

SPEECH AT THIRD ANNUAL MEETING OF THE COUNCIL OF ICAI

This speech was delivered by the first President of The Institute of Chartered Accountants of India, Shri Gopaldas Padamsey Kapadia, at the third Annual Meeting of its Council on August 13, 1952, in New Delhi. He was unanimously requested to lead the Council of Institute for three successive terms. In a common man's language, he expresses his views about the Institute and the profession. A true visionary and a prolific writer on issues related to the accountancy profession, he always shared his vision about the profession with his accounting fraternity with all humility, through his writings and speeches. Read on.



Shri G. P. Kapadia

(He was the first member, i.e. Membership No. 1, and the Founder-President of the Institute.)

On behalf of the Council of the Institute and the profession of accountancy I extend to you¹, sir, a most hearty welcome this morning. I vividly remember my first meeting with you. I have the pleasantest memories thereof and the detailed discussion which took place is still fresh in my mind although a long time has elapsed since I first met you. This interview established complete understanding between the profession of accountancy and the official counterpart thereof which keeps a watch on the financial administration of the State. It would be impudence on my part to make a mention of or to narrate the achievements of a high personage like your good self but I cannot refrain from making a mention of the fact that your cardinal policy has been for the maintenance of the highest standards of financial integrity of administration at all levels and this has been enforced by you without fear or favour and with the utmost impartiality. We have in our own way acquitted ourselves of the responsibility put on our shoulders. In this connection I am tempted to make a reference to my observations at the last annual meeting about the exercise of the disciplinary jurisdiction by the Council of the Institute. I referred to the loose talk about the

¹ Referring to Shri V. Narhari Rao, first Comptroller and Auditor-General of independent India, who inaugurated the third Annual Meeting (otherwise eighth meeting) of the Council as its Chief Guest.

moral standards of the profession. I stated that the Council's attitude would be of a stout opposition to frivolous complaints and that it had been and it would be the policy of the Council to maintain the highest possible standards with regard to professional conduct of the member of the Institute and that the Council would not hesitate to take the strictest possible action for the maintenance of these standards if it found that the members of the profession have misbehaved. I also stated that those critics should wait for a while and watch the decisive action of the Council. The Council and its Disciplinary Committee have by now proved beyond the shadow of doubt that they are concerned with the maintenance of the highest standard of professional integrity and the disciplinary action taken has been taken without fear or favour but with the utmost impartiality. It is, therefore, but natural that you, sir, made a reference in the very fine message to our journal *The Chartered Accountant*² that you have a natural sympathy and affinity with the profession of Chartered Accountants and the Institute.

I should also recollect the discussion between us as regards the nationalisation of certain industries and the State participation in big undertakings. If in course of time this natural tendency is allowed to develop further and the whole sphere as to the conduct of audit of such undertakings or of industrial enterprises is divested from the normal channel of the practising members of the profession, it would indeed create an unhappy situation. It is rather with the fusion of your well-organised department and the profession of accountancy that satisfactory results could be had. I am sure that with you as the head of this independent machinery which keeps a watch over the State finance, a situation will not develop whereby the profession of accountancy will have any fear as to the normal channels of its pursuits being taken away from it. The profession can be more helpful to your Department in many ways. I am glad to note and state, sir, that as a result of the policy now laid down by you, more and more assistance is taken of Chartered Accountants. I also look forward to the day when it will be found possible to have Chartered Accountants recruited to higher posts so that they occupy in course of time key positions.

A Chartered Accountant moulded with the

administrative experience of your Department will be a real asset to the country. He can give his contribution and introduce the professional men's touch which to my mind is very essential for a practical approach.

