



CA. Jaydeep Narendra Shah, President, ICAI

## Dear friends,

A philosopher of repute born on 5<sup>th</sup> September, 1888, *Bharat Ratna* Dr. Sarvepalli Radhakrishnan was a philosopher-king in the real sense, a fact that the great Bertrand Russell ardently appreciated and celebrated. Dr. Radhakrishnan became the Vice-Chancellor of the established Andhra University and Banaras Hindu University. Through his philosophic investigations, he tried to bring the East closer to the West, i.e. by introducing our philosophical dialogue to the West. He recommended education could *build bridges between cultures*. His views on the responsibility towards our nation at one of our offices were simply amazing: *When we talk about patriotism, it is no use talking of your language or border...if we depart from...(our)...ideal and great traditions and try to build up man-made barriers, I am afraid, the day of our declines will start. We must knock down these barriers and learn to live as free citizens. By free citizens, he meant people having equal opportunities.* He went on to become the first Vice-President and the second President of India. On 5<sup>th</sup> September, we celebrate his birthday, as Teachers' Day in India.

According to Khalil Gibran, a *teacher...does not bid you to enter the house of his wisdom but rather leads you to the threshold of your mind*. Danish existentialist philosopher Soren Kierkegaard proclaims: *...what a teacher is, is more important than what he teaches*. Abraham Lincoln cites another perspective: *...teach the children so that it will not be necessary to teach the adults*. It wouldn't be wrong to vouch for the opinion that a teacher affects eternity, and that it wouldn't be possible to measure the influence of a teacher. That is why, Dr. Radhakrishnan always wanted the teachers to be amongst the best minds of the nation. And I completely agree with him. It would only be wise that our educational institutions take a serious note of his viewpoint.

I personally agree with the wisdom of the political activist Hellen Keller that education must let us achieve tolerance, which is a fundamental requirement for all human progress. Goal of education should be not to educate but to prepare us to educate ourselves throughout our life. A Chinese proverb says: *Teachers open the door. You enter by yourself*. Good teachers, therefore, inspire us to continue learning throughout our life. They provide options rather than asking us to follow one and stimulate and inspire us to think and view everything with an open mind. It then becomes a duty for the students to closely follow and fulfil their dreams which they realise in themselves because of their teachers. As students, they must try to achieve more than their teachers, which according to their teachers will be a real payback.

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Now, let me update you with some of the significant achievements *vis-à-vis* accountancy profession over the last one month:

### International Initiatives

**IAESB Meeting in New York:** ICAI Vice-President CA. Subodh Kumar Agrawal participated in the meeting of International Accounting Education Standards Board (IAESB) held recently in New York. The Board considered exposure drafts on various educational standards dealing with the initial professional development and deliberated upon its Strategy and Work Plan, 2014-2016, where it decided to focus on three major strategic objectives through its action plan, i.e., developing standards, implementation guidance and raising awareness. ICAI Director of Studies Shri Vijay Kapur also accompanied the Vice-President.

**NSAC Accounting Conference in Las Vegas:** My Central Council colleagues CA. Vijay Kumar Garg and CA. V. Murali participated in the *NSAC's Tax and Accounting Conference* held recently in Las Vegas. NSAC (National Society of Accountants for Cooperatives) comprising more than 1,400 members, is a professional society formed, to deal with issues in financial management and planning of cooperative business.

**CAPA's PAODC Meeting in Vietnam:** My Central Council colleagues CA. Amarjit Chopra, ICAI past-President, and CA. Shiwaji Bhikaji Zaware, as our nominees on IFAC's PAODC (Professional Accountancy Organisation Development Committee), participated in the second meeting of the PAO Development Committee of CAPA recently in Hanoi (Vietnam), where challenges facing the development of strong professional accountancy organizations in emerging and developing countries were deliberated upon.

