



CA. Jaydeep Narendra Shah, President, ICAI

Dear friends,

**T**he future belongs to those who live intensely in the present. As such, we need to intensify our core competence, add more and more value to our services, and be a complete business solutions provider. In line with the saying that 'success is a journey, not a destination,' we should not rest with success — instead should sustain it as a continuous journey to ultimate excellence - season after season. April and May are the months of hectic activity for a chartered accountant's office, with the March year-end closing of financial statements and expectations from all clients, especially public-sector banks and listed company clients, to get their financial statements audited on a priority basis. Indeed, it is the time that tests our resource management skills. But, more importantly, it is the time that tests our grip not only on the understanding of client and its business environment, but also our understanding of the sacrosanct Engagement and Quality Control Standards, as well as our ability to apply them under a time-bound schedule.

Let's try to tap even the most distant of emerging opportunities, many of which may come in the garb of challenges. With fast-paced changes happening all around us, it is high time that we thought out of

the box to deal with emerging challenges and excel in the long run too. Remember that even small opportunities are often the beginning of great enterprises, provided you act with wisdom. But, as the saying goes, *never mistake knowledge for wisdom, because while one helps you make a living, the other helps you make a life.* Knowledge, skill and experience may not be enough, unless we develop wisdom to use them. "These days, people seek knowledge, not wisdom. Knowledge is of the past, wisdom is of the future," so goes a saying, which is worth taking note of in present times. It is all about how best we shape our future.

Now, let me update you on some major developments pertaining to our profession over the last month:

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### CA Fraternity Loses a Doyen in Shri NKP Salve

The Indian chartered accountant fraternity lost a doyen in public life when former union minister and ex-BCCI president CA. Narendra Kumar Salve, popularly known as N. K. P. Salve, passed away on April 1<sup>st</sup>, 2012, at the age of 90. A chartered accountant by spirit and profession, with an active practice from 1950 to 1982, Shri Salve was considered an authority on direct taxes. A gifted orator, especially on public finance, taxation, macro-economics, constitutional issues, etc., he headed the Joint Parliamentary Committee on Taxation Laws in 1975. He gave up his practice after getting elected to the Union Cabinet in 1982 under the leadership of the then Prime Minister Smt. Indira Gandhi. He had also worked closely with former Prime Ministers Shri Rajiv Gandhi and Shri P. V. Narasimha Rao while undertaking responsibilities for Ministries of Information & Broadcasting, Steel & Mines, Parliamentary Affairs, and Power. During this period, he also became the Chairman of 9<sup>th</sup> Finance Commission of India for 1987-90. He later shifted his base to Nagpur. He made valuable contributions towards promoting education in Maharashtra and sports across the country. I, on behalf of the profession, express profound grief on his demise and pay heartfelt tribute to the departed soul. I hope that his probity in public life as well as result-oriented enthusiasm for sports and education will continue to inspire younger generations. More details about the departed leader have been published elsewhere in the journal.

### International Initiatives

#### **ICAEW Head of New Business Opportunities Justin West in ICAI:**

Recently, we had a visitor in Mr. Justin West, Head of New Business Opportunities, Institute of Chartered Accountants of England and Wales (ICAEW), who was here to discuss the implementation the strategy for enhancing the student base under our MoU with ICAEW, among other matters. In order to strengthen our bilateral relationships, we agreed to share our respective journals as well as other publications, besides sharing details of candidates enrolled by both institutes under the MoU. We also felt a need to develop modalities to frame *train the trainers* programmes to train the ICAI faculty to ensure that candidates pursuing ICAEW course in India achieve the desired targets. We also decided to organise our joint programmes in the UK, Dubai and India. A need to encourage students in England to undertake the ICAI course in India was also realised. Mr. West promised to get back to us soon after discussing all the ICAI-related issues at ICAEW, including the revision of the fees structure of ICAEW course for ICAI students to pursue the ICAEW course.

### Initiatives for Government Offices and Officials

**GASAB (C&AG) Meeting:** I attended the 25<sup>th</sup> meeting of the Government Accounting Standards Advisory Board (GASAB) constituted by the Comptroller and Auditor General of India to formulate accounting standards to be applied in preparation of the financial statements of the Union Government, the state governments and the Union Territories having legislative assemblies. The GASAB is in the process of formulating Indian Government Accounting Standards (IGAS), which are applicable in the context of cash basis of accounting presently being followed by the Government and Indian Government Financial Reporting Standards (IGFRS) in the context of accrual basis of accounting, which will be applicable when the Government shifts over to that basis of accounting. At the meeting, drafts of IGFRS 1: *Presentation of Financial Statements* and IGFRS 6: *Accounting Policies, Changes in Accounting Estimates and Errors* were considered. It was decided to issue the aforesaid drafts as Exposure Drafts for public comments. It may be mentioned that the ICAI has always supported the Government's move on accrual basis of accounting, which is more a scientific basis, compared to the cash basis of accounting, and in this endeavour, the ICAI has been constantly providing inputs in the form of not only participating in various

meetings of GASAB, but also sending comments on the drafts issued by GASAB. At the aforesaid meeting also comments made by the ICAI were highly appreciated and accepted in the formulation of the Exposure Drafts.

