

The Accountancy Profession and Social Responsibility

Social responsibility comes as a very important, integral and natural part of the autonomy bestowed on the accountancy profession by the Founding Fathers of the nation. Since this calling is a service-oriented profession, accountancy professionals are strongly linked with each and every economic and social stream. Given the mandate, everything a CA does as a professional carries paramount social responsibility. *“Act as if what you do makes a difference. It does,”* rightly said William James, the renowned American philosopher. This principle aptly applies to CAs. There is much more that the accountancy profession can do for society, beyond professional domains. This article analyses this concept substantiated by the quotes of the leading lights of the profession and Indian polity and major social responsibility initiatives of the Institute of Chartered Accountants of India (ICAI) over the past few years. Read on to know more...



“The world is moved along, not only by the mighty shoves of its heroes, but also by the aggregate of tiny pushes of each honest worker;” so rightly said the deaf-blind American author and political activist, Helen Keller. This saying inspires modern professionals, who are capable of both ‘mighty shoves’ and ‘tiny pushes’ in their respective collective and individual capacities. Accountancy professionals, having deep inroads into the (business) world of ‘haves’, are no exception to this dictum. They can make a real difference to the lives of society’s have-nots through their personal as well as professional activism with a now-willing business world on their side.

Earlier, the set goals in the business world revolved around achieving increased turnover, higher net-worth position, more earnings per share, greater market capitalisation and expansion of asset base, and so on and so forth. In the current scenario, the infusion of social responsibility seemed to have tipped the scale in favour of acquiring intangibles. Almost all business entities are concentrating on creation of goodwill; quality of product/service; maximising brand value and image-building; and all this in tandem with Corporate Social Responsibility (CSR) initiatives more than ever before. Enterprises that shifted their focus from tangibles to intangibles in this sense have progressed remarkably well. Realisation has dawned on many that if these intangibles are well-secured, tangibles follow as a consequence. The situation is not different on the professional front also, the accountancy profession included.

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Nadeem Ahmed

(The author is Deputy Secretary, ICAI, and Secretary of its Editorial Board. He can be reached at nadeem@icai.in)

fathers of the nation. Being part of a service-oriented profession, accountancy professionals are strongly linked with every economic and social stream. Given the mandate, everything a CA does as a professional carries paramount social responsibility. As said earlier, the quote: “*Act as if what you do makes a difference. It does*”, from William James, the renowned American philosopher, makes imminent sense when applied to the Chartered Accountancy profession. That said, there is so much more that CAs can do for society, beyond the reach of their professional domains.

Acknowledging and reciprocating the proven track record of service to the nation by the accountancy profession spanning more than six decades, the society and the nation has reposed absolute trust on the profession and placed it on the gloriously high pedestal of the professional world. This respect, recognition and riches showered on the profession by society has to be paid back by professionals in kind as well as cash, both as a professional and as a person, so that the benevolent cycle of give-and-take continues into eternity in the larger mutual interest of the accountancy profession, the society and the nation.

Besides lending support to the core area of our competence, the CA fraternity is well-positioned to get more and more associated with society and play a more active part in the field of social service. Having got the best deal from society, there is a need to reciprocate and do something substantial for the calling in return. There is so much work that needs to be done urgently at the grassroots level. CAs, as a professional class, must demonstrate publicly that social concerns are their concerns too. It will ultimately help in realising the dream of the father of our nation, Mahatma Gandhi, who said that one should always keep social responsibility above all other norms. They can effectively help implement CSR activities of corporates in the letter and spirit of the new CSR provisions in the Companies Bill, 2012, which has already been passed by the Lok Sabha. In this regard, the Ministry of Corporate Affairs has already come out with the *National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business*, mooted responsible business towards inclusive and sustainable development by adopting the ‘triple bottom-line’ approach.

Although a CA’s work is of a quiet nature, generally away from the public gaze, their professional excellence speaks for itself in economic realms.

