

## Chartered Accountants Can Act as Pillars of Honesty and Integrity, says Goa CM



Chief Minister of Goa, Shri Manohar Parrikar addressed the 317<sup>th</sup> meeting of the ICAI Council held in Goa from 13<sup>th</sup> to 15<sup>th</sup> August 2012. In his address, he spoke very high of Indian accountancy profession and exuded confidence that the Indian CA professionals can play a proactive and very effective role in responsible governance of financial management and discipline. The Chief Minister asked for sincere help of Indian CAs in plugging the leakages in the state treasury and thereby help in further development of Goa. He said that CAs can act as pillars of honesty and integrity and the nation can rely on them. Following are the excerpts from his speech.

“It would have been my profession (CA Profession) had I agreed to my father, who wanted me to be a chartered accountant first because accountancy runs very deep in my family. He insisted that I become a chartered accountant. I said no, not because I can’t do accounts. I had no courage of standing for someone else’s sin. You need courage for that because ultimately you have to defend your client. But today, I am almost in the similar business, though it is not my profession.

The issue today is about the country. When I see backwards, I see that you have a very important task. I for one have decided during these five years of

my tenure, to use much of the capability developed by the chartered accountants for the benefit of the people. I am saying benefit of the people because many a time, the governments are penny wise and pound foolish.

I was discussing whether we can work out arrangement by which the institution issues a directive or an advisory to the government, for the minimum charges for every type of professional services because we are going to take more and more of these. For example, the mining issue. I wanted a committee to work out the framework of the parameters of the work and what exactly is required by the Government, which can comprise of three people from the Government side and three people from chartered accountants side who know how the problem can be resolved or what can be the parameters by which the situation where hundreds of crores of royalty has been manipulated, can be resolved. We have this very funny problem. Every year when we match the production figure and export

figure, export is always more than the production. I don't understand how. It is because the accounting system is not proper.

Ultimately it is smart mind which over-smarts the tax laws. I remember a story of my childhood days. It is a story about two neighbours – one worked for customs; the other apparently did not work but was richer than the former who was an honest customs officer. The one who was richer did only one thing. Everyday he travelled to the neighbouring state where taxes were very low and came back in the evening with lots of mud on bicycle. He claimed that he used that mud for some pottery but actually didn't do that. So, this customs officer, when he was posted at the check post, started checking every day the bags of mud he was carrying on his bicycle. He used to empty them, check for any diamond or gold or any smuggling activity but found nothing. This went on for 25 years. At the end of 25 years, finally on the last day when he checked everything and the things were clear, he said, "Can I ask you one thing? In 15 minutes, I am retiring. I am not a government servant after 15 minutes. Can we meet at the coffee shop nearby after 15 minutes?" So, they met. He said, "I can't punish you now as I am no more a government officer. Can you tell me the secret of your money? I am sure you were smuggling something but I could never find what." The fellow said: "Since you are not a government servant any more and if you give me your word that you won't divulge my secret, I will tell you my secret. I never smuggled anything through the mud; I smuggled bicycles." So, the people who are smart, however complicated tax laws you make, they are likely to smuggle something out of it. So, the best way to overcome that is to make tax laws so easy that it becomes impossible for them to cheat.

As such, I would only request you to work, go through the Government's requirements. Probably, the Council can form a small body which can look into the Government's difficulties. Government is being cheated. I work 16-18 (hours) because I am trying to plug the treasury leakages. I remember a childhood incident of my maths teacher. In 4th standard, he used to teach us the logic of time and

work, inverse proportion, direct proportion, etc. Once he told students that a tank can store 50 buckets of water. He asked that if a person takes out 10 buckets, fills in 10 buckets per hour, how many hours it will take to fill the tank. The answer was simple. Almost the entire class rose saying five hours. Then, the next question was very funny. He said that if the tank has three holes and three buckets of water leaked every hour, how many hours it will take to fill it. Now, it is a very complex situation now. Every hour, seven buckets go. So, you can calculate it that way. Two or three students could give the correct answer. I was one of them. I solved the problem. I went to IIT. But, once in a while when remembering the childhood memories, this question used to come to me – why did the teacher put this particular question to me. Who will pour water in a tank with leaks?

No one will do that. If a bucket leaks, you will find some temporary araldite or something, stick it and stop the leakage. No one is going to use a utensil which is leaking. There is no point. In one hour or two hours, it is going to empty out. I never got an answer until I became a chief minister. That night I realised that that empty bucket is Government treasury and many politicians and bureaucrats have drilled holes into it, leaking the Government treasury very heavily.

But, I think audit and good accounts can reduce the leakage, can plug most of the holes, if not all. I would, therefore, request ICAI Council: you are the people who should form a team which should work with the Government for some time in this regard.

Last issue, which according to me is most important, is that all can work provided integrity is par-excellence. The Council, therefore, will do a great service to this nation, if it starts imbibing value education into the chartered accountants. There are certain institutions which must maintain their credentials and high standards at all costs, like my engineering college, IIT. I would say that this (ICAI) is another institution which should maintain its quality, fight all the way for it. You should ensure that your credentials remain impeccable. If that happens, then I think this country can definitely rely on you as a pillar of honesty and integrity." ■

