



CA. Jaydeep Narendra Shah, President, ICAI

#### Dear friends,

**T**he only thing that is never-changing is the change itself. And every change offers a new beginning. This is the eternal phenomenon that encompasses everything — our profession and the ICAI included. As the ICAI enters a new Council Year, the baton of profession's leadership has changed hands too. And at the forefront of this change in the realm of our profession, I humbly salute you as the new President of the ICAI. As the saying goes, a beginning is only the start of a journey to another beginning. As I begin my new role as 60<sup>th</sup> President of the Institute, I wish that the profession makes a new beginning too — a new beginning with renewed vigour and thrust to reach the pinnacle of global glory. A journey of a thousand miles begins with a single step. So, join me in taking that first step together and rededicate ourselves to promote professional excellence and opportunities to conquer these challenging times.

It is an immense honour to serve as President of ICAI, particularly in view of the long glorious history of our organisation and examples of the distinguished former Presidents. I bow to the Past Presidents for their efforts in bringing the profession to its present stature.

I am particularly indebted to the immediate past-President CA. G. Ramaswamy, whose able guidance greatly boosted my experience and abilities to take on future challenges. I humbly acknowledge that I have learnt a lot from CA. Ramaswamy, who has been truly a 'Friend, Philosopher and Guide' to me all through the last year. Working with him as the Vice-President gave a good exposure to the critical challenges concerning the profession.

I am extremely grateful to all the members, my colleagues in Central Council, my family members and other well-wishers, including those from my hometown Nagpur, for reposing faith in me for leading the glorious forward march of our esteemed profession.

As I carry the baton of presidency, I promise not to let you down, particularly when it comes to upholding the interests of the profession and the nation. Enthused and honoured by the words of praise for our profession by the Minister of Corporate Affairs Dr. M. Veerappa Moily and Padma Shri awardee past- Presidents of the Institute, CA. T. N. Manoharan and CA. Y. H. Malegam at the annual function of the Institute, I commit on behalf of the CA fraternity to play our role as *'trustee of stakeholders' interest* and to continue to render quality services to the society keeping the larger social and national interests in mind. I promise to provide all out support to the *'reform agenda'* of the Minister of Corporate Affairs and look forward to continue getting his visionary guidance as a friend, philosopher and guide to the accountancy profession in India. I undertake to uphold the enormous trust put in our profession by the founding fathers of the nation, and carry forward our tradition of excellence and partnership in nation-building.

#### Our New Vice-President

I congratulate CA. Subodh Kumar Agrawal on his election as the Vice-President of ICAI and I am fully confident that his rich experience, professional acumen and abilities will greatly benefit the members at large, and also help me in shouldering my responsibilities. I know CA. Agrawal as a dedicated hard-worker bestowed with exceptional organisational and networking skills, and a futuristic vision which is the need of the hour for all of us.

#### Action Plan 2012-2013

Being the backbone of financial discipline in India and conscience keeper of national economy for decades, our profession has today come to be known as one of the most vibrant forces of socio-economic growth.

Indeed, we have come a long way... but there are still miles to go. As such, as the torch bearer of the profession in our glorious journey of excellence and selfless service, my motto for the year will be '*Inclusive Growth of Professionals and Exhaustive & Exclusive Growth of the Profession*' for the overall growth of our great country. My goal would be to position Indian accountancy and auditing profession globally, and raise the profile of ICAI and brand 'Indian CA' nationally and internationally. To this effect, I will launch a vigorous branding and awareness campaign to enhance public perception of ICAI and professionals affiliated to ICAI. I will go all out to facilitate global and national partnerships, making ICAI as a hub of valued Thought Leadership. Enhancement and empowerment of SMPs is at the core of my '*inclusive-growth*' agenda for this year. I will dedicate myself to the objective of creating enabling framework for Indian firms and professionals to leverage national and global opportunities. One of my primary goals is to encourage and help Indian firms to form limited liability partnerships and multidisciplinary firms to service clients across the whole spectrum of professional services. I will work to enhance the maturity level of XBRL implementation in India and establish ICAI's leadership position in this space. Ultimately, my aim will be to expedite the process of making CAs matchless professionals in the present as well as future — all in terms of skills, knowledge and analytical ability combined with contemporary professional capabilities, integrity, independence, ethics and above all, right attitude. I wish to give impetus to research in areas of contemporary significance and to bring about greater integration of the profession with global imperatives, including Convergence of our accounting standards with IFRS, XBRL, changes in taxation and regulatory regimes, etc. And to this effect, I would like to not only re-emphasise but also re-invigorate and re-invent the ICAI Mission that is '*The Indian Chartered Accountancy Profession will be the valued Trustees of World Class Financial Competencies, Good Governance and Competitiveness*'.