But when they lend a touch of social responsibility and generosity towards benevolent causes to their professional excellence, society speaks for them. “*The only society that works today is also one founded on mutual respect, on a recognition that we have a responsibility collectively and individually, to help each other on the basis of each other’s equal worth. A selfish society is a contradiction in terms,*” so said Tony Blair, former British Prime Minister.

One may recall what former ICAI President and Padma Shri Awardee CA. T. N. Manoharan had said: “*If a professional firm does not adhere to values, it cannot command respect. The credibility that a profession enjoys in the eye of the public depends on the cumulative effect of social responsibility, which its members demonstrate in their functioning. [A] fee-based approach in everything we do would be fatal in the long run, whereas a value-based approach would bring reputation [to the profession]... At the end of the day, money does not provide sound sleep but peace at heart and contentment does. Ultimately, a contended person is never poor and the one lacking it is never rich, however, wealthy he may be.*” Maya Angelou, the noted US poet, author and Civil Rights activist, had said: “*I have found that among its other benefits, giving liberates the soul of the giver.*”

ICAI’s Founding Father on Social Responsibility

Shri G. P. Kapadia, one of ICAI’s founding fathers and its president for three successive years since its inception on 1st July, 1949, wrote in the last chapter ‘*Behold Thy Future*’ of his much-acclaimed historical account, *History of the Accountancy Profession in India* published in 1973: “*The profession of accountancy is a service-oriented profession and perforce it must keep alive to the changes in the social and economic order and identify itself with the social stream. If this imagination is not shown, there would be a likelihood of its being swept away altogether... The role of the profession is not circumscribed to one entailing the performance of the particular function with a motive of profit, but greater significance should stand attached to the tangible contribution which the profession can make in respect of the vital issue of public accountability and the positive role that the profession can play as an enlightened profession to be of service to the nation.*”

“*In discharging the duties and while performing the various functions, the paramount consideration which should weigh with the members of the profession is that they are not merely performing particular*

duties to earn emoluments, but that they have to discharge a wider function and their obligation — a more [important] one — is to function in such a way that they are above suspicion and as members of the learned and an honourable profession they provide service to the community being accountable to the authorities and also the Legislature of the country which has bestowed autonomy on the profession.

“The members of the profession should show increasing involvement in civic affairs... (and these affairs include) participation and involvement in the field of social service... One cannot escape the idea of social responsibility with autonomy having been bestowed upon the profession and in this light it is essential that a learned profession must always think in terms of assuming responsibilities along with the privileges bestowed upon it or the privileges it desires to enjoy for the efficient performance of duties. Throughout the world, there is a great awareness amongst the citizens in general that every learned profession should develop a real sense of social purpose and social obligation and this should be more so in the case the accountancy profession, which, because of the present context in the country has assumed considerable importance. The Chartered Accountant is a person on whom every section of society could rely and rely strongly... In the performance of any type of duty, the Chartered Accountant would have to think not only of the interests that he is serving, but of the general interest that he is expected to serve in his relation to society.”

ICAI's Social Initiatives over the Past Few Years

The Institute of Chartered Accountants of India, being the *alma mater* of Indian accountancy professionals, has been very much alive to its own as well as its members' social objectives and responsibilities. Over the years, it has been proactively working to inculcate a sense of ‘payback to society’ among its members. Bearing the widely admired tag of ‘facilitator or professional skills, excellence and ethical values’ in addition to being a regulator of the accountancy profession, ICAI has also been working to develop a close-knit CA community having close proximity to society. Although social responsibility initiatives are being taken by the ICAI since its inception, following are some key initiatives and milestones of the ICAI in this regard over the past few years:

Latest CSR Initiative Unveiled: As part of the drive to fulfill its social obligations, the ICAI, in line

with the CSR initiative of the Ministry of Corporate Affairs, has recently decided to offer free audit services to at least 100 auditable entities to be selected from amongst those engaged in micro- and small enterprises, located in tribal, remote and rural areas, belonging to underprivileged/disadvantaged sections of our society, differently-abled and deserving but deprived classes. Through its dedicated network at the Regional and Branch-level centres, it will seek volunteers from amongst its eligible members, to start with, viz., to undertake *pro bono* work and complete audits in terms of applicable GAAP (Generally Accepted Accounting Principles). ICAI will soon invite applications from its interested members/firms for necessary empanelment, which will then be submitted to the Ministry of Corporate Affairs.

