



CA. G. Ramaswamy, President, ICAI

## Dear Friends,

**B**harat Ratna awardee and India's 11<sup>th</sup> President Dr. A.P.J. Abdul Kalam is more active today than ever before while constantly sharing his ideas and vision with citizens, particularly the youth and the students, of our nation. He once called us *partner-in-nation-building* and felt that, for a sustained economic prosperity and development, *ethics* must be suitably present in all our endeavours, projects and tasks, and that our society must bear the responsibility to promote ethics and values among its people.

Actually we have come quite close to what Dr. Kalam expressed about the role of our profession a couple of years back: *From the points of view of our national pride, investor confidence and employee reassurance, I am sure that a professional body like you will contribute expeditiously to systemic studies and root cause analysis so that (unfortunate happening in corporate sector) is not allowed to repeat in the country.* Our stakeholders

will agree that we have always believed in the slogan, *work with integrity and succeed with integrity*, given by him. This is the right place to acknowledge on behalf of the profession that ethics and integrity have been our fundamental guiding forces since inception.

Nobel Laureate Dr. Albert Schweitzer had once said: *...there hardly exists in the literature of world a collection of maxims in which we find such lofty wisdom as in Thirukkural*, also known as Holy Kural, a collection of 1330 thematically-arranged verses on virtuous living written by Saint Thiruvalluvar more than 2100 years ago. It is not surprising that Mahatma Gandhi wanted to learn Tamil only to study *Thirukkural* in original that has been a guiding force for generations across the world, who want to do something innovative and in the interest of their society. I, too, personally have a very high regard for the wisdom that *Thirukkural* contains in its verses. In fact, one of its verses has been a life-long companion for me: *Injury resulting from burns heals, but not the ugly scar that is caused by an offending word.* It is true that words are a powerful force, but we must be quite careful in their use. I have always refrained in principle from using harsh words in my entire life, be it personal or professional, as I believe they can never reform anyone. Instead, we should try to retrieve the situation, if critical, with soft and dignified words.

*Thirukkural* prescribes four mandatory characteristics of a leader: *fearlessness, generosity, wisdom and industriousness.* True leaders remain accessible and listen to the people they lead. They have an innate sense of what is right. They have a vision, a passion to accomplish their mission, and strength and willingness to explore the unexplored ways. They know how to manage success and failure. They have courage to take decisions in the hours of crisis. More importantly, their actions, including decisions, are always transparent and guided by ethics and integrity. Despite hardship and complexity of our situations, we must be able to come out of it like a lotus that, irrespective of level and depth of water, always reaches out to air and light. I believe if we are willing and have a vision to follow, we will for sure find a way out to succeed. It is all about our will and determination with which we start our journey.

To begin with, I would like to put on record on behalf of my profession my sincere appreciations for Hon'ble Union Finance Minister Shri Pranab Mukherjee; Hon'ble Minister of Corporate Affairs Dr. M. Veerappa Moily; Hon'ble Union HRD Minister Shri Kapil Sibal; Hon'ble Deputy Chairman Rajya Sabha CA. K. Rahman Khan; Hon'ble Minister of State for Ministry of Personnel, Public Grievances and Pensions; and Prime Minister Office Shri V. Narayanasamy; and Hon'ble Minister of State for Ministry of Corporate Affairs and Petroleum & Natural

Gas Shri R. P. N. Singh as well as the office bearers of the Ministries for receiving their complete support and encouragement in all our initiatives and endeavours.

We have undertaken various initiatives in close coordination and consultation with our Government, viz. by organising workshops on IFRS, XBRL, Corporate governance, Municipal accounting reforms, accrual accounting towards a uniform accounting/auditing framework, and training programmes on accounting concepts, by submitting our suggestions to various Government offices and officials on demand as well as on our initiative, and by bringing out technical guides and handbooks to aid and update their technical knowledge in contemporary accounting. We have conducted hundreds of investor awareness programmes across the nation in line with the initiatives taken by the Ministry of Corporate Affairs.

