



CA. G Ramaswamy, President, ICAI

Dear Friends,

It is my proud privilege to address my accounting fraternity on the eve of 1st July, a day remembered as the Foundation Day of the accountancy profession in India and celebrated as Chartered Accountants' Day (CA Day).

It would be arguably justifying and appropriate to remember Shri G. P. Kapadia, the first and founder President of our institution, on this occasion, who, being a great visionary, gave a very distinct shape to the scope of our profession. Let us accept that it would have been quite difficult for us to imagine the status of profession, had he not done what he had for the foundation and development of the profession.

On 11th August, 1951, Shri Kapadia had said at the second Annual Meeting of the ICAI Council: *...the Institute is a new one and it will take time to build up its traditions and I am sure that in course of time the Institute will have the best of traditions of which the profession and the country will be proud of. The assistance of the members of the profession as also the Government and public is necessary in building up the Institute and I am sure that this be had in the fullest measure.* His idea and vision to touch heights is still alive in our hearts and we have

been striving tough to realise his dreams. Though we have moved forward quite a lot since then, still I would never say that, as this will stop the scope to grow further.

A man of unflinching conscience, Shri Kapadia gave a definitive direction to the accounting professionals through his vision and conviction. He let the membership understand where they should go and what was favourable for them in future. He inspired them and raised their aspirations to achieve the best in profession. He believed in the beauty of perseverance which helped us attain our destiny. And then, future with a host of bright possibilities would belong to us. The beauty of Shri Kapadia's leadership was that he strongly articulated his vision on numerous occasions before the accounting fraternity. We know that when vision is combined with venture, it becomes substantive. In the absence of execution, vision is merely hallucination, Thomas Edison opines. Shri Kapadia and Mr. Edison appear to be in agreement here.

Before I talk about the important developments of the past month, it will be a matter of joy for me to inform all of you that we have planned to launch the following services on the occasion of the CA Day (1st July):

- **Web TV Portal:** This Portal will contain video streaming of seminars, lectures and so on. The members and students will be able to login to the website register easily and then view the videos online. The main purpose of creating this online portal is to share with our members and students the experience of being virtually present in the seminar/programme/lectures. The portal will comprise both *Static Web Module* containing committee information, contact details, terms & conditions, privacy policy, and other static information, and *General Public Module* containing latest videos, images and event details about members and students. The portal will also have a discussion board and a forum.
- **CPT Online Registrations:** The students can register themselves 24*7 to CPT course using this online form which is also having the facility to pay course fee online using credit/debit cards/net banking of various banks. This will bring our students closer to the doorsteps of the ICAI, and other such forms will also be available online in due course. I request all of you to encourage students to use this online facility.
- **CA Firms Portal:** On this portal, Small and Medium Practitioners may create their portals as per the norms laid down by the Council. Thus, all the CA Firms shall be able to upload the details of their firms on the proposed website from their end and it shall also provide them an opportunity to reach out to the international practitioners.

- *Project Parivartan*: 'Beta' version of the new ICAI website will be released. The main objective of this Beta release is to share the new perspective on how we perceive to capture your thoughts and transform the ICAI Web Portal into a truly members and students friendly one. We look forward to your valuable feedback on the same.
- *ICAI-Tax Suite Software*: The software will assist the members in the areas of Income tax, TDS, Audit Reports, Project Report/CMA, Form Manager, Annual Information Return (AIR), Service Tax and Document Manager.
- *ICAI-MDA Software*: The Software will assist in compliance with MCA filings.

I am sure that the entire membership including the members in the industry and our students will find the above-mentioned services efficient, productive and helpful in their professional development, networking, practice management and statutory compliance.

Now, let us have a look at the important developments and changes in profession that we have brought about nationally as well as internationally:

Interaction with the Government

Meeting with the President of India: I had the proud privilege of meeting the Hon'ble President of India, Smt. Pratibha Devisingh Patil, along with the ICAI Vice-President CA. Jaydeep N. Shah. Her Excellency was updated about the recent progress and changes in the profession and the Institute and was also handed over documents related to the Institute. The head of the Nation has wished our profession and the Institute a great future and growth.

