

Indian Chartered Accountants as Brand – Present and Future



Our Accounting profession has undergone various phases of development. After independence, stalwarts in the profession were able to convince the government the need for legislation to regulate the accounting profession and Parliament enacted The Chartered Accountants Act on 1st July 1949. Since then, year after year, we have grown both in the quantity and quality. The membership rose from a meager 1689 to a little over 194792 as on 15th May 2012. The number of Branches and Chapters of the Institute – within and outside India reached the figures of 133 and 21 respectively. Almost all the members were in practice when the Institute was born but today only less than 35% are in practice and the rest are in private employment, education, government service and business, both within and outside India. The brand value of our members has increased manifold during the last 63 years of the existence of our Institute and is still in increasing mode.



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Present

Till some time back, we had been confined mainly to area of assurance practice and tax practice both direct and indirect. But now, in addition to this limited area of work, the members have assumed the leadership with difference. Now, members are closely involved with business decisions in mergers and acquisitions, project consultancy, advisor to the group, while maintaining the business ethics in all these dealings. Today the services of a Chartered Accountant are indispensable to take care of the finance in any commercial organisation. Many of our members are serving in the Boards of the

Companies in the capacity of independent directors who are adhering to the principles of good corporate governance. Most of the audit committees of the corporate are headed by Chartered Accountants due to their domain knowledge in accounts, business law, internal controls and procedures and finance. Many of our members are heading and leading companies as CEO. It is very common to find Chartered Accountants as Chief Financial Officers of the companies. Our members have created a brand in corporate sector which is considered as a guarantee for good governance of the company. The contribution of CA in establishing the good corporate governance is immense and we can proudly say that the contribution of the CA by that way in the economic growth of the country is immeasurable.

Enlarged Scope for CA's

The scope of work for CA's has enlarged to encompass financial reporting, auditing and assurance, arbitration, risk management, corporate finance management, accounting information system audit, corporate law, direct taxes, indirect taxes, energy audit, environment audit and valuation of business. The governments, the regulators of capital market, banks and insurance regulating authority increasingly trust the role of CAs and have entrusted them with the responsibility of certifying various documents under legislations like RBI, SEBI, insurance companies, Income-tax Act 1961, Companies Act and other allied laws. The trust which has been reposed on CA's can be seen in the introduction of Tax Audit in the year 1984 for the business turnover of 40 lakhs and above which remained unchanged till a couple of years ago in spite of substantial increase in the threshold exemption limit in Income-tax Act. The amendment in cooperative society's acts in many states in the recent years to introduce mandatory audit by Chartered Accountants

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has proved beyond doubt that governments want to bring more quality and transparency in the financial statement of cooperative sector.

After the liberalisation and globalisation, the Indian Economy has grown and has become fourth biggest economy of the world. India is attracting foreign fund flow continuously by way of project investment and capital market investment. Many foreign companies have started their activities in India resulting in substantial amount of professional work to CAs such as due diligence report, formation of companies, preparation of basic documents for registration with various authorities, advice on foreign exchange and FEMA. The foreign entities are entrusting the CAs with full responsibility on the basis of the brand and image enjoyed by the members.

In India, ratio of practicing members and members in employment has come down to 30:70 compared to 50:50 during 1990's. This was due to enlargement of scope for members in industries after the opening up of economy in the year 1990. GDP of India comprises 19% from agriculture, 26% from manufacturing and the remaining 55% from services. Except agriculture, chartered accountants are involved in all other economic activities in different capacities namely assurance provider as statutory auditors, internal auditors, management auditors, tax auditors and in employment as CEO, CFO, head of finance, accounts managers, etc. We can find our members involved in every field of activity like stock broking, arbitration, Income Tax Tribunal, Parliament, ministries, industry associations, universities, etc. Many of our members have obtained doctorate degrees from various universities. The chartered accountants are involved in every activity of economic growth.

