

FROM THE PRESIDENT



Dear Colleagues,

I begin by wishing all of you and your families a very happy and prosperous New Year.

The New Year has arrived on a bittersweet note. All of us have been grieved by the tragedy of the Tsunami, and we who have been spared the physical aspects of that disaster should thank the gods for the mercy. At the same time, we cannot but express our deepest sympathies for those who will now have to completely rebuild their lives from the ruins left by that disaster. I appeal to all to donate generously to help relieve at least some of the sufferings. A separate request appears in this issue to which, I believe, all of you will respond.

As in other years, this year also the Pre-Budget Memorandum has been submitted to the Government. An executive summary appears in this issue and I would like to invite members' comments.

As many of you are aware, the new empanelment norms for Bank Audit become applicable from this year. The same are posted on the website. The new norms differ from the old largely for the Central Statutory Auditors. Clarifications were sought by many proprietorship firms, and this has been provided on the website of the Institute.

The Government of India had introduced the National Tax Tribunal Bill, 2004 to fasten the adjudication of tax cases pending in various High Courts. This is a very welcome step. It is heartening to note that under this Bill assesseees will now be able to avail the services of Chartered Accountants. Although at present, the Bill does not provide for Chartered Accountants to represent on behalf of Government before the NTT, we are sure that the Government will give due consideration to the representation that the Institute has already made on this matter. The Institute's representation also talks about broad-basing the NTT itself.

Today, the members of our profession face increased knowledge and skill expectations from society at large. Additionally, the need to be competitive in a worldwide economy has prompted a more intense focus on the role and responsibilities of professional accountants in entities of all kinds. Therefore, continued development of professional competence and life-long learning emerge as critical factors for our members to meet these expectations. Since this is a worldwide phenomenon, the IFAC has also taken this up as a major mission. Standards



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for Continuing Professional Development (which is the international term for CPE) are now being developed and the Institute is, therefore, also concerned with seeing that we adhere to the spirit of these pronouncements in terms of our ways of conducting CPE as well as the syllabus for the CA Course itself. The major change that will perhaps come about will be that the granting of CPE credit hours will be on a mixture of inputs and outputs and not input alone, as it is today.

Over the years, we have been feeling the pressing need of putting up greater thrust on the research initiatives and to bring in a world class research faculties, facilities and scholars for fundamental accounting and auditing research. It was also being felt that some sort of classroom education for members and students would go a long way in making them more successful. The Council was also concerned about the lack of proper commerce education and divergent syllabus across India. The need for having a management course for our members, which can be benchmarked with the best in the world, was also being felt. Considering all these aspects, the Council of ICAI had approved the proposal to set up the ICAI University under the aegis of ICAI-ARF. I am happy to inform you that substantial progress has been made in this regard and we hope that very soon this dream will materialise. The proposed University will add great value to the whole rubric of commerce and accounting education. I will keep you informed of the developments in this regard.

Many of you have corresponded and asked about the progress in the Virtual Institute Project. While a more detailed report appears elsewhere in this issue of the Journal, I am happy to inform you that the all India database of members and students is now ready and all the decentralized offices of the Institute have been migrated onto the new platform. Live operations in all the Regions started from December 20, 2004. The second phase of implementation, covering Internet Modules that enable services of the Institute directly to the members and students is also now on and will become operational shortly. I am also happy to say that the website has been redesigned for improving its operation and appearance. The new design has improved the access speed also. The site would ultimately get changed to an interactive portal with authentication coming from the all India member and student database created as a part of the Virtual Institute.

I would like to inform you that the State Audit Institution (SAI) of Oman has expressed their great interest in taking the help of the ICAI to establish an Institute of Chartered Accountants of Oman. This was conveyed to me when I met the President of the State Audit Institution (which is equivalent to our C&AG) in Muscat recently. The SAI also wishes to enter into a mutual cooperation agreement with the ICAI to carry matters forward.

The Vice President of the Institute has led a study tour of about 15 members to China. They interacted with the Taxation Department, banking regulator, Securities & Exchange Commission, Chinese Institute of Certified Public Accountants, insurance regulator and capital market authorities. It was very useful exchange of information. Various proposals for mutual cooperation were discussed. I am sure this tour will fructify in stronger bonds between the two Institutes and benefit of members of both the Institutes.

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The Institute, as all of you know, endeavors constantly to explore cutting-edge disciplines so that the membership at large can benefit from the same. The Center for Excellence in IT has now been set up in Chennai recently, and I had the privilege of inaugurating it.

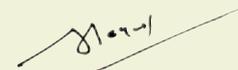
In line with such initiatives, the Institute has also been exploring the possibilities of having Research Chairs in various subjects of interest to our profession. This will be done under the aegis of the ARF, and will be sponsored by industrial houses, renowned institutions, etc.

While on the subject, let me also tell you that the Institute's proposal on Financial and Accounting Reforms in urban local bodies- capacity building and related strategies, has been accepted by the European Union's delegation to India, for a research grant. The aim of the project is to assist Indian Urban Local Bodies to institutionalize financial and accounting reforms. This is an area on which the ARF has already been working, and therefore the research will carry our initiatives further.

The initiative taken by Hon'ble Shri P.C. Gupta, Union Minister of State for Company Affairs (Independent Charge) to come out with a concise company law, has shown good progress. On the invitation of the Minister, the Institute had given specific suggestions culled from ideas received from various seminars and conferences held all over India. After detailed discussions with Council Members and Institute officials, the Ministry has now constituted a Committee under the Chairmanship of Mr. J.J. Irani, with a nominee from the ICAI, for further discussions and deliberations in these regards. The Committee has already started its work. I hope that in the near future, this effort will mature into tabling a smaller version of the Companies Act. It will ease the operational difficulties of industry and the professionals at large.

At the Institute, we have been working keeping in mind the position of profession in the year 2020 and beyond. The art of excellence in any business or profession imbibes the capacity to anticipate the changes and to prepare oneself according to it. This equally applies to the members of the profession. I am sure all of us have made the new year resolution to build further on our own strengths and to explore new avenues. This will certainly result in a stronger profession in India in the coming years.

New Delhi,
1st January, 2005



Sunil Goyal
President