



CA. Jaydeep Narendra Shah, President, ICAI

Dear Friends,

I find it quite apt at present to remember the father of our nation Mahatma Gandhi and his never-ending trust in nonviolent method of protest and struggle. Violence begets violence. Those who believe in the spirit of democracy know that violence is never a solution. A problem could never be resolved through an act of violence. Mahatma had said: *Victory attained by violence is tantamount to a defeat, for it is temporary...I object to violence because when it appears to do good; the good is only temporary, the evil it does is permanent.* Let us accept this.

Violence leads to turbulence in democracy. Remember: silence could be quite powerful, at times enough to overpower worst of the chaotic situations. Similarly, nonviolence too has the ability to block this continuum of violence in our society or state. The need is to identify a method. Here, I would love to agree with John Keats, a critically acclaimed poet who celebrated love: *I have been astonished that men could die martyrs for religion - I have shuddered at it. I shudder no more - I could be martyred for my religion - Love is my religion - I could die for that.* Not all traditions are

democratic and pro-development. Therefore, not all of them need be welcomed. Those that divide society and stunt its democratic growth need to be dropped with immediate effect.

Lines that divide should never be drawn. We need to erase them if we want to survive with our sense of responsibility intact. We attack our own fellow citizens with a false sense of belongingness, which we have created around us. Bigger townships all over the world being seats of various economic activities have been a centre of employment and other economic support of the people, and, in return, these townships have grown and prospered too because of their inhabitants and their industrious work. Suddenly we, being the earliest settlers, decide that we have to have larger rights over the advantage and start expressing our anguish over others who have migrated in the recent past, resulting in an *exodus*. Read History and we will all agree that we have all been migrants in some way or the other.

Quite purposely and timely, we forget nationalism. What makes us think that we have the right to deny fundamental rights to our fellow countrymen? We need to check our own credentials if we are civilised enough to live in a society. We need to check our moves and movements. Previously, I had expressed that our smaller townships need to develop and the Government needs to invest in them in order to create newer seats of economy. That would decrease such migrations. Forced acts of malicious vandalism against our fellow citizens-in-need would only lead to more of such acts. A time will come when we will find it difficult to decide who is correct, how it will stop, who should stop this and who should have the last say. Many such questions may arise and make these situation complex. It is better to heed to what Mahatma Gandhi had asked many years before: *What difference does it make to the dead, the orphans and the homeless, whether the mad destruction is wrought under the name of totalitarianism or the holy name of liberty or democracy?* It is time to think. It is time to answer. Let us take time to check our steps. Let us not create bad memories for the young of our times; otherwise, they would never forgive us for not changing our ways in good time.

Now, let me give you an update on some of the significant achievements vis-à-vis profession over the past one month:

Council and Regional Councils Elections

I am happy to note that taking forward our age-old tradition of autonomy and independence, the process of December 2012 elections for the 23rd Council of the Institute and its 22nd Regional Councils has been initiated. With this, has begun the festival of our profession's inherent internal democracy. And with this, has also come the time to yet again demonstrate before the world that Indian chartered accountants symbolise prudence, discipline, integrity, positivism and professional decorum and conduct, besides their other usual traits. Remember, democracy flourishes from lively, healthy and positive debates on the ideas of development, and it endures when people of every background and belief find a way to set aside smaller differences in service of a greater purpose, which, in our case, is our accountancy profession. Though leaders are free to say anything, but when they do it without any fact-checking, democracy fails to think intelligently. While in the fray, we must take a cue from the noted author Jaachynma Agu who rightly says: *Don't blow off another's candle for it won't make yours shine brighter.*

Election Code of Conduct has already come into force, i.e. from September 5, and I am sure all will abide by the same in letter as well as spirit. On the other hand, let me assure you all that, in line with our tradition, I will leave no stone unturned to ensure free and fair elections. I am sure each of our fraternity will support me and the Institute in this endeavour. Details about the elections have been prominently hosted on our website under a separate link. Remember that if we stick to our tradition of self-discipline, positive planks and high ideals and character of our great profession and ensure fair elections, then, irrespective of whoever wins, the ultimate winner will be our glorious profession. It will be a triumph of our accounting fraternity, who first and foremost votes for our internal democracy, independence and ultimate growth and development of our profession.

International Initiatives

MoU with NZICA, New Zealand: We have recently entered into an MoU with the New Zealand Institute of Chartered Accountants (NZICA), which will be operational soon. Details about this MoU have been hosted on our website.