We have had MoUs with many premier national as well as international professional bodies and universities including College of Banking and Financial Services of Oman, UK-based Association of International Accountants, CBEC, University of Madras and Christ University in Bangalore to name a few, etc. We have extended our help and assistance to accounting bodies of nations like Mongolia, Saudi Arabia, Maldives, Netherlands, Tunisia, South Africa, etc. We took joint initiatives with various international institutions like IFAC, IASB, IAASB, XBRL International, SAFA, CAPA, ISAR-UNCAD, World Bank and IMF, etc., as well as with national institutions like C&AG, CBDT, CBEC, RBI, SEBI, ITAT, QRB, Election Commission, etc., and various ministries like Corporate Affairs, Finance, HRD and Home Affairs, etc. to name a few. We organised seminars and conferences in foreign locations like Abu Dhabi, Muscat and Doha to empower our profession and professionals abroad.

We have been trying to transform ourselves into a green (and paperless) organisation by undergoing a fundamental *Parivartan* in the system of our Institute, and through initiatives like going online in our tests and examinations. We launched *ICAI Connect* to revive the membership of our profession and launched an exclusive website dedicated to CA firms and bring *General Amnesty Scheme* for the members whose names got removed due to non-payment of fee in earlier years. We conducted *Outreach* programmes, *ICAI Corporate Forum*, etc., to consolidate our relationship with our members-in-industry. We started many new Certificate Courses and launched new support software and *ICAI Web TV* (to host educational videos) in order to empower our profession particularly our membership. Towards the development of infrastructure to accommodate various activities of our profession, we purchased land, had *bhoomi poojan* and laid foundation stone on the same, and inaugurated

many buildings for our various Branches. We set up many branches of CA Students' Association in all regions to facilitate regular communication with our students and to coordinate their activities.

I have firm belief in a sustainable change and development not only in our profession but in our nation too. I consider it my privilege to acknowledge that our profession has had a tremendous growth since its inception. I feel proud to accept that, continuing with the trend, we have reached many new heights and touched many new grounds in this Council year too. It is time for me to audit my stay in the Institute's office. It would be unfair if I, being an auditor, do not audit the affairs of my own profession in the Institute during this Council year in order to justify the chair I held in the Institute as its *President*. Actually, it has been quite an active and hectic year apart from being a fruitful one too. But I always appreciate rigour of our efforts. I would like to recall here few lines by US statesman Thomas Jefferson: *Do you want to know who you are? Don't ask. Act! Action will delineate and define you.*

Some of the significant achievements of the Institute in this Council year (2011-2012) have been listed immediately after my message for your information. Meanwhile, let me update you on some of the important recent developments and opportunities created in the professional spheres in the last one month:

#### International Conference in Chennai

International Conference on *Accountancy Profession: Leveraging Emerging Challenges for Inclusive Growth* was organised recently by our Institute in Chennai discussing emerging paradigms of accountancy profession and significant issues on governance, financial engineering, regulatory compliance, creation of stakeholder value, corporate social responsibility, etc., providing a chance to empathise with the existing challenges of global economy. The Conference was inaugurated by Hon'ble Union Finance Minister Shri Pranab Mukherjee in the august presence of Hon'ble Union Minister of Corporate Affairs Dr. M. Veerappa Moily, Hon'ble Union Minister of Shipping Shri G. K. Vasan and Hon'ble Rajya Sabha Deputy Chairman CA. K. Rahman Khan. The Conference proved to be an assimilation of over 2000 learned stakeholders, specifically from Asia-Pacific region. *Who's Who* of the accountancy profession were also present on the occasion. Prominent speakers included Rajya Sabha MP CA. Piyush Goyal, RBI Deputy Governor Dr. K. C. Chakrabarty, Quality Review Board Chairman Shri R. Bandyopadhyay, NACAS Chairman CA. M.M. Chitale, IRDA member Shri Radhakrishnan Nair, Deputy C&AG cum Audit Board Chairman Shri A. K. Awasthi, Indian Overseas Bank CMD Shri M. Narendra,

IASB member CA. Prabhakar Kalvacherla and ICAEW Deputy President Mr. Mark Spofforth. A detailed report on the Conference has been published elsewhere in this journal.

