



CA. Jaydeep Narendra Shah, President, ICAI

Dear Friends,

To begin with, let me first convey, on behalf of our accounting fraternity, heartiest congratulations to the Hon'ble **Shri Sachin Pilot** for taking over as new Union Minister of Corporate Affairs (Independent Charge). Known for his youthful, energetic and dynamic working style, his reformist zeal and result-oriented approach with proven track record of his earlier accomplishments, the two-term Member of Parliament Shri Sachin Pilot has been an ardent proponent of *inclusive and equitable growth*, and *clean government*. And, he duly acknowledges the role of chartered accountants in the above-said policy goals. He put his complete trust in our profession and hoped that CAs will continue to contribute towards a better and developed corporate environment in India when I recently met him along with the-then President of International Federation of Accountants (IFAC) Mr. Göran Tidström and its Executive Director Mr. Russell Guthrie. Again, Shri Sachin Pilot demonstrated his keen desire to more actively include us chartered accountants in his benevolent scheme of

things when he spoke high about our role in nation-building during the 24th Annual International Seminar (1st GCC Seminar) organised by Abu Dhabi Chapter of the ICAI.

Let me tell you that he is not at all a newcomer for us. He has been at our programmes in the past as well. I recall, as Chief Guest in the capacity of Union Minister of State for Communication and Information Technology at the Orientation Programme of newly-qualified CAs in New Delhi on 8th August, 2011, he had said: *This is the profession which speaks of dedication and hard work... As India moves forward, a lot of responsibilities lie on your shoulders as well. I am quite hopeful that in the times to come, the fraternity of CAs in India grows and expands in quality as well as in quantity.* He had added: *Every entity in this country, whether it is a company or Government or NGO, needs to be audited. Therefore, you have a lot of work to do, no matter which field you work in, you will be required to be good chartered accountants and business advisors to make sure that there is all-round compliance with the regulations, and we in the Government are fully committed in this regard.* I recall, he had also said: *...as we move along people, I hope to work with you, with the ICAI, with the Council Members and hopefully be able to engage with you in times to come in future with new ideas...* Today, that hope of Shri Sachin Pilot stands fulfilled and we look forward to his more active participation in our accounting world. We fervently hope for his guidance and support to the profession to make it all the more active partner-in-nation-building. Using the *go-getter* approach and noble vision of this dynamic Union Minister of Corporate Affairs, I am sure, Indian corporate world will effectively scale new heights. On behalf of the Indian accountancy profession, I promise all-out support to all his initiatives. (His profile has been published elsewhere in this issue of the Journal).

Meanwhile, we can also not forget the relentless support extended to us by Hon'ble **Dr. M. Veerappa Moily** during his tenure as Union Cabinet Minister of Corporate Affairs that helped us successfully meet many a challenge. We will always remember his encouraging and guiding words as expressed from time to time at our programmes. On occasions of ICAI International Conference and 62nd ICAI Annual Function held on 6th January, 2012, and 11th February, 2012, respectively,

he had said: *I compliment the chartered accountants for being instrumental in bringing about change. Only CA profession can provide the accountability and transparency as chartered accountants are the conscience keepers of the country... This (CAs) is a combination, which very rarely happens – Saraswati, Laxmi and Durga, the power, which you possess as chartered accountants and you function as the conscience keepers of the nation... The accounting profession is the noblest profession. You are on the right track of building world-class profession in this country...* Humbly acknowledging his constant and even out-of-the-way backing to our concerns and issues, we wish him all the best for his tenure as the new Cabinet Minister for Petroleum and Natural Gas and look forward to his continued proximity with the Indian accountancy profession.

I also heartily congratulate our constant friend, philosopher and guide **CA. K. Rahman Khan** for becoming the Union Cabinet Minister for Minority Affairs. We proudly say that he has been our very own, vigilantly guarding our interests and standing by us like a rock through the thick and thin in all his previous capacities. His words of wisdom expressed during our programmes have continued to inspire and guide us to serve the country better. I particularly recall when he, as Union Minister of State for Chemicals & Fertilisers, spoke on the occasion of CA Day on 1st July, 2004: *An accountant should be honest, independent and fearless in discharging his duties. An accountant is a conscience-keeper and a watchdog of the economy. A CA also plays a very dynamic role in corporate governance...I am proud to be a part of the CA fraternity. My professional background is a great asset to me in successfully discharging my responsibilities...* Let me convey him that we too are very proud to have CA. Rahman Khan in our fraternity. I am sure that his support to his alma mater will continue unhindered despite his busy schedule.

