

In Defence of Accountancy Profession: *Thus Argued Our Representatives in Constituent Assembly and, then, in Parliament**



Ever since Parliament and founding fathers of the nation bestowed their trust on Indian chartered accountants in broader national interest, the accountancy profession has constantly been evolving and so has been the Parliamentary Act governing the profession. Keeping the national and social interests in mind in tune with the times, the Act has undergone changes many a time but only after careful deliberations and debates in Parliament. Amendments proposed in the Act were debated in Parliament in 1949, 1955, 1958 and 2005. Highlight of all these debates was majority of the members of the Parliament commending the CA profession and its institute, ICAI, and pitching for continued autonomy of profession in larger national interest. In this exclusive feature, we present the excerpts of the debates took place in the Constituent Assembly (Legislative) and in the Parliament (Rajya Sabha) in 1949 and 2005 respectively, as dug out from our archives.

Excerpts from Debate of the Constituent Assembly of India (Legislative) on Chartered Accountants Bill, 1948 on 9th April, 1949

Shri K. C. Neogy (Minister for Commerce)

"The Council will be composed of persons elected by the members of the Institute on a regional basis and some nominees of the Central Government and of the organised commercial interests in the country. Having regard to their responsibility in the healthy development of the profession which, in a sense, will act as the watch dogs of ordinary investors in joint stock companies, Government consider it necessary to have some representation in the Council. The Council will be autonomous and free from external control except in a few specified matters. All the functions in regard to the profession so far performed by the Government will

be carried out in future by this Council which will also have the power to recognise foreign qualifications on a basis of reciprocity.

As I have already stated, the Bill has been widely circulated and has been welcomed by the different interests concerned, more or less. There might be a few questions in which some of my honourable friends would be interested, but I submit that all such questions could very conveniently be discussed and examined in the Select Committee. The principle to which I invite the House to agree is that an Institute of Accountants be established as an autonomous body and that, as regards the rest, all questions would be considered to be matters of detail which would be within the purview of the Select Committee to consider. Sir, I move."

"In the Bill as it stands the right to entertain articled clerks would belong to practicing Chartered Accountants only

**Contributed by Journal section of the ICAI*

Chartered Accountants, while advising on different compliances that a company has to undertake, should also help in devising a suitable Competition Compliance Programme (CCP) for the company/enterprise as CCP would reduce the risk of contraventions of the Act and its consequences. This will help to promote a culture of compliance and encourage good corporate citizenship.

that is to say, those who are not actually practicing—of course they would not be entitled to be called Chartered Accountants—would not be entitled to have articulated clerks. But in this amendment a special case is sought to be made in the interests of the profession itself: that is to say we are likely to be short of the necessary number of accountants that this country may need, and the amendment that my honourable friend suggests would have the effect of expanding the opportunities for practical training to persons who may not find it possible to be articulated to practicing Chartered Accountants but who at the same time may find it possible to be an apprentice or an assistant to a non-practising accountant who would be an Associate or a Fellow of the Institute of Chartered Accountants properly so called but who may be employed as a paid assistant to a firm or to an individual chartered accountant. In other words, we are looking to the substance of the thing. If an articulated clerk gets an opportunity of getting the necessary practical training, this training may be taken not merely directly under a practicing chartered accountant but also under a qualified accountant who may not be technically a practicing chartered accountant but who may be employed as a paid assistant to a chartered accountant or to a firm of chartered accountants."

"I had better now refer to a rather important amendment which the Select Committee has made and that is to be found in clauses 20 and 21 regarding removal from the register. In the original Bill it was left to the Council to hold the enquiry and give a decision as regards any case in which any misconduct may justify the removal of the name of an accountant from the register of this body. In that provision in the original Bill there was an appeal provided for to the High Court in all such cases, though the initial order would have been passed by the Council itself. There was, however, an important exception and that related to income-tax proceedings, it being laid down that where anybody was suspected to be guilty of any malpractice in connection with income-tax proceedings, then the matter would be inquired into by the Government itself and the decision of the Government would of course be subject to appeal to the High Court in the same manner as a decision of the Council itself. The Select Committee have

altogether changed these provisions. In the first instance, the Council is now to be authorised merely to hold an enquiry and to forward the findings of the Council to the High Court. That is to say the final decision would, in every case, be that of the High Court and not that of the Council itself. Secondly, the special provision that was made in regard to income-tax proceedings has been done away with and in place of it what we have done is to make it obligatory on the part of the Council to inquire into a matter, if the Central Government had made any complaint in that connection. But here again the decision would have to be given virtually by the High Court and the Council will merely forward its findings to the High Court."

