



Dear Colleagues,

I think this is generally a good time for the country. The economy is buoyant, manufacturing has picked up, consumer off-take is better, and interest rates remain low. The country has had a very good monsoon and there is no political crisis worth worrying about. These then, are times which hold out hope for all of us. There is always of course, a kind of nagging anxiety - shall we be able to sustain this? On the other hand, there is a lot of truth in the fact that for a country the size of ours, momentum, once gathered does not dissipate very easily.

Keeping in tune with these signs of the times, our Institute has, over the past one month, gone ahead with a number of initiatives, and also dealt with some vexing questions.

So far as initiatives are concerned, I would like to report to you that our Peer Review process is going ahead full steam. Training for the reviewers started on the 22nd of October, 2003 and will continue throughout November in different parts of the country. This will really put teeth into the Peer Review infrastructure.

A few weeks ago, the Knowledge Page on Insurance was launched at Chennai. This Page can be accessed through the Institute's Website. All details relating to the Insurance Course can be had from this Page. Incidentally, the Course has been receiving overwhelming response from the members, and material for all the four modules of the course has already been dispatched and should be in the hands of all those who have registered, by the time this journal reaches you.

The Vice President and I visited Dubai and Abu Dhabi, I spoke on 'Winds of Change in Accountancy', at the 16th Annual Conference of Abu Dhabi Chapter. In my presentation, I informed the international gathering about how our Institute is responding to the imperatives of the new world economic order - from the breaking down of economic barriers between countries to legislative changes and the information technology revolution. The Assembly very well appreciated the speed of response of the Institute to these imperatives. While in Dubai, we had a discussion with the Director of the Knowledge Village being set up there. A decision has now been taken for the Institute to set up an office in the Knowledge Village and we are now looking into the systems and necessary procedures. Such a presence will not only assist our members abroad and spread our message internationally, but it will also be of help to our members in India who wish to go abroad.

The 35th Southern India Regional Conference was held at Bangalore with great fanfare and a record attendance of 2400 delegates. The Hon'ble Shri Ravi Shankar Prasad, Union Minister for Information and Broadcasting, inaugurated the Conference and said that Indian Chartered Accountants are second to none in their dedication and application to the profession. There were a number of eminent speakers and the technical sessions, therefore, came to be of a very high standard.

I attended the 20th session of the Inter-governmental Working Group on International Standards on Accounting and Reporting, organized by UNCTAD at Geneva. The Working Group



dedicated its sessions to discussions on Transparency and Disclosure, and after reviewing the findings of various case studies, agreed to focus on implementation aspects that are in common across countries, including the quality of disclosures and the role of such disclosures in adding sustainable value.

The National Advisory Committee on Accounting Standards met at Delhi and discussed in detail the decisions of the Council in respect of the applicability of Accounting Standards to small and medium size enterprises. The Institute had recommended three levels of enterprises for the purpose. However, the Committee, while accepting a number of recommendations of the Institute, also suggested a reexamination of the necessity and sufficiency conditions for the three levels. The Institute is now working out the ramifications of the consequential changes in the modalities of application.

You are aware that the C&AG had constituted the Governmental Accounting Standards Advisory Board. The Institute is represented on that Board and the Board has now finalized the first Indian Government Accounting Standard (IGAS) on 'Guarantees Given by Government - Disclosure Requirements'. I am happy to inform you that all the suggestions given by the Institute for making modifications in the draft received from the Board Secretariat, were accepted.

The CBDT had issued a Circular extending the date of filing of return to the 30th of November, 2003. However, this gave rise to a confusion because the date of filing tax audit report had not been similarly extended. The Institute took immediate action on the subject and as a result of the representation made by the Institute, the date of filing of the tax audit report has now also been extended.

The council had constituted a Study Group to consider regulatory and ethical issues concerning the profession, which included matters relating to concerns regarding operations of the Multi-national Accounting Firms (MAFs) and their affiliates in India. The Group submitted its report and the same was considered by the Council in its meeting held in October, 2003. The recommendations accepted by the Council relate to three broad areas, viz., further consolidating the competitive strength of the Indian firms, the role of the Indian CA firms in a WTO/GATS environment and the role of Chartered Accountants in management consulting services. The decisions that were taken by the Council may be broadly classified into three major groups.

First, the Council decided that networking amongst firms of Chartered Accountants is to be encouraged. Of course, the networking could be between Indian firms and MAFs, and this is also something that is to be encouraged. A registration with the Institute of such networks will be necessary. The Institute also feels that steps need to be taken to establish the commercial presence of Indian firms abroad and for that, reformulations of Regulations as necessary, will be considered and taken to their logical ends in the long-term interest of brand building of Indian accounting firms in a global context.

Second, ICAI will request the authorities to review the operation of certain multi-national entities, reinforce regulatory restricts on surrogate advertising, suggest to the Government that, keeping in mind the Government's position on GATS and the need for a fair policy of reciprocity with other nations, a curb be placed on non-CAs/MAFs performing attest functions in regard to financial statements circulated to shareholders and other interested parties

in India.

Third, the Council has also decided to further encourage the promotion of management consulting services being performed by members either directly or in corporate form and to reiterate the need for permitting fees based upon contingency/achievement of results or on percentage basis in certain cases.

All this goes to show that the Institute is quite responsive to basically two imperatives that have cropped up - first, the need for a level playing field for Indian Chartered Accountant firms, and second, the need to extend the scope of our Code of Ethics to all those who are offering the same services that we do. We believe that the Government will consider the matter keeping in mind the needs of the domestic sector.

One area in which perhaps not much reporting gets done is the processing of disciplinary cases. For those of you who are interested, I would like to say that all prima facie cases referred to the Council up to 31st of December, 2001 have been decided upon. Only the cases of 2002 and the nine months of 2003 are left. Further, 75 reports were considered by the Council from 5th February, 2002 to 4th February, 2003 and 47 reports were considered by the Council from 5th February, 2003 till 23rd October, 2003.

The election dates have been announced. I am confident that all the candidates and members will strictly follow the code of ethics as well as the election code in letter and spirit to set an example. Any professional institution like ours will be able to cater to the needs of the members and the public only if we take an active part in the activities of our Institute. One of the ways is to exercise one's franchise freely and with discernment. I am confident that all of us will do so.

In penning these pages to you for these past months, I have sought, from time to time, to share my thoughts with you on some of the wider issues as well as some of the more fundamental works. I am now glad to be able to share with you that I have received, and keep on receiving some very thought provoking responses to what I have written in the President Page(s). Such responses both encourage and also force me and us to take re-look at some of these issues. Therefore, I will request all of you to write in more often so that we and the Institute really have more food for thought.

New Delhi,
1st November, 2003


R. Bupathy
President