Now let me update you on some of the significant developments in the accountancy profession that have taken place over the past one month:

CA Elections

We chartered accountants have been the conscience-keepers of our national economy for decades, but the current grim global financial-economic scenario requires us to be all the more vigilant on this front for

a secure future of our country. I wish to emphasise on the crucial need of not only keeping intact the glory of the profession's past achievements, but also amplifying these in future by meticulous and objective planning and efficient execution. Rather than adapting to the changes, all of us need to lead the changes for the better.

The legislature of India has cast an important responsibility on the able shoulders of chartered accountants to lubricate the wheels of economic growth by ensuring that the financial information reaching the intended users is reliable. We have to live up to the expectations of our society and the trust bestowed in us by the founding fathers of our nation. In this context, the elections to Central and Regional Councils this month are very crucial, for both the profession as well as the nation. Candidates elected by you will set the future course of our profession. As such, they must be responsible, competent and selfless, with a vision of their own. Thus, it is your duty to send the very best as your representatives, who will work to make us the best in the world and who will exemplify the glory of our profession and add more value to our services by setting our sights on the future. Select candidates with impeccable professional integrity and wisdom, irrespective of cast, creed, religion or group. Vote for the profession rather than the person, so that your vote is never lost. We have to plan our future in the present only. Remember, generally it is today that sets tomorrow. Therefore, it is high time that you proceed your prudence and efficacy of your judgement in the elections. Keep in mind that we are on the right track, but still we have miles to go before we reach the destination we set out for.

On the other hand, I am happy to see the enthusiasm of our members in the run up to the elections. Let's show the same enthusiasm on the day of elections by turning out in large numbers. It is our sacred professional duty to cast our ballot. Remember the words of famous American political scientist Larry J. Sabato: *Every election is determined by the people who show up.* I wish all our members a very fruitful election.

International Initiatives

IFAC Board Meeting in Cape Town: ICAI immediate past-President and IFAC Board Member CA. G. Ramaswamy recently attended the IFAC Council and

Board Meeting held in Cape Town of South Africa. Besides discussing the agenda, the IFAC Council approved its strategic plan for 2013-16 on the theme *Leading the Way*. It also announced the election of Warren Allen as its President, while approving Olivia Kirtley's nomination as its Deputy President. It also included the election of six new members to its Board, advancing its vision to expand the diversity in gender, geography and professional experience. Presentation of Public Interest Oversight Board and MoU between International Accounting Standards Board and IFAC were also discussed during the meeting.

On the sidelines, ICAI's immediate past-President and IFAC Board member CA. G. Ramaswamy met the President of Botswana Institute of Chartered Accountants (BICA) and Indian chartered accountant, Mr. Vijay Kalyanaraman, and discussed bilateral cooperation between ICAI and BICA.

First GCC Seminar in Abu Dhabi: I am happy to inform you that the new Union Minister of Corporate Affairs Hon'ble Shri Sachin Pilot attended the 24th Annual International Seminar (1st GCC Seminar) of the Abu Dhabi Chapter of ICAI on *Waves of Change: Oceans of Opportunity* as the Guest of Honour, which was attended by a large number of our members. He highly commended our role in facilitating the growth of our nation. I, along with the ICAI past-President CA. R. Bupathy and a Central Council member, was also present in the Seminar to put forward our views of the accountancy profession. The Higher Colleges of Technology (HCT) Chancellor and UAE Minister of Higher Education and Scientific Research Sheikh Nahayan Bin Mabarak Al Nahayan was the Chief Guest. Prominent dignitaries present on the occasion included Indian Ambassador to UAE Shri M. K. Lokesh, Infosys Chairman Emeritus Shri N. R. Narayana Murthy, Adviser to the Prime Minister of India Dr. Sam Pitroda, MCA Joint Secretary Shri Manoj Kumar, MCA Director Shri B. Koteswara Rao, among others. This Seminar brought together a galaxy of experts including leading CEOs, CFOs, financial and management professionals.

IFAC Delegation to India: IFAC delegation comprising its the-then President Mr. Göran Tidström and its Executive Director Mr. Russell Guthrie, recently was in New Delhi to have a closer and in-depth interaction with our accounting fraternity.

