

## Accounting Profession vis-a-vis The ICAI – Now and Then



“The ICAI today is living up to the expectation of the society and the Government. It has grown and become stronger and vibrant by astounding proportions in all these years. 80 per cent of the total 126 branches of ICAI have now building or land of their own. The Chapters abroad were not existing except for Dubai and Muscat chapters. But today 21 Chapters of the institute are established around the world. Hats off to the present generation of Presidents and council members who have contributed to the development of the profession by the use of Information Technology,” says the author as he compares and analyses the developments pertaining to the profession and the ICAI since he was the supreme torch-bearer of the profession 23 years ago.

At the outset I am happy that the Institute of Chartered Accountants of India is celebrating the ‘CA DAY’ coinciding with foundation day of the institute on 1<sup>st</sup> July, 2011. I am aware that 23 years have passed nay, rolled over, since I was a President of the prestigious institute. I was proud that the distinguished members in the council of 30 members elected me as the Vice President in September 1985 on my maiden attempt for the coveted post in the fourth year of my council tenure. Equally proud am I that I was Vice President to one of the illustrious Presidents of the institute Mr. P. A. Nair. Also I am proud that ten members of the Council who ably assisted me became the President of the institute in the subsequent years and six presidents (including the president in office today) who succeeded

me from southern region are doing yeoman services to the institute and happy that one of them Mr. T. N. Manoharan was honoured with the prestigious Padma Shree award.

Those were the days when unanimity prevailed among the members elected from each of the region to put up only one of their Council members to offer as a candidate for election of the President. I was the sixth President elected from the southern region and am sad that five doyens of the profession who served before me as the Presidents of the institute from the southern region are no more today.

The institute had about 45,000 members in 1986 and the branches were craving for infrastructure facilities in the absence of sufficient funds.

I remember that in spite of the tight financial condition, I was able to encourage more than 15 branches to acquire land/building for their own premises. Today I am happy that out of the 34 branches in the southern region 29 branches have building of their own and 80 per cent Branches out of 126 branches have building/land in whole of India.

The Information Technology was spreading fast all over and the institute could open a few computer centres during 1985-1986 and today all that is done in all the branches is only through computers and hats off to the present generation of Presidents and council



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**Initially, the professional Accountants under ICAI discipline were totally independent and above all Politics, but with the advent of political parties intrusion in the legal and other professionals, the accountants today are tempted to side a particular organisation which is not a desirable act. The professionals under the banner of ICAI shall continue to be independent and shall work together as partners in nation building.** ☺

members who have contributed a lot for development in this field.

The Chapters abroad were not existing despite several members of our institute serving in those countries except for Dubai and Muscat chapters. But today 21 Chapters of the institute are established around the world.

On the Technical side, the Accounting Standards were being formulated by the committee of the institute but none of the standards were mandatory. To keep up with the trend in the other developing countries, during 1985 the Council made Accounting Standards AS-5 and AS-6 mandatory for the first time and today with the advancement of finance and accounting field most of the international Standards are in existence in the form of Accounting Standards of the institute which is a colossal achievement of the technical directorate and of the Council members.

The Government through several agencies has reposed faith in the functioning of the professional accountants since the day the autonomy was given to the institute in 1949.

Lately, numerous audit reports such as Tax Audit report under the Income tax Act, certificates under various sections of the Income-tax Act and Central Excise Act are required to be compulsory obtained from the Chartered Accountant. Also the Reserve Bank of India and other Banks have entrusted several audits to be performed by the Chartered Accountants.

Recently developments in accountancy reporting such as XBRL (eXtensible Business Reporting Language) have taken root across the world as factual standards for the exchange of financial information. The XBRL is described as "a language for electronic communication of business reporting around the world." It offers major benefits to all those who have to create, transmit, use or analyse such information. The ICAI is spearheading the XBRL initiative in India.

I am happy that the ICAI and XBRL India (a company which is a local jurisdiction of XBRL international) are rolling out various training programmes on the language and functionalities. It is desired that all the

members of the institute will utilise this opportunity to get skilled in this field. Similarly the IFRS (International Financial Reporting Standards) is attempted to be in force at an early date to suit the need of global uniform acceptability and understanding of reporting.

The Accountants and Auditors today are expected to get themselves equipped with the expertise knowledge in these fields and I am happy that the Institute of Chartered Accountants of India has taken all possible steps to educate the members in this regard.

Another welcome development is the fee charged by and paid to Accountants and Auditors have been analysed and revised by the Institute and circulars have been issued regarding the fees to be paid to Auditors. It is desirable that the Government, Departments and Government Companies and listed companies shall first follow this voluntarily and compensate properly for the work done by professionals.

Similarly the payments made by auditors to the articulated/trainee clerks and salary to accounting staff need a revision, which the institute is periodically revising. It was a period in the 60's when nothing was done in this regard but today there is a sort of improvement on the part of the Institute on fixing stipends. I wonder whether there is connection between payments by auditors and fees received by auditors. This anomaly is to be set right so that the number of Qualified Professionals preferring to enter professional practice at right time will increase as against the situation existing today.

I am strongly against protests, strikes, abstention, fasting or any similar acts to demand a result from the Government or other organisations. At the same time some sort of disciplined unity is necessary on the part of the members so that the enviable profession which is not given proper treatment which its members deserve get due importance from the Government and Public.

Initially, the professional Accountants under ICAI discipline were totally independent and above all Politics, but with the advent of political parties intrusion in the legal and other professionals, the accountants today are tempted to side a particular organisation which is not a desirable act. The professionals under the banner of ICAI shall continue to be independent and shall work together as partners in nation building.

In conclusion I am happy that the ICAI today is living upto the expectation of the society and the Government and I am confident that in future under the present leadership the Council will do its best to become the leader in Global Accountancy Profession with its members spread in every part of the globe and technologically will stand a foot above all other accounting bodies. ■