#### **Workshops on Insurance Jointly with IRDA:**

Recently, we conducted a series of workshops on insurance for the benefit of our members engaged in audit of insurance companies and senior executives of insurance companies in Hyderabad and Kolkata, jointly with IRDA. In Hyderabad, it was hosted by our Hyderabad branch and inaugurated by IRDA Chairman Shri J. Hari Narayan. I, along with my Central Council colleague CA. J. Venkateswarlu and CA. Nilesh Vikamsey, Chairman and Vice Chairman, respectively of the Committee for Banking, Insurance and Pension, addressed the delegates. The workshop was attended by senior functionaries of IRDA and more than 150 delegates. In Kolkata, the workshop was hosted by EIRC of the ICAI and attended by more than 120 delegates. It was inaugurated by IRDA Board member Shri R.K. Nair. ICAI Vice-President CA. Subodh Kumar Agrawal, along with our Central Council colleagues CA. Sumantra Guha and CA. Abhijit Bandyopadhyay, also addressed the delegates. Shri Sriram Taranikanthi, IAS, Executive Director (Admin) and Financial Advisor, IRDA, also addressed the participants. The delegates included our members as well as executives of insurance companies.

**Inauguration of IICA:** Recently, I represented the Institute and CA profession at the inauguration of Indian Institute of Corporate Affairs (IICA), Haryana campus, at the hands of Prime Minister Dr. Manmohan Singh. Minister of Corporate Affairs Dr. M. Veerappa Moily, MCA Secretary Mr. Naved Masood and noted dignitaries from the Indian corporate world were present on the occasion. This unique world-class IICA has been established with an aim to function as a think tank, action research, service-delivery and capacity-building support to the Ministry of Corporate Affairs, the corporate sector, professionals and related stakeholders. I am sure that the IICA will add a new dimension to the knowledge infrastructure of the country, just as the setting up of IIMs/IITs did a few decades ago. I look forward to work closely with the IICA in the future.

**6<sup>th</sup> International Banking & Finance Conference in Mumbai:** I participated in the 6<sup>th</sup> International Banking & Finance Conference: Leveraging Financial Services Sector as Growth Engine for Transformation, jointly organised by us and the Indian Merchant Chambers (IMC) recently in Mumbai, where the focus was to contemplate and discuss the role of the financial sector in achieving sustainable growth in India. Union Finance Minister Shri Pranab Mukherjee inaugurated the Conference, which was also attended by IMC President and my Central Council colleague Ms Bhavna Doshi, IMC Director-General Shri Arvind Pradhan, Bank of Baroda CMD and Indian Banks' Association Chairman Shri M. D. Mallya, SBI Chairman Shri Pratip Chaudhuri, and Rajya Sabha MP and ASSOCHAM President Shri Rajkumar Dhoot, among others. Shri Mukherjee stressed his close-to-heart agenda of financial inclusion and said that it (financial inclusion) was a necessary condition for financial deepening.

#### Initiatives for Profession

**Yashwant Sinha and CA. K. Rahman Khan Address Our Council:** As you are aware, I, along with the ICAI Vice-President CA. Subodh Kumar Agrawal and my Central Council colleague CA. S. Santhanakrishnan, had met the Chairman of Parliamentary Standing Committee on Finance Shri Yashwant Sinha and discussed our concerns on the Companies Bill while submitting our viewpoints on the same. We had also met Deputy Chairman Rajya Sabha CA. K. Rahman Khan to discuss various issues of professional interest. Besides, we also had invited them to address our Council meeting to which they kindly consented. In their enlightening address to our recently held Council meeting, both of them hailed our profession and advised us how best we can help in the Budget exercise of the Government and in helping maintain the fiscal discipline of the country and high professional standards.