"I am coming to that. Before I conclude I should like to give an assurance to this House in regard to the question of the refund of the premia which would be payable by the articulated clerks to the accountants. I understand that some of my honourable friends are anxious that there should be some understanding that the premia would be refunded in every case. As a matter of fact I am in a position to give the undertaking that by the rules that will be framed under this law we would provide that the premia would be returned in full on satisfactory completion of Articles. I think, in view of what I have stated, my honourable friend Mr. Sidhva would not find it necessary to move his amendment. As I have already stated I am going to accept one of his amendments but there is another of a more or less formal character which also I should be accepting and that is the amendment to clause 1 proposed by my honourable friend Mr. Sidhva."

(On being asked by Shri R. K. Sidhva (C. P. and Berar: General) "What about the amendment to the clause on apprentices?")

Shri K. Santhanam (Minister of State for Railways and Transport)

"Sir, this amendment requires one explanation. Now the number of apprentices which any chartered accountant can take is regulated by the rules. As the amendment stands it looks as if a man who is in employment can take an apprentice apart from the chartered accountant or firm of chartered accountants in which he is employed. It is not intended. What is intended is that his presence also will be counted in the number of apprentices which the chartered accountant or firm of chartered accounts in which he is employed, can take. It should be made clear so that there may be no misunderstanding. Otherwise he cannot take a proper apprentice when he has no work of his own. That would be impossible."

Shri T. T. Krishnamachari

"The position is that a man who is employed in a firm of

chartered accounts will be guided by that firm as to whether he can take an articulated clerk or not. He cannot take an articulated clerk apart from the policy of the firm in this regard. I am sure in actual practice no such contingency similar to what my honourable friend Mr. Santhanam is visualising can possibly happen."

Excerpts from Debate of the Constituent Assembly of India (Legislative) on Chartered Accountants (Amendment) Act, 2006 on 13th December, 2005

(Extensive changes have been made in the Chartered Accountants Act, 1949 through the Chartered Accountants (Amendment) Act, 2006 (No. 9 of 2006) which has been notified by the Central Government in the Gazette of India (Extra Ordinary) dated 23rd March, 2006. The Act was passed by the Parliament after long debates. The relevant Bill, namely, The Chartered Accountants (Amendment) Bill, 2005 was introduced in the Rajya Sabha on 13th December, 2005. Later, the bill was debated in the Lok Sabha on 23rd December, 2005. Following are the relevant extracts from the debates (uncorrected) held in Rajya Sabha on 13th December, 2005.)

Shri Prasanta Chatterjee

"Sir, the profession of C.A. is today interlinked with the economy of the country. And the economy has changed a lot since 1990. Sir, in view of the large-scale scams, cases of bribery, large-scale corruption, accumulation of black money which is running a parallel economy, the role of audit, financial checking etc. have great importance.

The JPC while probing the Stock Market Scams in 1992 and in 2001 observed and commented on the slow disciplinary proceedings against the erring members of the Institute. The JPC have also stated that the auditors have great responsibilities -- if they become a part of the malaise -- thus checks and balances would collapse.

The role of financial institutions, regulatory bodies besides the Chartered Accountants are also important.

Now, Sir, while dealing with the Bill in particular and the amendment, we must keep in mind that the Institute enjoys very special autonomy and that autonomy should not be disturbed, or, taken away in the name of strengthening the regulatory process.

The Council is an elected body, and it has the Government nominees in it. It should be left to the Council to deal with extreme contingency, if any. The Institute has a mechanism of internal audit as well as audit committee within the Institute. We should not take any steps, Sir, to interfere with the autonomy of such an Institute.

As I observe, Sir, this Institute is a creation of our Parliament, and why should this provision be there?

