



CA. G Ramaswamy, President, ICAI

Dear Friends,

Let me first offer my sincere regards to the former President of India and great philosopher Dr. Sarvepalli Radhakrishnan on the eve of the *Teacher's Day* that is celebrated on 5th September, i.e. his birthday, every year in his memory. Personally, I would like to take this opportunity to remember my own teachers who introduced me to life and its meaning, who guided me to the path of public service, and who let me understand the meaning of human existence and dignity.

Dr. Radhakrishnan had a strong belief in the sanctity of work and ethics of profession, and he had expressed this before the members of accountancy profession once in Chennai (then, Madras): *My feeling is that whatever may be our profession, it is our duty in these critical days to carry out what we do in a spirit of utter rectitude, honesty and detachment.* Checkpoint question for all of us, at present, is: Do we find it odd, strange or nostalgic when we hear such thoughts? If our answer is in affirmative, we need to change the fundamentals of our existence. It is strange that diligent and ethical execution of duty is often considered exceptional today, i.e. not normal, which is

nothing but what we expect from others. For every right, there will be a comparable civil responsibility.

It has become a matter of greater concern for us how to restrict the limits of our responsibility. We appear to be afraid of our responsibility, our duty, which is nothing but just the *other side of rights*, according to the celebrated author Pearl S. Buck. When we are young, we want to grow up in order to have more freedom as we feel constrained. But, when we grow up, we become nostalgic about our childhood when we had no responsibility. We basically do not like freedom that comes to us with responsibility. American industrialist-philanthropist John Rockefeller who made it very big in his life and, later, gave half of what he earned back to his society, conscientiously agrees: *I believe that every right implies a responsibility; every opportunity, an obligation; every possession, a duty.* Introducing bills after bills on rights in our democracy has made us a little compliant, it seems. For a change, why do not we think in the direction of introducing a bill on responsibilities?

All of us have a right to life, a fundamental right, which makes all other rights possible. Right to express our beliefs and opinions in public and in private is also fundamental to our existence in a civil society. And, along with these rights comes our duty and responsibility, which is part of our dignified and responsible coexistence. The word *duty* entails an act of obligation, as duty is work that we are obliged to perform for moral or legal reasons. Responsibility, however, has become disintegrative today that is coolly shifted to the shoulders of fate, luck or people from the circle of our existence. It is a sad social reality that everything righteous has turned out to be exceptional these days, which we should be worried about. Naturally, numerous instances of non-performance make examples of performances appear exceptional.

In such moments of difference and indifference, our profession can show a ray of hope to our society. In the very formative stage of our profession, ethics had been identified as an essential fundamental and social responsibility as a reality of the profession by our founding members. Let us vow to trade the path of ethics and be more duty-bound while presenting better examples before our society.

Now, let us look into the recent change and development with regard to the accountancy profession that has taken place in the past one month or so:

Shri Naved Masood, the New Corporate Affairs Secretary

Here I would wish to congratulate and welcome Shri Naved Masood on becoming the new Secretary in the Ministry of Corporate Affairs. As you may be aware, he has replaced Shri D. K. Mittal, both of whom belong to 1977 batch of Uttar Pradesh cadre of Indian Administrative Service. Here I would also acknowledge and record my appreciations for the immediate past-Secretary of the Ministry, Shri Mittal, for his active and effective support and initiatives in the interests of the profession. Shri Mittal is now the Secretary for the Department of Financial

Services in the Ministry of Finance. I take this opportunity to offer him my best wishes and regards for all his future roles and responsibilities. Before joining the MCA, Shri Masood was the Special Secretary and Financial Advisor in the Department of Health and Family Welfare in the Ministry of Health and Family Welfare. He has been quite passionate about the history and growth of higher education, which is obvious from the fact that he has published many e-articles on the same. On assuming his office, I along with Vice-President CA. Jaydeep N. Shah meet Shri Masood and apprised him about the activities of the Institute.