Recently, Corporate Affairs Minister Dr. Veerappa Moily has acknowledged the contribution of Chartered Accountants in the orderly growth of corporate sector and the success of computerisation of entire information through the launch of e-governance MCA 21. Our members are known for their excellence, integrity and independence. I consider our members as main drivers of the economy of the country. Growth story of India will continue. It is only in our members one can see all desirable qualities like hard professionalism, independent approach, practical skill and knowledge, integrity and trusteeship which have helped our profession to build a great brand for our members. Today Chartered Accountants are seen as separate class of people who can be trusted whether they are

The Vision statement meaningfully explains the long term goal of the Institute which should be achievable in the next 18 years. We should not only be the leading accounting body but also the number one accounting body in the world. Today we are second biggest accounting body in the world next only to American Institute of Certified Public Accountants. Considering the demographic dividend we enjoy it will not be difficult to achieve the goal.



practicing members or are employed for the corporate, advisors or as a friend. Society has recognised our contribution and the moment we tell them that we are CA's, they recognise us as torch bearers of the society. Strict code of conduct applicable to other misconduct i.e. other than professional misconduct has great impact on our members when they are out of their office, which has helped the profession to maintain its brand image as chartered accountant.

The demand for the Chartered Accountants is such that the leading Indian corporates are participating in the campus recruitment arranged by our Institute. There was no special consideration while offers were made to our members by the banks and financial institutions till a couple of decades ago, but today, banks are participating in the campus interview to recruit the freshly qualified members. Banks prefer Chartered Accountants for the reason that our members can quickly adapt to the new environment of computerisation and for their expert knowledge and analytical ability.

Our examination system is undoubtedly one of the best in the world. The standard of evaluation of the students has been maintained in the same level for the last six decades. Every year thousands of students from various colleges and universities with different standards of education are joining our Institute with a hope to become a Chartered Accountant, but many of the students are not able to meet the standards set by our Examination Committee. The agony in the minds of the students can be seen when one of the intermediate students wrote a sentence below *Jesus never fails*, as "*please try intermediate examinations of CA*". The Institute and members should feel proud about the standard and quality the Institute has maintained in the examination which has resulted in producing excellent world class professionals. Institute has created a brand by itself and there is a special response to the Indian Chartered Accountants in the world map of accounting profession.

Members Abroad

Indian Chartered Accountants have spread their wings in a number of countries of the world and made their presence felt with their expertise knowledge, professionalism and technological empowerment. Business houses in many countries prefer Indian CA's to their peers due to sheer strength of their knowledge and capabilities. Particularly in the Middle East, Indian CA's are thriving and the number of members employed by this region prompted ICAI to establish 21 Chapters. Most of these Chapters were established long ago and all the Chapters are active in conducting professional seminars and conferences for the benefit of the members. The members are complying with requirement of CPE voluntarily.

We also have members in many countries other than Middle East like Canada, Australia, New Zealand, UK, USA, Singapore, etc. Our members are able to adapt to any situation in any country and they have the capacity to render professional services not only in the accounts and audit, but also in financial management, project evaluation and marketing. Many of our members are appointed as CFO in multinational corporations and they are doing exceedingly well.

The accounting is one among many areas in the service sector that currently faces a challenge in changed world environment. But, the Indian Chartered Accountants are in an advantageous position to provide the skills and services to different sections engaged in International Trade. There is a need to understand the World Trade Organisations regime and

the importance and the implication of various rules that could affect on the continuous trade activities and relations. The Chartered Accountants have to be aware of the consequences of implementation of particular trade laws on the Indian Economy and is necessary to negotiate with the other country keeping interest of the national economy. Our members are well known for their analytical ability, technical skills and meticulous work. Their experience and knowledge provides an excellent opportunity which has been created for the advancement of the scope of the profession.

Future

Future of the profession will be very interesting and challenging. It will be challenging because there will be severe competition not only among Indian CAs but also among accountants of the world as there will not be restriction on movements of the work and mutual recognition of qualification by the other countries. Keeping in view of the future challenges for the profession, our Institute has rightly come out with VISION 2030 statement:

‘To become World’s Leading Accounting Body A Regulator and Developer of Trusted and Independent Professionals with World Class Competencies in Accounting, Assurance, Taxation, Finance and Business Advisory Services’

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The vision of developing trusted and independent professionals has a lot of meaning in the present day context. We can retain our brand as a separate class of professionals if we can retain the trust reposed on us by the society. The trust alone will not make us perfect professionals without independence. The independence is the foundation of our profession.

by the society. The trust alone will not make us perfect professionals without independence. The independence is the foundation of our profession. When we give report on assurances we have to express opinions and assurances to the user of Financial Statements. When we advise our clients on Tax matters, it is important that the client must have trust on us in advising him and it is also equally important that the Government must also have the trust on us that we are advising the client correctly to part with the tax amount due to the Government. Therefore, the clients, regulators and the society at large must have trust on us. This is possible if we act with independent mind and without any bias.

