



Dear Colleagues,

The time of the year has come when most of us are a little free from our regular professional duties and are able to take stock of what we have done during the year, what, concretely, we have achieved and where we want to go? This year, while it has been an eventful one in various ways, has also given clear pointers to professionals in India on the directions that we need to take as a community, and the self development process that we must go through as individuals. I have talked about both these issues quite a number of times in these pages and would not like to repeat my arguments. Nevertheless, I feel that members must now devise for themselves options which will continue to ensure that their skills are at the expected levels. This, as I have said earlier also, is now an imperative rather than a choice. Going by the trends, the rate at which our traditional areas are getting eroded is quite high. But at the same time, the rate at which new areas are emerging is also very high. It is the old question of a half-full vs. half-empty glass. It is up to us to take the more positive view.

The Hong Kong venue of the XVI World Congress of Accountants witnessed the largest ever congregation of Accountants from more than 100 countries spread over four days from 18th to 21st November, 2002. The first World Congress in this century was inaugurated by Premier Zhu of China. While the theme of the Conference was "Knowledge-based Economy and the Accountant", the credibility crises facing the accounting profession was at the centre-stage of the address of the Chinese Premier, Finance Minister and other important dignitaries. The major events lined up along side the Conference included meeting of the IFAC Board and Council,

Conference of IASB, Ex-com and AGM of CAPA. While the ICAI participated in all these programmes, what was most significant was the sideline interactions with the officials of IFAC, CAPA, IASB and accounting bodies of many other countries, including China, Australia, United Kingdom, USA and Italy. These interactions are expected to give impetus to the international initiatives taken by the ICAI. ICAI is expected to play a catalyst's role for IFAC's initiatives in information technology. ICAI has been approached for the membership of XBRL International, an organisation spearheading the development of XBRL technology. The qualification evaluation exercise with ICAEW is expected to get finality by the end of March, 2003. A Joint Conference with CNDC, Italy, would be held in India. This is also expected to be attended by the delegation representing the Trade and Industry in Italy. The Compliance Committee and IAASB of the IFAC would hold their meetings in India followed by a Conference, some time in the coming year.

There is a lot of debate currently on the Kelkar Report. The underlying philosophy of the recommendations is to abolish incentives and at the same time bring down tax rates. The Kelkar Report has identified various deficiencies in the existing tax system including structural complexity, low transparency, high compliance cost, lack of attention to tax payers needs and tax leakage etc. A number of measures and radical changes have been suggested to reduce transaction cost and revenue collection and compliance cost of tax payers. The Institute is submitting the detailed comments on all the recommendations. We need to note of course in this connection that the whole area of fiscal policy is such that no given set of measures can permanently solve all problems and therefore, each step has to be evaluated in terms of not only the degree of impact but also the duration of the impact. It is in this area that the Institute feels that caution is necessary.

The Council has decided that chartered accountants may bid for tenders by the World Bank, Asian Development Bank, Govt. Agencies etc. This will be welcome news to all members who have the capacity and capability to offer their services through such means but were so far restricted from doing so. It also opens up possibilities for members who may not have thought about it so far.

The Council approved the recommendation of the Auditing and Assurance Standards Board to revise the format of audit report so as to require the auditor to give his opinion on the true and fair view of the cash flows for the year under audit.

The Council has decided to grant additional vacancies to chartered accountants based on certain criteria which include meritorious students, number of qualified assistants employed and number of years in practice.

The Council has approved the Guidance Note for revision of Audit Report. Under this Guidance Note, it is stipulated that report once issued by the auditor cannot be withdrawn. However, auditors are allowed to revise the report if circumstances so warrant.

The Professional Development Committee has been pursuing its objectives for opening new avenues for members in various States. The lead has been taken by Task Forces which have been set up. Following a series of meetings with concerned Ministers and officials of Government of Kerala, the Professional Development Task Force in Kerala held detailed meetings with the Planning Board of Kerala and very concrete options have been identified. These are now being further pursued. In Goa also, a detailed meeting has been held by the Professional Development Committee with the Chief Minister of Goa and again, various options have been discussed. The Government will respond with specifics very shortly.

Continuing the efforts of the Committee on Members in Industry for industry specific programs, a Seminar was held at Nagpur on Accounting for Mining on the 23rd of November, 2002. The aim of the Institute behind such programs is to prepare Guidance Notes based on the inputs which are received. These Guidance Notes can later be converted into industry specific standards. During the course of debate, I had suggested that the mining industry as a whole must prepare a report on where the industry sees itself in the time horizon in the next 20-30 years. And in this exercise, the value addition by our members could be immense.

FROM THE PRESIDENT

I think a major emerging concern in the coming years will be the devising of ways to keep track of the impact of transactions as they occur. With a very large number of organisations of all kinds interacting with each other in an infinite number of ways, suspect transactions are very likely to be swamped and absorbed within million of others. This is where I personally feel that our discipline has to make a major quantum jump. We are all accustomed to thinking in terms of unidimensional transactions. The point is, transactions have become multi-dimensional and given their complexity and large volume, our methods of analysing them have also to evolve suitably. This is in fact, not only an Indian issue but a global one, because the accounting discipline as such has to take this factor into account and perhaps design comprehensively new ways of analysis and dissection. This is an intellectual challenge for all of us and I hope that the major theoretical breakthroughs in these areas will come from our country only.

Certainly, we need to start thinking in terms of totalities and develop a perspective spanning perhaps three, four or more organisations altogether. Only then, when we are able to take in the big picture in terms of a comprehensive assurance framework, we shall be able to produce the results which the society today expects. To my mind, bridging the expectation gap today is also now a question of being able to command an authoritative understanding of that big picture. I leave this with you as an issue to exercise your considerable intellect.

New Delhi,
3 December, 2002



Ashok Chandak
President

Assiduus usus uni rei deditus et ingenium et artem saepe vincit. ~ Constant practice devoted to one subject often outdoes both intelligence and skill.

—Cicero