



Dear Colleagues,

It was the ancient Egyptians who first recorded the concept of the phoenix, the bird that is burnt alive and then emerges unscathed from its ordeal. Of course, we have similar stories in Indian mythology also, and perhaps so too in other cultures. The point of saying this is that ordeals can be seen as means of destruction, or they can be seen as a means of strengthening, and of resurrection.

Our profession has gone through an ordeal over the last one year, in a global sense. Today, we can look back and say that not only has nothing been lost, but many things have been gained. The profession has come back to a position perhaps better than the original one. It has come back as a community more alert about its responsibilities and its values, and it has definitely proved to the world that it is capable of facing its crises boldly and with transparent courage. That, I think, is our biggest learning.

Consider; in spite of all that has happened, the professional opportunities that are available to chartered accountants have not reduced, in fact, they have increased. Many states have decided to use the services of our members in areas that have so far been the exclusive preserve of certain departments of the government. Others are already experimenting in a number of new areas. The central government has also taken steps to open up new areas through its various organs.

I am happy to report to you that the Insurance Regulatory Authority has provided very substantial waivers for chartered accountants in their training course for insurance brokers. This is an opportunity that our members can take advantage of in a concrete way. The Insurance Course of the Institute is also being viewed extremely favourably by all concerned because of the depth of inputs that it will provide. As opportunities for professional skill development in general therefore, members may like to take a very close look at these options.

Dear colleagues, all this is happening because the society, I feel, has an abiding faith in our profession, and the base of that belief is such that passing winds cannot shake it. We as a community then, must build on that faith, and prove ourselves worthy of it. There certainly is a perception that the regulatory functions of the Institute are being discharged in a dilatory manner. But that is a perception only, and at the Institute, we are, working together with the government, exploring various ways and means of publicly dealing with that societal perception.

A few weeks ago, one of the major referred to the Institute as an awakening giant. The comparison with Pearl Harbour apart, it just goes to show that people in general are not aware of what

we as an Institute do, and what we are doing. In the last 18 months alone, as you all are aware, we have published and promulgated a large number of Accounting Standards, Auditing and Assurance Standards, Guidance Notes and so forth. We have also promulgated the Peer Review Statement, and are about to do the same with a CPE Statement. We have also submitted the request list, country-wise, on GATS and WTO related matters, to the Government. For an Institution, this represents a very large volume of technical and regulatory work. That is what needs to be appreciated.

I agree that as a profession we are, perhaps, conservative. This reflects our training, our ethos, and our system of values. Nevertheless, the Institute is aware of the winds of change, and the fact that we cannot sail against that wind, if we have to be in tune with the rest of the society – that is something that we must be. Therefore, the Institute is all set to advise and inform society in general about what we are and what we do. This is a task that we had taken up in earnest at the beginning of the year with respect to some States on which we had decided to focus, and I am glad to inform you that those efforts are beginning to bear fruit.

The Andhra Pradesh Government has already opened up a number of areas for Chartered Accountants. This includes the internal audit of district level treasuries by Chartered Accountants. The Government of Chattisgarh has decided to involve Chartered Accountants in Municipal Audits, including concurrent audits in municipalities, and in the conversion of accounts of such bodies from cash to accrual basis. Actions are also afoot in the State of Kerala. The Government of West Bengal is already assigning municipal audit work to chartered accountants.

I would like to inform you that our efforts are not going to stop here. We shall not only pursue matters with these States which I have named, but will also take up other focus States and develop Professional opportunities. It is the message that counts, and our getting involved with the State administration, at an Institute level means that our message about what Chartered Accountants are and what they can do for Governments, is getting through that much quicker.

As members are aware, the Value Added Tax(VAT) regime is almost open to us. A number of States will implement VAT from next year and others will very shortly follow suit. The implementation of VAT presents an enormous opportunity for our members to get involved deeply with this new instrument of Fiscal Policy which will not only increase revenue for the State Governments in the long run but will also help in restructuring of the economies of the various States. From the Institute, we are trying to ensure that there is clear place for chartered accountants in this VAT regime and we have succeeded in doing that in quite a few States. Since these States are being taken as models by others, our members, I think, will have a role to play in this regime in every State. Therefore, this is, not only an opportunity for members for their own professional development, it is also an avenue for which we as a community assist the Government and contribute materially to the economic growth of our country.

The Council has taken an in-principle decision to stress upon the need for members to know about advanced information security. In fact, this month's Editorial is also on this subject. The council has decide to recommend a course on this subject to the Government. Given the importance of it, I am sure that the Government will give its approval to this pioneering effort of ours.

## FROM THE PRESIDENT

While on the subject, let me mention that our expertise is getting recognized beyond the borders. We have arrived at an Agreement with Sri Lanka on holding a course on Information Systems Audit for the members of the Institute of Chartered Accountants of Sri Lanka. The course will begin in January of next year.

In other countries also, the Institute's experience and expertise is valued. I had recently visited Dubai to have a series of meetings with high-ranking officials of the UAE. In a meeting with the Education Minister I offered to extend support to the Government of UAE to set up an Institute of Chartered Accountants there. This suggestion of mine is being seriously examined. If it comes to fruition, then not only shall we have a sister institution which would be very close to us, but the total setup will be of immense benefit also to our members staying in the UAE and those members who would like to go and work there.

At the end, let me say this. I believe that we as professionals are in the business of structuring and authenticating structured (financial) information. And the biggest trap that we can fall into is letting those structured dictate our total thinking. When that happens, we cannot add value, because we are bound by our own structured thinking. The point is to see the structure as a set of principles (which they are) and not as a set of rules (which they are not). If we have to take ourselves and our profession beyond the levels of our brothers and sisters in the rest of the world, my dear colleagues, I really don't think we have any other choice.

All my best wishes to all of you for the festive season.

New Delhi,  
30th October, 2002



Ashok Chandak  
President

*'Truth is not always the same as the majority decision.'*

*—Pope John Paul II*