Professional Initiatives

Meeting with RBI Deputy Governor: Recently, we held a meeting with Dr. K. C. Chakrabarty, Deputy Governor, Reserve Bank of India where I was accompanied by CA. Jaydeep N. Shah, Vice-President, ICAI, CA. Pankaj Jain, Member, Central Council, ICAI and Shri Vijay Kapur, Director of the Institute. During the discussion, Shri P. Vijay Bhaskar, Executive Director and other RBI officials were also present. We discussed various issues of mutual professional interest including one raised by RBI on increased divergence between the NPAs as certified by auditors and those found in RBI inspections, variation amongst banks in respect of assumptions in the context of earning of funds, salary structure, etc., in case of provisioning of retirement benefits, classification of advances and so on. We took this opportunity to raise the issue pertaining to appointment of auditors and, then, we were informed that a list in the ratio of 1:3 had already been sent to the Ministry for necessary action.

We are also had a meeting with Shri D.K. Mittal, Secretary, Department of Financial Services, Ministry of Finance regarding appointment of auditors of Public Sector Banks.

Meeting with Deputy C&AG: This is also to inform that a meeting was recently held with the Deputy Comptroller and Auditor General of India Shri A. K. Awasthi, wherein it was requested to at least empanel those firms, which are being disqualified from the panel maintained by the Office of the C&AG due to the application of minimum compensation criteria, so that they are eligible to get themselves empanelled or apply for such other panels which use the panel of the C&AG as yardstick like DRDA, NRHM, etc.

Developing ICAI Vision: In a meeting held recently in the presence of our honourable Past-Presidents to identify the strategic directions of the profession and ICAI for the challenging time ahead and develop a comprehensive work-plan by leveraging the wisdom and experience of our Past-Presidents, we identified some very stimulating and thought-provoking suggestions and actionable points. Learned participants strongly felt that the IT had to be adopted as backbone of the Institute to serve our members and students better, while impressing upon

nurturing and engaging quality human resource and extolling the initiatives like Project *Parivartan*, Web TV, IFRS Implementation programme, XBRL, and so on. It was decided to develop the Vision Document of the ICAI by January 2012, while expressing an opinion that the Vision/Strategic Action Plan of the Council should be for duration of three Years.

Suggestions on CARO 2011 for MCA: Ministry of Corporate Affairs had sought our suggestions on the Draft Companies (Auditor's Report to Central Government) Order, 2011 that has been proposed to be issued by the Ministry. We have considered and finalised our suggestions on the Issues involved in issuance of the proposed Order, specifically, its impact on the auditors and the auditing profession, and we would soon take up the matters suitably with the Ministry.

In addition to the above new Order, MCA is also proposing to replace the existing Companies (Auditor's Report) Order, 2003 by the Companies (Auditor's Report) Order, 2011. Our views and suggestions on this new order are also being finalised and would be soon submitted to the Ministry.

Meeting of C&AG's Audit Advisory Board: This is to inform our stakeholders that I recently attended the meeting of the Audit Advisory Board constituted by the Comptroller & Auditor General of India, where we discussed social audit and our involvement in that.

Meeting of Concurrent Audit Working Group: This is also to inform that I recently attended meeting of the Concurrent Audit Working Group constituted by the IBA, the RBI and the ICAI, where we considered issues relating to the scope of concurrent audit, the fee, etc. We agreed to recommend to the various banks, the minimum scale of fees as recommended by our Council. The report of the *Working Group* is expected to be finalised by the September 2011.

Initiatives for Government Offices/Officials

Accounting Training for Autonomous Bodies: In continuation with our efforts to impart training on relevant accounting concepts, we are organising a series of training programmes in collaboration with the Office of Comptroller & Auditor General of India for the officials of Autonomous Bodies and Members of the Profession. The objectives of the training programmes are to fill the gap and help the organisations to familiarise with the concepts and techniques of the financial reporting and adherence to the uniform format of accounts prescribed by the Committee of experts. Moreover, need is felt to keep these officials abreast with the requirement of transparency and exposure of professional skills. The first such programme was organised in Mumbai and the second programme was organised in Noida which showed the participation of 117 Autonomous Bodies of Delhi such as JNU, Jamia Millia Islamia, AIIMS, NCERT, Competition Commission

of India. In this series, next programme is scheduled in Centre of Excellence, Hyderabad for 8th and 9th September, 2011 which would seek the participation of Autonomous Bodies from Andhra Pradesh and Orissa.

