

FROM THE PRESIDENT



Dear Colleagues,



Our economy is, in the ultimate analysis, a very resilient one. Post-Budget, the markets have also shown signs of stabilization, the irregular monsoon notwithstanding. The rationalization of the proposed transaction tax by the Finance Minister also contributed to the recovery of lost ground by the market. I think the very fact that the economy has been able to absorb the shifts in policy emphasis speaks a lot about its fundamental strengths.

Possibly, the only cloud on the horizon is that of the recent failure of a private bank. It is not so much that it has happened, which hurts, but the fact that it happened within a system where there are so many checks and balances. The reasons for this failure should be investigated fully for two major reasons. First, to bring all guilty persons to book, and second, to take proactive measures to prevent such incidence in the future. Our resilient economy has absorbed this loss and although the global rating of India Inc has not been affected, nevertheless any repetition would be, I think, disastrous. While one can argue that in any industrial democracy, this is a part of the game, yet in developing countries like India, the social fallouts and the possible backlash in the financial markets are some things that become more important. We are in a real sense, still on the transition path to liberalization and therefore, in all sectors where public money is involved, such as Banking, Insurance, Pension Funds, Mutual Funds, Capital Markets etc., a very careful path has to be chalked out so that society at large can be assured that its interests are fully protected. While adequate checks should be put in place, the monitoring of effective compliance of such checks is really paramount. This is where the independent directors can play a pivotal role. The proper selection of independent directors paying heed to the necessary qualifications, provision of proper training to them and the monitoring of the way they qualitatively discharge their roles, become the crucial factors.

The Institute has taken an initiative by making a significant contribution to the step taken by the Government to bring in better Corporate Governance. The National Foundation for Corporate Governance, of which the Institute is a founder trustee, under the patronage of Honourable Union Minister of State for Company Affairs Shri Prem Chand Gupta, has met and is committed to the training and orientation of non-executive directors. This conjoined effort is likely to usher in a new era in Corporate Governance in India.

But to come to more positive things, you all know that during this year, the Council of the Institute has taken a number of very important decisions which have been communicated to all of you through

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the medium of the Journal. Based on these decisions, a whole new orientation should reasonably come about in the way we develop our professional practice and our professional lives in industry. One of the important decisions has been the making of CPE mandatory for members in industry - a decision that was publicized a couple of months ago.

The reason for this, and the implications of this decision are far reaching. Our members who are in industry are really the flag bearers of our profession worldwide. No one perhaps, is more conscious of this responsibility than the members in industry themselves. And therefore, they requested the Institute both individually and collectively to ensure that the Institute provides a structure by which their needs to keep abreast of all current developments as well as emerging issues are well taken care of. Since the issuance of the Council decision, I have received very encouraging response from members in industry themselves which I have passed on to the appropriate Committee.

The reason why I bring this up is that we feel that the time has come when, keeping aside our attestation activities for the moment, it has now become very necessary that our professional brethren should understand the pressures that are there in the industry and the complexities of multi-product and multi-national operations, and the financial options that are open.

We are, I believe, in one of those times of economic expansion, when everything moves at a break-neck speed. This is more applicable to business, and therefore, our brethren who are in business and industry should help to carry along the rest of the profession so that there is always a sense of balance and concordance. It is for this reason also that it is important for Chartered Accountants to seek more placements in industry. I am personally happy to say that the Institute is looking at the whole recruitment pattern for Chartered Accountants very seriously and within a short period of time, we shall be hosting a job portal where both companies as well as applicants will be able to have access to each other. The Institute is also in the process of creating a placement cell, which will assist in procuring more jobs for Chartered Accountants. A number of companies have also become interested in recruiting Chartered Accountants in large numbers and they have also advertised this fact through our website as well as their own. I am sure that many of us will take advantage of this and in doing so, set in motion a process that will lead to a long-term integration between members in practice and members in industry, by following the premise that I have outlined.

On another front, more opportunities are now opening up for very specific kinds of work. Many of you would have seen the recent advertisement that was made by the Ministry of Roads for conversion of Government accounts. It would not be presumptive to say that such projects will continue to grow in number. And that will need the involvement of a very large number of firms, as the pace of changeover to accrual accounting increases. Obviously, looking at the sheer volume of work, which will emerge in this sector over the next 10 to 15 years (because nowhere in the world have Government accounts been converted in a period of less than eight to ten years), I think it is time for us to professionally pull up our socks.

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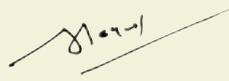
A similar set of opportunities are emerging in post-conflict situations. Many of you would also have seen the advertisement on our website by the Afghanistan Reconstruction and Development Agency. I can say with confidence that, beginning with the conversion of accounts of several agencies of the Afghanistan Government, a large number of opportunities are now opening up. Those who can take advantage of these opportunities will certainly find themselves in an envious position as more post-conflict nations (perhaps Iraq in another three years) demand the services of professional chartered accountants to help them get back to normal.

Coming back to our own country, I have had reports from some firms who took a bold step, as far back as 1998, when the Institute first started talking about new areas like Environmental Accounting and Energy Audits. I am very happy to inform that these firms have now tasted success. As anyone can imagine, there has been a lot of hard work involved, but the fruits are sweet.

I think, it is now time for all of us to step forward and take things as a matter of right, because of what we are, what we know, and how we apply it. At the Institute level, we shall of course continue to try and create more opportunities; but given the international scenario, firms will have to compete with each other to take advantage of those opportunities. The Institute is committed to marketing the profession as a whole, but firms must create their own market and their own professional niche.

At the end, I would like to remind everyone of a simple but very effective step that was made by Benjamin Franklin `A man's reach should exceed his grasp, or , what's a sky for?'

New Delhi,
31st July, 2004



Sunil Goyal
President