Section 35 of the Competition Act, 2002 specifically allows Chartered Accountants to represent a complainant, defendant or Director general to present a case before the CCI. Besides, Section 36(3) of the Act empowers the Commission to call upon the services of experts from various fields including accountancy to assist the Commission in conduct of any inquiry by it.

My final point of observation is that the institutes enjoy a very special status; a special autonomy and that should not be disturbed. But in spite of that some regulatory measures will have to be taken, some regulatory clauses will have to be enacted."

Shri C. Perumal

"Now that there is globalisation in every field, the importance of Cost Accountants, Chartered Accountants and Company Secretaries has increased. Even as multi-national companies compete with each other in establishing business in our country, I think, these categories of persons are an important link.

There are several companies which cheat general public and the Chartered Accountants should be careful about them.

Last but not the least; the Institutes of Cost Accountants, Chartered Accountants and Company Secretaries may enter into agreements with colleges and other institutions for imparting basic training to students in this field so as to prepare them to meet global challenges."

Shri C. Ramachandraiah

There are other regulators also, like the RBI for banking, SEBI for capital market, and the Institute of Chartered Accountants of India for achieving the high excellence in accounting and auditing standards, etc.

Sir, one important aspect has to be taken into consideration-- at any point of time no Government should lower the autonomy of the institutions.

It is very, very important and under the guise of making the Council more effective and more functional, we should not erode the autonomy or independence of the Institute.

I fully oppose some of the provisions that have been made in these Bills because they do not warrant their introduction and which ultimately erode the autonomy of the Institute. Sir, I would concentrate more on the Institute Chartered Accountants of India.

We have become the champion of liberalisation and globalisation and such is the case that the autonomy of the professional institutes like the Institute of Chartered Accountants of India is very, very necessary. It is more

relevant today than 1949. This is what I wanted to bring to the notice of the Government. Sir, this is more accountable because the scams are arising. The only reason is that the regulators are not accountable. If you erode the autonomy, you cannot make them more accountable.

Sir, some members have mentioned the stock market scam of 2002 and JPC's observations. Nowhere the role of auditors was pointed out. Nowhere! The only observation made by the JPC is that disciplinary cases are being disposed of with undue delay. The disciplinary mechanism has to be strengthened and the cases should be disposed of expeditiously.

The JPC had identified 17 cases and the Jana-kiraman Committee, which was constituted exclusively to inquire into this, had identified 32 cases whereas the Institute of Chartered Accountants of India had ordered for an inquiry into 65 cases. Without any mention from anybody, the Institute itself had pointed out 62 cases and ordered for an inquiry. This is the independence and scrupulous the Council has got and how this Institute has been functioning. I wanted to bring it to the notice of the Minister.

At one point of time they want to increase the strength of the Council from 30% to 40%. It, actually, increases the expenditure of the institute. In this aspect, where the services of the outside members are necessary, the Government wants to reduce this cooption to one-third! It is totally unjustified.

Sir, this is the institute to which we have given a mandate. As has been said by an hon. Member, it is the creation of an Act of Parliament. It has been given a mandate. It will guide the format in which accounts have to be presented. It will decide how accounts have to be formulated. It will guide the members as to how audit has to be conducted. It will guide the members how the defalcations or misappropriations have to be plugged. This body enjoys the international reputation. When such is the case, how will a person, sitting in the Department of Company Affairs, guide this institute and in what form the accounts have to be presented? Or, how the audit has to be done. It is ridiculous. It is highly ridiculous. This is one way to make inroad into the independence of the institute. This is one way to encroach upon the autonomy of the institute. We fully oppose these things. It is a very reputed institution in the world. It is the third biggest institute in the

Sir, the profession of C.A. is today interlinked with the economy of the country. Sir, in view of the large-scale scams, cases of bribery, large-scale corruption, accumulation of black money which is running a parallel economy, the role of audit, financial checking etc. have great importance.

world with one-lakh-and-thirty-thousand members. One or two black sheep may be there. Some members may commit errors. That does not mean that the entire profession is wrong. Yesterday, we have seen some of the Members of Parliament taking money for putting questions in Parliament. That does not mean that the entire polity in this country is corrupt. We cannot generalise it. So, my request to the hon. Minister is, let us not encroach upon the wisdom of the institute and the members of the Council.

