



Dear Colleagues,

Most of you would have read about Mr. L.N. Mittal's becoming the richest man in Britain and practically the owner of the largest steel conglomerate in the world. Aside from the fact that this makes us feel proud as Indians, the important thing to note is that Mr. Mittal is known far and wide as the most successful turn-around specialist in the world. He began his career by turning around sick steel mills in the Eastern European countries. And he did all this in an international competitive environment, where he did not enjoy the kind of protection, which the industry in India at that time was enjoying. One cannot but note with a pinch of salt that such a person at that time did not get opportunity in India. Fortunately, things are changing now, which brings me to the point that underlies all this. How many sick undertakings, Central and State, do we have in this country, and to how many are we applying our financial talents to turn them around? Surely, we would be the best people to advise on this. For those looking at professional development opportunities, I offer this as a subject to think upon.



Let me comment on a subject which has perhaps taken the largest amount of media time in the last three months. I refer to the US elections. By the time this issue reaches your hands, the elections would be over and therefore, commenting on the basic issues dividing the two candidates is of no import now. Rather, what we should really think about is the effect that the run-up to this election has been having on the political economy of the new world order. I think the whole world has now realized that politics and economy are not separable (it is not a truism, nor is it obvious – the WTO agreements were based on the fundamental premise that politics and economy *are* separable, and it has taken almost six decades to realize that they are not, in terms of the WTO, that is). As a result of this realization, and considering that the US is the largest market for most countries, the political-economic considerations playing a role in the US presidential elections have really become global concerns.

This is good, and this is not so good. It is good because this global concern is also indicative of a new level of global political economic integration—something that we must have if we are to progress towards a more conflict-free world. It is not so good because the domestic upheavals of one country now have major effects on the economies of others. This shows the level of one-sided economic dependence, and this needs to be addressed in a global way. After all, although the US seems to have recovered considerably in fiscal 04, as far as its

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domestic economy is concerned, the next few months of domestic US policy will show whether it will proceed towards more protectionism.

Protectionism is no longer taboo in the US, and some of it has been directed towards India in the past. We have been trying to sort out this matter for quite some time now in the US and certainly, quite a few walls have come tumbling down. Nevertheless, our share of the US service market continues to be very very small. It behooves us therefore, to be very watchful and alert over the next few months so that we may tap opportunities as soon as they arise.

Touching on issues of professional development, let me say that the panel for Bank Audits has been given to the RBI. The panel will also be put up on the website in a few days time. This year, cases of rejection are down to about 0.25%.

Keeping up with the times, many of you would have welcomed the Institute's initiative with regard to Digital Certificates. The Institute is now a subordinate certifying authority under TCS which is the certifying authority. The Institute can issue Class 2 Digital Certificates to its students and members. The Central Board of Direct Taxes has identified chartered accountants as one of the e-Return intermediaries and their system accepts Class 2 Digital Certificates. This is going to be of great advantage to our members, as they will now be able to have a single certificate for all purposes. This issue carries a detailed announcement and I would advise all our members to take advantage of the situation.

The Course on WTO and Trade Laws is being formally launched on 5<sup>th</sup> of November, 2004 and the Hon'ble Minister of Commerce, Mr. Kamal Nath has very graciously agreed to do the honours. Given the opening up of the global economy and the professional opportunities following in its wake, this course will do the much-needed filling of a gap in the upgradation of members' professional skills.

The Board of ICAI-ARF in its recent meeting reviewed its work programme and also considered various options for resource mobilization for financing future research programmes and creation of infrastructural facilities of international standards. The Board also discussed various measures to have a compatible organizational structure and effective governance. It also decided to enhance the entrance and annual membership fees of ARF, which would be reviewed every year. One of the significant decisions was to make available the benefits of ARF to all the members of ICAI with an idea to keep the membership of ARF to the statutory minimum.

The International Public Sector Committee of IFAC is meeting in Delhi from the 2<sup>nd</sup> to the 4<sup>th</sup> of November, 2004. As you might know, the IFAC PSC has been in the forefront of the development of Accounting Standards for Government. During these meetings, the Committee would be considering several important issues including presentation of non-financial data as additional disclosure, the effect of social policies of Governments and the proper treatment for non-exchange transactions. The Institute has organized a small Conference and a Round Table

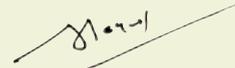
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Discussion on the most important issues on the agenda of the PSC.

The Institute has recently conducted some programmes on how to improve firm-level responses to consulting assignments. Two programmes have been held in Delhi, and the feedback from firms has been very good. Multilateral agencies have talked about how they select consultants, and the Institute has provided inputs on how to prepare technical and financial bids. Another programme is scheduled in Kolkata this month. I am sure that this initiative by the Institute would help to build capacity in consulting. I am also happy to inform you that based on the performance of the ICAI-ARF team in the on-going assignment with the Kolkata Municipal Corporation for Finance and Accounting Reforms, the Government of West Bengal and the Kolkata Municipal Corporation in terms of the DFID funded Kolkata Urban Services Project (KUSP) has decided to give the work of conversion of accounts of Urban Local Bodies in West Bengal to chartered accountants. This is indeed a welcome step.

The festive season is upon us, and the whole country is looking forward to the festival of lights. This is also the time when we introspect, which is what the lights are supposed to symbolize— lighting up our hearts and minds. I wish to extend to all of you my personal greetings and best wishes for this happy season and occasion of Deepavali.

New Delhi,  
5th November, 2004



Sunil Goyal  
President