Besides their meeting with me and other ICAI representatives at ICAI headquarters, they also met the Union MCA Minister Shri Sachin Pilot and Secretary Shri Naved Masood, the Union Minister for Minority Affairs CA. K. Rahman Khan and the Controller General of Accounts of Ministry of Finance Shri Jawahar Thakur. I was present in all the aforementioned meetings. They also attended and addressed the delegates at the *Training the Trainers in Financial Statement Analysis* programme jointly organised by ICAI and CBEC during their India visit. IFAC Delegation and myself also visited the office of C&AG of India where we met the Deputy Comptroller & Auditor General of India Shri A. K. Patnaik and Director-General (Commercial-I) Shri Gautam Guha, among others.

IAESB Meeting in London: I recently attended the International Accounting Education Standards Board (IAESB) meeting held in London, along with the ICAI Director (Board of Studies) Shri Vijay Kapur. We presented the ICAI viewpoint during the meeting. Primary agenda included Revised IES-5 on *Practical Experience*, Strategy and Work Plan of IAESB 2014-16, IAESB Glossary and Report on Audit Quality Framework.

Visit to Centre of Excellence for Applied Research and Training in Abu Dhabi: I, along with Infosys Chairman Emeritus Shri N. R. Narayana Murthy, visited the Centre of Excellence for Applied Research and Training (CERT) in Abu Dhabi. The CERT is a commercial arm of the HCT (the largest institution of higher learning in the UAE to develop and provide education, training and applied technology to public and private sectors in the country). There we met the HCT Vice-Chancellor Dr. Taiyab Kamali. He took us around the Centre explaining about the infrastructure and other facilities available there. After that, we had a discussion with Dr. Kamali. As you know, we have already signed an MoU with the HCT.

Visit to Dubai Chapter: I, along with the ICAI past-President CA. R. Bupathy, recently visited the Dubai Chapter of ICAI to meet our members and take stock of their good work being done in promoting the profession in the region. I had very fruitful discussions with the newly-elected Chairman CA. James Mathew, the outgoing Chairman CA. Venkatesh and Executive Committee and other members of the Chapter.

Empowering Accountancy in Bhutan: The ICAI, on request of the Accounting and Auditing Standards Board of Bhutan, had organised a six-day training programme on IFRS recently for the Bhutanese people. ICAI past-President and Ind AS (IFRS) Implementation Committee of ICAI Chairman CA. Amarjit Chopra, along with other eminent experts on IFRSs, conducted the programme on issues including that on first-time adoption of IFRSs.

IFAC's SMP Committee & PAODC Meetings: ICAI past-President CA. Uttam Prakash Agrawal was recently in New York to represent us at the meeting of IFAC's SMP Committee, where he also attended its two taskforce meetings. ICAI past-President and Central Council member CA. Amarjit Chopra went to London to attend the IFAC's PAODC meeting, where he dwelt on various issues related to accountancy profession.

India-Japan Forum 2012 in Japan: India and Japan have established a joint working group on the issues relating to application of or convergence with the IFRS. At the 3rd India-Japan Forum 2012 held in Japan to create awareness about the dialogue on implementation of IFRS between the two countries, an Indian delegation comprising representatives of ICAI, IRDA, SEBI, IRDA, C&AG of India and MCA participated in the Forum to exchange its views on legal and regulatory issues arising out of the convergence with IFRSs. ICAI past-President CA. Amarjit Chopra, my Central Council colleague CA. Mahesh P. Sarda and ICAI Technical Director Dr. Avinash Chander represented the ICAI in the forum.

29th UNCTAD's Inter-Governmental Working Group of Experts on ISAR: My Central Council colleague CA. Bhavna Doshi attended the 29th Session of UNCTAD's Inter-Governmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR) held recently in Geneva, along with the ICAI Director (Board of Studies) Shri Vijay Kapur, where discussions were held on regulatory and institutional foundations for high-quality corporate reporting and recent developments in that regard.

25th XBRL International Conference in Tokyo: My Central Council colleague CA. Atul C. Bheda recently attended the 25th XBRL International Conference held in Tokyo, along with the ICAI Technical Director

Dr. Avinash Chander, among others, where participants could learn from the experts and acquire crucial XBRL skills. The Conference provided an insight into XBRL implementation projects undertaken by the countries of Asian region.