I am openly saying that it is an affront to the provision itself. It is degrading the provision which enjoys the international reputation in the comity of nations.

And, it pertains to special audit. The Council can call for special audit. Who has to do the audit? Will the Secretary, Department of Company Affairs, will go and do the audit? It has to be audited by the members of the institute. Then, why should there be directions from the Government? These thirty members, who are elected from different parts of the country, are persons of eminence and character. And, we, sitting in the administration, are questioning their character! It is highly objectionable. And, you always want to keep Damocles' sword hanging over their heads and erode their autonomy; and according to the whims and fancies of a Joint Secretary or a Secretary of the Ministry. For God's sake, don't do it. You are eroding their autonomy. There will be more scams, if you do it; I am openly telling you. Once you erode the autonomy of the institute and the independence of the Members in doing the audit, you will be inviting more scams.

The Government nominees are there -- one from the Ministry of Finance, one from the Department of Company Affairs. Had there been any dissent note in any of the committee meetings? Had there been any objections from them about the functioning of the institute? Never! Then, what made you to suspect them now? It is exclusively to make the inroads into the functioning of the institute. More than that, I can't deduce anything. So, I want to say that the elected council is wise enough. One person can indulge in corruption; one person can indulge in irregularities. But, thirty persons cannot connive.

On the recommendation of the Naresh Chandra Committee, and on the recommendation of the JPC also an attempt is being made to make the disciplinary mechanism more vibrant. That is the only deficiency in the functioning of the Institute. Much of the time of the Council members was being taken in the disposal of the disciplinary cases. Now that this mechanism is being built, there is no necessity for increasing the strength from 30-40."

Shri Manoj Bhattacharya

"The original bill was enforced with effect from, if I remember

correctly, 1st July, 1949 and the concept came long back in 1913. In 1949, the State economy did not also consider it much. It was not even two years of our independence. So, the country's economy had not taken any shape; the Five Year Plans were not initiated.

But, would you please tell us that correcting the loopholes of the regulatory authorities, like a very important regulatory authority, the Chartered Accountants Institute, would you go for more bureaucratisation?

But, if you over-bureaucratise the autonomous institute, if the democratically elected autonomous institutes are put into place for bureaucratic scrutiny, then, the democratic process of functioning of the institute will be jeopardised, it will be hampered.

Don't over-bureaucratise this autonomous institute.

Now, what steps the Government of India is initiating towards this reciprocity to the Chartered Accountants of our country? Instead of doing that, you are trying to unnecessarily tinker with the democratic functioning of the organisation.

But this Institute, for its better functioning, for its formidably better functioning, has sought for co-option of the experts from outside. Why are you standing as an embargo? Because if more experts from different fields are taken into the Committee or taken into the Council, it will be functioning better. So, what is the objection?

It is not only an accounting Institute, it is also an educational Institute. It formulates the curriculum for the students, and it has got credibility. Over a period of time, it has got the credibility. I also understand, it is the third largest Institute in the world. Why are you denigrating this Institute? My point is, why are you denigrating this Institute? The image of this Institute should not be denigrated as such.

Because we have doubted the Council's functioning, the Council's auditing. Now, what is the reason of special auditing for them? Because they are only setting the standards."

Shri Mangani Lal Mandal

"We know that the Chartered Accountants Act has been in existence since 1949 and the Chartered Accountants Institute has been working very well. In such a situation, why the Government, at this state, wants to take the power to issue directions to the Council?

Honourable Deputy Chairperson Sir, I support the passage of the Bill. These three bills have been brought to amend very old laws. The CAG had asked for uniformity in the three bills. It had also favoured amendments in the three bills so that we could compete at the international level and could achieve economic prosperity besides ensuring discipline with respect to accounting. In some ways, SEBI too has given its suggestions, and the most important point,

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— sir, is that the Joint Parliamentary Committee formed after the scams of 1992 and 2001 had examined the discrepancies in respect of accounting, and it too had given some suggestions. The three Bills have been given a democratic outlook, and along with a democratic outlook, care has been taken that the bills be more transparent. Sir, with regard to the amendments, the honourable members have discussed the Naresh Chandra Committee. I support the passage of the Bills along with all the suggestions."