Supportive Acts for IT Department:

Illustrative Master Guides on TDS Submitted: During the meeting of Standing Committee on TDS while discussing the probable solutions to the difficulties being faced by the assesseees, it was submitted by us that a Master Circular incorporating all the circulars/notifications/ instructions etc. issued by the CBDT on a particular subject be issued for the convenience of taxpayers and the same may be updated half-yearly or yearly. Considering the suggestion of ICAI, Mr. Ashutosh Bhardwaj, DIT (TDS) had requested ICAI to provide a draft master circular so that the suggestion given by ICAI could be taken forward. Accordingly, illustrative Master Guides on two subjects were prepared and submitted for the consideration of DIT (TDS).

Single Direct Taxes Return Form: As you are aware, we had consented to CBDT to provide assistance in the formulation of draft Rules and Forms for the Direct Taxes Code Bill, 2010. In this regard, on the basis of the request received from Mr. D.S. Chawla, CIT (Systems) who is in-charge of drafting Forms relating to Direct Taxes Code, a single direct taxes return form (instead of various ITR's as under the existing law) for the Direct Taxes Code Bill has been submitted for his consideration. The Form so submitted has been appreciated by the CIT (Systems).

Advice Camps: We have made our presence felt with our expert advice and services at the special camps hosted by the Income-tax Department in New Delhi recently in pursuance of a request received from the office of the Joint Commissioner of Income-tax to provide cost-free services as direct-tax experts and give expert advice on queries raised by the assesseees at the camps.

Matter Submitted for Meeting to be attended by FM:

I had received a request to participate in the meeting of the Central Direct Taxes Advisory Committee under the chairmanship of the Honourable Finance Minister of India Shri Pranab Mukherjee to be held in the first week of September, and accordingly a submission of matters for discussion in advance. Considering the objectives of the Committee, matters of wide importance have been submitted within the desired time frame. I will keep you updated about the outcome of the meeting.

Report on Multinational Network Accounting Firms in India Submitted: I am happy to inform you that we have finalised the *Report on Multinational Network Accounting Firms in India* and submitted the same to the Secretary of the Ministry of Corporate Affairs recently.

International Initiatives

IFAC President and CEO Visit ICAI: I am glad to inform

you that an IFAC delegation with its President Mr. Goran Tidstorm and Chief Executive Mr. Ian Ball had visited us recently to present the IFAC viewpoint on key emerging issues on high-quality technical standards in IFRS, facilitating the convergence of national and international auditing and assurance standards and promoting the value of professional accountants. The delegation had also met the representatives from the Ministry of Finance, the Ministry of Corporate Affairs, the Ministry of Commerce and Industry, the office of the Comptroller and Auditor General of India and the Controller General of Accounts.

India-Japan IFRS Dialogue in Bengaluru: To promote bilateral relationship between the two countries, we recently hosted the second India-Japan IFRS Dialogue in Bengaluru. More specifically, the purpose was to address the critical issues relating to application of or convergence with IFRSs and reach consensus through process of consultation mutually agreed to, to promote the profession's role, responsibilities and achievements in serving public interest, and so on. The *Dialogue* had active participation from the Securities and Exchange Board of India, the Comptroller and Auditor General of India, the Controller General of Accounts, the Pension Fund Regulatory and Development Authority, the Central Board of Direct Taxes, the Reserve Bank of India, the Insurance Regulatory and Development Authority, among others, which was followed by an interactive meeting with more than 100 CFOs.

Singapore Delegation Visits ICAI: A delegation from Singapore comprising Mr. Tan Boen Eng, Council Member, ICPAS (Institute of Certified Public Accountants of Singapore), Ms. Regina Tan, Ministry of Trade and Industry, Singapore, and Ms. Janet Tan, Executive Director, ICPAS, came to visit us recently to carry forward the dialogue of recognition agreement and to assert that the launch of the Singapore qualification program (QP) was in process, which would be the sole qualification for membership admission and also the basis for negotiating MRAs. The delegation has requested us to put the talks of bilateral co-operation on hold till the implementation of the QP in 2012.

SAFA Assembly Meeting and ICAP Golden Jubilee Celebrations: I had an opportunity to attend the 73rd SAFA Assembly meeting and ICAP (Institute of Chartered Accountants of Pakistan) Golden Jubilee Conference on the theme *Accountants and Social Responsibility*, along with the ICAI Secretary Shri T. Karthikeyan, held recently in Karachi, Pakistan. I also participated in one of the panel discussions, i.e. on *Fostering Talent for Leadership: A Regional Perspective*, where the heads of various accountancy bodies highlighted activities of their respective institution with a focus on the development of accountancy profession in their country.