**Teleconference with AOSSG:** A teleconference of the Chair's Advisory Committee of Asian Oceanian Standard-Setters Group was held recently, which was attended by the representatives of India, Malaysia, Australia, Japan, Hong Kong and Korea. My Central Council colleague CA. Manoj Fadnis, along with ICAI Technical Director Dr. Avinash Chander, represented us at the teleconference, where an update on regional body arrangements with the IASB, planning for October 2012 informal AOSSG meeting and 2012 Annual AOSSG meeting was provided. We offered for India to be included as a member of the new Working Group of AOSSG that is being constituted to send comments on *Comprehensive Review of the IFRS for SMEs* by the IASB, while informing the Group about the progress with regard to the Accounting Standard on Agriculture in India.

#### **Initiatives for/with Government Offices and Officials**

**Goa Governor and Chief Minister address ICAI Council:** I take pride to inform our stakeholders that we had with us, the Governor of Goa, Shri Bharat Vir Wanchoo and the Chief Minister of Goa, Shri Manohar Parrikar, who addressed the ICAI Council at its 317<sup>th</sup> meeting held recently in Goa. I am happy to inform you that both the leaders hold our profession in high esteem and pin hopes on us to be the trustees of good governance and facilitator of foolproof financial management mechanism and processes. While the Governor called us critical stakeholders in enabling the process of sustained growth, the Chief Minister,

in fact, asked for our sincere help in plugging the leakages in the state treasury and thereby helping in further development of Goa. He said CAs can act as pillars of honesty and integrity and the nation can rely on them. I assure them that we are committed to the cause of the nation and will do all we can for the good of Goa.

**Meeting with Finance Department of Bihar:** My Central Council colleague and ICAI past-President CA. Amarjit Chopra also met Shri R. K. Khandelwal, IAS, Secretary, (Resource), Finance Department, Government of Bihar, recently in Patna to discuss the areas of technical assistance especially in fostering economic reforms. Chairman of the Patna Branch of ICAI CA. B. L. Raju, among others, was also present.

**Meeting with Shimla Municipal Corporation Officials:** Second meeting of the group constituted to conduct a study on *improving the financial discipline of Shimla Municipal Corporation* was held recently at the Shimla Municipal Corporation office, where my Central Council colleague and ICAI past-President CA. Amarjit Chopra met Shri Ashish Kohli, IAS, Assistant Commissioner, Shimla Municipal Corporation, who briefed us on the sources of revenue of the Corporation. We suggested them various measures for improving the financial discipline of the Corporation. We also discussed conversion of property from leasehold to freehold and waste disposal management.

**Third Meeting of Standing Committee on TDS:** Recently, third meeting of the Standing Committee on TDS was organised where my Central Council colleague CA. Sanjay Agarwal represented the ICAI. The meeting was chaired by Smt. Anita Kapur, DGIT (Admin), and was attended by various representatives from ASSOCHAM, FICCI, CII, ICC, etc. Issues received from our members at large were submitted to the Committee for consideration with a suggestion that a FAQ (frequently asked questions) in respect of TDS e-filing be prepared and hosted for the convenience of taxpayers.

**Training on Double-Entry Accounting in Punjab:** As per our promise to Shri Surjit Singh Rakhra, Rural Development and Panchayat Cabinet Minister of Punjab, towards assisting them in developing double-entry accounting system for better transparency and administration of panchayat fund, we recently organised a training programme at Nabha in Punjab on the same for panchayat secretaries.

**Government Promotes XBRL in India:** XBRL India has been granted a certificate under Section 12AA and 80G of the Income-tax Act, 1961 with effect from the assessment year 2011-12 for its charitable object for promoting XBRL in the country; accordingly, income of the company is exempt from tax and donations granted to the company are also deductible under Section 80G of the Act in the hands of the donor.

