



CA. Subodh Kumar Agrawal, President, ICAI

## Dear Friends,

It is my privilege as the 61<sup>st</sup> President of ICAI to formally welcome our accounting stakeholders that include our members, students and employees of the Institute. I would like to thank my past and present Central Council colleagues for believing in my competence and leadership, and electing me first as Institute's Vice-President and, then, as President. Our Institute has a strong intellectual tradition of trust. It is my honour that I am part of this tradition, and leadership of this tradition has its own share of responsibilities and concerns. I sincerely promise to do justice to my responsibilities.

I must thank my predecessor in office CA. Jaydeep Narendra Shah for extending his support and guidance to me during my tenure as Vice-President of the Institute. Working with him has for sure added to my professional understanding. It was a learning experience. I would also take this opportunity to congratulate CA. K. Raghu for getting elected as the new Vice-President of the Institute. I am sure, with his penchant for matters related to IT, the Institute's IT initiatives

will evolve further. With our coordinated efforts, we will pave the way to a secure, positive and aggregate professional growth.

Let me recall what our first Prime Minister Jawaharlal Nehru had said on the eve of our independence: *We have hard work ahead. There is no resting for any one of us till we redeem our pledge in full, till we make all the people of India what destiny intended them to be.* I do foresee a hard work ahead too. I too have a vision and a mission to accomplish, which I would like our dear profession to achieve during my tenure and reach better heights of success, recognition and trust. We have published an Action Plan (*published elsewhere in this journal*) too that in principle carries my concerns in professional growth. This plan can be accomplished with the organised efforts and active cooperation of all our stakeholders. This can be possible if our employees continue to work in sync with the vision of the Council of the Institute. This togetherness will produce great results. There is so little time and so much to do. I love the inspiring words of Robert Frost: *The woods are lovely, dark and deep. But I have promises to keep. And miles to go before I sleep, And miles to go before I sleep.*

I take this opportunity to welcome the 22<sup>nd</sup> Council of ICAI who is all geared up to do wonders for the development of our profession. I love to have trust in the proclamation of the philosopher George Santayana: *We must welcome the future, remembering that soon it will be the past; and we must respect the past, remembering that it was once all that was humanly possible.* Change that promises growth must be welcomed. It also brings along a change in approach towards doing things, which in turn provides us with an energy to act with renewed enthusiasm. Celebrated writer Og Mandino asks us to welcome every morning with a smile. He cautions us: *Look on the new day as another special gift from your Creator; another golden opportunity to complete what you were unable to finish yesterday... Today will never happen again.* I have always believed in doing things in present.

Let me update you on some of the significant developments in profession over the last one month:

### Initiatives for Government Offices/Officials

*RBI & IRDA Nominates on Advisory Council of XBRL India:* Furtherance to the nomination from Ministry of Corporate Affairs (MCA), nominations from Reserve Bank of India (RBI) and Insurance Regulatory and Development Authority of India (IRDA) on the Advisory Council of Extensible Business Reporting Language (XBRL) India have also been received. We are expecting more nominations from other regulatory bodies.

*MoU with Department of Posts:* We had received a proposal from the Department of Posts to organise training programmes on accrual basis of accounting for the postal accounts offices of all 22 circles on pan-India basis. We have entered into an MoU with the Department of Posts to help them in switching over from cash-based accounting to accrual-based accounting. First two programmes in the series were held in Jaipur and Bangalore respectively.

### Responses Submitted

- To Ministry of Finance in response to a forwarded letter from the Ministry regarding *Tax Audit ceiling for Chartered Accountants—Monitoring of CA's by ICAI.*
- To Ministry of Finance in response to their request regarding services sector for the preparation of Economic Survey 2012-13.

### Representations Sent:

- To Ahmedabad Municipal Corporation Commissioner on their notice regarding expression of interest for the pre-audit work.
- To SEBI Chairman regarding guidelines on algorithmic trading requesting to recognise DISA qualification.
- To Forward Markets Commission Chairman requesting to recognise DISA qualification.
- To CBDT mentioning difficulties faced by taxpayers regarding requirement of audited balance sheet as on valuation date for the purpose of Section 56(2)(vii)/(viii) read with Rule 11UA(1) of Income-tax Rules, 1962.

