



Dear Colleagues,

The multitude of events during May clearly confirm the immense contribution of the accountancy profession in the economic growth of the country. Hon'ble Finance Minister Shri P. Chidambaram while replying to the debate on the Finance Bill, 2005 in Lok Sabha acknowledged the positive contribution of the ICAI and the trust and faith of the public at large in the formulation of technical standards. On the issue of Fringe Benefits Tax, he appreciated the ICAI's study of international practices since it covered all diverse viewpoints. The credibility of the accountancy profession was reinforced when he stated on the floor of the Parliament that, "*if the tax auditor certifies these are the heads, the officer has no discretion. The Income-tax officer has to accept that tax audit certificate unless it turns out to be a patently false certificate. We will accept that certificate of the auditor*". He further added that the "*The Institute of Chartered Accountants is laying out its guidelines under the accounting standards and this will be taken as the base*". The Fiscal Laws Committee has already constituted a Study Group to finalise the particulars to be included in the Fringe Benefit Report.

Another event, which reinforces the faith in the credibility of accountancy profession is the acknowledgement made by Shri Ramesh Chandra, Member Secretary, Empowered Committee of State Finance Ministers on VAT. As a chief guest on the occasion of the release of Model VAT Audit Report prepared by the ICAI, he affirmed that: "*Chartered Accountants are going to be our strong allies and we will be depending on you*".

Copies of the Model Report have also been forwarded to the State Finance Ministers for their consideration at the time of incorporating the form of audit report and particulars to be mentioned therein in their respective rules.

I am confident that all professionals shall continue to adhere to the highest professional, technical and ethical standards in order to live up to the faith and trust, which the society has on our profession.

Hon'ble Finance Minister of Government of Andhra Pradesh Shri Rosaiah Konejeti while addressing delegates at a seminar on 'Emerging Professional Opportunities in the WTO Regime,' organized by the ICAI also observed: "*Without the help of Chartered Accountants, we will not be able to reach to the very large number of dealers and assesseses, and neither will we be able to make them aware of VAT. If that does not happen, then VAT cannot be successfully implemented.*"

In the same Seminar, Honourable Member of Parliament, Mr. C. Ramachandraiah, while addressing the participants, acknowledged the catalyst role of ICAI in managing a huge pool of skilled manpower in financial and accounting services.

Speaking on the same occasion, Shri Vinod K Dhall, Member Secretary, Competition Commission of India, said there was need to encourage 'winds of competition in economy.' Touching upon the winds of change brought about by emergence of competition regime in India, he said that Competition Commission sees a wide scope for Chartered Accountancy professionals. He further stated that given the fact that the CA profession is an integral part of the financial information dynamics, the professionals can easily make forays into this emerging area.

Another major development has been the introduction of the Taxation Laws (Amendment) Bill, 2005, which contains proposals for streamlining the taxation of charitable trusts and institutions. The Government has accepted a major recommendation of the Institute and under the above-mentioned Bill, audit by Chartered Accountants would be necessary where the income of charitable institution exceeds Rs.1 lakh. This provision would apply even in respect of the institutions claiming exemption under section 10(23C).

It needs no emphasis that the goal of accounting education and practical experience is to produce competent professional accountants capable of making a positive contribution over their lifetimes to the profession and society in which they work. The profession needs to ensure that individuals who become professional accountants achieve an agreed level of competence, which is then enhanced. The means by which individuals develop and maintain competence is through education and practical experience, followed by continuing professional development.

Recently the Council debated the recommendations of the Committee for Review of Education and Training. After extensive deliberations, it has been decided in principle to introduce a Common Proficiency Test (CPT) for those prospective students who wish to enter the Chartered Accountancy Course. A student will be able to enroll for the CPT any time after passing Class X examination. However, one shall be entitled to appear CPT only after appearing in 10+2 examination. After passing 10+2 and qualifying in the CPT, a student shall register and undergo Practical Training of 3½ years. During the Practical Training, a student shall have to qualify two examinations namely, Professional Competence Examination (PCE) after 18 months of Practical Training and Final Examination during the last six months of Practical Training. The proposed scheme also requires minimum of 100 hours of Information Technology Training before appearing for PCE and 100 hours of General Management and Communication Skills (GMCS) course after passing PCE examination.