**Meeting with SEBI Chairman Shri U.K. Sinha:** I, along with Vice President CA. Subodh Agrawal, recently met SEBI Chairman Shri U.K. Sinha and discussed matters of professional and national interest. Among other issues, we impressed upon him that ICAI can act as an extended arm of the SEBI in monitoring market intermediaries such as brokers, merchant bankers, depositories, clearing corporations and mutual funds, among others. We also raised the issue that there should be separate reporting requirement under

Companies Auditor Report Order (CARO) for the listed and unlisted companies due to public interest involved in the listed companies. We also offered the SEBI Chairman ICAI help and involvement in the forensic cell of SEBI recently established to verify disclosures made by companies in their IPO offer documents and also to take up cases of accounts related financial malfeasance.

**Provision for Advance Course on ITT:** I am pleased to share with our stakeholders that consequent to our discussion with the Ministry of Corporate Affairs on the proposals regarding the amendment to Chartered Accountants Regulation, 1988 and consequent to certain amendments proposed in the Regulation 29C, we have agreed in principle to include a provision with regard to an advanced course on Information Technology Training (ITT), and the same has been exposed for public comments, too.

#### Initiatives for Members

**General Amnesty Scheme:** I would like to inform the accounting fraternity that our Institute has been working really hard to cater to the needs and requirements of our members and launched various initiatives for them from time to time. In line with that tradition, we had brought in General Amnesty Scheme for the purpose of restoration (from retrospective date) of membership of the members, whose names were removed for various reasons, including non-payment of membership fees. Let me inform you that we have received a good response to our Scheme. Some 3,493 members have applied for restoration under Regulation 19 of CA Regulations, 1988 and more than 345 members have applied under the General Amnesty Scheme.

**New Online Portal on Health Insurance:** This is to inform our stakeholders that an exclusive online portal, <http://icai.newindia.co.in>, has become operational with regard to the recently launched health insurance scheme through New India Assurance Co. Ltd., Mumbai, for our members and students, where they can calculate and pay premiums, and find other details about the scheme. The link of this portal is also available at the Institute's website.

**Regional Chairmen Meet in New Delhi:** I am pleased to share with our stakeholders that we recently had a useful meeting with all Chairmen of our Regional Councils in order to improve the overall

effectiveness of our professional operations as well as the Institute vis-à-vis improved communication and empowerment of our members. We have vowed to take new and more active initiatives for the benefit of our members in this annual exercise. I am sure such an exercise always expedites our initiatives for the cause of accountancy profession.

**CIRC Chairmen Meet and Orientation Programme:**

Recently, I took part in the meeting of chairmen of the branches of Central India Regional Council of the ICAI in the serene atmosphere of Haridwar, and discussed various crucial issues of interest to members of CIRC in particular and the profession and its other stakeholders in general. An orientation programme for the CIRC members was also organised. Yoga guru Baba Ramdev enlightened the gathering with his words of wisdom on the occasion. Union Minister of State in the Ministry of Agriculture and Parliamentary Affairs Shri Harish Rawat also addressed the gathering. Central Council members CA. Manoj Fadnis, CA. Vijay Garg, CA. Anuj Goyal, CA. Ravi Holani, CIRC Chairman CA. Mukesh Singh Kushwah, Vice Chairman CA. Manu Agrawal, office bearers of CIRC and other dignitaries were among the large gathering of members on the occasion. I am sure such programmes will go a long way in enriching the bonhomie among members and in their better understanding of the Institute, its objectives and initiatives for the ultimate benefit of the profession and the country.

**Construction of CIRC Building in Kanpur Begins:**

I am happy to inform you that to further strengthen the ICAI infrastructure for the benefit of members, I recently took part in the *Bhoomi Pujan*, and the foundation stone laying ceremony for the ICAI Bhawan of Central India Regional Council in Lakhanpur in Kanpur. Central Council members CA. Vijay Garg, CA. Anuj Goyal, CIRC Chairman CA. Mukesh Singh Kushwah, CA. Manu Agrawal and other office bearers of the CIRC were among those present on the occasion. I am sure that once completed, this building will cater to various needs of our members and students falling under CIRC.

**Expert Panel on Bank Audit Issues:** To help members achieve their bank audit targets we constituted an expert panel to address their bank audit-related queries for the year ended March 31<sup>st</sup>, 2012, which

provided online support to them from March 26<sup>th</sup>, 2012 to April 10<sup>th</sup>, 2012.

**Two Technical Guides on Internal Audit Issued:**

The Internal Audit Standards Board has issued two publications, *Technical Guide on Internal Audit of Mining and Extractive Industry* and *Technical Guide on Internal Audit of Not-for-Profit Organisations*.

**SIRC Diamond Jubilee Celebrations:**

Recently, I participated in the SIRC Diamond Jubilee Celebrations organised in Chennai. ICAI Vice-President CA. Subodh Kumar Agrawal, and my Central Council colleague CA. V. Murali and SIRC Chairman CA. K Viswanath were also present during the celebrations, which included felicitation of ICAI President and Vice-President. Former Intelligence Bureau Special Director Shri K. V. S. Gopalakrishnan was also present at the function as the Chief Guest.