#### Professional Representations:

- To *Shri Nitish Kumar*, Chief Minister of Bihar, *Shri Naveen Patnaik*, Chief Minister of Odisha, *Shri Parkash Singh Badal*, Chief Minister of Punjab, *Shri Narendra Modi*, Chief Minister of Gujarat, *Dr. Selvi J. Jayalalithaa*, Chief Minister of Tamilnadu, and *Shri Subrata Mukherjee*, Minister-in-Charge, Public Health Engineering & Panchayat & Rural Development Department, Government of West Bengal, to avail services of our members for conducting various assignments.
- To *Shri Bikram Singh Majithia*, Minister of Revenue, Rehabilitation Relief & Resettlement, Government of Punjab, to reconsider the notification/circular issued under the authority of/by the Assistant Registrar, ITAT, Chandigarh, whereby CAs are required to file the Power of Attorney (while filing an appeal or representing an assessee in appeal before the Tribunal) on a non-judicial stamp paper of ₹350/- whereas advocates are allowed to do the same on non-judicial stamp paper of ₹3/- only and revise the said charges accordingly.
- To the *Secretary, Panchayat & Rural Development* and ex-officio Chief Executive Officer, Madhya Pradesh State Tech e-Panchayat Society (MPSTEPS), to reconsider some of the restrictive covenants present in the notice inviting tender for financial audit and concurrent audit of all PRIs from reputed CA firms hosted by the MPSTEPS, Bhopal, for appointment of CA firms to conduct financial audit of PRIs for the financial year 2011-12 and concurrent audit of PRIs for the financial year 2012-13.
- To the *Secretary of the Ministry of Commerce and Industry* highlighting the issues related to the FDI in accountancy sector and related matters.
- To *Shri Sudhir Vasudeva*, Chairman, ONGC Videsh Ltd., regarding tender for engagement of tax consultants for Indian income tax matter floated by the ONGC.
- To *Dr. Sathyan David*, Chief General Manager, Reserve Bank of India, regarding restriction to carry out Statutory audit of public sector and private/foreign banks simultaneously.

#### Initiatives for Profession

**Meeting with MPKV University:** In order to obtain views with regard to appropriate accounting for biological assets in the formulation of Accounting Standard on Agriculture and its finalisation, a meeting was held recently at the Mahatma Phule Krishi Vidhyapeeth (MPKV), Rahuri, with the faculty and scientists of the University, where the ICAI Vice-President CA. Subodh Kumar Agrawal and my Central Council colleagues CA. Amarjit Chopra, ICAI past-President, and CA. Shiwaji Bhikaji Zaware, among others, represented us. I am happy to share that our approach followed in the exposure draft on Agriculture was broadly supported.

**Direct Entry to the CA Course:** The Ministry of Corporate Affairs has given its final approval to the Amendments to Chartered Accountants Regulations, 1988 which have been notified on 1<sup>st</sup> August, 2012. Amongst other provisions, the amendments also stipulate Direct Entry Scheme to CA Course. Henceforth Commerce Graduates/Post Graduates with prescribed percentage of marks and other students who have passed the Intermediate level examination or its equivalent examination by whatever name called conducted by The Institute of Cost Accountants of India or by The Institute of Company Secretaries of India, shall be exempted from passing the Common Proficiency Test (CPT). The details of the Scheme have been hosted on the Institute's website or elsewhere published in this issue of the Journal. I am confident that this shall provide an excellent opportunity for those students who wish to join the CA Course in later years in their life.

**Training on International Taxation & Transfer Pricing for ITAT:** I recently addressed the participants as Guest of Honour at the valedictory session of the nine-day Residential Training Programme on International Taxation and Transfer Pricing for the members of the ITAT (Income Tax Appellate Tribunal), Ministry of Law & Justice, Govt. of India, successfully held in Mumbai. At the inaugural session, ITAT President *Shri G. E. Veerabhadrapa* delivered the welcome address, while Bombay High Court judge Justice Dr. D. Y. Chandrachud as Chief Guest delivered the inaugural address on the occasion. ITAT Bar Association of Mumbai President Dr. K. Shivram was the Guest of Honour. Delhi High Court judge Justice *Shri R. V. Easwar* was the Chief Guest at the valedictory session.

**ISA-AT and IRM Results Declared:** Results of the post-qualification Information Systems Audit – Assessment

Test (ISA-AT) held in June 2012 and that of the Insurance and Risk Management (IRM) held in May 2012 were declared recently. In ISA-AT, of the 1901 candidates appeared, 1033 were declared passed. In IRM, 32 candidates appeared and 20 passed out.