Shri Santosh Bagrodia

"No individual Chartered Accountant or a group of Chartered Accountants were part of these scams. There were no allegations of that kind. Of course, the Chartered Accountants cannot escape the responsibility completely because the books of all these organisations were also audited by some Chartered Accountants, and, they failed in their duties to find out the intentional fraud, which was happening in those books. To that extent, these professionals cannot escape their responsibility.

It is expected that by 2020, India will be the leading economy in the world. Obviously, the supporting institutions like the Institute of Chartered Accountants of India, Institute of Cost and Works Accountants, Institute of Company Secretaries of India etc., have to be strengthened. And, in case, the standards of accountancy are improved, it will also help the management to monitor the activities of the managerial staff much better.

Even now, there are most departments in the Government where the credibility of the chartered accountants certificate is well-established. It is taken authenticated. It is taken that it is fine. We are talking of an institution of these individuals whose credibility, I should say, is the highest. The Institute of Chartered Accountants is one of the premier bodies of the chartered accountants in the country which has earned acclaim for its professionals excellence globally. It is the third largest body of the chartered accountants in the world with one lakh thirty thousand members today. The Institute, perhaps, the earliest regulatory body in the country, was responsible to ensure adherence to the prescribed accounting

standards by the companies all these years. The institute has attained its professional excellence and ethics. The Bill proposes to give teeth to the Institute to discipline its erring members. I am fully in support of that.

At this stage, sometimes I also believe – because I was a Member of the Public Accounts Committee – that members or officers of the Accountant General of Audit should be drawn from chartered accountants. Then only, they will be able to audit complicated accounts of different departments of the State Governments and the Central Government.

Then, it says, “Preparation of accounts in such manner as may be prescribed.” Who is going to prescribe the manner? Manner will be given by the Government! Sir, are you going to advise the advisers? Is the Government going to form a manner or a format for an institution which is controlling the format for every accounting system in the country?

This Institute is a creation of Parliament. On the Council of Institute, there are very important and learned chartered accountants and accounting experts of the country. I don't think they need any advice from the Government. and this clause should be completely, completely deleted because it sounds to me like this. Jagadguru Shankaracharya or Pope or any Maulavi should be told how to know about their own religion by some non- experts.

For fifty years, this Council never needed this kind of clause. For fifty years, not a single time any kind of such a special audit was required.

There is an acute shortage of the chartered accountants. Just now, somebody referred to this point. We all know that their number is 1,30,000 today. For a country like India, and for a developing economy like ours, 1,30,000 chartered accountants are nothing. The way the economy is doubling and trebling, rather, we should give this Institute more push so that we can have more chartered accountants every year, many more chartered accountants. Otherwise, there will be a problem.

Sir, the chartered accountants are the most capable and educated lot of the country. I do not want them to go outside because we need them here. But still, their right to go out, their right for free movement should be well established, and I will request the hon. Minister to discuss this issue with the

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Commerce Minister, and coordinate, and this must happen as quickly as possible."

Shri E. M. Sudarsana Natchiappan

"What will happen to those Chartered Accountants who are well-versed, who are experts and who have already migrated to other countries? They are well trained, even though those degrees were not recognised in certain countries. They go to other countries and specialise in certain fields from certain universities and join companies to earn money."

Shri Vijay J. Darda

"Deputy Chairperson Sir... Out of the three bills that have been tabled... I stand to speak on and in support of the Chartered Accountants (Amendment) Bill. Today, the whole world is witnessing rapid economic changes. In this globalised scenario, India has to play an important role on the world economic stage. Today, Chartered Accountants have become inseparable part of the economic changes undergoing in the country. At present, there are more than 1,20,000 chartered Accountants and approximately 3,00,000 students are studying to become chartered Accountants.