To develop trusted and independent professionals the competency on our domain is also important. We should gain expertise knowledge in accounting, assurance, taxation, finance and business advisory services. Competency is a must to compete with other accountants of the world and also with other professionals.

The ICAI has planned to achieve the Vision 2030 through the mission which has been set out below.

ICAI will leverage technology and infrastructure and partners with stakeholders to:

- Impart work class education, training and professional development opportunities to create global professionals.
- Develop an independent and transparent regulating mechanism that keeps pace with changing times.
- Ensure adherence to highest ethical standards.
- Conduct cutting edge research and development in the areas of accounting, assurances, taxation, finance and business advisory services.
- Establish ICAI members and firms as Indian Multi-National service providers.

The ICAI has identified the six strategic priorities and action plans in line with Vision 2030 which are as follows:

- Create enabling framework for and facilitate Indian firms and professionals to leverage global opportunities.
- Leverage national leadership position to assure leadership in regional and international accounting fraternity.
- Revitalise education and training systems and establish an enabling eco system to produce globally competitive accounting professionals.
- Adapt regulatory mechanism to the changing times.

To improve our brand image it is necessary to stick to our ethics. Professional ethics should not depend upon the behavior of people around us nor should change with environment or circumstances around us. It should be static. According to our SHASTRA there is no act of man which is free from desire. Whatever a man does is for the endless desire. This is called Kama. There is a natural desire to have enjoyment and wealth. This is called Artha. But Kama and Artha are subject to Dharma. Dharma protects those who protect it; those who destroy Dharma also get destroyed.



- e) Undertake branding and awareness campaign to enhance public perception of ICAI and professionals affiliated to ICAI.
- f) Strengthen organisational infrastructure and technological capabilities to improve engagement with all stakeholders.

Indian CA's are emerging as global force in accounting outsourcing area. Indian CA's are empowered with information technology, quick understanding, capacity adaptability and, therefore, suitable to undertake outsourcing work from US and other countries. More and more work will flow to India. The outsourced services are accounting, bank reconciliation, pay roll accounting, asset management accounting, financial reporting, financial research and

investigation and various reports on daily basis and many services may be required in future.

Word of Caution

We are witnessing the deterioration in the quality standards of our society due to various factors unfortunately existing in our country. We are in between the political system and business class preaching business ethics. Many a time it has been said that when corruption in the country is on increase, financial and political related scams are the order of the day, people slowly lose faith on the judiciary and it is impossible to have a sustainable economic growth. But we, as a class of professionals, must not lose hope on the future and we must stand like a rock to withstand all the evils of the society. To improve our brand image it is necessary to stick to our ethics. Professional ethics should not depend upon the behavior of people around us nor should change with environment or circumstances around us. It should be static. According to our SHASTRA there is no act of man which is free from desire. Whatever a man does is for the endless desire. This is called *Kama*. There is a natural desire to have enjoyment and wealth. This is called *Artha*. But *Kama* and *Artha* are subject to *Dharma*. *Dharma* protects those who protect it; those who destroy *Dharma* also get destroyed. For the sake of getting short term benefit resorting to lies and other unprofessional behaviour ultimately leads to a long term failure. Therefore, we should look into the long term vision of our profession and we should always follow the *Dharma* and business and professional ethics.

Conclusion

In the recent years our Institute has done remarkable job in building an image of members and Institute. The logo as CA has been prefixed to the name of the members which has been accepted by our members well. Now, the Institute has permitted the use of logo in the letterheads of the practicing members.

In order to improve the brand image of the members, the Institute should become very strong and disciplined organisation with excellent infrastructure in all the branches and regional councils assisted by highly motivated and technically competent executives which will help to produce highly competent members. Leadership at helm of affairs will be highly competitive and demanding and I am confident that elected representatives and the present and future leaders will give required direction to the Institute to achieve the ambitious vision of 2030. ■