**44<sup>th</sup> Regional Conference of SIRC in Bangalore:**

I am happy to share with our stakeholders my appreciation for the enthusiasm of the participants including our members who actively attended the nine effective technical sessions of the 44<sup>th</sup> Regional Conference of SIRC, *Vishwas*, and made this event a successful knowledge congress. Corporate Affairs Minister Dr. M. Veerappa Moily was the Chief Guest and the MP (Rajya Sabha) CA. K. Rahman Khan was the Guest of Honour. I along with the ICAI Vice-President CA. Subodh Kumar Agrawal addressed the participants at the inaugural session. Panel discussions were quite informative as well as prophetic, especially that on expectations and challenges for the profession.

**37<sup>th</sup> Regional Conference of EIRC in Kolkata:** I would like to congratulate all the participants including our members, who actively participated in the four technical sessions of the two-day 37<sup>th</sup> Regional Conference of EIRC held in Kolkata and made this event a successful learning opportunity. MP (Rajya Sabha) CA. K. Rahman Khan was the Chief Guest. I along with the ICAI Vice-President CA. Subodh Kumar Agrawal addressed the participants at the inaugural session. The Conference with its theme *Chartered Accountants – the Architects of Today's Business World*, provided its participants an opportunity to interact with eminent faculty from the field of accountancy.

**National Seminar on Taxation & Revised Schedule VI in Jammu:** Recently, I attended a National Seminar on Taxation & Revised Schedule VI organised successfully by the Jammu Branch of NIRC in Jammu. My Central Council colleague CA. Charanjit Singh Nanda spoke at length on professional opportunities. The Seminar, well-executed by the expert faculty, was appreciated by all the participants.

**Two-day National Conferences in Hyderabad and Indore:** A two-day National Conference on Taxation and Revised Schedule VI was recently held in Hyderabad, which was jointly inaugurated by me and Shri V. Eswaraiah, Chief Justice of Andhra Pradesh High Court. More than 1300 members participated in the Conference. Another two-day National Conference on *Evolution in*

*Profession – Preparing for the Change* was organised recently in Indore, which was jointly inaugurated by me and CA K. Rahman Khan, MP (Rajya Sabha).

**Residential Workshop in Srinagar:** As part of our important initiative for members in public services, we recently organised a Residential Workshop for them in Srinagar on *Accountancy Profession for Economic Development*, which was attended by about 20 well-known ICAI members from various fields of public life including judiciary, politics and civil service that included MP (Rajya Sabha) CA. K. Rahman Khan, former Union Minister CA. Suresh P. Prabhu, former Member of Parliament CA. (Dr.) Kirit Somaiya, sitting member of Rajasthan Legislative Assembly from Jodhpur CA. Kailash Bhansali, Maharashtra Legislative Council member CA. Arun Kumar Gujarathi, ITAT past-President and sitting Delhi High Court judge CA. (Justice) R.V. Easwar, sitting Delhi High Court judge CA. (Justice) Rajiv Shakhder and sitting Rajasthan High Court judge CA. (Justice) Vineet Kothari. Besides me, my Central Council colleagues CA. Bhavna Doshi, CA. M. Devaraja Reddy and CA. Pankaj Tyagee also participated in the workshop.

**Capacity Building of Practitioners and CA firms:**

I am happy to inform you that, in order to strengthen the portfolio of CA practitioners, we recently organised a Workshop on Capacity Building Measures of the Practitioners and CA Firms in Amritsar. On the occasion, I, along with my Central Council colleagues CA. G. Ramaswamy, ICAI immediate past-President, CA. Sanjay Agarwal and CA. Pankaj Tyagee, among others, deliberated on the need and measures to build the capacity of our CA practitioners.

**Infrastructure Initiatives**

**New Groups Formed:** Good infrastructure in the offices of the Institute including its Regional Councils and Branches takes care of various requirements of our students and members arising out of activities such as Orientation Programmes, General Management and Communication Skills (GMCS) course, Additional GMCS in the first year of training, Information Technology Training (ITT), etc. This has been, of late, one of the focus areas in the present scheme of development in profession for us. Recently, in a meeting, we deliberated upon the requirements of our offices at various locations and branches, besides Centres of Excellence. To examine all related issues comprehensively and formulate a long-term draft policy, I recently constituted a Group under the convenorship of the ICAI Vice-President CA.