Today, when the services sector is being liberalised through the World Trade Organisation, there is ample scope to regularise Accounting services. Therefore, in this changed scenario, it is necessary that along with education and training, the standards of Accounting, auditing and capability building ways are also raised... The Naresh Chandra Committee had recommended for an independent disciplinary committee. You have accepted the recommendation of the Parliamentary Committee and have limited its representation to Law, Finance and Account works, and left out Business, Education and Public Administration. But it is not clear that members of which level would be appointed, as also the fact that how members appointed by the Centre would work independently.

Apart from this I would also like to draw the attention of the Honourable Minister to some far-reaching aspects of the Institute and accountancy profession. The Honourable President had also given some suggestions in this regard. Chartered Accountants shoulder an important responsibility in the economic management of the country. The Parliament has recently passed the Employment Guarantee Bill, which guarantees at least 100 days work in 200 districts of the country. The Institute can play an important role in managing and running the integrated Rural Development programme under Bharat Nirman by incorporating this programme in this Bill.

My first suggestion is that there is a need to train local people in Accountancy at the Gram Sabha and Panchayat level. This is a new challenge after the implementation of the

Panchayat system. My second suggestion is that application of the new information system in the area of accounting has become very important for everyone—from a small to a very big businessman—and this system be simplified and applied in rural areas...

My third suggestion is that the management and development of the economy is very important and we shall not allow any degradation of ethical values. I conclude with an excerpt from the speech of the Honourable President in which every trained Accountant has been asked to take a pledge on ethical values:

"I realise the profession I am entering is the trusteeship of financial management and I will assist whichever institutions I audit keeping in view of the social obligations. I will not only bring out the problems of financial management for protecting the interest of all the stakeholders of the enterprise, but also suggest possible solutions with ethics as a way of life."

Shri Ajay Maru

"Deputy Chairperson Sir, I support the spirit behind three Bills and I accept that amendments are required in the old bills... The three bills were introduced in Parliament in the year 2003 after the recommendations of the Naresh Chandra Committee and the Joint Parliamentary Committee on Stock scams.

Sir, the Chartered Accountant Act was passed by the Parliament in 1949. At that time there were only 1600 Chartered Accountants in the country, now their number has increased to 1,30,000. Sir, every year nearly 7,000-8,000 students clear the examinations of the Chartered Accountancy and nearly 3,00,000 students are pursuing the Chartered Accountancy course. So, it can be understood how much this profession has expanded.

I am not against the amendments in the original bill, but the amendments must be such that the independence of such an important profession is not affected, the self-respect of these professionals remains unaffected, and the interference of the government must be as little as possible. One must remember that the Institute of Chartered Accountants is an important Institution, the government has made a number of

rules and regulations for the running of the Institution, but it cannot be run like a government department.

Sir, while preparing the draft outline of the bill, the opinion of Assocham, CII and the Institute of Chartered Accountants had been sought. But it seems that while preparing the final draft, some of their important suggestions were left out. As a result, there are some points in the bill that are not appropriate. For example, the question of the term of the Council of the Institute. At present the term of the Council is three years. The Institute had, for the sake of continuity of its work, recommended that this be increased to four years. The amendment bill presented by the NDA government had proposed the term to be four years, but the government has now again changed it to three years, so that the present situation will continue. Even the Parliamentary Committee had agreed to a term of four years, yet this was ignored. Therefore, my suggestion to the Minister is that the term of the council be increased to four years. If this happens, the council can prepare and implement long term programmes.

Sir, the Council constitutes several technical committees to implement the various provisions of the Bill. The original bill had a provision that the elected members of the constituted committees could include, subject to the acceptance of the Council, a number of non-elected members of the Institute, and these members would enjoy the same powers as the elected members. The maximum number of these co-opted members could be up to two-thirds of the strength of the committee. The amendment bill now presented has reduced the maximum number of these members to one-third of the strength of the committee. There was no need of this amendment, as in the opinion of experts and the Institute, the original system had been working well, and there was no need to change it. Sir, the biggest harm this amendment is going to cause is that involvement of the members of the Institute and outside experts will be reduced. There are many members in the Institute who do not want to take part in elections. These include many experts and specialists in various fields. Their expertise can be utilised only when they can be co-opted or nominated to the various committees."