Your message to *The Chartered Accountant* makes a mention of the fact that Chartered Accountants in their role as Auditors are expected to discharge their duty with the highest sense of rectitude and integrity. You are only too aware of the fact that 'watch dogs' may not be liked by certain types of people and it is this dislike and the resentment towards the professional people possessing a high sense of duty and integrity which have prompted the Company Law Committee to suggest radical changes so that the position of the profession stands further strengthened. The Committee in its Report states that the two basic qualifications of auditors needed for the purposes of the company law are (a) that they should be professionally competent, and (b) that in the performance of their duties, they should show integrity and independence of judgment. No law, however well designed can ensure these qualities. For, technical competence depends upon training and experience, while the moral calibre of men depends on the traditions of their business, service or profession, and their mental attitude towards such traditions. **The Chartered Accountants Act provides for the attainment of necessary training and experience and with regard to the moral calibre, the Council has already treated the first three years for the creation and promotion of proper traditions for the profession. There could be only one expectation as to the mental attitude of the members of the Institute towards the traditions which have been created and that is the utmost respect and regard for the moral standards and the ethics of the profession.**

You have also made a mention of the role which a Chartered Accountant has to play in the field of trade and commerce and private industry. **You have rightly said that the Chartered Accountant plays a most important role in the interests of national life and economy. In the past this recognition was not available. This was possibly due to the fact that the attention of the public was not focused on the profession as it should have been. The Chartered Accountants during the last few years have so acquitted themselves**

² *Journal of the Institute.*

that they have established for themselves a place in the commercial sphere. The profession is so linked up with commerce and industry that a detached consideration of each without the other cannot arise. As between the State and the public the profession can act as an impartial authority. The view of the profession will not have the business bias which may at times be found to exist in respect of certain legislations. At the same time the profession would not be touched by any particular type of approach made by the State if that approach does not appear to be fair to the subjects.

There is one more matter to which I should also make a reference today. My recent experience as a result of the visit to the United Kingdom and the Continent has confirmed the view that it is by absolute loyalty to your own Institute that the Institute can develop. It is fact that in spite of all efforts, the Public Accountants Bill in England did not make any progress and the accountancy institutes over there are determined to preserve their separate identity at all costs. Although there are one or two bodies which are not so zealous about this matter, the chartered bodies are very particular as to the preservation of their individuality. On the Continent also I found the same atmosphere and even where I found more than one Institute in existence, each one tried to protect it very carefully. In our country, on the other hand, we have the very happy situation of having only one body with a statutory sanction behind it. The Institute of Chartered Accountants of India is the only body of its type of an all-India character and its unique character has perhaps given an impetus for other attempts of that nature being made. The Institute with this unique character has completed its first three years of its existence and although I make the statement with all humility, I make it with the fullest confidence; the foundations of the Institute have been truly and very well laid. With this experience I cannot refrain from making a mention of the fact that it is only through loyalty to our very Institute that its members can achieve its objectives. The homage which has to be paid is a homage to The Institute of Chartered Accountants of India and to no other. There must be an absolute singleness of purpose in this behalf and with this objective only, i.e., for the preservation,

maintenance and further strengthening of this very Institute that the profession's real progress can be achieved and the final goal reached.

A year back we had the good fortune of getting blessings from the Hon'ble Finance Minister for the Government of India and he also stated that the Institute has been put on sound footing. He also welcomed the full co-operation to Government in meeting its various demands. With regard to this question I must also quote the Hon'ble Minister of State for Finance, Shri Mahavir Tyagi, who has recently stated that "the members of the accountancy profession have always played an important part in the country's economic and industrial development." In his words "they have played even a more important role in the matter of co-operation and cordial relations with the Income-tax Department." We get further encouragement from his statement that he expects the members of the Institute to continue this healthy attitude and build for themselves and the Institute a tradition which will be the envy of other professions. We, Sir, are determined to proceed on the lines on which we have started and I do feel that the work which we have so far done and the ideals which we have kept always before our eyes have carried us a long way to the realisation of what the Hon'ble Minister of State has stated in his recent Message. With regard to this aspect of the matter as to co-operation, I give you my solemn assurance that my profession will extend to your Department the fullest cooperation which may be called for from time to time and I do expect encouragement at your hands. This encouragement will further strengthen the position of the profession and enable it to play its role in the economic structure of the country still better. In the words of the Vice-President³, "the profession is, as it ought to be, concerned, not with ideologies of an abstract type but with figures in their naked form. Away from the public gaze, a Chartered Accountant occupies an important place in the economic and fiscal fields of the country". He is very right when he says that the Chartered Accountant occupies this place "away from the public gaze". The Chartered Accountant's work is work of a quiet nature. Studious and stupendous and in this quiet manner we shall go on marching forward and forward towards further progress. ■

³ Shri S. B. L. Vaish, the-then Vice-President of ICAI.