



CA. Subodh Kumar Agrawal, President, ICAI

### Dear Friends:

It is July and our celebrations that commenced on the first of this month, are still on. All Regional Councils, Branches and Chapters of the Institute have been celebrating the foundation day of accountancy profession since July 1. However, celebrations like this also call for a careful introspection in line with the ever-increasing expectations of our society. During the CA Day celebrations in New Delhi, Shri Sachin Pilot, Union Minister of State for Corporate Affairs (I/c) acknowledged that our Institute has set high standards since its inception, and desired that the ICAI needs to *intensify its efforts to upgrade the skills of accountancy*

*professionals and be a centre of excellence in research*, and that it must scale up its capacities through appropriate academic and professional tie-ups. He has advised us to continue being inquisitive, skeptical and vigorous in our profession. He assured that the Ministry would be our partners in these efforts. Another acknowledgement from his side that *accountancy profession has come a long way with a distinguished history of guarding the integrity of financial statements of the companies*, was quite gratifying.

Growth must correspond to rising employment opportunity. Development should be inclusive and environment-friendly, with an aim to reduce poverty. In a thought-provoking address, Dr. C. Rangarajan, Chairman of Economic Advisory Council to Prime Minister of India, informed us about the measures taken by the Government of India including that to increase foreign institutional and direct investments in infrastructure sectors, etc. He had joined us too in our celebrations of the CA Day. While he was very happy to be a part of it, he praised us for playing a critical role in the effective functioning of the economy. From our side, I brought to the fore, various activities undertaken by the Institute and gave an assurance to our Guests that we will continue to extend our assistance and support in all endeavours of our Government.

Amidst the celebrations, I am always aware of our responsibility we have towards our society. I strongly agree with John F. Kennedy that *equality of opportunity does not mean equality of*

*responsibility*, i.e. being better-placed in our society, we have to give back to our society in that proportion.

### **Uttarakhand Crisis: Rise in Our CSR Acts**

Against my last month's appeal to donate towards the Uttarakhand crisis, we have collected so far about ₹48 lakh, in which about ₹4.50 lakh has been contributed by ICAI employees. It is encouraging to note that our Central Council members have also contributed. I commend our employees, members, and all other stakeholders for their humane generosity. However, I repeat my request to those, who have not yet contributed, to contribute for this emergent and noble cause. An appeal in this regard has been published in this issue of Journal under *ICAI News*. We want to communicate to our beloved nation that we understand our responsibility and we are not ignorant of that. Then, as part of our CA Day celebrations activities, we donated about 6,829 units of blood, we planted 10,487 tree saplings and we distributed food, clothes, books, etc., among our fellow citizens-in-need.

Let me update on some of the recent significant professional developments that took place in the past one month:

**Meeting with President of India Shri Pranab Mukherjee:** Recently, I had an opportunity to meet the Hon'ble President of India Shri Pranab Mukherjee and repeated our promise to serve the interests of our society and nation at large.

**Sustained Depreciation of Indian Rupee:** As you all are aware, the

Indian rupee has depreciated by about 12 per cent since February 2013. Being an import based economy; the sustained depreciation of our rupee has affected our economy and, most of all, foreign investors have become wary to invest in India fearing loss in the value of their investments. FDIs, therefore, have been badly affected. Domestic producers have started increasing prices of their products. According to an estimate by ASSOCHAM, the middle class is among the worst sufferers, where this depreciation has caused an increase of 20 per cent in their monthly expenditure. Middle class in return is trying to cut down on its extravagant expenditure like travel, shopping, dining out, etc., to control the effect of inflated economy. Fortunately, inflation has moderated to less than 5% and good monsoon has given hopes of better position on supply side and better income prospects for our rural class. The good news is that the Government has taken many steps to check this rupee depreciation. It is exploring all possible and available measures, which may also check this rise in product prices. British economist Sir Roy Harrod says: *No economy ever stands still*. We will get back on track soon.

**Non-Applicability of SA 700 on Tax-Audit Reports:** As the members are aware that all audit reports in respect of audits of financial statements for period beginning on or after 1<sup>st</sup> April 2012 are to be issued in accordance with the requirements of SA 700 (Revised) - *Forming an Opinion and Reporting on Financial Statements*. We were receiving messages seeking clarification regarding

applicability of SA 700 on tax-audit reports, i.e. Form No. 3CA/3CB. Since all tax audit reports are now mandatorily required to be filed online and that the format of tax-audit report is prescribed by the Central Government, the Council recently decided to defer the applicability of SA700 (Revised) on tax-audit report under Section 44AB of the Income-tax Act, 1961 by one year. We will further take up this matter with the Income-tax authorities to effect suitable changes in the forms relating to tax-audit.