### ICAI Membership for Foreign Accounting Professionals

It is gratifying for the profession that we have been receiving applications, as of late, for membership from the members of five foreign accounting bodies with whom we have already executed MRAs, regarding grant of membership on the basis of passing out the prescribed CA examinations. The modalities of grant of membership and the recommended format of prescribed application form for the same have been approved in the recently-held Council meeting of the Institute.

### Partner-in-Nation-Building Initiatives

*Report on Accounting Standards to Union HRD Minister:* I would like to share with accounting fraternity that a report on implementation of Accounting Standards in Educational Institutions of Department of Higher Education, Ministry of Human Resource Development, was submitted to hon'ble Union HRD Minister Shri Kapil Sibal. Now, the Ministry would be organising consultations with higher educational institutions and schools. Accounting standards would be made applicable to all central educational institutions, universities under regulatory ambit of UGC or receiving grants from UGC, technical institutions under regulatory ambit of AICTE, teacher education institutions under regulatory ambit of NCTE and schools affiliated to CBSE. The recommendations would also be placed before the State education ministers in the next meeting. The HRD Ministry in coordination with ICAI shall organise capacity-building programmes to train the staff of educational institutions.

*Second Meeting of C&AG Audit Advisory Board:* I would like to share with our stakeholders that I recently participated in the second meeting of the C&AG Audit Advisory Board to discuss and contribute our ideas towards their inclusion in its Strategic Audit Plan for the next five years, i.e. 2012-17. We expressed our opinions on the audit approach of C&AG in order to make the Impact Assessment more realistic. We discussed the concerns and potential areas of our Government's activities and initiatives so that those could be observed and focused by the C&AG for the purpose of audit in near future.

*NACAS on Accounting of Foreign Currency Liabilities:* I would like to inform all stakeholders of our profession that NACAS has recently considered the issue of accounting for exchange differences in respect of

long-term foreign currency liabilities and assets keeping in view the recent steep fall in the value of rupee *vis-à-vis* the US dollar, and decided to recommend to the Government that since Ind ASs are yet to come in force, it may be appropriate to remove the sunset clause included in the aforesaid paragraph of the AS 11. It also decided that this option should be available even to those companies which were not able to exercise the option in paragraph 46 earlier. However, to such companies, option should be available in respect of exchange differences arising in accounting years 2011-12 and onwards.

*GASAB Meeting:* I would like to share with our stakeholders that I recently participated in the 24<sup>th</sup> meeting of GASAB along with the Technical Director of the Institute among others, wherein discussions were held related to IGFRS-1, i.e. *Consultation Paper: Presentation of financial statement*, IGFRS-6, i.e. *Consultation Paper: Accounting Policies, changes in accounting estimates errors*, and IGAS-6, i.e. *Consultation Paper: Presentation on Budget information in financial statement*. Further, preface and rules of business of the GASAB were also discussed, where, on behalf of Institute, I flagged off an issue of not including formulation of standards of local bodies under the ambit of rules of business of the GASAB, which was well received by the GASAB members present; however, the terms of reference of GASAB as prescribed by the Constitution of India does not allow for the same.

### Professional Initiatives

*Amendment to the Statutory Auditor's Reporting Responsibilities:* ICAI Council at its 312<sup>th</sup> meeting had noted that till date the Central Government had not notified the effective date of Section 441A of the Companies Act, 1956. Consequently, no Rules thereunder had been prescribed by the Central Government. The Council, therefore, has decided that in view of the aforementioned situation, the statutory auditor need not report in respect of cess payable under Section 441A of the Companies Act, 1956 as envisaged under paragraph 63(g) of the Statement on the Companies (Auditor's Report) Order, 2003 issued by the Institute, relating to clause 4(ix)(a) of the Companies (Auditor's Report) Order, 2003. The Council also noted that the operative date of even Section 227(3)(g) of the Companies Act, 1956 which required the statutory auditor's report to state as to "*Whether the cess payable under Section 441A has been paid and if not, the details of amount of cess not so paid*" had not yet been notified by the Central Government. Accordingly, as a corollary, the Council has decided that the statutory auditor's report need not contain any comment on Section 227(3)(g) of the Companies Act, 1956. An

announcement in this regard has been hosted on the ICAI website.

