



CA. Jaydeep Narendra Shah, President, ICAI

Dear Friends,

Let me start by wishing all of you a very happy and prosperous New Year.

But as we start our celebrations, it is also time for us to reflect and take stock of what we have accomplished in the last one year, what we have missed and what we should take up on priority. Wherever we could not accomplish, it is time to restart and set things right. It is time to set up new goals together for the development of our profession and start with renewed zeal. As we enter 2013, it will be wise not only to list new resolutions but to vow to put in collective efforts to fulfil them. Let me take this opportunity to recall our more than 63-year long glorious journey of accountancy profession towards excellence in ethics, integrity and knowledge. Let's resolve to become the best in our profession.

It is said that *stronger the foundation, higher the building*. It is likewise true that the accountancy profession in India has been growing in strength since the establishment of our Institute. In the year 2012 also, each and every aspect of our profession, be it education and training, information technology, or, national and international recognition, has been developed and

raised to a level much higher than ever before. Now it is our responsibility to take our Institute to greater heights of glory through our united, focused and hard work in the coming years too.

New Year gives us an opportunity to act upon. Let us not get disheartened if we could not accomplish what we had planned for in the past. Let us remember: *Be always at war with your vices, at peace with your neighbors...*, therefore, that very experience will become our guiding angel. Let us resolve again and turn our promises into a reality.

MCA Minister Sachin Pilot Pushes CSR Agenda

With the motto, *Empowering Business, Protecting Investors*, in the capacity of a regulator, an integrator, a facilitator and an educator, the Ministry of Corporate Affairs under the vision of its Union Minister (Independent Charge) Shri Sachin Pilot has taken off quite seriously on the agenda of corporate social responsibility (CSR). Recently, the Honourable Corporate Affairs Minister met the leaders of professional institutions, business associations and corporate world, and interacted on the agenda of CSR. I, representing the ICAI, confirmed that our profession has already been in the league of professionals who have CSR on their prime agenda. Shri Sachin Pilot updated on the status of the Companies Bill and its provisions, and spoke on the CSR initiatives of our corporate sector towards meaningful and beneficial activities. He asked them to contribute a portion of their profit as envisaged in the Companies Bill, 2011 in socio-economic, educational and environmental activities for the upliftment of the vulnerable and disadvantaged sections of our society. All stakeholders present during the programme were positively unanimous in response.

Companies Bill, 2012 Passed in Lok Sabha

As a very significant and reformatory development in India, the Union Minister of Corporate Affairs Shri Sachin Pilot recently steered the passage of the long-awaited Companies Bill 2012 in the Lok Sabha, after just about seven weeks of assuming his office in the Ministry. He moved 122 amendments to the Bill that has 470 clauses now, which will inspire improvement in corporate governance. The changed provisions will strengthen the regulations for both corporate and auditing firms.

Lok Sabha Passes Banking Laws Amendment Bill

The Banking Laws (Amendment) Bill, 2012 was also passed by the Lok Sabha recently under the

able leadership of the Union Finance Minister Shri P. Chidambaram. Apart from other provisions, the Bill empowers the RBI to supersede various bank boards to safeguard the interests of depositors and shareholders, while chartering the RBI to issue new banking licenses. I am happy to share with our membership that the changed regulations will certainly bring in new opportunities for them. Let us welcome the Banking Bill.

Now, let me update you on some of the important developments in the accountancy profession that have taken place over the last month:

2012 CA Elections

Voting for 21st Regional and 22nd Central Council elections got over smoothly. Results have already started coming out. And, by the time you will be reading my message, complete results would have been declared. We have declared the deadline as 8th January—the day of notification of results. I would like to thank the ICAI officials who have put in hard work without break to make this process effective and successful. Reports suggest that the membership at large has been appreciating the process across the nation. Having trust in the vibrance of accountancy profession, our membership fraternity has worked very hard so that the profession could touch better heights of glory. We all are looking forward to the outcome of the intelligent choices made by our members. Since the precedence has always been on our side, we will soon have one of the brightest, most efficient and altruistic teams of professionals at both Central as well as Regional Councils. Amen! Very soon, we will have one more opportunity to celebrate.

International Conference in Mumbai

International Conference on *Accountancy Profession: Enablers of Economic Growth* will be held during 23rd to 25th January, 2013, in Mumbai, which will have an ensemble of experts from the fields of financial reengineering, economics, governance, accounting standards, etc., from both academia and industry. More than 1100 national and international stakeholders are expected to attend this Conference. Some of the important technical sessions proposed to be held include *Moving towards Next Decade: For Better Financial Reporting, Moving towards Global Convergence: Issues and Challenges, Navigating through Maze: Roadmap for Growth, Country Perspective: Professionalism as a Tool to Economic Growth, Meeting Expectations—Contours of Emerging Economic Order: Profession*

Panorama, and Governance & Sustainability. These will cover both core and peripheral concerns of the contemporary accountancy. I would call upon the membership community in particular to actively participate in this Conference so as to expand the horizon of their professional understanding. Details are available on the ICAI website and an announcement about the same has been published elsewhere in this issue.