### Panels of CAs/CA Firms Submitted

- Panel of Odisha-based CAs/CA firms submitted to Director, Local Fund Audit, Odisha, Bhubaneswar.
- Panel of Kolkata-based CA firms submitted

to Member-Secretary, West Bengal Zoo Authority, Kolkata.

- Panel of Thane- and Mumbai-based partnership CA firms submitted to Mumbai (Mulund Division) ACP.
- Panel of Bihar-based CAs/CA firms submitted to Chief Accounts Officer, Bihar Education Project Council, Shiksha Bhawan, Patna.
- Panel of Chennai-based statutory central auditors submitted to Deputy General Manager, United India Insurance Company Limited, Chennai.

*Workshop for Service-Tax Officers:* We recently organised a successful workshop on *Study of Financial Records and Audit Techniques* for Service-Tax Officers in Mumbai. 116 officers ranging from Superintendents to Additional Commissioners participated in the workshop with an objective to get a systematic exposure to reading and understanding modern financial statements and current audit techniques to increase the effectiveness of the revenue assessment in the area of service tax.

### International Initiatives

*MoU with AASBB and VACPA:* Since the MoUs with AASBB (*Accounting & Auditing Standards Board of Bhutan*) and the VACPA (*Vietnam Association of certified Public Accountants*) intend to provide only technical cooperation and there is no qualification reciprocity, we can go ahead with those MoUs after obtaining necessary clearances from the Ministry. Necessary communications have recently been sent to the Ministries for obtaining clearances with regard to the AASBB. We have sent the draft MoU to the VACPA for approval so that necessary clearances can be obtained.

*Results of Special Examination for Members of Foreign Accounting Bodies:* Results in respect of Special Examination held in January 2013 for the members of foreign accounting bodies, with whom we have entered into MRAs/MoUs with, were declared.

### Initiatives for Profession

*Concerns over Companies Bill, 2012:* The Companies Bill 2012 is now awaiting to be passed by the Rajya Sabha in the forthcoming session.

The Bill contains a number of new provisions ushering a new era for the corporate world. There are also certain provisions relating to Accounts and Audit that have a strong impact on the CA profession. It is given to understand that the MCA is in the process of framing Rules to the new Law. On Accounts of Companies, the setting up of National Financial Reporting Authority (NFRA) as an Oversight Board and Revision of Annual Accounts are major concerns. Though ICAI has been effectively and efficiently overseeing and regulating its profession through its existing system, there are concerns on the operational aspects of NFRA and role of ICAI in future. The reduction in ceiling on audit assignments from 30 to 20 and Rotation of Auditors after every five years and Audit Firm after two terms of five years, and penalty provisions need an introspection and due deliberations. I would like to reassure all of you that we are proactively taking up all these concerns at the highest levels of Indian polity and sincerely hope of a positive outcome. Among others salient features, the concept of Registered Valuers and professional assistance in case of liquidation are new emerging opportunities for the CA profession.

**Efforts on Bank-Branch Audit Issue:** Recently, Council of the Institute had constituted a Committee to assess the need, effectiveness and importance of branch audit in banks, especially in the context of the current shift/emphasis on usage of information technology/core banking solutions by the banks. The report from the committee is expected shortly which will be submitted to all concerned to let the status quo be prevailed in the threshold limit of advances above which branches of public sector banks are required to be audited. We have taken up the matter with all stakeholders including the high authorities and we hope for a positive outcome soon.

**SIA 18 Related Parties Issued:** We have issued the SIA (Standard on Internal Audit) 18 *Related Parties*, with the purpose to establish standard and provide guidance on the procedures to be followed by an internal auditor in ensuring that related party activities of the entity are properly captured through internal controls.

**MoU for Motor Insurance Scheme:** We recently signed an MoU paving the way for a motor

insurance scheme for the benefit of our members. Details are hosted on our website.

**Financial Audit under MGNREGA:** Since chartered accountants have been recommended to do the financial audit under MGNREGA, a representation has been made to the Office of C&AG to fix up the remuneration for the said assignment to ensure not only equitable distribution across the country but also adequate compensation to chartered accountants.

**Interactive Meeting on Networking in Mumbai:** We had arranged an Interactive Meeting for networking of CA Firms during the International Conference held in Mumbai recently. CA firms have been called to form network amongst themselves. Interactive Meeting has been very successful, extending technical knowledge on capacity building measures and bringing participants to join hands for forming network and merger.