I will devote all my energies to make ICAI and Indian accountancy profession assume leadership position in national, regional and international accounting fraternity. On the regulatory front, I will adapt the regulatory mechanism to changing times and create an institutional mechanism to not only facilitate closer coordination with other regulatory agencies such as the RBI, C&AG, IRDA and SEBI but to also take necessary steps proactively. Besides, I will leave no stone

turned to strengthen infrastructure and technological capabilities to improve engagement with all stakeholders.

While concentrating on the present, we also have to set our sights on the future of the profession, i.e. the students, whose interests have been very dear to me all along my years in the Council, including as Chairman, Board of Studies. To this effect, I will go all out to align Indian accountancy education with the emerging imperatives, in line with global best practices so that our future generations acquire multi-dimensional abilities to counter any challenge. An all-encompassing and experience-rich education, combined with practical training, value-added soft skills and personality development will be my priority. I promise you to revitalise our education and training systems and establish an enabling ecosystem to produce globally competitive accounting professionals. Remember, the best way to be ready for the future is to invent it.

Taking into account all these broader objectives, I have prepared a detailed Action Plan 2012-2013, which has been published elsewhere in this journal. I request all stakeholders to share their views on this and help me implement this action plan in letter and spirit for the larger benefit of the profession because I believe the more we collaborate, the more we achieve.

#### **Felicitation of CA. Y. H. Malegam and CA. T. N. Manoharan**

I, on behalf of entire Indian accounting fraternity, would like to particularly congratulate our past President CA. Y. H. Malegam who has been conferred with Padma Shri by the Government of India. A matter of great honour for the profession, it is the third occasion when a past President of the ICAI has been honoured with this fourth highest civilian award of the country—the first two being CA. R.K. Khanna and CA. T. N. Manoharan.

As a mark of respect, we thought our annual function to be a befitting occasion to felicitate CA. Malegam and CA. Manoharan. I am thankful to them for accepting our invitation and grace the 62<sup>nd</sup> Annual Function of ICAI held recently. I highly regard them as the doyens of Indian accountancy profession and thank them for raising the profile of our profession nationally and internationally. While CA. Malegam's services to the profession as NACAS Chairman have been particularly noteworthy, CA. Manoharan's role in the revival of once-beleaguered Satyam cannot be forgotten in Indian corporate world.

### Promising Times for Chartered Accountants

These are exciting yet challenging times for Indian chartered accountants. The year 2012 will be an eventful year for Indian accountancy profession if both external and internal developments are any indication. World economy is in turmoil and is casting its shadow on India, thereby putting the role of CAs in sharp focus. The resilient Indian economy will surely withstand any trouble.

Meanwhile, Indian accounting standards converged with IFRS are likely to be implemented soon. The eXtensible Business Reporting Language is becoming popular by the day across the globe. Further, major reforms are likely to be unveiled—Companies Bill, Goods and Services Tax regime, Direct Tax Code, the Banking and Insurance Bill, the Public Interest Disclosure and Protection to Persons Making the Disclosures Bill, Accountability Bill, etc., are all waiting in the wings. In fact, there is a likelihood that the bill relating to DTC could be clubbed with the Finance Bill, which too will throw many a challenge at us. All these offer plethora of opportunities to the profession in the garb of challenges.

Particularly, India's transition to a new set of accounting standards fully convergent with IFRS will be the beginning of a new era for Indian accounting profession. This is an opportunity for us to showcase our competence to the world. It will offer vast scope for Indian accountants to offer their services globally and we cannot afford to lose this opportunity. And I will leave no stone unturned to ensure that we don't. Together WE CAN. The profession is upbeat and demand of the Chartered Accountants is at an all time high. In this background, it's time for the emerging CA fraternity to see them in the midst of a new boom; a boom of their own. And it is possible, if the members start looking beyond the traditional number crunching and be at ease with technology environment. Our profession is more a matter of innovation today... it means that we have to manage more dynamic macro-economic forces.

The high status for the CAs and growing expectations from them also mean higher responsibilities and pressures on them. With the calls for private sector and governments to be more accountable and transparent getting louder, modern accountant's role is bound to come under frequent scrutiny. Remember, the future belongs to us. These are times to lead by example.

We have to play a leading role in the economic uplift of the nation. The direct relationship between good accounting practices and better economic outcomes is widely recognised.