Recommendations Submitted to Election

Commission: It is quite gratifying to inform you that we have submitted the report on *Uniform Accounting & Auditing Framework for Political Parties* to the Election Commission of India (ECI) during a meeting with Dr. S.Y. Quraishi, Chief Election Commissioner of India and officials of ECI recently. I participated in this meeting with the ICAI Vice-President CA. Jaydeep N. Shah and my Council colleague CA. Shivji B. Zaware among others. CA. Zaware also made a presentation on the principal recommendations from the report, which were extensively discussed and appreciated by the officials of the Commission. The implementation of these recommendations would go a long way in bringing about accountability of political parties, the ECI officials felt. We were informed that the recommendations might be implemented with appropriate amendment *vis-à-vis* relevant laws and regulations. To support the recommendations, the ECI has further sought from us inputs on international accounting practices being

followed by political parties, which we would submit to them shortly.

Suggestions Submitted to the Ministry of Corporate

Affairs: We have submitted our views/suggestions to the Ministry of Corporate Affairs on (i) Circular issued by MCA which states that the auditor of the company will not be allowed to sign and certify the filing with MCA-21 system if such a company has not filed its statutory annual reports with the ROC, and on the (ii) Companies (Cost Accounting Records) Rules, 2011 and the Companies (Cost Audit Report) Rules, 2011. We are also in the process of preparing a document on the revised Schedule VI to the Companies Act, 1956 for guidance of members and have identified several critical issues in the revised Schedule VI. We have made representations to the various regulators along with issues and solutions in order to bring about harmonisation of laws so that implementation of revised Schedule VI can be facilitated smoothly.

MCA Nominates Council Members and ASB

Secretary: A Committee has been formed by the Ministry of Corporate Affairs to identify the tax issues arising out of convergence between the Companies Act, 1956, IFRS, DTC and GST, and matters related thereto. Apart from other members, my Central Council colleagues CA. Sanjay Agarwal and CA. Jayant Gokhale, and the ICAI Accounting Standards Board (ASB) Secretary Dr. Avinash Chander have been nominated by the Ministry as representatives from the ICAI. A meeting of that Committee was also held recently.

International Initiatives and Strengthening Ties

Broadening Horizon of UK Accounting Ties: I had the opportunity to meet the leaders of the accounting bodies of Ireland and Scotland apart from constituents of UK accounting profession. As the members are aware, we have a qualification recognition arrangement with ICAEW, this visit intended to broaden the elements of bilateral cooperation with ICAEW on commonality of areas including technical resource sharing and taking a joint lead voice on issues which need attention at a global level. ICAI and ICAEW leadership that included ICAEW Deputy President Mr. Mark Spofforth and CEO Mr. Michael Izza, shared their flagship programmes and the way forward to promote member-to-member and firm to firm networking to widen their professional horizon at either end.

Our interaction with the ICA Scotland CEO Mr. Anton Colella and the leadership (the Vice President Mr. Brendan Lenihan and the CEO) of ICA Ireland

further explored the need and the processes for augmenting qualification recognition arrangements with these two bodies. We also met the leadership of the Chartered Institute of Public Finance and Accountancy, and the Association of International Accountants. I had an interaction with the UK members of the Indo-UK Accountancy taskforce that included its Chair Ian Gomes. I also interacted with the Financial Reporting Council of UK to understand the issues of quality assurance and professional oversight, and the elements of full reciprocity including licensing in the UK while explaining our regulatory position.

Extending Help to Mongolian Accountancy:

My Central Council colleagues CA. Mahesh P. Sarada and CA. Nilesh Vikamsey along with the ICAI Addl. Secretary Shri Rakesh Sehgal visited the Mongolia Institute of Certified Public Accountants (MONICPA) recently, where they met its President and its CEO as well as the heads/secretaries of its various committees. The visit to MONICPA was intended to provide a technical support on its application on Statement of Membership Obligation for becoming a full member of the IFAC. We have given them suggestions for improving upon their IFAC application based on the functioning of MONICPA.

