high quality

that the Institute is continuously striving for achieving international harmonisation of Accounting Standards and meeting the expectations of the society at large. It is a matter of great satisfaction that level of conversion of Indian Accounting Standards with the International Accounting Standards is being recognised outside the country also. From a recent news report it is learnt that the financial statements prepared as per Indian Accounting Standards will now be accepted in the London Stock Exchange also.

Issuance of pronouncements on accounting aspects is not in itself sufficient to improve the quality of financial reporting in the country. To achieve this in real terms, a proper check on compliance is also required to be maintained. I am happy to note that the Institute has decided to perform a proactive role in this regard by constituting Financial Reporting Review Board.

The statute envisages functioning of the Institute in professional matters in an autonomous manner through an elected Council. The (Institute's) governing legislation, reflects the expectations of the society. The duties and responsibilities discharged by the Institute impinge not only on the members of the profession but also on other stakeholders like companies, investors, financial institutions and society at large. Hence, it is always important for the Government to play a neutral role and ensure that the interests of all stakeholders are kept in view while providing a framework for regulation. With all these in mind, the Government has felt it necessary to undertake a comprehensive review of the governing statute of the Institute. There will, however, be adequate discussion and debate and a consensual approach will be followed while bringing about changes in the legal framework. What is important is that the legislation should have high acceptability among all the stakeholders in the society while enabling a positive environment for professional excellence among the Chartered Accountants.



Mr. Kamlesh Vikamsey presents a memento to the Mr. K. Rahman Khan at ICAI's 56th Annual Day Function.



Mr. K. Rahman Khan, Deputy Chairman, Rajya Sabha, addresses ICAI's 56th Annual Day function as the Chief Guest.

Like any other member I also wish and hope for further growth and development of the Institute. However, proper self-regulation is critical to its credibility and future role. It is important for the Institute to develop high standards and build systems that would ensure high quality of work. While Institute should play a very positive and encouraging role for its members, it should equally

not be sparing in the matters of discipline...The profession should welcome peer review, which would enhance quality, and should not consider it as an additional burden. In effective conduct of the affairs of the Institute in a large country like India, with growing membership and student base, self-regulation would also require greater decentralisation. There should be an increased role for the regional councils.

Emergence of India as one of the fastest growing economies in the world has been significantly contributed by rapid growth in the service sector. Accounting, book keeping and auditing services form an important component of growth in services sector. With high quality of trained manpower, the Chartered Accountants have tremendous potential available for growth in the export market... This will require that the professionals and the firms in India grow and become internationally competitive. Professionals from different background, with synergies in finance related services, may also need to come together. I am sure the Institute will deliberate on these issues.

While globalisation has opened new windows of opportunities in export of accountancy services and employment opportunities in the multi-national companies, it has also brought market challenges from the trans-national entities. However, these are not reasons for us to despair... we can excel in adversity. In the field of

accountancy, our capabilities are the best and we should take the challenges as new opportunities. I am sure that the Institute will take a lead in careful examination of these issues and work out the best steps for making the Indian Chartered Accountants globally competitive.

There are certain other new areas, which I am sure the Institute would like to deliberate upon. Today, there are a large number of small firms, businesses and companies operating in the small cities and rural areas of the country, whose requirement of accounts and auditing is quite rudimentary compared to the needs of the large companies. The Institute needs to deliberate on the ways and means to increase its reach among these small companies. Simultaneously, science and expertise of indigenous accounting available in these small enterprises in the rural and semi-urban areas of the country should not be lost... In-fact this national heritage can be further developed by setting standards and guidelines and making it IT-compatible. The Institute also needs to assess the accountancy and compliance requirements for these small enterprises.

Similarly, on the education front, the Institute needs to examine the possibility of introduction of e-education as early as possible. This would also not only enable students in small towns and rural areas to access the ICAI education but would also help many NRIs and international students to take the Institute's char-



Mr T. N. Manoharan presents a vote of thanks at the ICAI's 56th Annual Day Function.

tered accountancy programme. Information and knowledge are already redefining world trade and commerce. Economic liberalisation, globalisation and information technology are piercing borders, barriers and boundaries. The profession of Chartered Accountants has to adapt itself to the changing environment and keep excellence and competitiveness as its motto."