SAFA Board & Other Events in Kathmandu:

I along with ICAI past-President CA. Amarjit Chopra and some of my other Central Council colleagues,

attended the 23rd meeting of SAFA Board and various Committee meetings held recently in Kathmandu. The meetings were also attended by the representatives of accountancy bodies from the SAARC countries namely India, Pakistan, Bangladesh, Sri Lanka, Nepal, Bhutan and Maldives. Coinciding with the meetings, SAFA Seminar on International Taxation & Transfer Pricing was also hosted by the Institute of Chartered Accountants of Nepal, where my Central Council colleague CA. Bhavna Doshi presented a well-appreciated keynote paper on *Global Development in International Taxation* at the Seminar. She also spoke at length on *International Tax Practices – Opportunities & Challenges* later on the occasion.

Edinburgh Group & IFAC Meeting in New York:

ICAI past-President CA. G. Ramaswamy recently attended the Edinburgh Group and IFAC Meeting held in New York, where he dwelled upon various issues relating to accountancy profession at large.

APEC CEO Summit in Russia: One of my Council colleague represented the ICAI at the APEC CEO Summit 2012 in Russia recently, where the the latest developments in the profession were discussed while focusing on its theme *Addressing Challenges, Expanding Possibilities.*

Extending Help and Training to Bhutan: ICAI past-President CA. Amarjit Chopra and one my Council colleagues represented the Institute in Bhutan recently to discuss the areas of co-operation in a lead to signing of an MoU with the Accounting and Auditing Assurance Board (AASB) of Bhutan. Past-President CA. Amarjit Chopra along with other faculty members including Shri Yagnesh Desai also imparted training in IFRS to the Bhutanese nationals as part of a six-day training programme conducted by ICAI at the request of the AASB Bhutan.

IFRS Conference 2012 in Dubai: My two Central Council colleagues went to Dubai to attend the IFRS Conference 2012 recently, where the discussions were held on issues relating to first-time adoption of IFRS, extractive industry issues, implementation of IFRSs, and so on. Speakers on the occasion included representatives from the IASB.

Study Tour on International Taxation: With a view to acclimatise our members about the best practices in the area of international taxation and to provide them an opportunity to participate and interact

with the experts of The International Tax Academy (ITA) of “The International Bureau of Fiscal Documentation (IBFD), Netherlands, we recently conducted a Study Tour on International Taxation to Amsterdam in Netherlands led by my Central Council colleague and International Taxation Committee Chairman CA. Mahesh P. Sarda. IBFD is a unique centre of expertise offering high-quality information and education on international tax and the world’s foremost authority on cross-border taxation. Tax practitioners across the world rely on its high-quality and independent research in taxation. ITA, established in 1989, is recognised worldwide as a reputable learning centre in the field of international taxation, which has provided certificate to our members of the course.

Initiatives for Govt. Offices/Officials

Model Role and Responsibilities of Non- Official Directors of CPSEs: In a major initiative of the ICAI for central public sector enterprises (CPSEs), we have prepared a *Draft Model Role And Responsibilities of Non- Official Directors of Central Public Sector Enterprises* on the request of Department of Public Enterprises (DPE), Ministry of Heavy Industries and Public Enterprises, Government of India. The report has been handed over to the Secretary DPE Shri O. P. Rawat who appreciated our efforts. As you may be aware, the presence of Non- Official (Independent) Directors on the Board is important for sound Corporate Governance to protect and build stakeholders’ confidence. As such, defining their role and responsibilities becomes equally significant for transparency and decision-making. It helps to contribute towards smooth functioning of the company and fulfilling of the responsibilities by a Non- Official Director in an effective and efficient manner. The report is based on the Companies Bill provisions and guidelines of the DPE. I am sure that this draft report would prove to be immensely useful for the DPE in particular and nation in general.

Representations to CBDT: For better compliance of the statutory obligations, we recently made a representation to CBDT to review and delete both the Annexures I and II to Form No. 3CD as they have outlived their utility. We are hoping that our request will be accepted by the Department. Further, we also submitted a Representation to CBDT to clarify the applicability of provisions of Section 44AB to Co-operative Societies. This is because it was brought to our notice that majority of Co-operative Societies

carrying on business or providing services and claiming deduction under section 80P of the Income-tax Act, 1961, were under the impression that they are not required to get their accounts audited under section 44AB of the Income-tax Act, 1961.

