

Social Responsibility of Chartered Accountants



ICAI – Partner in “Nation Building” is a slogan that constantly reminds us about our Social Responsibility to the society. Late Shri Gopaldas P. Kapadia (First President of ICAI), in his book “*History of the Accountancy Profession in India*” explains the social Responsibility of a professional. He has observed that in discharging our duties and while performing our various functions, the paramount consideration which should weigh with our members is that they are not merely performing a particular duty to earn emoluments, but that they are discharging a wider function and a moral obligation of providing service to the community and is accountable to the society and the country. He has also observed that a CA professional should be alive to the changes in the social and economic order and should identify himself with the social stream. In this manner, a professional should involve himself in all civic affairs, writes the author. Read on...



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The role of our members should not be circumscribed to one entailing the performance of a particular function with a motive to make profit. A CA professional should attach greater significance to the tangible contribution that can be made in respect of the vital issue of public accountability and the positive role that he can play as a professional to the service of the nation.

To be a true professional, our members should emulate the qualities of late Shri Nani Palkhivala. Dr. Manmohan Singh, in his condolence message on the demise of this great professional, stated that “for many of us, he was a friend, philosopher and guide to whom we could always turn for a sane advice ... He was one of our most eminent jurist who used his vast knowledge, wisdom and experience for the improvement of the human condition, in particular, in promoting the cause of probity in public life in our country”.

A professional is able to command respect in the society because he is described as one who places public good above his personal gain. The Government, Financial Institutions, Clients, Employees and all other users of services of a professional, directly or indirectly, rely on the objectivity and integrity of the professional. This reliance imposes a public interest and social responsibility on all professionals, whether they render services in the field of accounting, legal, medical, engineering, architectural or other professional fields.

Fundamental Principles

The character and integrity of a professional will depend on his personal qualities. This will depend on the environment in which he is brought up, taken his education and training as well as his workplace. In other words, it depends on his *SANSKAR*. However, his position can be strengthened only if the regulating professional body is able to guide and encourage its members to live up to the high ethical and professional standards. The prestige and confidence enjoyed by a professional, to a great extent, depends on the strict and scrupulous manner in which the professional code is implemented by the regulator.

What is necessary is to create a public image that members of a professional body are competent, that they are keeping public interest above self interest, that they are honest and that erring members are awarded punishment expeditiously. For this purpose, our Institute has identified certain fundamental principles by which every CA professional should conduct his professional and other dealings with others. These principles relate to (i) Integrity, (ii) Objectivity, (iii) Independence, (iv) Confidentiality, (v) Professional Competence, (vi) Ethical Behaviour and (vii) Conduct in other fields.

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A CA professional who keeps the above principles before him and adopts them in his day-to-day professional and other activities can achieve great success in his life. One may say it is difficult to adopt all these principles in the present day environment. However, if a professional wants to have peace of mind and get inner satisfaction of having served the society, he will have no option but to follow the path identified by the above principles.

Profession vs. Business

The essence of a profession is “pride of service in preference to personal gain”. In contrast, a person engaged in a business may keep maximisation of profits as his motto. In recent years, there are some professionals who try to carry on the profession as a business venture. If we examine the legal provisions governing our profession, we will notice that the emphasis in these provisions is on that no member in public practice should engage in any other business. Such a professional cannot enter into partnership with non-professional for carrying on a business. When a person is carrying on a particular profession, he has to observe high standards of integrity, objectivity, independence and confidentiality. In other words, he has to carry on his professional activities in a professional manner and not as a businessman.

Father of our Nation, Gandhiji, has observed in his messages that businessman should consider himself as a trustee and not owner of the business organisation in which he is working. If the spirit of trusteeship is inculcated by the business community and businesses are carried on in a professional manner, the society at large will greatly benefit. The welfare of the down trodden in our society can be achieved only if businesses and professions are carried on with integrity, honesty, objectivity and with the spirit of trusteeship.