International Initiatives

Chair of AASB of Bhutan Visits ICAI: AASBB (Accounting and Auditing Standards Board of Bhutan) Chair Mr. Dasho Ugen Chewang, along with AASBB Member Mr. Bhanu Bhakta Chhetri, TWC (a technical wing of AASBB) Member Mr. Karma Tenzin, AASBB General Secretary Mr. Kinzang, recently visited ICAI and had a meeting with me. We mainly discussed the agenda to carry forward the discussions on MoU between ICAI and AASBB. We are happy to announce that they highly appreciated our initiatives for the accounting professionals of Bhutan with regard to the IFRS training.

Moroccan Minister Counsellor Visits ICAI: Minister Counsellor from the Embassy of Kingdom of Morocco, Mr. Mohammed Saidi, recently visited ICAI and met me. We discussed the possible areas of technical cooperation in the field of accountancy that the ICAI could offer to the Kingdom of Morocco.

Empowering Accountancy in Myanmar: We recently organised a three-day training programme on IFRS for the accounting professionals of Myanmar, jointly with the Myanmar Institute of Certified Public Accountants. ICAI past-President CA. Amarjit Chopra, along with some eminent IFRS speakers, conducted the training on the issues involved in first-time adoption of IFRS and other related issues in adoption of IFRS.

4th AOSSG Meeting in Kathmandu: ICAI Technical Director Dr. Avinash Chander attended the 4th AOSSG (Asian-Oceanian Standard-Setters Group) Annual Meeting and Working Group meetings held recently in Kathmandu. The participants mainly discussed the IASB's active agenda and topics aimed at contributing to the IASB's agenda beyond 2012. Objective of this meeting was also to discuss one of the immediate AOSSG initiatives to establish an IFRS Centre of Excellence for a Developing Country with Nepal as a pilot project.

4th EEG Meeting in Sao Paolo, Brazil: My Central Council colleague CA. Bhavna Doshi and ICAI Technical Director Dr. Avinash Chander attended the 4th EEG (Emerging Economics Group) meeting and International IFRS Seminar held recently in Sao Paulo, Brazil. Participants mainly discussed the issue of business combination under common control. In conjunction, the host Brazilian Accounting Standards Board (CPC—Committee of Accounting Pronouncements) also organised an International IFRS Seminar, which was attended by the members of EEG as observers.

SAFA Meetings in Lahore: My Central Council colleagues CA. Amarjit Chopra, ICAI past-President, and CA. Bhavna Doshi attended the SAFA Meetings in Lahore recently, where they actively participated and presented the ICAI viewpoint on the issues discussed at the meetings held.

Annual Event of Toronto Chapter of ICAI: My Central Council colleague CA. Bhavna Doshi recently attended the 6th Annual Gala Event of the Toronto Chapter of ICAI, which was also attended by a galaxy of experts and leaders including leading CEOs, CFOs, financial and management professionals from Indo-Canadian business community. Senior representatives from CICA (Canadian Institute of Chartered Accountants) and ICAO (Institute of Chartered Accountants of Ontario) also attended the event.

Initiatives for Government

Pre-Budget Meeting and ICAI Memorandum: Recently we were invited by the Ministry of Finance to attend the Pre-Budget meeting to outline the gist of our recommendations with regard to the Budget 2013-14, which was chaired by CBDT Chairperson Dr. Poonam Kishore Saxena and attended by the officials of CBDT and CBEC. Our representatives on direct as well as indirect taxes attended the meeting, where we besides thanking the CBDT for allowing the registration of chartered accountants as tax professionals in the new e-filing website, submitted our suggestions to widen the tax base, to reduce litigation and to rationalise the provisions of tax laws. CBDT Chairperson appreciated our concerns while assuring that our suggestions would be duly considered. We have been working on the Pre-Budget Memorandum, 2012 for both direct tax and indirect taxes while considering the suggestions of our membership at large, which will be submitted to the Ministry of Finance after completion. Full text of the memorandum will also be hosted on the ICAI website. I am sure our

memorandum would prove to be highly useful to the Government.