Extending Professional Help to Saudi Accountancy:

It is quite satisfying to acknowledge before our membership that the Saudi Organisation of Certified Public Accountants (SOCPA) has requested us for a support in capacity building for IFRS Convergence at institutional level. It has requested us to send an ICAI team to the SOCPA to carry out this capacity-building programme on an urgent basis. In addition SOCPA has also requested us technical support to improve upon its Quality Review Program in the light of international best practices. In this regard they have requested ICAI's support in developing and updating SOCPA quality review manuals and guidelines and conducting training programmes for SOCPA reviewers to improve upon its Quality Review Program. Since we have a sizeable presence in the Middle East and related regions, support programmes like this will create an additional brand value for our Institute as well as for our members.

Furthering Bilateral Cooperation with South African Accountancy:

We have also initiated dialogue with the South African Institute of Chartered Accountants (SAICA), which has asked us to come back soon on the matter with regard to further action on the bilateral cooperation.

Edinburgh Group and IFAC Board Meeting: I had the opportunity to attend the Edinburgh Group and IFAC Board meeting and along with the ICAI past-President CA. Ved Jain. The Edinburgh Group approved its mission statement and also discussed the criteria for the membership of the Group. The Group was of the view that the membership should be based on some minimum criteria and the member body should have commitment to the cause of the Edinburgh Group.

In the IFAC Board meeting several key initiatives on the Action Plan of IFAC and on the Strategy Plan for 2012 were discussed. We used this opportunity to emphasise that the IFAC should play a key role in standard-setting process, keeping in view the economy of developing nations. The issue of increase in fees was also discussed in the meeting. IFAC has also signed an MoU with the World Bank, which shall help in extending funds for the professional bodies in the developing nations.

Meeting with World Bank and IMF Representatives:

I wish to inform that I along with my Central Council colleague CA. Manoj Fadnis, Chairman, Accounting Standard Board and two ICAI Officials, recently met the representatives of the World Bank and the International Monetary Fund at the Securities and Exchange Board of India in Mumbai who were in India under the Financial Sector Assessment Program (FSAP). The objective of their visit was to assess the degree of compliance with accounting and auditing standards as well as the mechanism in place in India for the oversight of the auditing profession, particularly, for ensuring the quality of audit and auditor's independence. This exercise is a part of IOSCO's assessment of the effectiveness of the regulatory and supervisory framework existing in India for its capital market *vis-a-vis* the principles promulgated by the IOSCO.

MoU with College of Banking and Financial Services of Oman:

It is a matter of satisfaction that we have renewed our MoU with the College of Banking and Financial Services (CBFS) of Oman. Under the MoU, CBFS shall sponsor and facilitate the working of the Chapter of the ICAI at Muscat to undertake professional developmental activities and training programmes for the benefit of accountants of all nationalities domiciled or residing in the Sultanate of Oman, and in that process assist the CBFS. The ICAI shall provide assistance and support to CBFS in capacity building of Omani Nationals in Finance, Accounts, Auditing, IT, Corporate Governance and allied areas under the MoU.

XBRL Conference in Belgium: This is to inform the membership that our Central Council colleague CA. Atul C. Bheda along with other officers of the Institute

attended the 22nd XBRL Conference in Belgium. The Conference was very significant, as it focused on the new developments and initiatives being taken by the XBRL International and the key initiatives being taken by our Institute through XBRL India to keep pace with the global developments.