### Working in Unison with Government

As highlighted during the annual function of the Institute, our various stakeholders, including the Government, have indeed very high regard for us, coupled with far higher expectations. *"Innovation should be the word today... We need to build for the future, think of the future which holds highest promise... Your profession is the most sufficient in the world and you will have to take it forward because we should not be just happy with what we have today but what we ought to be tomorrow,"* so said the Chief Guest of our 62<sup>nd</sup> Annual Function, Corporate Affairs Minister Dr. M. Veerappa Moily in his eloquent, enlightening and encouraging address to us. He added: *The accounting profession is the noblest profession. You are on the right track of building world-class profession in this country and world over. That requires a lot of perseverance, a lot of training and a lot of capacity building... I am a reformist and want ICAI to support my reform agenda. I want ICAI to work out Corporate Governance Policy and play a greater role in building a corporate citizenship in the country.* I completely agree with the views and vision of Dr. Moily and, on behalf of the Council and the CA fraternity, I assure him to proactively work to translate his vision and reform agenda into reality and live up to Government's expectations. I have placed this objective high on my agenda for this year. Besides further improving relationship with corporate sector, I will work with trade and industry associations as well. I thank him for guiding us to serve better, and look forward to his continued support to us. A detailed report of the annual function has been published elsewhere in the journal.

In line with my intention to work in unison with the Government, I, along with CA. Subodh Kumar Agrawal, recently had meetings with the Rajya Sabha Deputy Chairman Shri K. Rahman Khan and the MCA Minister Dr. M. Veerappa Moily, Secretary Shri Naved Masood and Joint Secretary Shri Manoj Kumar, and discussed matters of interest to the profession and the nation as a whole.

Now let's have a look at some other important developments pertaining to the profession over the last month.

### International Initiatives

*Seminar and Meetings in Bahrain:* I, along with my predecessor CA. G. Ramaswamy, recently attended a seminar on “Emerging Opportunities and Challenges” in Bahrain. Coinciding with the event, we had a meeting with the Minister of Finance Sheikh Ahmed Bin Mohammad Al Khalifa and Minister of Industry & Commerce Dr. Hassan Abdulla Fakro in which we gave an account of the role played by ICAI within and outside India.

*IFAC-International Donor Community Meeting:* I am happy to inform you that we, jointly with Institute of Cost Accountants of India, recently hosted inaugural Steering Committee meeting of the IFAC-International Donor Community MOSAIC MOU at Jaipur. The meeting was attended by officials of World Bank and other important donor communities.

### Initiatives for Members

*Empanelment of Statutory Auditors:* We recently held an emergent meeting to deliberate upon the proposal of the RBI Working Group on Revision in the Norms for Empanelment of Statutory Auditors and other issues relating to appointment of Statutory Auditors in Public Sector Banks. This was followed with a discussion in the Council. Based on the deliberations, we have prepared a detailed representation and submitted it to the Reserve Bank of India. Subsequently, I also submitted a summarised version of the representation to Shri D. K. Mittal, Secretary, Department of Financial Services, Ministry of Finance.

*Professional Courses:* We recently successfully conducted *Certificate Course on Forensic Accounting & Fraud Detection* at Centre of Excellence, Hyderabad with 30 candidates, which was very well received by the members. We have also restarted the *SAP Course* for members and students. The 17<sup>th</sup> & 18<sup>th</sup> batches of *Certificate Course on International Taxation* started recently in Pune and New Delhi while the new batches of this Course is likely to start in Mumbai, Chennai, Hyderabad and Baroda in March this year. Meanwhile the 10<sup>th</sup> batch of the *Certificate Course on Valuation* recently commenced at Mumbai. The 3<sup>rd</sup> batch of *Master of Business Finance Certificate Course* recently started in Delhi, Mumbai, Chennai and Kolkata. A 7-day course on “*Oracle 11i Financials*” will be organised at Delhi from 27<sup>th</sup> February, 2012. Meanwhile, we are conducting *IFRS Certification Course* batches at Delhi, Kolkata and Mumbai.

*IDT Courses and Workshops to Commence:* Empowerment of the accounting professionals in employment or practice through knowledge and in depth understanding of indirect taxes has been felt while the same, especially service tax, is gaining importance. This year, we have three indirect tax certificate courses running in Delhi, Chennai and Kolkata, and 15 more have been planned in the year ahead. Focused workshops to empower at least 3,000 more professionals to take up specialisation in service tax, along with increased e-learning initiatives, have been planned and members may grab this opportunity considering the fact that GST is on the anvil.

*Members in Entrepreneurship & Public Services:* In order to highlight and deliberate upon the issues concerning our members in entrepreneurship & public services, the 2<sup>nd</sup> conclave of such members was recently organised in Mumbai, which was inaugurated by Deputy Chairman of Rajya Sabha CA. K. Rahman Khan. Many highly respectable members of the profession in public service and entrepreneurship, including former Union Minister CA. Suresh Prabhu, President of Income Tax Appellate Tribunal CA. G.E. Veerabhadrapa, Commissioner of Service Tax-1, Mumbai CA. S.K. Solanki, Chairman of Gencoval Strategic Services Private Limited CA. Deepak Ghaisas and Chief Editor of *Premium Investments* attended the event.

