



CA. Subodh Kumar Agrawal, President, ICAI

Dear Friends,

I am writing my message with a sense of relief that the Indian rupee has become stronger after a brief but acute depreciation. A slew of measures announced by the new RBI Governor Shri Raghuram Rajan on his debut combined with a fall in international crude prices after the release of tension on the Syrian front have largely contributed to the rupee appreciation. A surprise decision of the US Federal Reserve not to start the much anticipated tapering of its quantitative easing policy has also contributed to the positive atmosphere. However, consistent reform-oriented policies and actions are required to maintain this momentum.

Now, a survey says that while the contemporary labour market conditions across the world will expectedly be positive, Indian companies may be the world's biggest recruiters in Q4, i.e. the upcoming quarter, improving by 15 per cent from Q3. As much as 41 per cent of Indian employers expect payrolls to increase. Along with Taiwan, Panama, Singapore and Brazil, our hiring outlook appears to be the strongest. The Sensex gained 6.88 per cent in September (till September 23, 2013) to a near-three-year closing high. From a 52-week low of 17,448.71 as on August 28, 2013, the Sensex has risen 14.05 per cent. Our export climbed 13 per cent to \$26 billion in August, while bringing the trade deficit down. The forex and equity markets respond eventually to the recent bold measures of the RBI and gain steadily on news of improved balance of trade. FII flows turn positive with a purchase of nearly ₹11000 crore of shares in September so far. India registers its strong presence and records the sharpest rise in the number of UHNW (ultra high net worth) individuals despite the recent economic crisis and rupee depreciation. As per the World Wealth Report 2013, we can now boast of a total of 7850 UHNW individuals, while showing the highest increase among the BRICS nations in the last 12 months.

The confidence expressed by the current RBI Governor strongly indicates the stabilisation of our rupee. Our rupee rises to about 62.5. The Finance Ministry and the RBI have discussed to gradually unwind last month's capital control measures and announce more measures to open up the economy in the coming

days. In fact, the RBI at its last quarterly policy review partially rolled back the liquidity tightening measures announced in July.

At this positive note, let us look at some of the most significant professional developments of last one month:

Companies Act, 2013 Gets Assent from President of India

Hon'ble President of India gave his assent on the new Companies Act, 2013 on 29th August, 2013, to consolidate and amend the law relating to the companies in India. As many as 98 sections of the Companies Act, 2013 were already notified by the Ministry of Corporate Affairs (MCA) to bring them in force from 12th September, 2013 onwards. Draft Rules covering 16 Chapters and 9 Chapters under the Companies Act, 2013 were made live for public comments in the first and second phases respectively, while the last date of receiving comments is 8th October and 19th October, 2013. We are framing our response and will soon send it for consideration.

President of India to Grace our International Conference: I am very happy to share with you that the Hon'ble President of India Shri Pranab Mukherjee has agreed to grace our International Conference on *Accountancy Profession: Emerging Frontiers of Future Growth* which will be held in November 2013 in Kolkata covering issues in financial reporting, corporate finance, leadership, IT and global trade development, among others. I would request all our stakeholders to actively participate in the Conference.

CAPA Supports PAOs in South Pacific:

The Confederation of Asian and Pacific Accountants (CAPA) recently held a unique outreach activity in a South Pacific island Samoa and, using its Professional Accountancy Organisation Development Committee (PAODC), it helped its member SIA (Samoa Institute of Accountants) in holding various professional activities including panel discussions on the perspectives of accountants in public practice, business, and the public sector. We have also been extending all possible technical and infrastructural help to the accountancy organisations of our neighbouring countries and therefore, appreciate this helpful gesture of CAPA, as we too sincerely believe in the integral link between professional accountancy organisations and financial stability and overall economic growth of a nation. The ICAI is hosting the meetings of CAPA Board and Committees, along with those of SAFA Board and Committees, in Kolkata on 19th-20th November, 2013.

New Chapter and Other Developments in Australia:

The Brisbane Chapter of ICAI as 22nd Chapter of ICAI abroad, was inaugurated recently. An ICAI delegation was on a study visit to Australia, where they also participated in a one-day International Conference, on *Global Mindset-An Indian Perspective*, organised by the Australian Chapter of the Institute in Sydney and in a panel discussion on *India-Australia Trade Relations: Challenges and Opportunities*. Meetings were held with the President and CEO of The Institute of Chartered Accountants in Australia, Consulate General of India in Sydney, Australian Securities and Investments Commission, Australian

Accounting Standards Board and CPA Australia, during the visit.