Interaction with Functionaries of Various Embassies

In order to develop ways and means to foster and promote bilateral co-operation, business, understanding the regulatory architecture, promoting the mandate of providing "One Stop" information on the socio-economic legal and regulatory environment; and to explore areas where ICAI can collaborate with similar placed organisations/institutions for positioning brand Indian Chartered Accountants globally, the ICAI is organising an 'Interaction with the Senior Functionaries of various Embassies in India' on 11th July, 2011 at New Delhi. The program would be inaugurated by Shri S.M. Krishna, External Affairs Minister, Government of India.

Indo-Japan Forum 2011

India and Japan had established a joint working group on the issues relating to application of/or convergence with the IFRS. In order to discuss the issues involved, a delegation from India visited Japan last year in July 2010 to gain from each others experience and learning cycle already undergone in the process of implementation of IFRS at either end. During the visit, a memorandum of understanding (MoU) between The Core Group on IFRS constituted by the Ministry of Corporate Affairs, Government of India, and The IFRS Council, Japan, had been signed to exchange views on legal and regulatory issues arising out of application of or convergence with the IFRSs, and to explore the possibilities of mutual cooperation in this regard. Towards the furtherance of this cooperation, a Japanese delegation will be visiting India on 3rd to 4th August, 2011 for the 2nd Indo-Japan Forum meeting to be organised in Bangalore and to be hosted by us.

Important Clarifications

LLP will not be treated as Body Corporate for Limited Purpose of Appointment as Statutory Auditors: Limited Liability Partnership (LLP) has now become a new form of statutory organisation which is gaining its importance and opening up new opportunities for the practising Chartered Accountants. The practising Chartered Accountants can now take the advantage in forming/realigning their firms as Limited Liability Partnership. As per Section 3 (1) of the Limited Liability Partnership Act, 2008, since a limited liability partnership is a body corporate, it is precluded from appointment as Statutory Auditors of the company

under Section 226 (3) (a) of the Companies Act, 1956 which provides by way of disqualification for appointment of auditor of a company that a body corporate cannot be appointed as an Auditor. To remove this lacuna, on a representation made by us, the Ministry of Corporate Affairs has clarified vide its Circular No 30/2011 dated 26-05-2011 that Limited Liability Partnership of Chartered Accountants will not be treated as body corporate and has taken LLP out of the purview of the definition of Body Corporate under Section 2 (7) (c) of the Companies Act, 1956 and therefore, LLP can be appointed as Statutory Auditors of the company.

Clarification on Member-in-Charge of Office of CA/ Firm of CA:

This is to inform our membership that we had recently discussed the question whether 'member' in-charge of an office of a Chartered Accountant or a firm of such chartered accountant in terms of provision of Section 27(1) was necessarily required to be associated with a chartered accountant/firm concerned as a partner or paid assistant, or, whether a member associated with the chartered accountant/firm as a retainer could also be designated as member in-charge. Noting the related directions contained in the *Code of Ethics*, it was concluded that an office of a chartered accountant/firm could be placed under a charge of a member associated with him/firm as a partner or paid assistant, and that if such a member is paid assistant, he is required to be in full time employment.

Initiatives for Members

Getting Close to Members in Industry—Outreach Programme:

As I have informed earlier, the Outreach programme has been conceived with the idea of bringing the members in Industry closer to ICAI by highlighting our activities for them, to interact on matters of professional interest, to encourage new members to apply for membership, to solicit views from members in industry about what they expect from the ICAI, and to encourage their participation in research projects of the ICAI. It is a pleasure to inform that second such CMII Outreach Programme was organised at the Power Finance Corporation of India Ltd. in New Delhi. I, along with the Vice-President CA. Jaydeep N. Shah and my Central Council colleagues CA. K. Raghu, CA. Pankaj Tyagee, CA. S. B. Zaware and CA. Rajkumar S. Adukia among others, had the opportunity of interacting with our members on various issues concerning the profession. We also interacted with the Director (Finance) of the Corporation, Shri R. Nagarajan, about our various initiatives in this regard. More than 40 CAs attended the programme.