UN Recognition: In council year 2005-06, ICAI was taken in as a member of the Project Steering Committee of the United Nations for a comprehensive review of governance arrangements, including an independent external evaluation of the auditing and oversight system within the United Nations and its funds, programmes and specialised agencies.

Chartered Accountants Benevolent Fund: A Chartered Accountants Benevolent Fund, has been set up to provide fiscal aid and assistance to all ICAI members-in-distress for support and sustenance. ICAI former President late CA. P. A. Nair played an exemplary role in promoting and strengthening this scheme. Members and other stakeholders of the profession generously contribute to this fund in letter and spirit in order to empower this benevolent initiative for the cause of needy members. Contributions to CABF are exempted under Section 80(G) of the Income-tax Act, 1961. In 2009-10, the ICAI decided to take a step forward to look after and provide financial support to the families of deceased members in their times of distress by incorporating a new fund called “CA Pariwar Jeevan Suraksha Fund” under the aegis of the Chartered Accountants Benevolent Fund. “Charity begins at home but should not end there,” is a saying which is worth taking note of by CA Professionals today.

Chartered Accountants Students' Benevolent Fund: In the Council Year 2008-09, a trust in the name of the Chartered Accountant Students' Benevolent Fund was formally registered. The objective was to provide financial assistance and give lots of other

benefits to poor and deserving students and thus help in promoting CA education.

Helping MCD: In 2008-09 ICAI took the initiative to help the Municipal Corporation of Delhi (MCD) in maintenance and upkeep of some green areas and several Hardayal Municipal Public Libraries in the national capital. The first library was inaugurated at Chandni Chowk.

ICAI National Service Scheme: During Council Year 2008-09, it was decided to launch the ICAI National Service Scheme on the lines of the National Service Scheme (NSS) being conducted at various universities and colleges, to undertake social services in an organised and structured way. The social services mooted included organising special camps for various developmental tasks of national importance such as mass literacy, environmental enrichment, health, family welfare, child welfare, slum development, welfare of the physically challenged, senior citizens welfare, disaster management, helping NGOs etc. Initially, it was recommended that each member and each student spend at least 20 hours every year for the ICAI National Service Scheme.

Concept of CA Parivar Foundation: In 2009-10, the concept of a 'CA Parivar' as a separate foundation was mooted wherein CAs can come together to undertake social and charitable projects.

Investor Awareness Drive: The Ministry of Corporate Affairs bestowed an important responsibility on the institute to educate investors about the capital market. In 2011-12, it appointed ICAI as the nodal agency for the noble cause of investor awareness and has asked the entity to conduct investor-awareness programmes across the country.

Partner in RBI's Financial Literacy Project: In 2011-12, the Reserve Bank of India (RBI) shortlisted the ICAI to be a part of its Project on Financial Literacy, launched in 2007 to create awareness, especially among the masses, on matters relating to banking and finance.

CAAs and the Green Cause

The ICAI has mooted and worked on the concept of a paperless organisation to the maximum extent possible. The idea was to put in place a more environmental-friendly work culture. Such small measures can be easily implemented by effecting

changes in one's lifestyle and behavioural patterns at the organisational level, and can add up to a great and very effective global effort towards mitigation of climate change and global warming which is today emerging as one of most serious threats to life and economy on Earth. We all are, in some way or the other, responsible for this crisis. But it's never too late to contribute a great deal to at least mitigate if not completely stop climate change. To begin with, the use of paper needs to be curtailed by adopting an efficient electronic document management system which will serve not only environmental interests by resulting in lesser number of trees being cut, but also our business interests by increasing efficiency and reducing operational cost over the long run. Further, we need to have more environment-friendly technologies in our offices as they might be emitting unnecessarily large amounts of carbon-dioxide. We may be using more servers than are actually needed. Professionals should indulge in tree-plantation programmes.