Lok Sabha Passes PFRDA Bill, 2011 with Amendments: The Pension Fund Regulatory and Development Authority Bill (PFRDA), 2011 was passed by the Lok Sabha recently with certain amendments. Besides seeking to empower PFRDA to regulate the New Pension System (NPS), the Bill would make the PFRDA a statutory authority and provide subscribers many choices to invest depending on their capacity to take risk.

MCA Appeals to Avoid Last Minute Filing of Return: To avoid last minute rush and system congestion in MCA21 towards end of October and November 2013, I request all of you to expedite filing of balance sheet and annual return without waiting for the last days of the months. During October and November 2013, corporate seva kendra (help desks) would give priority in e-filing/answering queries of companies for filing balance sheet and annual return. Please plan your filing accordingly.

e-Filing of Tax Audit Report: The e-filing of tax audit reports has been made mandatory from the assessment year 2013-14 onwards. In order to e-file a tax audit report, a Chartered Accountant requires to register herself/himself in the e-filing portal as a *tax professional*. Since our members are facing problems in registering themselves and e-filing of tax audit reports, we took the matter to the appropriate authorities. We met the officials from the Directorate of Income-tax (Systems) and submitted our concerns to the DGIT (Systems). We have prepared

certain FAQs in consultation with the Directorate of Income-tax (Systems) and released the same. We have hosted an announcement for our members informing them of a procedure developed for correction in name/date of birth to be followed by them for successful registration as tax professionals.

Accountancy & Commerce Education Summit in New Delhi: We recently organised the *Accountancy & Commerce Education Summit-2013* in New Delhi with an objective to provide a forum for discussion on various aspects of accountancy and commerce education in India. It was attended by vice-chancellors, principals, head of departments, professors, etc., from universities and other educational institutes across India. The *Summit* aimed to assess the current state of accountancy and commerce education in India and look for a way to bring a synergy between university and accountancy education, so that competent accounting manpower could be developed in order to address the pressures of our vibrant economy.

Under the new Companies Act, 2013 to be applicable from the next fiscal 2014-15, all profitable companies have to spend every year at least 2% of their three-year average profit on CSR activities. And this applies to the companies, i.e., about nine to ten thousand companies, having a turnover of ₹1,000 crore and more, or, a net worth of ₹500 crore and more, or, a net profit of ₹5 crore and more. We actually take pride in the Union MCA Minister Shri Sachin Pilot's declaration that our country is *the first in the world to have CSR provisions*

in the statute. While the MCA expects an annual expenditure of ₹15,000-20,000 crore over CSR activities by India Inc, companies must take this law as their chance to contribute in creating a better society. Companies can also contribute to the Prime Minister's National Relief Fund or other Government funds for socioeconomic development and relief, or, for welfare of the underprivileged, minorities and women of our society. For me, these CSR activities are more about doing some real groundwork effecting a fundamental positive change in our society. We should consider this our willing responsibility and not a liability. In fact, this law has provided the companies an opportunity to build better and conducive relationship with their immediate external and local constituencies, i.e., where they operate.

Realising an emergence of crisis due to natural calamity in Uttarakhand, we handed over a cheque of Rs. 62.5 lakh to our Prime Minister Dr. Manmohan Singh in person for the Prime Minister's National Relief Fund. Both our members and employees are generously contributing to the account. While I thank them for their understanding and action, I also understand that such acts are not an act of charity. Having a comfortable standing and presence in society, it is our *responsibility*.

At this moment, I find it quite apt to recall the Father of our Nation, Mahatma Gandhi, whose talisman on action, as expressed in 1948 as social concerns, still holds true for all of us. I quote: *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 whom you may have seen, and ask yourself, if the step you contemplate is going to be of any use to him. Will he gain anything by it? Will it restore him to a control over his own life and destiny?...you will find your doubts and your self melt away. His understanding to extend help was tremendous and simple at the same time: *See the good in people and help them.* Albert Einstein praised him: *Generations to come, it may well be, will scarce believe that such a man as this one ever in flesh and blood walked upon this Earth.* American President Barack Obama once acknowledged in India: *I am mindful that I might not be standing before you today, as President of the United States, had it not been for Gandhi and the message he shared with America and the world.* Gandhiji and his words are quite appropriate and relevant for our nation, even today.

I extend my sincere wishes in advance for the coming *Dussehra and Id-u'l Zuha* as both these festivals fall quite close together in October giving us a chance to have an extended celebration period. While the world is becoming individualistic, festivals like these give us moments to be in the company of others and realise the importance of this togetherness in life.

Let us celebrate the festivals with happiness and responsibility.

Best wishes



CA. Subodh Kumar Agrawal

President, ICAI

New Delhi, September 23, 2013