Differentiating Ind ASs from IFRSs and Existing ASs:

We have considered and finalised the differences between Ind ASs and IFRSs, and Ind ASs and the existing ASs, which may be issued in form of our pronouncement, as it would remove the ambiguity amongst various stakeholders and public regarding the carve outs and differences in Ind ASs from corresponding IASs/IFRSs.

Compendium of Technical Guides on Internal Audit:

Internal auditors today must possess an always-expanding toolkit of technical skills and competence to perform a job that seems to constantly change in scope and function. Our Institute is committed to facilitate the auditors in acquiring the required skills and competence, and, therefore, we have issued *Compendium of Technical Guides on Internal Audit* having *Industry Specific Technical Guides* as well as *Generic Guides*, so that our members can access all these Guides at one place. Volume I of the Compendium all *Technical Guides* and Volume II *all background materials and various studies* relating to internal audit issued till date.

CABF—Meeting Demands of Crises: I would like to inform you with a lot of satisfaction that a large number of members and families of deceased members have been benefited through the CABF (Chartered Accountants Benevolent Fund). A sum of ₹2,16,16,500 has been released during the period, from 1st April, 2010, to 31st March, 2011. Keeping in mind of the nature of help this Fund is capable of extending, I have made an appeal to the Chairman of Regional Councils and Branches to collect donations for the Fund and to contribute to it at their end. I would like to appeal to all members of the Institute to contribute generously for the Fund.

New Groups Constituted:

- *To Address the Issue of Money Laundering:* A Group comprising the ICAI Vice-President CA. Jaydeep N. Shah and our Central Council colleagues CA. Jayant Gokhale, CA. Mahesh P. Sarda, CA. S. B. Zaware, CA. Dhinal Ashvinbhai Shah, CA. S. Santhanakrishnan, CA. Sumantra Guha and CA. Sanjay Kumar Agarwal has been constituted under my convenorship to provide necessary inputs/suggestions on effectively addressing the menace of money laundering, and related issues in view of public interest attached. After due consideration, the inputs given by the Group will be submitted to the Government.
- *To consider setting up a cyber cell:* A group comprising my Central Council colleagues CA.

Nilesh S. Vikamsey, CA. P. Rajendra Kumar, CA. Ravindra Holani and CA. Sanjay Kumar Agarwal has been constituted under the convenorship of CA. S.B. Zaware to consider setting up of a Cyber Cell in our Institute, including the study of issues involved and the steps required to be taken in that regard.

XBRL Workshops: As communicated in my earlier messages, we, through our CPEC and CMII, have started organising one and a half day workshops on XBRL, providing hands-on trainings for creation of XBRL documents for filing with the Ministry of Corporate Affairs. These workshops are in addition to the awareness seminars and conferences being organised at various locations. The batches for providing hands-on trainings on XBRL are going on at Mumbai and Hyderabad. Indore, Pune, Hyderabad and Coimbatore have already had one round of training workshop each.

The Ministry of Corporate Affairs (MCA) has also had a meeting with various consultancy firms and the software vendors. It proposes to host the list of software vendors on XBRL on their website shortly for the convenience of all. As per the FAQs issued by MCA, professionals are also required to certify the XBRL documents filed with MCA. The Institute is also considering to provide separate guidance to the members in this regard.

Bhoomi Pujan at Gwalior Branch: This is a matter of satisfaction for me to report to my accounting fraternity that *Bhoomi Pujan* for branch building of the Gwalior Branch of CIRC of ICAI was organised by the Branch recently, which I attended as the Chief Guest along with the ICAI Vice-President CA. Jaydeep N. Shah. The function was also attended by my Central Council colleague CA. Ravindra Holani and CIRC Chairman CA. Vivek Khanna among others. This function was well attended by the members, students and other dignitaries.