**Launch of Software for CA Firms:** I am pleased to inform that we have launched various useful software for CA firms recently during our International Conference held in Chennai, which are *ICAI-XBRL* (solution for converting Financial information of the Company in XBRL format as per MCA mandate), *Billing & Accounting Software* (complete package to manage all the accounting and billing requirements of a CA firm on cash system of accounting), and *Payroll Software* (to manage all small business firms' PF, ESI, PT and TDS aspects of the same). The brighter side of this initiative is that all software will be made available to CA firms without any cost for two financial years. Details about arrangements and features of software are available at [www.icaai.org.in](http://www.icaai.org.in).

**Arrangement for Taxmann Resources:** I am happy to share with our members that we have entered into an arrangement with Taxmann publishers to enable our members to keep pace with developments in fields like direct taxes, company law, service tax, etc., whereby Taxmann will provide all materials hosted on their website [www.taxmann.com](http://www.taxmann.com) as part of a standard practice and procedure at a subsidised price of ₹3,500/- per annum *vis-à-vis* the market value of ₹7,500/- per annum. I am sure this arrangement will help our members in their functional efficiency through the use of Taxmann's resourceful website, which carries about 127 years of Direct Tax laws (1886-2012, covering 42,000 judgments), 100 years of Company Law (1913-present, covering 9,800 judgments/orders) and complete data on Service Tax (1994-present, covering 5,800 judgments).

**IT Department Seeks Assistance in Analysing Forensic Data:** As you know, we had hosted an announcement inviting applications from our members who are experts in forensic examination and analysis of financial data including seized e-data, which was done in response to a reference made by the Income Tax Department (Investigation Wing) asking us to provide details of our members who have experience in dealing with forensic e-audits and who could examine the contents of deleted files and chronology of modifications, etc., of the material seized during the course of assessment proceedings. Responses received from the interested members have been submitted to the Department for consideration.

**Representation to CBDT regarding Difficulties of Assesseees:** I would like to inform the membership



community that, on the basis of our members' representation across the country, we had requested the CBDT through an elaborate representation to consider the practical difficulties being faced by assesseees due to generation of erroneous arrear demands by the Central Processing Centres. Further, considering practical difficulties in submission of ITR-V to Bengaluru, we have requested the CBDT to extend the time limit for such submissions in respect of AY 2010-11 and AY 2011-12 till 31-01-2012 or 120 days from the date of upload, whichever is later.

**Meeting with Union Finance Minister:** I am happy to inform our readers that I recently had a meeting with hon'ble Union Finance Minister Shri Pranab Mukherjee regarding the matter of revision in the norms for empanelment of statutory auditors of public sector banks. We have submitted our representation too in this regard.

**Meetings with MCA Minister of State and Financial Services Secretary:** I recently also met Hon'ble Minister of State for Corporate Affairs and Petroleum & Natural Gas Shri R. P. N. Singh, and then met the Secretary of Department of Financial Services from Ministry of Finance, Shri D.K. Mittal, regarding a requirement for extensive branch audit in view of CBS.

**Revised Concept Paper on Taxation of Services:** As you remember, CBEC had issued a concept paper on *Taxation of Services based on a Negative List of Services* and we had submitted our suggestions on the paper. Based on the feedback, CBEC issued the revised concept paper inviting comments/suggestions. I am happy to note that many of our suggestions were incorporated in this revised concept paper. We have again submitted our suggestions on this revised paper to the CBEC for consideration.

**MoUs for PhD Programme:** I feel satisfied to inform our members that they will now be eligible to pursue MPhil/

PhD programme in the commerce and management in the Department of Commerce in the Aligarh Muslim University, Aligarh. Shri Mata Vaishno Devi University has also approved our members' eligibility for pursuance of PhD programme in their College of Management, Jammu & Kashmir, where CA degree would be treated equivalent to MBA.