**Meeting Members at BCAS:**

I, along with ICAI Vice President CA. Subodh Kumar Agrawal, recently was at the Bombay Chartered Accountants' Society (BCAS) in Mumbai to interact with its members, where I updated them on the professional initiatives launched by the Institute. BCAS President CA. Pradip Thanawal and WIRC Chairman CA. Durgesh Kabra were also present, among others. Initiatives and developments pertaining to the profession under WIRC were also discussed.

**Initiatives for the Institute**

**Hospitalisation Assistance Scheme for Both Existing & Retired Employees:**

I am really happy to give the information to all employees and ex-employees of the Institute that we have decided to extend the benefit of the hospitalisation assistance scheme to the retired employees/family pensioners of the retired and deceased employees as well, as part of our endeavours towards financial assistance to employees of the Institute under Employees' Benevolent Fund. Further, we have enhanced the ceiling on maximum medical assistance to ₹5 lakh for both serving and retired employees. We have decided that while the disbursement of medical assistance in the case of serving employees be continued to be made from out of the budget provided for the Employees Benevolent Fund, the same be met from out of the interest on the initial corpus of ₹2 crore, which was approved by the Council recently.

**Social Get-together of ICAI Employees:** I am happy to note that ICAI Employees Association recently organised a social get-together in Kolkata. I firmly believe that such programmes will ultimately benefit the Institute and its stakeholders, as the positive relations, motivation and high morale will help in better working environment and work culture. I will encourage more such programmes.

### Initiatives for Students

**May 2012 CA Examinations:** Students' concerns have always been prime on my agenda. I would like to inform them that arrangements are being made for the May 2012 CA examinations at 135 centres across the country as well as at four centres abroad. Around 2,52,619 candidates, including 83,327 for Final, 1,44,032 for IPCE and 25,260 for PCE, have applied. Online Examination forms continue to attract a majority of students as 88% of them have submitted their forms online. Even 95% of students appearing for the Final opted for online. It is quite heartening and encouraging to witness the overwhelming response of students to our IT initiatives and green concerns in examinations. Besides, to prepare students for the exam, we recently organised mock tests through the Regional Councils and Branches.

**GMCS Course:** To equip entrants to the profession with some essential skills, it has now been decided that Articled Assistants joining Articled training on or after 1<sup>st</sup> May, 2012, shall have to undergo the GMCS Course twice during the period of training for 15 days each – once during 1<sup>st</sup> year of articled training and second during last one and a half years (i.e. between 19<sup>th</sup> and 36<sup>th</sup> month of Practical Training). Keeping in view the requirements of Indian Industry, the course content for the two phases of the GMCS Course has been comprehensively revised to make it more useful and informative.

**National School-Level Debate Competitions:** I am happy to inform that we will soon take initiatives to revive the national school-level debate competition by the Branches and Regional Councils in order to help students develop their oratory skills at young age. This initiative will also help create and enhance the brand image of the Institute. Display of ICAI trophies in academia as early as in schools

will help generate curiosity and buzz about the accountancy profession among their students.

**E-Diary in Articled Training:** I am happy to inform our members as well as our students that we have approved the introduction of e-diary concept on all-India basis. To start with, it will be implemented from 1<sup>st</sup> May, 2012, on a recommendatory basis and, with effect from 1<sup>st</sup> July, 2012 it will be made mandatory for all.

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Before I conclude, let me remind you that as a facilitator of credibility to the country's financial structure and system, we must have the best of skills, most up-to-date knowledge, a clear mission and the highest integrity to bind it all together in alignment with changing facets of the Indian economy. We will have to epitomise excellence and ethics, as that is what the country expects from us for today as well as tomorrow. The primary qualification of a chartered accountant must be his/her commitment to a lifetime of learning, unlearning, relearning and to change with times. In a time of fast-paced changes, it is the learners who inherit the future.

Meanwhile, the summer has set in...many of us must have made plans to beat the sweltering summer heat by going on vacations during the holidays announced by schools and colleges. Indeed, we must take a break, and spend quality time with the family and loved ones too, but preferably after carefully planning and balancing our professional responsibilities. Grenville Kleiser has rightly said: *"You were intended not only to work, but to rest, laugh, play, and have proper leisure and enjoyment. To develop an all-round personality, you must have interest outside of your regular vocation that will serve to balance your responsibilities."*

I wish you all the best.



**CA. Jaydeep Narendra Shah**  
President, ICAI  
New Delhi, April 23, 2012