

What It Means to Be a Chartered Accountant and an ICAI Alumnus?



In this exclusive feature, **Reflections: What it means to be an Accountant**, we had invited and asked some veterans of the profession to share their wisdom on heritage and vision on profession for our members and students. When we had initially asked CA. V. B. Haribhakti to write for the July (special) issue of our journal sharing his experiences and wisdom being a chartered accountant and an ICAI alumnus, he was a little reluctant. He suggested: *...my first reaction was to be excused and to let a younger member to do justice to the important topic. But Jaydeep Bhai's persistence is well-known. Hence, here I am sharing my thoughts on the subject with my young friends in profession in case they happen to glance through the article.* Eventually, our request and, subsequently, our belief in our heritage and his wisdom paid off. We are quite sure, our readers, including our members and students, will feel wiser as they get into the mind of Shri Haribhakti, not only because he is one of the senior-most active Presidents of the Institute, but also because he had got first rank in the third CA Final Examination of the Institute held in 1951, and was the recipient of third G. P. Kapadia First President Gold Medal from the Institute. This write-up is a must read for all stakeholders of accountancy profession. Read on...



CA. V. B. Haribhakti

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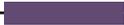
Let me begin with what, in my view, it means to be a Chartered Accountant. It means being a member of a learned and respected profession; it means being a member of an Institute of Chartered Accountants, which has a glorious track record and the second largest membership in the world; it means being a responsible and patriotic citizen; it means being a person with the highest standards of integrity; independence; professional skills and competence; it means being a person in eternal pursuit of excellence in the quality of the services rendered to clients; it means being a person with an insatiable thirst for knowledge; it means being a person ready to serve the nation and the society in whatever fields he has the opportunity of rendering his services.

Over the years, the role, responsibilities, functions and duties of Chartered Accountants have grown enormously. Perhaps, the original function of the profession was bookkeeping. As the financial interaction among members of the Society grew in volume and complexity, it became necessary for them to maintain a systematic record of financial transactions so that they could know what was their income, what was their expense, what were their assets, what were their liabilities and where they stood financially. The *accountant* was the person who helped them to satisfy this need. That was perhaps the beginning of the accountancy profession. With the growth in volume and complexity of business and industry, there arose the need for separation between *ownership* and *management* and the consequential need for trained Accountants not only for maintaining the accounts but also to express to the *owners* an independent opinion on the truth and fairness of the accounts prepared by those in charge of *management*. This was the beginning of the *attest* function of the accountant. The function led to the emergence of a robust accountancy profession. The profession grew rapidly with the phenomenal growth of business and industry and in the number of stakeholders in business enterprises, other than those who actually carried out the activities of the business. The “other” stakeholders had necessarily to rely on an independent professional Accountant’s opinion on the financial statements. Apart from the *owners* who contributed the capital, the other *stakeholders* were: the employees who helped to generate the revenues of the business, the *Society* because of the growing acceptance of the social responsibility of business, the Government which facilitates the business and needs to collect taxes from the business enterprises so as to carry on its functions, to promote an *inclusive* social structure and provide the necessary infrastructure. All these stakeholders relied on the independent opinion of Chartered Accountants to satisfy themselves that the business was not carried on in a manner prejudicial to their interests or the public interest.

With the spectacular growth of the economy and the increasing involvement of the State and the Society in the economy, the range of the functions performed by Chartered Accountants has also seen a phenomenal growth. The Chartered Accountant was called upon to function as an important part of the *management team*. The Chartered Accountant was able to play an important and effective role as a member of the *management team* because of his special training and experience which enabled him to acquire inter-personal skills and skills in

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multiple areas of business. The Chartered Accountant’s help and advice was sought by the management for improvement in profits and profitability of the business, for appropriate investment decisions, in restructuring of the business and generally in many other important areas of business. The Government looked to him for assistance in laying down taxation policies, in collection of taxes, for compliance with the various laws affecting business etc. The Society relied on the Accountant to know how far *business* is discharging its social responsibility.

The accountants have occupied top positions in business, Government and social organisations and also in allied professions like law. It is a matter of pride for the accountancy profession that one of the top lawyers of the country, Shri Harish Salve was initially trained as an accountant. The accountants have also been called upon to be members of Parliament and Legislative Assemblies, Ministers in Government, Presidents of Chambers of Commerce, Chairmen of Boards of Directors, Chairmen of Audit Committees, etc. They also head or play an important role in many social organisations too.

The Government and the society look upon the professional Accountant with great respect and depend on him to ensure that the enterprises and activities in which the Government and the society have a vital stake do not function against the public interest. The accountant has, therefore, to maintain the highest standards of integrity, independence, professional skill and professional competence in order to justify the confidence reposed in him by the Government and the society. It is true that in recent years, some major frauds were committed by the top executives of business enterprises the world over, e.g. Enron, Satyam, etc., and the accountants failed to detect the frauds and to report them to the other stakeholders. However, these are *exceptions* rather than the rule. Imagine the extent of frauds and business failures which could have happened if by and large, the accountancy profession would not have properly carried out its duties and responsibilities. While the accountancy profession

has to take lessons from the failure of some of their colleagues and continuously improve the standards of the professional work, the Government and the society should also appreciate the role of independent accountants because of whose work frauds and failures have at least been mitigated to a large extent though not eliminated.

The accountant should realise that he has a *debt* or *responsibility* to the Government and the society which have given him so much respect and reposed so much confidence on him. He must try and give back to the society much more than what he has received from it. Every professional accountant must resolve to remain a lifelong student, ever trying to extend the horizons of his knowledge, never resting on his oars, always keeping himself up-to-date with the latest development in the knowledge and technology relevant to his functions and also the general business environment. He should always be ready to adapt himself to the changing environment and the changing scenarios in his functional areas.