*Meeting for Networking for CA Firms:* I am happy to inform our stakeholders that we arranged an interactive meeting for Networking of CA firms recently during the International Conference held in Chennai, where more than 200 firms and practitioners registered to form the network in the Networking Pavilion placed during the Conference. Details of the meeting are available at [www.icaai.org.in](http://www.icaai.org.in).

### **Vision 2030 to be Released in Upcoming ICAI Annual Function**

To carry forward our year-long exercise on developing our Vision 2030, my Central Council colleagues have drafted the Vision 2030 document, Mission Statement and Strategic Priorities at a workshop, which were revised later and unveiled during the International Conference held in Chennai, at a panel discussion attended by some of our past-Presidents. Their valuable inputs have also been incorporated. Later on, discussions were also held with external stakeholders including Deputy C&AG Shri A.K.Awasthi, MCA Joint Secretary Shri Manoj Kumar, RBI Deputy Governor Shri Anand Sinha, and SEBI Executive Director Smt. Usha Narayanan recently. Online feedback/inputs have also been invited from international accounting bodies, chairmen of ICAI chapters and members at large. Draft report on ICAI Vision 2030 comprising Vision 2030 statement, Mission Statement, Strategic Priorities and the action plan was also discussed in detail at the recently-held Special Council meeting wherein my Central Council colleagues gave various suggestions towards finalisation of the report. We will release the final Vision 2030 document during the coming Annual Function to be held next month.

### **Health Insurance for ICAI Members and Students**

I am really happy to inform our stakeholders including members and students that we, during the International Conference held in Chennai, took a remarkable and responsible step by launching a health insurance scheme in alliance with the New India Assurance Co. Ltd., Mumbai, for them. MoU with New India Assurance Co. Ltd. has been signed recently, the details of which are available at [www.icaai.org.in](http://www.icaai.org.in).

### **Placements for February-March2012**

It is satisfying to acknowledge that we will be

organising next campus placement programme for newly-qualified chartered accountants during February-March 2012 at 17 centres across the nation. Detailed announcement in this regard is available at [www.cmi.icaai.org](http://www.cmi.icaai.org). I personally solicit all our stakeholders support and request them to bring their organisations and organisations known to them to participate in the programme to make it successful.

### **ICAI Network: Growing and Stronger**

Recently, we in the ICAI Council meeting considered and approved to set up two Branches of SIRC at Sivakasi in Tamil Nadu and at Kannur in Kerala. These will be known as Kannur Branch and Sivakasi Branch of the Southern India Regional Council of the ICAI. In fact, I recently had the privilege to formally inaugurate the Sivakasi branch as well. I am also glad to share the information with my accounting community that we recently inaugurated the branch buildings of Coimbatore, Nellore and Madurai Branches of SIRC.

### **CA Final Examination and CPT Results**

Results of the Chartered Accountants Final Examination held in November 2011 as well as Common Proficiency Test (*Paper-Pencil Mode*) held in December 2011 have been declared. I would like to congratulate all students who have passed the CA Final Examination and Common Proficiency Test, including the toppers from all five regions in both the categories. I wish all of them a very bright future. I would also like to communicate those who could not succeed that there is always a second time and perseverance always pays. Perk up and try again – you will succeed eventually.

I am in fact happy and satisfied with the way our profession has been progressing at present. Initiatives that we have started and taken are beginning to shape up and yield the desirable results.

When I assumed the *President's office*, I was quite clear about my actions and determined about their execution. There was a plan and there has to be a plan. It is time for our members, students, employees and all other stakeholders to observe the developments and milestones that the profession has recorded in the past one year. They will agree, I am sure, that such all-round accomplishments essentially require a careful plan as well as a hard-willed and determined mindset to execute that plan. Though I take pride in my will and determination, I can easily trace its source to my education and training, which has put in me a spirit of '*I can do it*' and to an inspiring line of rock-solid professionals we have had in the formative years of our profession, which has instilled in me courage and determination. [*Let me here inform*

*you that Accountancy Museum of India set up in 2009 showcasing the story of those strong professionals and their profession is now operational at our office at Sector-62, Noida.]* Such has been the character of our profession. All stakeholders will agree, I assume. This profession has taught us not to say 'it is difficult', as perseverance, education and training acquired by us during student-ship has an ability to pursue and accomplish all that is difficult. Let this legacy of great will and determination continue to guide all followers of this profession.