At the professional level, CAs can do all the more to serve this noble cause because, in fact, it is they who are the most suited to convince and help businesses play their part in reducing the pollutants, toxins and greenhouse gases in the environment. They are best placed to measure the extent of the problem and disclose it through company reports. CAs, whether in practice, or in industry, can impress upon their clients and employers the sustained benefits of going green and making it an integral part of corporate strategy and CSR programmes. They can play a very crucial role in the global green drive by analysing environment-oriented information about companies, organisations, countries, etc. and putting it into the public domain with a credible audit opinion attached to it on its truthfulness and fairness. They can work to popularise and make more effective the sustainability reporting and environment reporting phenomenon in the corporate world. It's time that CAs 'think global and act local' to serve the green cause.

ICAI's Planet Earth Campaign: In 2009-10, the ICAI has a 'Go Green' motto and launched a mega 'Planet Alert' campaign to combat climate change. As part of it, a Radiothon was organised on 5th June, 2009 on the occasion of World Environment Day. The Radiothon was an 18-hour initiative across 45 cities in India to spread awareness on green issues. Prominent celebrities such as Deepika Padukone, Sushmita Sen, Dino Morea, Kunal Khemu, Rahul Bose, Minissha Lamba, Luke Kenny and Amrita Rao among others

pledged their support to this cause by expressing their concerns on air. The Radiothon comprised a series of interviews, games, quizzes and green facts throughout the course of the day. Further, the ‘Agra Go Green Run’ was organised on 5th July, 2009. The campaign also included plantation of saplings, collaborating with local municipalities and traffic police for a pollution free environment, advocating use of solar power or CFL bulbs, discouraging use of plastic bags amongst other initiatives.

Technical Guidance: Environmental issues are increasingly impacting the bottom line and future prospects of organisations in many industries. Recognising the growing importance of the subject of environmental auditing as the survival and growth mantra for business these days, ICAI has issued a *Guide on Environmental Audit*, which explains types of environmental audit and discusses emerging opportunities for professional accountants in the field of environmental audit.

CAAs and Social Accountability

Over the last six decades, Chartered Accountants have set a very high standard of accountability in the professional context. With a strength of more than 2 lakh members, the CA fraternity can play a crucial role in improving the accounting and accountability at each level of the government. Accounting being their core area, CAs can lend their expertise to each entity of the government and the society at large to ensure its accountability. Rather it is their obligation to society. Proper accounting, one need hardly say, will ensure greater accountability. And this will go a long way to ensure that the various welfare schemes of the government for which a large sum of money is earmarked can yield optimum benefit to society.

Many Dedicated Committees: Taking this social accountability initiative forward, the ICAI in the Council year 2008-09 set up two new Committees — one, the Committee on Public Finance to analyse the budgetary expenditure, welfare schemes, end use of money and help Central and State Governments in better management of public funds; two, the Committee on Government Accounting to lend our expertise to each entity of the Government, from the Panchayat upward and assist these bodies in proper accounting not only to ensure greater accountability, but also to ensure that the various welfare schemes for which a large sum of money is spent, yield optimum benefit to society. Given their reach and

spread, CAs can get more and more involved in these activities by making smaller groups at the local level — in the panchayat of a village/municipality/city or a body higher up. In 2011-12, a Public Interest Advisory Committee was set up to, among other things, give professional advice to the Government, corporate and the common man and also identify proper projects with regard to CSR for corporates and advise them to carry them out in the interest of the society at large. Apart from this, social audit and welfare schemes of the Government were to be carried out with the help of the Comptroller and Auditor General (C&AG) and other agencies.