Initiatives for Government Offices/Officials

Training Programme for Officials of Central Board of Excise and Customs: Recently we, in collaboration with CBEC, organised a successful five-day training programme *Training the Trainers in Financial Statement Analysis* for the service-tax officials of CBEC in New Delhi. The objective was to provide a systematic exposure to reading and understanding financial statements and audit techniques to increase the effectiveness of revenue assessment in the area of service tax aiming to create better-informed and assessee-friendly officials. The Revenue Secretary of Ministry of Finance, Shri Sumit Bose, inaugurated the programme and expressed his gratitude to the collaborators for organising the programme while emphasising the importance of knowledge of forensic accounting and tools to detect fraud. CBEC Chairperson Ms. Praveen Mahajan, while thanking us for designing this tailor-made programme, indicated that the collection of revenue from this sector had not been satisfactory despite the service-sector's contribution of 57% in GDP. CBEC members Ms. Sheila Sangwan (Budget & Service Tax) and Ms. Lipika Majumdar Roy Choudhury were also present on the occasion. The-then IFAC President Mr. Göran Tidström and Executive Director Mr. Russell Guthrie also addressed the participants on the very first day of the programme. Finally, I would like to express my special gratitude for the Service Tax Officer-on-Special-Duty Shri Sumit Kumar, who coordinated all exercises and efforts from the side of CBEC for the programme. Eminent speakers on the occasion included CESTAT (Customs, Excise and Service Tax Appellate Tribunal) Member CA. D. N. Panda and Delhi High Court Judge (retd.), CCI (Competition Commission of India) Member and Appellate Authority Chairman (constituted under CA, CS and CWA Acts) Justice S. N. Dhingra, among others.

Suggestions to GAAR Expert Committee Submitted:

We have always considered it our privilege to assist the Government in the smooth implementation of GAAR (General Anti-Avoidance Rules) provisions in India. The Expert Committee, chaired by

Dr. Parthasarathi Shome, had submitted its draft report after analysis of the GAAR provisions and noting the concerns of various stakeholders. Considering the draft GAAR guidelines open for public comments, we recently submitted the Memorandum of Suggestions to the Expert Committee on GAAR. We hope that our suggestions would facilitate consistency and better implementation of GAAR and prevent unnecessary litigations that may arise due to lack of clarity.

Initiatives for Profession

Registration of CAs in the New e-filing Website: I am happy to inform you that a long-awaited initiative to curb the misuse of membership numbers of our members in the tax audit reports has finally been taken. The new e-filing system launched by the CBDT (Central Board of Direct Taxes) has opened a window for chartered accountants to register and upload certain specified reports required to be furnished by chartered accountants including tax audit report. Time and again, ICAI has pursued the issue of misuse of membership numbers being followed at various levels. The same has been well appreciated by the Department, which now requires the Chartered accountants to directly upload their reports with their digital signatures in the e-filing website. The assessee is, however, required to mention the details of the chartered accountant while filing his return. ICAI would also be validating the data of practicing members for the purpose of registration and thereafter at the time of filing of report. This will ensure that no fake audits are being reported to the Department. Grievances, if any, with regard to registration in new e-filing system may also be sent to us so that the system can be improved further.

2012 MII Corporate Forum and Awards in January: I am happy to inform that we will be organising a comprehensive two-day 6th ICAI's MII Corporate Forum and Awards 2012 in the first week of February 2013 in Mumbai. Bajaj Auto Limited Chairman Shri Rahul Bajaj has agreed to head the jury meeting scheduled to be held in December 2012. Apart from him, ACC Limited MD & CEO CA. Mr. Kuldip Kaura, SAIL Chariman Shri Chandra Shekhar Verma, ITPO (India Trade Promotion Organisation) MD & Chairperson Ms. Rita Menon, IAS, Dar World Chairman Shri Arun Rangachari, Andhra Bank CMD CA. B.A. Prabhakar, Morgan Stanley MD Shri Ridham

Desai and Maharashtra & Goa Circle Postal Services Director Ms. Abha Singh have also accepted to be the jury members for the MII Corporate Forum and Awards function organised by the Institute.

MCA Core Group Meeting on Ind ASs: A meeting of the Core Group constituted by the Ministry of Corporate Affairs (MCA) was held recently in the MCA premises in New Delhi to consider, inter alia, the convergence of Indian Accounting Standards with the IFRSs. The meeting was chaired by the MCA Secretary Shri Naved Masood and was attended by me along with two of my Central Council colleagues among others. Representatives of various regulators, viz. RBI, IRDA, PFRDA, SEBI, etc., and officials of the Ministry of Corporate Affairs were also present. The ICAI representatives made a presentation on the impact of Ind ASs on various sectors vis-a-vis the existing Accounting Standards. The Core Group requested us to inform the MCA, only from the limited perspective of when can the ICAI be ready with the Ind ASs after incorporating the issuance of new IFRSs/ amendments to IFRS subsequent to the finalisation of Ind ASs placed on the MCA website in February 2011. We decided to make limited revisions in the existing Accounting Standards primarily to synchronise with Revised Schedule VI and other Accounting Standards, and, therefore, we have finalised the draft limited revisions to AS 4, *Contingencies and Events Occurring After the Balance Sheet*; AS 12, *Accounting for Government Grants*; and AS 22, *Accounting for Taxes on Income*.