AOSSG Chairman's Advisory Committee

Teleconference: Fifth teleconference of the Asian-Oceanian Standard-Setters Group (AOSSG) Chairman's Advisory Committee was held recently, where I along with my Central Council colleague CA. Manoj Fadnis among others participated, where updates on the activities of Working Groups of Islamic Finance, Emission Trading Schemes, Fair Value Measurement, and Agriculture were provided. Discussion on the International Accounting Standards Board (IASB) agenda consultation also took place. During the teleconference, the criteria and process for appointment of an AOSSG Vice-Chair was also discussed.

Initiatives for Members

Handbook on E-Filing of IT Returns: In order to enable our members to update and equip themselves with the latest technologies, we have taken an initiative by providing a *Handbook on The Process of E-Filing of Income Tax Returns* that would act as a ready-reckoner for our members and serve as a guide for the articled trainees in e-filing of the income tax returns. This handbook has also been hosted on our website and mailed to all our members.

Quick Insight for Profession: I am happy to announce that we would soon bring out a *Quick Insight* on CA profession to be circulated to all CA firms/ practitioners for ready reference, which has been designed to include matters relating to direct and indirect tax, accounting standards, list of mandatory statements and standards on auditing, peer review, information regarding forms relevant to students, websites, contact e-mail ids of Committees of the Institute and that pertaining to the Companies Act, 1956 and LLP. I am sure that the members will find this initiative very useful and looking forward to your feedback on the same.

Development in Internal Audit: To inform our member community, we considered the proposal to make the Standards on Internal Audit mandatory in a recent Council meeting and decided to keep all the Standards recommendatory for our members for the time being. It is decided that the Internal Auditor's report should also state that the internal audit has been conducted in accordance with the Standards on Internal Audit issued by the ICAI. We have also decided to initiate a dialogue with the government/regulatory authorities like RBI and SEBI, to the effect that internal audit must be carried out by the chartered accountants or by the firms of chartered accountants, as professionals/ professional companies other than chartered accountants carrying the audit are not subject to any disciplinary mechanism.

Orientation Programme for Newly-Qualified CAs: It is a pleasure to inform our stakeholders that we have conducted quite successfully an Orientation Programme recently in New Delhi for newly-qualified CAs to help them in preparation for interviews for the companies

participating in the ongoing campus placement programme of the ICAI. I along with *Shri Sachin Pilot*, Honourable Union Minister of State, Communication and Information Technology, inaugurated the programme in the presence of the ICAI Vice-President CA. Jaydeep N. Shah and my Central Council colleagues CA. K. Raghu, CA. Pankaj Tyagee, CA. S. B. Zaware, CA. Madhukar N. Hiregange, CA. Sanjay K. Agarwal and CA. Vinod Jain. The programme was well attended by more than 1800 newly-qualified members of the Institute.

ICAI Awards for Excellence in Financial Reporting

The various modalities related to the competition 'ICAI Awards for Excellence in Financial Reporting' for the year 2010-2011 are currently underway. This year the competition is being held under sixteen categories. These categories have earlier been revised during the year to bring them in sync with the SAFA Best Presented Accounts Awards and a new category of 'Agricultural Sector' has been introduced which will include entities engaged in direct agriculture, horticulture, tea and coffee plantations, dairies, poultry, etc. but will exclude entities engaged in food processing, etc. which will be covered separately in Manufacturing Sector. The category of Banking Sector has been subdivided into Public Sector Banks, Private Banks (including co-operative banks) and Foreign Banks. Further two other new categories- 'Transport, Shipping, Ports, Shipping/Port allied Services' and 'Power Sector' which will include the generation, distribution, transmission entities as well as other entities involved in the business of renewable energy have also been introduced.

Initiatives for Students

Important Decisions for Effectiveness

Counselling Programmes for Motivation: We have decided to organise students' counselling programmes at all Regional Councils and Branches for CPT, IPCC and Final students to be organised twice a year. These programmes are conceptualised to guide our students in clarifying doubts that they face while attempting the question papers during examination and to motivate them suitably. In this regard, a special booklet to guide the students "How to Crack CA Examinations" is also being prepared and will be released shortly.