New Opportunities: Recently, a great opportunity opened up for ICAI to join hands with the government for building a sound accountability framework for the third tier of government and the direct-democracy institutions set up in the form of Urban Local Bodies and Panchayati Raj Institutions and allied government establishment consequent to the 73rd and 74th Amendments to the Constitution of India in 1992. Of late, the Centre, States, Union Territories and urban local bodies are working in unison to develop a new inclusive India Inc with a humane face. The idea is to rid essential human livelihood amenities and welfare programmes from the clutches of mismanagement and misappropriation of funds. At present, more than 14 Central and State flagship development programmes are under implementation in the country. These include the Pradhan Mantri Gram Sadak Yojana (PMGSY); Accelerated Irrigation Benefit Programme (AIBP); Rajiv Gandhi Gramin Vidyutikaran Yojana (RGGVY); Accelerated Power Development and Reforms Programme (APDRP), Indira Awaas Yojana — (IAY); National Rural Employment Guarantee Scheme (NREGS); National Horticulture Mission (NHM); Rashtriya Krishi Vikas Yojana (RKVY); Sarva Shiksha Abhiyan (SSA); Mid-day Meal Scheme (MDM); Integrated Child Development Scheme (ICDS); National Social Assistance Programme (NSAP); National Rural Health Mission (NRHM); Jawaharlal Nehru National Urban Renewal Mission (JNNURM); Total Sanitation Campaign (TSC); and National Rural Water Supply Programme (NRWSP).

It is quite likely that CA professionals may be engaged nationwide for financial audit of the direct democratic institutions and implementing agencies. It will surely pave the way for establishing a proper accountability framework and good governance in the country. To begin with, the Ministry of Rural

Development had issued a circular in July 2012 making it mandatory for the Gram Panchayat accounts of MGNREGS to be certified by CA firms in accordance with the scheme guidelines. The certification job will commence from financial year 2013-14 onwards, but pilots have already been launched in (around) 10 percent of GPs (General Practitioners) of highest spending districts in all States, based on the accounts of 2011-12.

Accountancy Profession: Partner in Nation Building

The Indian accountancy profession has more than lived up to the expectations of the Founding Fathers of the nation when they granted autonomy to the profession through the Chartered Accountants Act, 1949. The fact that this Act was enacted even before adoption of the Constitution of India shows the paramount importance that the founders of the nation placed on the profession to act as a torchbearer of the virtues of transparency and integrity. Here one should be reminded of the speech of Mr. K.C. Neogy, the then Minister for Commerce, delivered at the first meeting of the first Council held at New Delhi on 15th August 1949 in which he said that, “it was appropriate that a great and important profession in the country was launching upon a career of autonomy on Independence Day” and hoped that the “Council would maintain a level of professional conduct and professional standards which would bring resounding glory not only to the profession but to the country as well.” The fraternity can legitimately claim that it has lived up to his expectations. Indeed, the CA profession, as one of the most vibrant forces of socio-economic growth, is today seen as an integral part of the success story of our nation.

The faith placed in the CA profession in those times has in fact grown manifold ever since and the Chartered Accountant has emerged as an institution of public trust. They are not only regarded as the backbone of the Indian financial system but also the conscience-keepers of the economy. Today, they are not only spearheading government accounting reforms but are also involved in the policy-making processes in various ministries and government departments.

As the visionary former President of India Dr. A. P. J Abdul Kalam observed at the inauguration of ICAI’s International Conference at New Delhi on 1st September, 2005, the CAs are indeed ‘Partners in Nation Building’, constantly assuming new roles and responsibilities in tune with the times. He said: “Over the years, ICAI and its members have



made a name for themselves in the development of discipline as well as standards of accounting. One national challenge is, how do we get maximum economic benefit for the given investment? I believe this is your core competence... The CAs have an integrated experience of auditing, financial advice and financial management and providing leadership to certain industries and establishments... Time has now come for Chartered Accountants to elevate themselves from component audit to system performance audit. How are you going to prepare yourselves from now onwards for celebrating the year of completing the 100 years of service in auditing by the year 2049? Hence the vision of ICAI can be: ‘ICAI will transform into a financial management and financial advice organisation with focus towards economic development of the nation and enhancing the growth of GDP.’

In the 63rd year of ICAI’s existence, it is satisfying to note that its members have ably upheld its motto of “pride of service in preference to personal gain” and truly justified the caption embodied in the ICAI emblem “ye esa suptesu jagarti” (One who is awake amongst those who are asleep). ■