The increase in the duration of Practical Training from existing 3 years to 3½ years is to ensure that effective three years' Practical Training is imparted in harmony with the International Education Standards of the International Federation of Accountants. With the introduction of the new scheme, the total duration of time in becoming a CA shall be around four years as against five years and three months at present.

The modalities of the overall scheme as finalised by the Council of the ICAI are being fine-tuned and, consequently, the proposed amendments in the Chartered Accountants' Regulations, 1988 shall be forwarded to the Ministry of Company Affairs for obtaining necessary approval, wherever required, to amend the said Regulations. Keeping this in view, it is expected that the new scheme may come into force some time in later part of 2006.

Recently, the Ministry of Company Affairs has constituted an Expert Committee, on which the Institute has been represented, to examine issues relating to streamlining the prosecution mechanism under the Companies Act, 1956 to make it more effective and to advise on various issues *inter alia* reasons for excessive pendency of the cases filed for violation of the Companies Act; 1956; and, identifying the ways and means through which disposal of these cases could be expedited within the definite time frame, etc.

I am happy to inform you that the Expert Committee on New Company Law headed by Dr. J.J Irani has considered the views of the Institute on various issues involved and the Report is likely to be finalised by the end of May. I am sure the New Company Law drafted on the lines of recommendations of the Expert Committee would create a new regulatory framework and would go a long way in enhancing corporate governance practices as well as pave the way for

FROM THE PRESIDENT

growth of corporates in the global perspective.

The Corporate and Allied Laws Committee conducted a 2-day workshop on 'Cyber Fraud and its Prevention' for Haryana Police Officials (Investigation Cell) at Haryana Police Academy, Karnal, in association with Haryana Police Academy. The workshop was well received by the participants and Police officials of Haryana Police Academy.

The process of peer review initiated by the Council of the Institute in April 2002 with the issuance of the Statement on Peer Review has blossomed and has reached the stage of fruition. It is heartening to note that out of 138 Final Reports received by the Peer Review Board, Peer Review Certificates have been recommended for issue in respect of 126 Practice units. For the remaining 12 cases, the Board has recommended follow-up review. The Board has also received 14 Interim Reports and on a consideration thereof, recommended follow-up review.

The Journal of the Institute, *The Chartered Accountant*, is being regularly published every month since July 1952. The Journal is the main medium of communication between the Council and the Members. Today, its circulation exceeds well over 1,60,000, covering not only membership but also a large number of students, academicians, professional bodies, chambers, etc. In the face of fast changing economic environment, the Journal helps all of us in keeping abreast of the latest developments in the fields of accounting, auditing, fiscal laws, economics, finance, banking, insurance, technology and other contemporary developments in the international sphere.

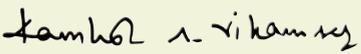
The Journal is the most visible and recurrent indicator of the Institute's profile for the members, students as well as external audiences. Consequently, a number of steps such as improvement of the lay out and design, introduction of new features, are being taken continuously to enhance the quality of Journal. In the very near future, we at the Editorial Board are striving hard to come out with a new *avatar* of the Journal, which is likely to be quite distinct and different and shall stand apart vis-à-vis other publications.

On the technical front also, the Editorial Board is endeavouring to improve the overall quality of the Journal to make it more relevant and useful, keeping in view the wide spectrum of members across the length and breadth of the country by soliciting articles from eminent experts on contemporary issues. All efforts are being made to publish articles, which are directly relevant to members in their day-to-day work both in practice as well as in the industry. Towards this end, the Journal is also visualised as a means of imparting continuing professional education to members. I earnestly request members to give a serious thought to the question as to how we can make the Journal more relevant and useful in the context of the contemporary economic scene.

Finally, I am of the firm opinion that identification and implementation of the best practices must be institutionalized to achieve excellence in any environment. In fact what we consider institutionalization in the context of an institution may be considered as internalization when it refers to individuals in the institution. Internalization refers to making things a part of one's nature by learning or unconscious assimilation. Internalization of best practices means making excellence an integral part of one's habit and nature. Aristotle rightly observed that, "We are what we repeatedly do. Excellence then is not an act but a habit".

I am confident that in all our professional pursuits through internalization of best practices, we shall always remain at the forefront.

New Delhi,
21nd May, 2005


Kamlesh S Vikamsey
President