**Prototype of Accountancy Museum of India Installed:** I am happy to inform our stakeholders that we have recently installed prototypes of Accountancy Museum of India at all Regional Council offices and Decentralised Offices of the Institute, except at one place where renovation work is in progress. We initiated this installation to spread words about the *Accountancy Museum of India* that is located in our office at Sector-62, Noida, NCR of India. This is our way to pay a befitting tribute to our forefathers who played a key role in shaping the accountancy profession, and to invite members, students and other stakeholders to understand the heritage of accountancy and visit the *Accountancy Museum of India*. My idea behind the installation was also to add an academic (and aesthetic) quotient to our infrastructure. The installation of prototype of the Museum is being extended to other Branches of the Institute as well, and I will keep you updated in this regard.

**e-Journal in Indexed-Mode Launched:** Recently, on the occasion of CA Day, Shri Sachin Pilot, our Union Corporate

Affairs Minister launched our e-Journal, *The Chartered Accountant*, on the ICAI website in an indexed mode to facilitate systematic and convenient categorical search facility. Readers can find now the journals of last 10 years, i.e. June 2002 to June 2012, there. I would request all of you to visit the page, check this facility and avail yourself of the benefit.

**International Conference in Kolkata in November 2013:** We are organising a two-day International Conference on Accountancy Profession: Emerging Frontiers of Future Growth on November 22-23, 2013, at Science City Auditorium in Kolkata. The topics will cover financial reporting, corporate finance, leadership, IT and global trade development. I would request all our stakeholders to prepare themselves and block the relevant dates to participate in the Conference.

**International Conference for CA Students in Kolkata in September 2013:** On the lines of International Conference for members, this year, i.e. 2013-14, we have decided to organize an International Conference for CA Students too, which will be held in Kolkata on September 14-15, 2013. Union Minister for Minority Affairs CA. K. Rahman Khan has agreed to be the Chief Guest on the occasion. Students across the world participating in the Conference will create a platform to meet and interact on various issues of common interest. I request all our students to actively participate in the Conference to make this occasion effective and successful.

**CPT/Final Examination Results Declared:** I am really happy with the

way the female students are bettering their results in the CA examinations. This will definitely lead to better female empowerment in our society in the times to come. Female empowerment will ultimately lead to a developed society. I wish to inform that 10.03 per cent, i.e. 2,764 out of 27,556, passed the Chartered Accountants Final Examination in Both-Group category, and 13.79 and 18.65 per cent students have passed the Final Examination in Group-I and Group-II category respectively. In the CPT Common Proficiency Test held in June 2013, a total of 37,489 students out of 138,746, i.e. 27.02 per cent, have passed. Here also, female students have fared better than their male counterparts, i.e. 29.60 per cent against 25.44. While I congratulate all the successful students, I sincerely ask others to identify and work on their weaknesses, reorient their approach to studies, and work harder for their goals.

We can justify our education if we find pleasure working as professionals. We should aim for education in that sense. Education must give us a relaxed attitude while facing the rigours of our profession.

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While I was interacting with Shri Kumar Mangalam Birla and having a tête-à-tête with him, he pointed out to the way institutions today are promoting their students to excel in individual capacity. Students thus inspired come out with flying colours with brilliant individual performances. When they join an organization, the same temperament, i.e. to create individual excellence,

continues to guide them. Often, appraisers recognize individual brilliance, at the cost of the organizational effectiveness. They forget that organizations are run by teams. Even if one person becomes inactive, the production will suffer in terms of both quality and quantity. Therefore, promoting individual brilliance is fine, but doing so at the cost of team-culture is not a wise decision at all. All of us would agree that institutions across the field or discipline must take a serious note of this.

Need of the hour is to promote teamwork. However, instinctively, we all understand that this team-culture works like magic. Look at the structure of our family and observe how they function seamlessly when all members effectively play their respective roles. Core production rises when everyone contributes. This also promotes a sense of belonging, unity. We develop an attitude to respect each other.

Let us have respect for each other in our society. *Our Independence Day* (August 15) is also approaching. Let us celebrate independence with the desired sense of responsibility.

Best wishes



**CA. Subodh Kumar Agrawal**

**President, ICAI**

New Delhi, July 24, 2013