An amendment has been proposed in Article 18 of the original bill, which is related to the financial affairs of the council. It has been stated in the amended provision that if the Council feels that the financial Account books of the council do not present a true picture, the Council can order a special audit. The question is why was it needed? Does the government feel that the Institute of Chartered Accounts cannot properly audit its own accounts? The Institute of Chartered Accountants is a respected institution that sets standards of Audit and regulates the functioning its members in the whole country. If a provision of special audit of its

The Institute, perhaps, the earliest regulatory body in the country, was responsible to ensure adherence to the prescribed accounting standards by the companies all these years. The institute has attained its professional excellence and ethics. The Bill proposes to give teeth to the Institute to discipline its erring members. I am fully in support of that.

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account is made, it will harm the reputation of the Institute and will send a wrong message.

Sir, I wish to draw the attention of the Honourable Minister towards another amendment, again in Article 18 of the bill. This too was not in the original bill. It has been mentioned in the Bill that the annual budget of the council, the account keeping and audit will be done as per standard set by the government. Sir, this provision is not OK. I request the Honourable Minister that there should not be any provision that the government will time and again issue directives regarding the Accounting policy of the Institute. The institute is itself reputed to do this, and the accounting standard of the Institute is followed throughout the country.

Deputy Chairperson Sir, the profession of Chartered Accountancy is a reputed profession. As per the code of conduct of these professions, it is improper to advertise or plead to get work. It is a profession, not a business. Those who are proficient are renowned and clients come to them on their own. This situation should be maintained. It is not improper to inform about one's talent or one's standard of service, but this has to be done in a very balanced way and within the limits of decorum and code of conduct. This amendment bill fully allows the advertisement of professional works. The result of this provision will be that those individuals or firms that are better off, or those who spend more on advertisement will be able to better influence the client. I agree that in this globalised era, one must have the right to inform about oneself, but this must be done within the limits of decorum and code of conduct. Therefore, the responsibility to set related standards for this should be left to the Institute.

Deputy Chairperson sir, it is true that the Institute of Chartered Accountants has been formed under an Act of Parliament and it is responsible to the Parliament and the government, but the Institute is also a professional organisation. Therefore, government interference and control must be kept to a minimum. Discipline and control is important but it should not be imposed from above, or else it will not be effective. At the same time, I expect that

members of the Chartered Accountants and CAs throughout the country will maintain the high level of professional standards.

In the end, I would like to mention that economic liberalisation and globalisation has made the role of chartered Accountants more important, the scope of their involvement has broadened and now after the implementation of VAT, their responsibilities have further increased.

Sir, I would like to draw the attention of the honourable minister to the fact that Indian Chartered Accountants have least recognition abroad. In this globalised environment, nearly 10,000 Indians practise accountancy in various countries...but they are called accountants, not Chartered Accountants. If the qualification of the Indian Chartered Accountants get recognised internationally, our CAs too would contribute to the recognition of the country abroad, in the same way as our IT professionals are doing. However, they are facing numerous hurdles, like our CAs do not get Visa. At the moment we probably have a pact with Malaysia, our CAs can work there. I would like the government to contact the appropriate authorities, and the Commerce Ministry and the Company Affairs Ministry take full interest in this."

Shri Rajiv Shukla

"Thank you, Deputy Chairperson Sir... I have stood up to support this bill... Sir, There is no denying the fact that Institute of Chartered Accountants of India is a very prestigious one. We respect it. It has some of the best people, talented people, and it has a proven track record. But Sir, the time has come that they are made accountable. This government has made the first attempt to fix accountability and responsibility on the Chartered Accountants."

"In Bollywood, most of the raids are being conducted on the information given by the Chartered Accountants. But the provisions regarding giving awards or rewards should not be for the Chartered Accountants but for others... Deputy Chairperson sir, it is nice to know that the Minister has made a discipline authority. The minister has made provisions to fix accountability and responsibility, but in my opinion, the authority does not have investigating powers, it should have investigating powers as well. Further, its scope should be elaborated and outside members should be appointed in it.

Shri Prem Chand Gupta, Minister of State (Independent Charge) in Ministry of Company Affairs

The role of the Chartered Accountants became absolutely important because an investor would only see a balance sheet certified by an auditor or by a Chartered Accountant. That is the only thing that is available to an investor". ■