Workshops on Accounting Standards in Educational Institutions: As part of our social responsibility, we recently extended our technical help to the CBSE (Central Board of Secondary Education) and AICTE (All India Council for Technical Education). Effective workshops on implementation of Accounting Standards in Educational Institutions were consequently organised in Chennai and Bangalore to train their staff under the aegis of the Ministry of Human Resource Development. Earlier, we had extended a similar technical help to the UGC (University Grants Commission).

Meeting with Controller General of Accounts: I recently met the Controller General of Accounts Shri Jawahar Thakur, where he discussed with me the possibility of organising training workshops and related programmes for the CGA officials. I have promised full cooperation in this regard, on behalf of the Institute.

GASAB meeting of C&AG: I along with ICAI Technical Director Dr. Avinash Chander, attended the 28th meeting of organising the Government Accounting Standards Advisory Board (GASAB) recently at the office of the Comptroller and Auditor General of India in New Delhi. The GASAB finalised the draft of Indian Government Accounting Standard (IGAS) *Government Investment in Equity* to be applied in the accounts of the Union and State Governments and Union Territories having legislatures, prepared under cash basis of accounting. The GASAB has also finalised the drafts of Indian Government Financial Reporting Standards (IGFRS) on *Revenue from Government Exchange Transactions* (IGFRS 3) and *Inventories* (IGFRS 4) to be applied by the Government departments that are conducting pilot studies on implementation of accrual basis of accounting in government.

Report of Improving Public Finance Submitted to Meghalaya CM: Besides focusing on financial reporting, accounting and auditing, we have also been dealing with helping the Central and State Government on the matters of public finance and accounting, by assisting them in developing effective mechanism for financial administration and management of public fund. Recently, we submitted a study report on *Increasing the Revenue of the State and Convergence of Resources that Flow to the State in Various Forms* for Meghalaya to the Honourable Chief Minister of Meghalaya Dr. Mukul Sangma. ICAI past-President

CA. Amarjit Chopra handed over the report in the presence of other senior officials of the Meghalaya Government, and briefed Dr. Mukul Sangma on our initiatives including those on enhancing the revenue and need for public-private partnerships in the State. He offered our services in the state-level public enterprises for better presentation of financial statements and in auditing various Central Government schemes where large amount of resources flow to the State. Dr. Mukul Sangma has appreciated the suggestions in the report, which may help in increasing the revenue of the State and in benefiting the State at large.

Initiatives for Profession

Suggestions on Draft Rule 11UA of Income-tax Rules, 1962 Accepted: I am happy to inform you that our suggestions have found favour with the Government, which we had submitted in response to the CBDT's request on the draft Rule 11UA for determination of fair market value for the purpose of Section 56(2)(viib) of Income-tax Act, 1961. It may be noted that we had also suggested that the Rule 11UA may be amended to allow an accountant also to determine the fair-market value of unquoted equity shares as per *discounted cash flow* method. Consequently, the Board has recognised an accountant for the purpose of valuation of fair-market value of shares as per *discounted cash flow* method while amending the Rule vide Notification No. 52, dated 29-11-2012. I sincerely hope that our members will take up this onerous responsibility and perform efficiently in the interests of their nation.

Suggestions on Final Report on Tax Accounting Standards Submitted: We have submitted our preliminary inputs in response to the request for comments, when a committee constituted by the CBDT for formulating Accounting Standards for the purposes of notification under Section 145(2) of the Act, submitted the final report and made that public for comments and suggestions. We have once again submitted that prescription of *Tax Accounting Standards* is not necessary and, if those Standards are to be notified at all, they should be notified under Section 295 rather than Section 145 and should be renamed as *Tax Computational Standards* instead. We sincerely hope that our concerns will be appreciated and the needful would be done. Further, we would soon submit detailed suggestions on the specific draft TASs to the Government.

Recognition of CA Qualification for Pursuing PhD: I am pleased to inform you that the Amity University,

Uttar Pradesh, has recognised CA qualification equivalent to post graduate course in Commerce for registration to PhD Programme. Now, in total, 96 institutions (90 Universities and 6 IIMs) have recognised the CA qualification for pursuing PhD programme.

Jury Meet for ICAI Awards 2012 in Mumbai:

Jury meet for the 6th ICAI Awards 2012 was held recently in Mumbai. These awards are announced annually to acknowledge our members in industry who demonstrate excellence at work and, thereby, prove themselves to be an exemplary role model for young members. The meeting was held under the chairmanship of Bajaj Auto Limited Chairman Shri Rahul Bajaj. I also participated in the meeting. Awards function is likely to be held on 1st and 2nd February, 2013 in Mumbai.

Jury Meet for ICAI Awards in Financial Reporting:

A meeting of the Jury consisting of regulators and business leaders was held in Mumbai to decide the ICAI Awards for Excellence in Financial Reporting for 2011-12, under the chairmanship of the former C&AG of India Shri V. N. Kaul. This annual award function is being held since 1958 to promote excellence in the preparation and presentation of published financial information. The award function to honour the awardees is likely to be held on 23rd January, 2013, in Mumbai, during the 2013 International Conference.