Subodh Kumar Agrawal, where my Central Council colleagues CA. Manoj Fadnis, CA. Charanjot Singh Nanda, CA. Shiwaji Bhikaji Zaware and CA. P. Rajendra Kumar are members. It will frame the draft policy after considering the existing infrastructure, available space, additional requirements, available fund position, etc., to be considered by the Executive Committee and further by the Council for its final approval.

Additionally, groups have also been formed to consider specifically the matter related to Centre of Excellence at Bangalore, Jaipur and Hyderabad, acquired land at Rohini (Delhi), and use of additional land at ICAI headquarters under the convenorship of my Central Council colleagues CA. K. Raghu, CA. Vijay Kumar Garg, CA. J. Venkateswarlu, CA. Vinod Jain and CA. Naveen N. D. Gupta respectively, to take stock of the status concerned.

### Initiatives for Students

#### **National Conventions in Kolkata, Indore and Siliguri:**

National Convention on *Changing Dynamics of CA Profession* was successfully organised recently in Kolkata, which was inaugurated by ICAI Vice-President CA. Subodh Kumar Agrawal. 1361 students participated in the Convention. National Convention on *Enhancing Knowledge, Setting New Benchmarks* was organised in Indore, which was inaugurated by me. National Convention on *CA Professional – Challenge to Change* was organised at Siliguri, which was inaugurated by the Vice-Chancellor of North Bengal University Prof. Sameer Kumar Das as Chief Guest and ICAI Vice-President CA. Subodh Kumar Agarwal as Guest of Honour. About 900 students participated in this Convention.

#### **Placement Interviews for Newly-Qualified Members:**

As informed earlier, we have been organising placement programme at 18 centers across the nation. We have also made arrangements for the conduct of interviews in Chennai, Hyderabad, Kolkata, Jaipur, Pune, Delhi, Mumbai, Ahmedabad, Bangalore, Baroda, Bhubaneswar, Chandigarh, Coimbatore, Ernakulum, Indore, Kanpur, Nagpur and Vapi in August-September 2012. I sincerely hope our newly-qualified members will get benefitted with this scheme of their alma mater. Recently, we have also met the industry HR teams to discuss certain issues relating to campus placement in New Delhi and Mumbai.

**PCC & IPCC Results Declared:** Results of the examinations of the Professional Competence Course

(PCC) and the Integrated Professional Competence Course (IPCC) held in May 2012 have been declared. Nitish Jain from Delhi and Nikhil Kumar from Jaipur got the first rank in PCC and IPCC examinations with 75.67% and 86.43% respectively, while Hetalben Vinubhai Jikadara from Surat and Anil Babu Kunapareddy from Wollapalem got the second and third place in PCC examinations, and Nikhil Agrawal from Mathura and Jagravi D. Shah from Ahmedabad got the second and third place in IPCC examinations. 14.76% and 19.39% students passed in *Both Group* category in PCC and IPCC examinations respectively. Pass percentage in IPCC examinations in *Both Group* category has increased. Pass percentage in Group I and II of PCC and IPCC were 32.02 and 31.23, and 30.30 and 26.58 respectively.

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If you remember, in my last communication, I had voiced my sincere concerns about safeguarding the interests of our innovators and creators while considering the ethical issues involved in that. More and more examples of usurping others' intellectual property rights and related concerns are showing up. We as torchbearers of an intellectual discipline called accountancy are sincerely concerned with the cause. Let me make this very clear to our stakeholders and to all other intellectual communities of our nation, that we would continue to act responsibly and tough on such examples as before, as we know the implications involved. I quote Dr. R. C. Cooper, a very senior ICAI past-President, who wrote in the foreword to the first edition of our Code of Ethics: *...practice of professional ethics is largely a matter of conscience and the determination...to distinguish between what is right and wrong.* I second him. Ethics must inspire a fundamental development in our *conscience*. I am proud of the fact that our accountancy profession has been constantly doing that for its membership since its inception.

Best wishes for a happy and prosperous time ahead!



**CA. Jaydeep Narendra Shah**

**President, ICAI**

New Delhi, August 24, 2012