Suggestions Submitted to CBEC

- **On Central Excise & Service Tax:** To simplify the essential procedures and liberalise CENVAT Credit rules with a view to make them assessee-friendly, we have submitted our suggestions to a Study Group that has been set up by the Government of India to examine the feasibility and develop a draft Common Code for central excise and service tax, keeping however, in view of the challenges in the context of impending GST. A need to bring accountability in tax administration has also been emphasised in our suggestions.
- **On Augmenting Indirect Tax Revenue:** We have recently suggested a variety of measures to the CBEC to augment the revenue of indirect taxes, including to introduce excise/service tax audit in line with the income tax audit for traders/manufacturers/service-providers having a turnover of goods/services of more than three crore rupees. To reduce the litigation time, we have suggested steps including accelerating administrative reforms at lower levels which would also enhance smooth tax-collection, increasing the number of benches of CESTAT, and so on.

Initiatives for Profession

Guide to Reporting on Pro Forma Financial Statements: I am happy that we have issued Guide to Reporting on Pro Forma Financial Statements (pursuant to the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009) to provide guidance to the members regarding reporting on Pro Forma Financial Statements required by the SEBI (ICDR) Regulations, 2009 as amended. The Guide is under print and will soon be available.

Launch of 3rd Phase of E-Learning on Standards on Auditing: I am happy that after the successful launch of two phases of E-learning on Standards on Auditing (SAs), we have now launched the Third Phase of E-learning on Standards on Auditing. Till now, 522 and 157 registrations have been made for the first and second phase respectively and out of these registrations, 204 and 59 members have completed the course successfully.

Finance Professionals Forum Launched: It's my pleasure to inform you that I along with two of my Council colleagues recently launched a Financial Professionals Forum in New Delhi, with an objective to bring together professionals having expertise in various fields of finance and to ensure enrichment of their fundamentals. The forum will facilitate continuous professional development, placements, training and research in the related fields.

Capacity Building Measures of Practitioners & CA Firms: In order to strengthen the portfolio of our practitioners, we recently released a brochure on *Quick Insight 2012* as part of their capacity-building measures. We have also made available free of cost for two financial years *Tax Cloud: Cloud-Based & TDS Return Preparation for CAs, Portfolio Management Software* and *Excise & EXIM Compliance Software* for CA practitioners and firms.

Rajasthan Minister Hails Indian Accountancy Profession: I am happy to inform you that Cooperative Minister of Rajasthan Shri Parsadi Lal Meena, who was the Chief Guest at a national seminar organised by our Committee for Cooperatives & NPO Sectors and hosted by the Jaipur Branch of CIRC, spoke very high of our profession and its membership. A *Quick Referencer* on Cooperatives & NPO Sectors for the benefit of the membership of our Institute was also released on the occasion. Some of my Council colleagues were also present on the occasion among other dignitaries.

Amendment in Tamil Nadu VAT Act: An amendment has been carried out recently in Tamil Nadu Value Added Tax Act, 2006 whereby a provision of audit by accountants including chartered accountants has been included in the Act.

Workshops on Enabling Service Tax Practice: Taxation of services has witnessed a paradigm shift this year with a comprehensive system of taxation services replacing the erstwhile selective taxation of services. We have organised so far 24 two- and three-day workshops on *Enabling Service Tax Practice* across the country training about 2,100 members of the profession as part of an initiative to educate them on the basics of service-tax law and to familiarise them with the large-scale amendments made therein. In view of a strong and positive feedback from their participants, we intend to organise more of such workshops in future.

WIRC Regional Conference: I am happy to share with you that Member of Parliament (Rajya Sabha) CA. K. Rahman Khan delivered the inaugural address at the recently held 27th Regional Conference of WIRC in Mumbai. I must thank the WIRC for successfully holding the Conference, where the technical sessions were moderated by the likes of great leaders of profession that included ICAI past-Presidents CA. M. M. Chitale and CA. T. N. Manoharan. ICAI past-Presidents CA. N. P. Sarma and CA. Sunil H. Talati, Indian Overseas Bank CMD Shri Narendra, Union Bank of India CMD Shri D. S. Sarkar, and Anil Dhirubhai Ambani Group Group Managing Director CA. Guatam Doshi, among others, also chaired the sessions. They along with the speakers added to the academic and professional flavour of the Conference through their technical expertise. Future Group CEO Shri Kishore Biyani, and Shri Anand Rathi were the keynote speakers on the occasion. I must compliment the office bearers of WIRC and other members from the region for making the Conference a success.