Let me now share with you some thoughts on what it has meant to me to be an ICAI Alumnus.

I am, indeed, proud to have been an alumnus of the ICAI almost from its inception. It has been a long and

interesting journey from the year 1951 when I became a member of the Institute. I started my professional career literally from scratch in a 6'X6' cabin. How can I repay my debt of gratitude to my dear Institute which gave me the signal honour to be its President in the year 1967, i.e. within 16 years of my starting from scratch? It is an exhilarating experience to see before my mind's eye so many important events and milestones crossed by the Institute and the profession in these 61 years. I can say with all humility that whatever little I have achieved in life, I give all credit to my Institute. Whatever has come my way, has come because I am a Chartered Accountant, a member and an alumnus of the ICAI. I vividly remember the First Conference of Chartered Accountants held at the *Green's Hotel* (now Taj Palace Hotel, New Wing) in the year 1951 under the leadership of our First President, Shri Gopaldas P. Kapadia. *Replacement Cost* concept was discussed even at that Conference! A few years thereafter, I had the privilege of close association with Shri C. C. Chokshi, a great President and a greater human being in organising the very successful Third All India Conference of Accountants in Bombay. Thereafter, I had the privilege of attending and contributing to many National and International Conferences. As Chairman of the Regional Council, I was closely involved in acquisition by the Institute of the building *Beach Manor* at Cuffe Parade, which we renamed *Anveshak* and which was subsequently renamed *ICAI Bhavan*. The Companies Bill which eventually resulted in enactment of the voluminous *Companies Act, 1956* (which is now sought to be replaced by a New Companies Act), evoked a lot of interest in the profession. I had the privilege of drafting the Institute's representation on it under the guidance and leadership of Mr. N. R. Mody. I had the privilege of organising and addressing the *Revisional Classes* for CA students where I had the good fortune of having so many distinguished students like Shri Y. H. Malegam, Shri N. N. Pai, Shri Bansi Mehta, Shri P. A. Nayar, Shri V. S. Palekar and many others.

As Chairman of the Coaching Board for several years, I had the privilege of contributing to the building of a rather unique coaching organisation and serving the student community. The Income-tax Act, 1961, was enacted with great expectations. Before it was enacted, at the *Bill stage*, we had the privilege of giving our detailed suggestions to make it simple and unambiguous. The expectations of simplicity and clarity from the Act were belied by a host of subsequent



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I am filled with pride and satisfaction on the overall growth and development of the profession and the Institute. We all can and should be proud of our Institute. It has been a matter of great satisfaction for me as an alumnus of the Institute for 61 years to see that so many members of our profession have distinguished themselves in so many diverse fields.



amendments. That Act also will soon be replaced by the Direct Taxes Code.

The pinnacle came in 1967, when I was called upon to serve the profession as the Institute's President. I accepted the great honour with all humility. The new wing of the Institute's Main Building at Mathura Road was constructed largely during my Presidentship. A number of new Branches of the Institute were opened. I had the privilege of inaugurating the Cochin Branch of the Institute and meeting the members to the profession in all parts of the country. Two memories of my Presidential year stand out. The *tax deduction at source on professional fees* was first mooted by the Finance Bill, 1968 by Shri Morarji Desai, the-then Finance Minister. There was uproar in the profession against this new *impost*. After several meetings with Morarjibhai (as I used to call him), in my capacity, as the Institute's President, I could convince him that it was not justified. He was good enough (rather surprisingly, in view of his reputation for obstinacy) to drop the proposal. But the profession's happiness on achieving this satisfying result ended a few years later when Dr. Manmohan Singh again brought in the provision when he became the Finance Minister. This time, surprisingly, there was not much opposition to that, and it was passed rather easily. The other important event was introduction of the concept of *Cost Audit* in the Companies Act. Our Institute's Council

was naturally anxious that in view of our members' expertise in *audit*, the field of *cost audit* should be open to our members also. As President, I tried very hard to achieve this objective by having several meetings with the Minister-in-Charge (Mr. Fakhruddin Ali Ahmed) and also the Prime Minister and the Deputy Prime Minister. Unfortunately, we could not succeed. As a result, today *cost audit* is almost an extension of *cost accounting*.

Many more things of importance to the profession happened after 1968. If I were to recount even the most important among them, this article will become very long.

All members of the Institute can be and should be proud that they are members of this great Institute. As alumni of the Institute, they should be a person of integrity, high values and a continuous thirst for knowledge. They should always be conscious of the fact that the Institute and the profession as a whole will be judged by the Government and the society by their (every member's) acts and omissions. They should, therefore, perform their professional duties in a manner that will bring credit and glory to the Institute. They should avoid "short cuts" for success, particularly in the field of taxation.

As I look back on the past sixty-one years, I am filled with pride and satisfaction on the overall growth and development of the profession and the Institute. We all can and should be proud of our Institute. It has been a matter of great satisfaction for me as an alumnus of the Institute for 61 years to see that so many members of our profession have distinguished themselves in so many diverse fields. It is difficult for me to adequately express the happiness. I felt when three of my successors as Presidents of the Institute, viz. Mr. R. K. Khanna, Mr. T. N. Manoharan and Mr. Y. H. Malegam received recognition for their services to the nation by being awarded *Padma Shri*. Mr. Khanna was even awarded *Padma Bhushan*. All our young members should try to emulate their example and try to excel also in fields other than the professional practice. They should not aim only at a successful practice and a large income. They should also render selfless services to the society and the Government whenever any opportunities arise.

Our Institute and our profession have a great future. I have full confidence that my younger members will take the Institute and the profession to greater heights and more spectacular success. I wish all the very best in the years to come, to my Institute and to all my younger members. ■