*Technical Guidance:* Environmental issues are increasingly impacting the bottom line and future prospects of organisations in many industries. Recognising the growing importance of the subject of environmental auditing as the survival and growth mantra for business these days, we have issued a “*Guide on Environmental Audit*”, which explains types of environmental audit and discusses emerging opportunities for professional accountants in the field of environmental audit. We have also issued a “*Technical Guide on Stock and Receivables Audit*” as a one-stop practical guide for performing an effective stock and receivable audit and ensuring the quantity, quality, composition and actual value of the stock and the debtors. We have also come out with a Guidance notes on ‘*Revised Schedule VI to Companies Act, 1956*,’ ‘*Accounting for Rate Regulated Activities*,’ ‘*Accounting for Self-generated Certified Emission Reductions (CERs)*,’ and revised the *Guidance Note on Accounting for Real Estate Transactions*. Further, we have finalised a series of educational materials on Ind AS and the same will be issued shortly.

### Partner in Nation-Building

*Study for Tamil Nadu Government:* We have received a proposal from Finance Department, Government of Tamil Nadu to take up a study on the accounting practices in Tamil Nadu Civil Supplies Corporation Limited and suggest ways and means to streamline the accounting system and for its computerisation in integrating all the units of the organisation so as to help develop an effective Management Information System.

*Training Govt. Officials:* We have also received a proposal from Employees' State Insurance Corporation, under the Ministry of Labour & Employment, to provide training to their officials on Accrual Based Accounting System in Delhi.

### Initiatives for Students

*More Student Empowerment Programmes:* Strong team at our Board of Studies promises a substantial improvement in the quality of students coming out of our system in terms of their pragmatic and analytical skills. Our enhanced training programmes in technology and GMCS would also help them in becoming a more competent and confident professional. The BoS, this year, would be focusing on e-learning initiatives in order to provide them a facility of real distance learning. Self-assessment measures in the coming examinations are also being increased to reach all students who are interested in getting a status check on where they stand in terms of readiness for the examination.

*CPT Classes:* We have requested the Regional Councils and Branches to organise CPT Classes for the ensuing CPT Examination in June 2012, and will extend all the support required to the Programme Organising Units, including supply of study material, Power Point presentations and weekly test papers. We will also be creating an Online Group of CPT Faculty Members, subject wise, on All India basis, so that they can share their experience and resources to make the CPT Classes successful.

*Helping Physically Challenged Students:* In yet another initiative, we have adequately modified the policy with respect to provision of writers to physically challenged students and it would be made effective from May 2012 CA Examinations.

*Analysing Quality of Examinations:* In order to analyse the qualitative aspect of our examinations, we recently conducted research study by way of conduct

of Examinations with participation of the experts, select examiners involved in valuation of respective subjects, Question Paper setters and Moderators of the respective papers.

*Orientation Programme:* An orientation programme for GMCS for students was organised recently in Delhi, where Minister of Corporate Affairs Dr. M. Veerappa Moily, as the Chief Guest, encouraged the students to serve the nation with their professional expertise with missionary zeal. Myself and Vice-President CA. Subodh Kumar Agrawal also addressed the students.

I am sure all these developments will strengthen our profession in short as well as long run. Although there is no agreed definition of a profession, I draw your attention to the definition provided by the Australian Council of Professions (Professions Australia). It defines a profession as: *A disciplined group of individuals who adhere to high ethical standards and uphold themselves to, and are accepted by, the public as possessing specialised knowledge and skills in a widely recognised, organised body of learning derived from education and training at a high level and who are prepared to exercise this knowledge and these skills in the interest of others.* Inherent in this definition is the concept that the responsibility for the welfare, health and safety of the community shall take precedence over other considerations. The punch line of our profession too is 'Service Before Self' which draws strength from our profession's motto 'Ya esa suptesu jagarti' (one who is awake among those who sleep). I like this definition because it captures societal expectations from a profession. Sometimes we lose focus on ethics and social responsibility, and emphasise on competence only. I wish that members of our profession re-evaluate their approach to professional accountability in the light of the above definition.

By the time this issue of the Journal reaches you, most of you would be giving final touches to your plans and strategy for performing the statutory audit of bank branches. Best wishes for a timely and effective completion of audit.



**CA. Jaydeep Narendra Shah**  
President, ICAI  
New Delhi, 23<sup>rd</sup> February, 2012