**Annual Corporate Forum in Mumbai:** A unique Annual Corporate Forum was recently organised for the sixth time in a row in Mumbai, which comprised of *Corporate Conclave—In pursuit of Excellence and a two-day National Convention on Emerging Leaders of Tomorrow's Business & Economy*. The Convention discussed issues like *Revamping Concurrent and System Audit approaches in Banking Sector, Indian Economy and an Overview of the Financial Sector, Professional Opportunities for Chartered Accountants, Role of Chartered Accountants in Co-operatives & NPO Sectors*, and so on. This acted as the platform to host our corporate awards, *ICAI Awards 2012*. A report on the same is published elsewhere in this journal.

### Initiatives for Students

**National Convention in Pune:** National Convention on *Aspire to acquire, the desire you admire* was organised recently in Pune. It proved to be the biggest Convention of the year having witnessed an attendance of more than 2,600 CA students across the nation.

**All-India Elocution and Quiz Contest in Mumbai:** All India Elocution and Quiz Contest for the Year 2012-13 was held recently in Mumbai. I addressed the participants during the inaugural session.

*February-March 2013 Campus Placement:*

Campus placement programmes are being organised during February-March 2013 at 18 centres, namely in Baroda, Bhubaneswar, Chandigarh, Coimbatore, Kanpur, Ernakulam, Indore, Nagpur, Vapi, Ahmedabad, Jaipur, Pune, Bangalore, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi. So far, 6,974 candidates have registered.

*November 2012 PCE and IPCE Results Declared:*

Results of Chartered Accountants Professional Competence Examination (PCE) and Integrated Professional Competence Examination (IPCE) held in November 2012 were declared. 320 (5.45%), 1,943 (22.17%), and 1,870 (14.78%) candidates have been declared successful in Both Groups, Group I and Group II respectively of the PCE. In IPCE, the number of candidates declared successful in Both Groups, Group I and Group II were 5,720 (11.15%), 25,269 (25.14%), and 20,326 (21.13%) respectively.

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I had started my journey of accountancy profession in January 1989, after qualifying the CA Final examination. Right since then, I have conserved and maintained my vision on how being responsible citizens and, moreover, being members of an intellectual tradition of this nation, we have to give back to our society from the platform of our profession. I remember each and every individual that has contributed in my life. But there are other concealed contributions which we do not realise. Our experiences shape our personality. They help us learn how to make right decisions. Therefore, it will be inappropriate if I do not express my gratitude to my parents and family, and all my social and professional associations that include my teachers and colleagues. It will be actually a very long list and I dare not take the names in that list, as I will essentially have an urge to add more names in that.

Remember the wise Gautam Buddha: *we can make two mistakes while treading the path to success and ethics—not going all the way and not starting at all.* Being members of a responsible profession, we will constantly face these challenges in the way. But with the social trust that we inspire and active support and help of the wise Council and the competent employees

of the Institute, we would overcome all the challenges we come across and accomplish the goals we have planned to. I would like to quote an instance of optimism of a brave girl called Anne Frank: *How wonderful it is that nobody need wait a single moment before beginning to improve the world.* Plato also says: *The beginning is the most important part of the work.* All of us have dreams and all of us possess a power to realise them. All we need is to make efforts to start.

It is true that our profession is at an enviable height today. Membership fraternity has grown, as the number of Branches and overseas Chapters too. Profession is on the way to getting consolidated and empowered. My mission would be to accelerate this process of growth. We have to speed up extending help to our Government departments in all possible ways, in their accounting endeavours. It is our responsibility. We have to strive helping our accounting fraternity in effective execution of their responsibilities. International stakeholders too need to be explored from the perspective of seeking more mutual recognition and understandings. Our sincere efforts at convergence of our accounting standards with IFRSs will soon show an outlook that will appeal to the international economy.

Let us work towards achieving this goal together. It is time to work hard. On behalf of the 22<sup>nd</sup> Council, I assure all our stakeholders—members, students and employees of the Institute, and our nation—that we will achieve all our goals.

Let us show respect to each other's identity and ability. Russian writer-activist Maxim Gorky advises us to let our happiness go from our hands if we want to enhance its volume and quality. I congratulate my readers on the festival of colours, *Holi*, in advance. May this festival spread colours of delight, unity and equality amongst all!

Best wishes



**CA. Subodh Kumar Agrawal**  
**President, ICAI**

New Delhi, February 22, 2013