CIRC Regional Conference: The CIRC of ICAI recently organised its 33rd Regional Conference in Agra, which was attended by a large number of members. Justice Madan B. Lokur, a Supreme Court judge, was the Chief Guest on the occasion who spoke very high about our profession and potential of our members in economic growth of the country. I and many of my council colleagues besides other dignitaries were also present on the occasion.

MBF Convocation: I am happy to inform you that the convocation ceremony of the second batch of *Master in Business Finance Certificate* course was organised recently where completion certificates and certificates of merit were distributed to the successful participants. I am sure, in the times to come, these finance professionals equipped with in-depth knowledge of accounting, auditing and taxation will become the backbone of entire financial network of the Country.

Infrastructure Initiatives

Foundation Stone of Pimpri Chinchwad Branch Building Laid: I am happy to inform you that in yet another step as part of our constant efforts to strengthen our infrastructure, I recently laid the foundation stone of the building of Pimpri Chinchwad Branch of WIRC to commence the construction. The Mayor and

the Commissioner of Pimpri Chinchwad Municipal Corporation Ms. Mohini Lande and Shri Shrikar Pardeshi and some of my Central Council colleagues were also present on the occasion. I look forward to early completion of the construction for the ultimate benefit of our members and students.

Foundation Stone of Rajamahendravaram Branch

Laid: I am pleased to inform you that I recently also laid the foundation stone of Rajamahendravaram Branch of SIRC of ICAI. I am sure that this initiative will go a long way in boosting our infrastructure for the ultimate benefit of the members and the profession. A number of similar infrastructural initiatives are also on the cards.

Initiatives for Students

National Convention for CA Students in

Guwahati: I along with a Central Council colleague inaugurated the National Convention of CA Students, hosted for the first time by the Guwahati Branch, where students from all over the country presented papers. A cultural evening Gen-X Blast was also organised on the occasion. Besides other officials of the EIRC and EICASA, EICASA Guwahati Branch Chairman and Guwahati Branch Vice-Chairman were also present on the occasion.

National Convention for CA Students in Chennai:

Our Board of Studies recently organised a very well attended a national convention of CA Students on the theme *Jnana Kaanksha*. Speaker of the Tamil Nadu State Legislative Assembly Shri D. Jayakumar was the Chief Guest on the occasion which was graced by eminent personalities of the region besides several of my Council colleagues.

Residential Programme on Professional Skills

Development: I am pleased to inform that we are organising the 16th and 17th batches of our four-week Residential Programme on Professional Skills Development in November-December 2012 at our Centre of Excellence in Hyderabad, which will offer a unique opportunity to our students while focusing on their communication skills, leadership skills, and other executive skills for an effective professional delivery. All the students who have passed CA IPCC/PCC/PE-II examinations and pursuing last year of the article-training or completed that are invited to join the course. Recently-qualified chartered accountants,

say within two to three years, are also welcome to join the course.

Festivals give us an opportunity to celebrate and provide us an opportunity to rejoice in community. Our elders used to say: joy when shared increases and pain when shared decreases. Joy and pain are actually relative, and absence of either of the two will result in a loss of the other. These require frames of reference to exist. We have already learnt that we cannot celebrate our joy in isolation, and that sharing is quite innate to happiness. Since, our surrounding helps us to rejoice, we will have to become more responsible and start respecting our surrounding. And, if we want to evolve our existence further, we will have to consciously acknowledge the presence of innateness even in the feelings of pain and grief. It is quite selfish that we call on others when we want to celebrate our joy and we willingly present us when it is time to share others' joy, but we keep ourselves away when it is time to share their pain and grief. Truth is, we will never experience real happiness if we keep our connection with our surrounding partial. We should not act selfish. We are not responsible if we do so. We cannot act selfish. It is our social responsibility to create a real and complete bond with our society where and on which we and our ventures thrive.

Dussehra and Idu'l Zuha (sometimes also called *Eid-ul-Adha* or Greater *Eid*) are approaching. While the former signifies a victory of the good over the evil and recognition of strength and courage to fight for that, the latter accredits endurance and willingness to sacrifice even our most precious possessions for the greater good.

May the spirit of our festivals envelop our very soul and provide us strength and courage to do something for the welfare of our society!

Best wishes



CA. Jaydeep Narendra Shah

President, ICAI

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