UGC Workshop on Accounting Standards: Recently, I inaugurated a workshop on *Implementation of Accounting Standards in Educational Institutions*, organised by UGC, for capacity-building and training of the staff of educational institutions. This joint initiative of Ministry of HRD and ICAI was attended by more than 115 delegates.

Initiatives for Students

Recognition of CA Qualification for Pursuing PhD: I am pleased to inform you that Manipal University, Manipal, Karnataka and Lovely Professional University, Phagwara, Punjab have recognised Chartered Accountancy qualification for pursuing PhD. Now, 89 Universities and 6 IIMs have recognised Chartered Accountancy qualification for pursuing PhD programme.

Faculty Development Programme: We have been organising one-day *Faculty Development Programme* for the faculty of GMCS Course and Orientation Programme organised in the Regional Councils and Branches of the Institute. These programmes have been organised to create standardisation in Orientation Programmes and GMCS Courses, so as to ensure uniform and effective delivery of courses. The second phase of *Faculty Development Programme* was organised recently in Bangalore, Kolkata, Pune, Jaipur and Noida, where about 250 faculties attended the programme.

Four-Week Residential Programme for Members/Students in Hyderabad: Four-week Residential Programme for the 16th and 17th batches have commenced recently at the Centre of Excellence of ICAI in Hyderabad.

Infrastructure Initiatives

Inauguration of Infrastructure of Bilaspur and Bhilai Branches of CIRC: It is a matter of deep satisfaction and happiness for the profession that I recently inaugurated the building of the Bilaspur Branch of CIRC of ICAI. Then, I also inaugurated the additional infrastructure (building) of the Bhilai Branch of CIRC of ICAI. During the visit, I had a discussion with Bilaspur Branch Chairman CA. Govind Madhaw Gupta and Bhilai Branch Chairman CA. B. M. Surana, and had the opportunity to interact with the members and students present on the occasion.

It is good to think about our society, our nation, especially when we start something that could affect our social sphere. In fact, Gandhiji had one talisman: *Whenever you are in doubt, or when the self becomes too much with you, apply the following test. Recall the face of the poorest and the weakest man [woman] whom you may have seen, and ask yourself, if the step you contemplate is going to be of any use to him [her]. Will he [she] gain anything by it? Will it restore him [her] to a control over his [her] own life and destiny? ... Then you will find your doubts and your self melt away.* It is always good to think of people who are on the margins in our society, in our nation. Gandhiji gave importance to people over the nation; he realised that nation is nothing without its people.

Here, I really find it strange when I recall how objectively some of us talk about our nation, and how strongly we present our viewpoint while forgetting its very people in the heat of our enthusiasm and love for our nation. It is inspiring some times and, many a time, it is dangerous too. Basically, we lose our respect for our nation when we forget the people in it and that is certainly a sin. A country is not just a mass of land; it is a living entity, the way a home is. Some of us think that if we do not vocalise our emotions for our nation, we are not nationalists. This may not be true. All of us through our roles and responsibilities in the social, economic, cultural and other spheres of our nation have been constantly contributing to the health and growth of our nation in our own way.

In this context, we as professionals must demonstrate our nationalism through our proactive role as partner-in-nation-building. It is essential, therefore, to acquire the contemporary skills in order to keep up with the change and development in communication technology and to perform better in this IT-enabled environment. Let's continue to benchmark our efforts in the interests of the national development and integrity and create better opportunities for young professionals in this vibrant phase of globalisation.

I am sure you must have celebrated Deepawali with joy and peace. I understand some of our students might not have celebrated it the way they would have wished to due to examinations. But they have a whole lot of festivity, let me inform, lying before them to celebrate in the coming months.

Merry Christmas! Celebrate the festival with peace, joy and love.

Best wishes

CA. Jaydeep Narendra Shah

President, ICAI

New Delhi, November 23, 2012