Initiatives for Students

Entry Requirement for CA Course: Our members must be aware that, pursuant to a Council decision, a group under the convenorship of my Central Council colleague CA. Abhijit Bandyopadhyay was constituted to review entry requirements for Chartered Accountancy course. I am happy to inform you that the Group placed its recommendations at the Council meeting recently for its consideration. The ICAI Council has decided that Commerce and non-Commerce graduates with 55 and 60 per cent marks respectively in aggregate should be exempted from Common Proficiency Test (CPT) and such students

would be allowed direct entry to articleship training. It was also decided that candidates who have passed the intermediate level examination of ICWAI/ICSI are exempted from CPT and they will be allowed to join articleship training only after passing first group (Group I) of IPCC examination. Students who wish to pursue Accounting Technician Course of the Institute would also be exempted to appear in the CPT. The matter has been placed before the government for consideration and issuance of necessary notification in this regard.

Extension in IPCC Registration Deadline: As the members are aware, the results of the CPT examination held on 19th June 2011, would be declared in July 2011. In terms of Regulation 28E, no candidate is admitted to the IPC Examination, *inter alia*, unless she/he undergoes a study course for a period of not less than nine months. Accordingly, candidates who achieve success in the CPT examination in June 2011 will be required to register themselves for the IPCC by 1st August, 2011. Thus, only a period of about 15 days would be available to the concerned persons provided the results of CPT in June are declared on 15th July without delay under any circumstances. Considering recent experiences in the past and provision of adequate time for registration, deadline for IPCC registration has been extended to 16th August, 2011.

Join CA Educational Loan Scheme: This is to inform our student community that we have sent request to chief managing directors (CMDs) of public-sector banks for sanctioning a loan of ₹2 lakh to CA students as educational loan under the *Join CA Educational Loan* scheme, when they approach any of such banks towards financial help for the completion of their CA education/training. In this regard, I am happy to acknowledge that the Bank of Maharashtra has informed us that education loan assistance is already available for CA course under priority sector lending at their branches and a similar response has been received from the Oriental Bank of Commerce also. Further, the IDBI bank has come out with an Education Loan Scheme specifically structured for the students pursuing CA Course.

Convocations in 2011: Taking the new tradition forward to bring new members of the Institute under the umbrella of the accounting fraternity and foster a feeling of belonging-ness to the Institute, we are organising Convocation 2011 in Delhi, Chandigarh, Mumbai, Ahmedabad, Chennai, Bangalore, Hyderabad, Kolkata, Kanpur and Jaipur this year. Around 5,731 members enrolled

up to March 2011 will be awarded membership certificates besides merit certificates. I am happy to note that a large number of new members have shown keen interest in attending their convocation. I am sure the moments of the conferment of membership will be cherished by the participating members for life.

It is true that if we want to understand the existing condition of our profession, we should better look for reasons in its yesterday. Behind all colourful present, there could be a hard past. Therefore, it is essential for all of us to know our past, our history to understand our own story, to understand who we were before and why we are so at present. History, therefore, not only presents the mistakes of our past but gives us an ability to understand our present and builds a perspective for us to understand our mistakes in advance that we may make. Although given a chance, many of us would avoid going to history. But we are what our history has been. We can not ignore history. Had we not had a history of thousands of years behind us, we would have been living dangerously millions of years before the current civilisation.

History is important. Thucydides, an early Greek historian, says: *History is philosophy teaching by examples*. Bulgarian novelist Elias Canetti, a Nobel Laureate in literature, says: *History is on the side of what happened*. It is, therefore, my personal appeal to my accounting fraternity to know their glorious past and tradition, which would give us a perspective to think about vision for the profession and would add value to our understanding of the profession. In fact, this will give us an idea about how we should grow, what we have to achieve and what we could expect from our future. It would be wonderful if you could share your viewpoint with me in this regard. Write to me. It would be a privilege to know what our think about the profession and what their expectations are.

History is valuable. Let us preserve its glory. Tradition has to be celebrated progressively and correctively. Let us take care of our present, as tomorrow this will be history too.

Best wishes and a very joyous and eventful CA Day!

CA. G Ramaswamy
President, ICAI



June 25, 2011
New Delhi