



Dear Colleagues,

The year 2004 promises to be a kind of watershed in the history of the world. With the two largest democracies of the world going to the polls this year and several conflicts raging around the globe, the outcome of the elections in the US and India may well decide the way things are going to shape up in the next few years. Of course, by the time this issue reaches your hands, the results of the Indian election would already be out. As good citizens and believers in the process of democracy, we shall respect the *vox populi*. I am sure that the new Government formed after elections will have the political will to continue the reforms in labour laws, disinvestment of PSUs and capacity building in the infrastructure sector.

It was quite a long time ago that the eminent jurist, late Mr. Nani Palkiwala, expressed his sorrow at his band of countryman not being able to make the most of our resplendent heritage, and the wide-ranging philosophy embodied in the Indian Constitution. If Mr. Palkiwala had been alive today, he would have seen, especially in the last couple of years, a changed India, a country that is an economic force where people no longer 'suffer and endure without a perception of their potential'.

The task however, has only begun. While, looking at our foreign exchange reserves and our improving balance of payment position, we may feel heartened, we also have to think about how to sustain this growth in the future. And certainly, Governments have a lot to do with it. The recent US hue and cry against outsourcing, especially to India is a case in point. In the heat of the elections, many sober and old economic truths are easily forgotten. Therefore, the 'country of free enterprise' forgets that free enterprise is not free unless it is free to all.

In the context Indian economy, the role of the service sector has become very important given the fact that already more than 50 per cent of our GDP is contributed by this sector. This is a viable option for a country like India where the threat posed by population growth can be converted into opportunities if the citizens have access to global levels of education. In this background, I see a tremendous potential for the export of accountancy and commerce services. In fact, this sector has the potential to become as big an exporter as the information technology sector, in the years to come. Proof of this is in the fact that already a large amount of work in accounting, taxation, insurance etc. is coming to India. This would mean that the incoming Government must work on development of quality institutions and provision of quality educa-

tion. The role of Government is also important from a change perspective in which it is emerging as a major buyer of services and as buyer it can insist upon quality, and in that process, help to initiate a countrywide movement in the improvement of quality of services.

We are in many ways an economy in transition. Over the last decade, we have emerged from the cocoon of half-baked socialism to capitalism and free enterprise. In general, we have succeeded, but there will of course be distortions which will have to be tackled in the future with a great deal of circumspection.

The services sector and, in particular, the accounting profession would need to strengthen itself and take up adequate capacity building measures to make itself competitive at an international level. So far as our profession is concerned, we are convinced that there is a need to unshackle the profession, promote and build brand equity, capacity, consolidate and develop a competitive edge. Our proposals for doing these are now with the Government and we hope that they will be addressed soon after the elections.

In this direction, certain far reaching decisions have been taken by the Council very recently. The first of these is that the concept of part-time Certificate of Practice to the extent that a holder thereof was earlier entitled to sign audit reports, has now been done away with, except in certain specific cases. The Council has felt that taking this decision will lead to improvement in the quality of audit and also give the freedom to members to specialize in different areas, other than pure attest functions. This will also prevent fragmentation of the accounting profession and promote consolidation of such services. The Council also reiterated its recommendations to the Government for suitable amendment in the Chartered Accountants Act in the area of capacity building of CA firms by doing away with the existing restrictions on multi-disciplinary partnerships, charging fees on success/percentage basis, etc. More details about these decisions appear elsewhere in this issue of the journal.

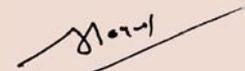
While none of the above changes, in isolation, can bring about a major structural reform in the profession, when taken in their totality it becomes clear that in future years our profession will have perhaps a completely different identity from what it had during the last more than fifty years. In a rapidly changing world, unwillingness to change is a sure prescription for stagnancy and death. There are too many organizations which have died because they could not change. Fortunately, our profession is one that is so intricately concerned with economic forces that changes come naturally and are also absorbed naturally. What is particular about what's happening now is that the changes are wholesale. Too many changes need to be absorbed too quickly.

The Council is also continuing with its endeavours to spread the message of the Institute all over the globe and to establish close linkages with other sister institutions elsewhere. This is part of its efforts to establish a brand of Indian chartered accountants in other parts of the world. Recently, the Council has also taken a decision to allow SAFA member

bodies to reprint the Institute's technical publications at their own cost subject to acknowledgement and a clear non-profit motive. This arrangement of course, is reciprocal. The Council has also taken a decision to open a Chapter in Kuwait since quite a few of our members are settled there. These moves, and similar others, the Council feels, will aggregate to a much larger global presence of Indian chartered accountants.

At the end, let me say that, as one of the largest bodies of accounting profession in the whole world, I believe it is our duty to think about what we all could individually and collectively do to bring about a comprehensive economic change. I know that there is a large number in our community which will steadfastly maintain that the pressures of assuring at least a reasonable quality of life are far too much to permit action on a scale that will help to bring about change in the society at large. To them, I would like to repeat Swami Vivekananda's words that '*no man is too small to contribute*', and for others of course, contributing to economic growth is not even a choice, it is a requirement, a duty that must be discharged.

New Delhi,  
6th May, 2004



Sunil Goyal  
President