Examinations in Post-Qualification Courses:

Examinations in post-qualification courses, viz. Management Accountancy Course (MAC) Part-I, Corporate Management Course (CMC) Part-I, Tax Management Course (TMC) Part-I, Insurance and Risk Management (IRM) and International Trade Laws and World Trade Organisation (ITL & WTO) examinations were also held in November 2012.

Infrastructure Initiatives

Since the future of a profession rests on development of its infrastructure, infrastructure development has been among the top priorities of the Institute of late. We are committed to develop and ensure the same to our professionals. Some of the initiatives include:

- **Inauguration of Phase II of Baroda Branch Building:** Recently I inaugurated the second phase of the branch building of Baroda Branch of WIRC, where I also interacted with the members and students present on the occasion.

- *Inauguration of Amravati Branch Building:* I also inaugurated new branch building of Amravati Branch of WIRC.
- *Inauguration of Jamnagar Branch Building:* I also inaugurated the extension of the branch building of Jamnagar Branch of WIRC. I also interacted with the membership community of the place. My Central Council colleague CA. Mahesh P. Sarma was also present on the occasion.
- *Foundation of Bhopal Branch Building:* I also visited the Bhopal Branch of CIRC to lay foundation of its branch building. I humbly thank the Madhya Pradesh Government, particularly the Chief Minister Shri Shivraj Singh Chouhan, for giving me the State Honour during my visit. There, I also interacted with the office bearers of the Branch, besides the membership fraternity of the place.
- *Foundation of Bareilly Branch Building:* It is a matter of joy that I recently laid the foundation stone of the branch building of Bareilly Branch of CIRC. I sincerely hope the building work would commence soon. We will continue to extend all possible support from the Institute in this regard.

Initiatives for Students

CA Examinations Held: As you are aware, CA Professional Competence Examination (PCE), Intermediate (Integrated Professional Competence) Examination and Final Examinations were successfully held in November 2012 across the country at 353 centres in 138 cities and 4 overseas centres, namely Abu Dhabi, Dubai, Kathmandu and Muscat. Over 2,55,500 students were admitted to the above examinations. CPT Examination was also held on 16th December, 2012, wherein approximately 1,10,000 students appeared.

Declaration of Examinations Results: Results of CA Final Examinations and CPT would be declared in the third week of January 2013 and the results of CA PCE and Intermediate (IPC) Examinations would be made public by the first week of February 2013.

IPCC e-Lectures Anytime/Anywhere Learning: We have taken initiatives to make available e-lectures for Intermediate (IPC) course with an objective to provide good quality education uniformly across the country. The IPCC e-Learning would be launched/inaugurated in the mid of January, 2013. Intermediate (IPC) students would be able to learn according to their own choice of time and place, using these online e-learning

modules contributed by leading faculty members across the country. These multimedia e-lectures are practically like a teacher writing on the blackboard giving oral explanations. I would encourage students to make good use of this online resource to have a better understanding of the subjects and prepare better for the forthcoming examinations.

Let me quote Honourable former President of India Dr. A. P. J. Abdul Kalam: *When learning is purposeful, creativity blossoms; When creativity blossoms, thinking emanates; When thinking emanates, knowledge is lit; When knowledge is lit, the nation progresses.* The *R̥gveda* also says: *The wise see (everything) inside with the rays of knowledge.* So, let us continue to upgrade our knowledge and skills, and continue to be useful for our professional and social stakeholders as well as our national and international stakeholders. Let's transform ourselves with the development for the good of all.

Likewise, it will also be wise to acknowledge and warm up to the change in weather. Friends January is the month when winter is at its peak and most of the northern India wakes up to foggy mornings and wood-smoke from bonfires. One can sit by the shimmering Naini lake, or ski down the slopes of Auli, soak in the snow-clad vistas of Gulmarg, or savour the colonial charm of Shimla and celebrate Christmas and welcome the new year there. Through Christmas we will eventually be entering into the days of festivals—*Lohri* in Punjab, *Makar Sankranti* in north, east, west and central India and *Pongal* in the south, kite festival in Gujarat, camel festival in Rajasthan and, of course, our national festival, the Republic Day that we celebrate every year on 26th January. Festivals give us reason to smile and celebrate. They give us reasons to be hopeful and positive. They actually inspire us to be united through the thick and thin of our life all the time.

Warm wishes and greetings!



CA. Jaydeep Narendra Shah
President, ICAI

New Delhi, December 24, 2012