



Dear Colleagues,

I trust that the Chartered Accountants' Day was a very pleasant day for all of you. To the extent that such events reinforce our feelings of brotherhood, I think we should encourage all our members to participate whole-heartedly in the various programs organized on such occasions.

During the last month a number of important things have happened that impact on the vision of our profession in a very positive way. These range from pro-active steps taken by the Institute itself to kudos for the profession from the highest offices of the land.

It is always heartening to hear the Institute and its members well spoken of. Dr Bimal Jalan, Governor of the Reserve Bank of India spoke on 'financial reforms - the way forward' to our members on the 5th of July at Delhi. The Governor acknowledged the importance of the role of Chartered Accountants and listed out the steps which could be taken to strengthen the accounts and audit functions, for the economic development of the nation. He also said that in order to arrive at proper internal controls and use the same in internal audit functions, the regulators would be keen to use the services of chartered accountants.

And now, to bring more good cheer to all of you. The Council in its last meeting decided to accept the recommendations of the Professional Development Committee that the existing Bank Empanelment Form should be drastically simplified, and there must also be a change in the viewpoint that financial statements of firms are necessary. The Council has decided that next year onwards, firms (except for a randomly selected 10% of applicants) will not be required to submit any financial statements. The empanelment form itself will be put on the web site and it may be submitted on-line. The format of the form also has been simplified. The nominees of the Reserve Bank of India participated in the process of simplification. Efforts are now on to see that the form becomes available on the website of the Institute before the month of January, 2004.

The Professional Development Committee held an All India Conference on professional opportunities in Nagpur. A large number of members attended, and our Vice President inaugurated it. Details of bank empanelment norms, applications to other empanelling authorities, opportunities in new areas, were all discussed. The CIRC and the NIRC jointly organized an inter-regional Conference at Ghaziabad, which both Vice President and I attended. The Fiscal Laws Committee organized an All India Seminar on Taxation at Chennai which was extremely well patronized by our members. Mr A Kalyanasundaram, Senior Vice-President, ITAT, inaugurated the Seminar, and I had the privilege of delivering the Keynote address.

The newly constituted Committee for Review of Education and Training (CRET) held its first meeting at Delhi. The Committee decided broadly to adopt a multi-pronged strategy to assess the present system in terms of its strengths and weakness in an objective manner and to consider and adopt appropriate measures for change. It is proposed to undertake an elaborate consultative process with our members, students, users of our services, academicians, dialogue with select categories of persons, reference to and



study of the syllabi of leading professional accounting bodies of the world and other relevant centres of higher learning and a study of international trends in professional accounting education and training with particular reference to pronouncements of international bodies like the International Education Standards which are being developed by the Education Committee of IFAC. Tentatively, it is proposed to complete the review process and submit a report to Council by June, 2004.

The Council, having taken note of the fact that CARO is effective- as of date - from July 2003, and that this may give rise to certain problems for our members, debated on the matter. It was then thought appropriate to recommend to the Government that the effective date be changed to 1st of April, 2004 to coincide with the new fiscal year. This is now being formally conveyed to the Department of Company Affairs and given the reasonableness of the request, we have every reason to believe that it will be accepted. However, till CARO becomes effective, the provisions of MAO-CARO will continue to remain applicable, as now.

The Council took up the matter of Rotation of Auditors for discussion this month. This matter has had a very long history in the Council itself and has come up several times for debate. The Council decided that while Rotation of Auditors is a preferable option nevertheless, since any final decision of this kind of an issue will affect a cross-section of the membership one way or the other, a referendum to the members is a must, before taking a final view.

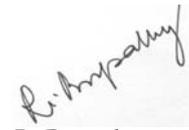
In the course of discussions on rotation of auditors, the issue of joint auditors was also deliberated upon by the Council. Earlier, the Institute had recommended that joint auditors be engaged for the listed companies. Since this is such an important issue affecting a large number of our members, I believe you will all appreciate that this is not an easy decision to take or to give a final verdict on.

There have also been a number of reports in the media which have focused on the services being rendered by Multinational Accounting firms in India, and these reports have also given prominence to the views of groups of chartered accountants. I would like to tell you that on this issue, meetings have been held with the Secretary, Department of Company Affairs and there is a sharing of concerns with regard to the role of the multinational accounting firms. A group has now been constituted by the Institute, headed by one of the Council Members which is going into the matter in detail. The Institute will take an appropriate action on the recommendations of the Group including sending of the recommendation to the Council in an appropriate manner.

This month has seen a number of media reports on the Institute. Allegations have been made regarding the observance of propriety in the examinations, and financial/administrative irregularities. The Council of the Institute examined all relevant issues in detail and has decided that that all proprieties have been observed, the needed checks and balances are in place, and therefore nothing further needs to be done.

I close this letter with the firm conviction that nothing whatsoever can shake this Institution, nor can any storm even touch us, because we have built this Institution on firm faith and value-based ideology.

New Delhi,
1st August, 2003



R. Bupathy
President