I agree this is my last message from the desk of ICAI President, but I believe we will keep meeting again and again. Opportunities to work in the interest of profession will always be there. Let me clear my stance that I have been an active member of the profession and, therefore, I would not wait for solicited opportunities to act in its interest. My relationship with all stakeholders of the profession has grown in the past one year. My faith in the membership to stand as family has strengthened. I am happy that the issues concerning our members were always dealt with on high priority. These always will be, let me assure them. Many tasks have been completed and many more about to reach their completion. In addition to support of my membership fraternity, I must acknowledge the complete and unadulterated moral support of my Central Council colleagues, who have been the integral torch-bearers in all my endeavours towards the development of the profession. I must acknowledge that I have the honour of sharing their ideas, opinions, vision, etc., during my tenure as the President. I must thank them for their indomitable spirit to support and extend their help and assistance for the profession.

The employees of the Institute have always stood tall and strong while putting in their best efforts at all the time. At least, I have been a strong witness to this phenomenon in the past couple of years. Therefore, it would be improper and incorrect if I do not acknowledge with all my sincerity their efforts in the transformation of our profession into a constitutionally and intellectually robust one. Though I understand it is their duty, but I consider it my duty to acknowledge their love and labour for the profession, which has led our profession to realise a better condition in education and infrastructure, better efforts in nation-building, better national and international relationships, better training and other services for members, and the list goes on. They have really worked very hard, and many of them beyond the prescribed working hours from various locations including their home. I extend my gratitude to them on behalf of the profession. I ensure them that while they have been doing their best in the interest of our profession, we will continue to take care of

their well-being by bringing in reforms in the Institute's services offered to them. Initiatives that have been started in their favour will continue. I understand that the profession can prosper only when they do. I have complete faith in the incoming leadership and so you should have too. I am happy that the leadership of the profession is going in the competent and safe hands of CA. Jaydeep N. Shah and I would like to be the first to congratulate and welcome him to the Office, in advance. I am sure the Institute and the profession will grow greater under his vision and leadership. I can safely express this on the basis of my experiences with him as the Vice-President in office.

As when we meet we have to part ways, I understand, parting too always leads to a meeting. It is no mystery. And the moment I feel I want to be with you, I am already there with you. Am I not right? It is true that all good people can not just stay together. And they should never. Renowned humorist Charles M. Schulz says: *Someone would leave. Someone always leaves. But I believe: Goodbyes are not forever. Goodbyes are not the end. They simply mean I'll miss you; until we meet again!* We may miss each other's presence in our respective lives, but we will also feel warm as we will always be close in heart.

It is quite difficult for me to bid an adieu, and to quote Mirza Ghalib, since my *heart insists to make a greater effort, for there is still, a debt owed by fingernails to the half-opened knots*. Jobs that are mid-way or on the verge of completion will never let me go. I assure to keep extending my efforts and goodwill to the profession from wherever I am. I understand it is time for me to take your leave, in particular, officially. I would like to sincerely extend some (Irish) wishes to my readers in order to reciprocate, at least in a way I was made to feel during my tenure:

*May you always have work for your hands to do.  
May your pockets hold always a coin or two.  
May the sun shine bright on your windowpane.  
May the rainbow be certain to follow each rain.  
May the hand of a friend always be near you.  
And may God fill your heart with gladness to cheer you.*

*May you always have walls for the winds,  
a roof for the rain, tea beside the fire,  
laughter to cheer you, those you love near you,  
and all your heart might desire.*



**CA. G. Ramaswamy**  
President, ICAI  
January 24, 2012