We are also in the process of preparing a Mock Test Paper Series which will be sent to all the Branches so that they can hold a Mock Test to provide our students a firsthand opportunity to assess their preparation for examinations. These counselling programmes and Mock Test will surely help all our students in improving their performance in the actual examinations.

Faculty Development Programmes: Further, it has been decided to organise faculty development programmes at all five Regional Councils with a view to strengthen

the existing base of faculty members/subject experts available with each of the Branches. We hope that, by organising such programmes, many Branches would be able to commence classes and provide guidance to our students on one-to-one basis.

GMCS Residential Programmes be More Effective: We have also decided to reduce the duration of the General Management and Communication Skills (GMCS) residential programmes from six to four weeks and to re-emphasise soft skills, case studies, mock interviews, group discussions, etc., with a little increase in programme fee from ₹30,000/- to ₹40,000/- in order to provide more effective faculty and amenities. However, total numbers of learning hours will be the same.

Human dignity is to be respected. Human identity is to be respected. And, above all fundamentally, all human beings are to be respected. Democracy decentralises the power and gives its control in the hands of common people, i.e. their (elected) representatives. I feel happy to learn that people in our nation are conscious about the evils of their society and they want to get rid of them. We, too, have always taken a hard stand against all unethical instances in our profession. Our Institution too has a system that is made up of elected representatives from all regions of our nation. This very spirit of democracy in our Institution prevents it from becoming biased in its dealings with unethical instances in profession, if any. Since inception, we have never failed in the delivery of right, bias-free and timely decisions, as our Institution has been accountable to the complete accounting community of our nation. It is surprising that only a few instances of injustice make us lose our faith in democracy. We start looking for another system in place of that. What will happen if the new system doesn't work? Ibrahim Zauq, an Urdu poet of repute, also asks: *We decide to die after getting into many difficulties. But if we do not get peace even after death, where will we go then?* We, in fact, need to make our existing system work. Running away from that and creating another system in place will take us further away from our faith in democracy. Restoration of faith in democracy should be a bigger concern today. Imagine raising the bar of ethics to such a height that all that is unethical loses its identity. Isn't this perspective Gandhian in spirit?

In democracy, the system is in our hands. It will be wrong to blame others for any weakness in the system. Erica Jong challenges us when she says: *Take your life in your own hands, and what happens? A terrible thing: no one to blame.* Moreover, blaming others is a state where we willingly show that we have given up our power that could have changed things, which should not be an option, as it will isolate us all the more. Imagine something doesn't work right in a family. What will be our next step? Somebody has said it quite wisely that if

we participate in weaving a social fabric, we should also participate in patching that if it develops holes.

The need today is to restore public faith in the power that it might use anytime to effect a change. We need to take control of our destiny through our responsibility. The reason behind our compliance might lie in our decision to run away from our responsibility and in thinking that a system that we have created will take care of that. We fail to act. All institutions require continuous watch and actions by their stakeholders to function and prosper. Let us take the onus of the consequences of our own actions.

Ultimately, I feel, all of us are driven by satisfaction and happiness that we achieve through our acts and endeavours. We feel satisfied and rate our life successful when we get to live our life on our own terms. Celebrated journalist Christopher Morley too opines this. Scottish playwright J. M. Barrie presents another picture when he says: *The secret of happiness is not in doing what one likes, but in liking what one does.* Let us also hear what the great Henry David Thoreau has to offer: *Happiness is like a butterfly. The more you chase it, the more it eludes you. But if you turn your attention to other things, it comes and sits softly on your shoulder.* However, the idea of happiness is a little different for the great optimist Anne Frank, who believes in the power of sharing happiness emerging from a happy self: *Whoever is happy will make others happy too.* Its vice versa has also been approved: *In seeking happiness for others, you find it for yourself.* An old Chinese proverb pronounces: *If you want happiness for an hour, take a nap. If you want happiness for a day, go fishing. If you want happiness for a year, inherit a fortune. If you want happiness for a lifetime, help someone else.*

American President Franklin Roosevelt also feels that happiness *lies in the joy of achievement.* While we understand that it is certainly not about achieving fortune or material possessions, it is a state that emanates from our attitude that lets us appreciate what we have, instead of getting restless about what we don't.

Let happiness and satisfaction softly touch all of us. Amen!

Best wishes



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New Delhi