Corruption - The cancer of corruption is now all pervasive. It starts from the top and spreads to the bottom. Those in charge of governance indulge in this illegal activity and those who are governed feel that they have no other option but to participate in this activity even for getting legitimate things done. This has resulted in fall of moral standards in the society. If this trend is not reversed, our economic development will suffer. Our members will have to take a lead and educate the people to resist participation in illegal activities. It is in this field that the business community has to co-operate with our members.

Social Welfare - The basic need of all human beings is Food, Clothes, Shelter, Education, Medical facilities and Employment. Lots of efforts are required to improve the quality of life of the common man, now called *AAM ADMI*. Our Government is allocating funds for the improvement of roads, houses, food, water supply, education, medical facilities etc. for the common man in villages and urban areas. But the mechanism for implementing these schemes is faulty and generally no real benefit accrues to the deserving persons. Improvement in implementation of these schemes can be made only if our members take the lead and impress upon the business community to cooperate in this effort and set up NGOs to implement these schemes in the spirit of service and trusteeship. Our Institute can take a lead in this field and guide our members about the manner in which this goal can be achieved.

Black Money - Generation of Black Money and its stashing abroad in the tax havens and offshore financial centres has dominated discussions and debates in Parliament and in Public forums in recent years. In the White Paper on Black Money recently laid before the Parliament, this problem and its complexities have been discussed in detail. ICAI has also made a study of this subject and submitted its report to the Government. In order to enable our members to discharge their social obligations, the Institute will have to guide them about the manner in which they can help the authorities combat this menace of Black Money.

To Sum Up

In this article, an attempt has been made to explain what qualities a CA professional has to have in his life. When a person wants to choose his career and take a decision whether to join a business or profession, he should be ready to make sacrifice if he selects to join a profession. He will have to keep in mind that Motto of a professional should be service to the society at large. He has to place public good above his personal gain. The role of our Institute is to imbibe this spirit of public service and explain the importance of Ethics and inculcate the seven fundamental principles enumerated above to our members.

Before concluding it would be appropriate to quote from the concluding chapter of Vol. I of "*History of Accounting Profession in India*," by late Shri G.P. Kapadia. In this passage he has explained the Social Responsibilities of our profession:

Father of our Nation, Gandhiji, has observed in his messages that businessman should consider himself as a trustee and not owner of the business organisation in which he is working. If the spirit of trusteeship is inculcated by the business community and businesses are carried on in a professional manner, the society at large will greatly benefit. The welfare of the down trodden in our society can be achieved only if businesses and professions are carried on with integrity, honesty, objectivity and with the spirit of trusteeship.

“Throughout the world there is a great awareness amongst the citizens in general that every learned profession should develop a real sense of social purpose and social obligation and this should be more so in the case of the accountancy profession, which, because of the present context in the country, has assumed considerable importance. The Chartered Accountant is a person on whom every section of society could rely and rely strongly. His certificate would be one by way of a seal and a hall-mark which would at once inspire confidence in the minds of all concerned as certification by a person fully competent and holding a charter from the Supreme Legislature of the country for the purpose. In the performance of any type of duty, the Chartered Accountant would have to think not only of the interests that he is serving, but of the general interest that he is expected to serve in his relation to society. He must be above reproach, he must reflect the highest ethics of the profession, he must possess the expert knowledge which can throw light on important problems and issues and he can by his accomplishment and behaviour assume his rightful place as one who can give and provide the necessary guidance in respect of all matters relating to his specialised field of knowledge. While service is rendered to the person who engages, the paramount consideration has to be that the approach is ethical and the duties should be so discharged as to merit public appreciation and any malpractices at the hands of the client should not be tolerated and in matters where there is even a semblance of a doubt in his mind about the existence of any malpractice, it should be his bounden duty to stand up against it and to make his comments without fear or favour.”

This quotation holds good even in today's environment where we are trying to meet the challenges to the accounting profession in India. ■