

Chartered Accountants Should Work for 'Inclusive Growth': CA. K. Rahman Khan



From a Chartered Accountant to Rajya Sabha Deputy Chairman, and then to Union Minister for Minority Affairs, CA. K. Rahman Khan has really come a long way in professional and public life. He has scaled inspiring heights of success. Having occupied an important place in Indian polity, he has also been a dependable friend, philosopher and guide to the accountancy profession in India. Recently, in an interview, he shared his vision on various relevant issues concerning the nation and the accountancy profession with the ICAI President CA. Subodh Kumar Agrawal who is also the Editor of *The Chartered Accountant*. Following is the interview:

Q 1: Why did you opt to become a chartered accountant? How has this helped you in your remarkable success in Indian polity and for the growth of the nation and society?

Ans. I opted to join the CA course mainly due to inspiration given by my father, who wanted me to become a CA. But it was a difficult choice. During those days, I even faced difficulty in getting articleship. As you know, for a CA student, the practical training and exposure he gets during the articleship is of great help in meeting the professional and society's expectations later on. In my case too, the

professional skills and knowledge acquired as a CA student and as a Chartered Accountant contributed significantly in my political career and as well as in whatever contribution I have made in different capacities to the government and the nation, be it as a legislator or as a parliamentarian.

Q 2: Tell us something about the work the Ministry for Minority Affairs of the Government of India has taken up since you joined.

Ans. I joined this Ministry with my sincere concerns for the progress and development of the

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unemployed youth of minority communities of our country, especially those who come from the backward classes. In fact, our Government is also committed to providing 4.5% job reservation to backward Muslims. The decision taken by the Union Cabinet on 23rd December 2011, and later notified aimed at carving out a sub-quota of 4.5% for minorities within the 27% reservation for OBCs, which was based on the recommendations of the Ranganath Mishra-headed National Commission for Religious and Linguistic Minorities. The matter is under consideration of the Supreme Court at present. We have also implemented 69 out of the total 76 recommendations of the Sachar Committee while work is in progress for setting up of an Equal Opportunity Commission, National Data Bank and Diversity Index. We are going to revamp the entire monitoring system and are striving to bring in non-official members, including those from NGOs, in district and state-level monitoring committees.

Q 3: The government is considering to restructure the National Minority Development Finance Corporation. What is the Government's aim behind the restructuring?

Ans. It is true that the government is considering restructuring the National Minority Development Finance Corporation



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(NMDFC). Actually it wants to restructure it to make it an organisation not dependent on government for fund allocations, and to make it self-sufficient. NMDFC's available capital is ₹1,200 crore at present, which is insufficient to meet the requirements. While the Ministry is considering making it a deposit-receiving organisation, the Union Finance Ministry is looking at how this could be done. By making profits, dividends can be given and above all the corporation could reach out to more people. This way, the institution could be made self-sustaining and not completely dependent on government funds for its survival.

Q 4: In what ways is the new Companies Act, 2013 going to impact the accountancy profession in India?

Ans. The Companies Act 2013, which has now been published in the Gazette of India, is an attempt to make the company law contemporary with the changing environment. The Companies Act, 1956 required changes in view of the mega-corporate financial fiascos that happened in recent times. The Act is also an attempt to make Corporate Governance more transparent, to safeguard the public investment and to increase avenues for international business. Besides, the government wants the organisations to share the responsibility of inclusive growth. I am sure that the new Companies Act will definitely impact the profession, as it is our professional responsibility to convey to all stakeholders, whether the accounts and financial affairs of the company are true and fair. The new Act also aims to protect the interests of employees and

small investors while encouraging the firms to undertake social welfare measures, making our nation a safe destination in the world. It contains provisions on corporate social responsibility to make companies responsible towards their society they thrive in and make our growth sustainable and equitable.

Q 5: How will the latest developments like convergence of Indian Accounting Standards (Ind ASs) with IFRS and the emergence of XBRL as a global reporting language enrich our CA profession further?

The accounting convergence is a concept which is the need of the hour in today's era of globalisation. India can be one of the accounting leaders globally if our Chartered Accountants rise to the occasion of convergence with excellence. It will immensely benefit Indian companies on a global scale as well. It is good that the ICAI has issued all the Indian Accounting Standards converged with IFRS and I hope these are implemented sooner than later in consultation with the corporate sector. It is good to note that the ICAI has been

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recognised as the nodal agency for imparting training on IFRS. After the software revolution in our country, what we need today is to unlock the huge potential of our accountants for the world, who will be required in larger and larger numbers. It is good to note that we are perhaps among the few countries that have gone for convergence rather than adoption. This is how we can establish Indian models in the global context.

Similarly, the eXtensible Business Reporting Language is also going to greatly help the Indian accountancy profession go global. In line with the global trend, the Ministry of Corporate Affairs has already mandated filing of returns for certain categories of companies in XBRL mode, while regulators like RBI and SEBI are soon going to follow suit. The need of the hour is to quickly develop the related expertise.

Q 6: How can CAs help in ensuring accountability, transparency and proper utilisation of funds related to various government schemes?

Chartered Accountants are known for a very high standard of accountability in the professional context. The CA community, which has more than 2.15 lakh members today, can play a pivotal role ensuring transparency and accountability in government. It is rightly said that 'proper accounting ensures proper accountability.' And this holds true for various welfare schemes run by the Government with huge sums of taxpayers' money. Recently, a great opportunity to serve the nation has emerged for

Chartered Accountants in MGNREGA. At present, more than 14 major Central and State flagship development programmes are under implementation in the country, where the role of CAs can be crucial in ensuring accountability, transparency and proper utilisation of the funds for the intended. There is a likelihood that CA professionals may be performing financial audit of the direct democratic institutions and implementing agencies.

We CAs are indeed enablers of growth; we make the growth presentable and understandable; we are an important segment of economic growth. We are better equipped than any other professional to be an effective advisor to the Government, both in Centre and States, on the important issues like fiscal deficit, inclusive development, welfare of have-nots, fiscal prudence, financial discipline and probity, transparency, good governance and on the issue of raising the revenue and ensuring its most effective utilisation. In the role of advisors, ICAI and the CA fraternity should not be afraid of even clearly negating the Government's views and policies.

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Q 7: What is your view on the ever-rising expectations from the Indian Chartered Accountancy profession?

In my view, with the growth of the Indian economy, there has been all-round growth in expectations from the accountancy profession too, and these expectations come from clients, government, tax and other government authorities, investors and other stakeholders, including even the common man. In this scenario, the Indian accountancy profession needs to introspect as to how it has performed and how it can meet the ever-increasing expectations of the economy, society and government. It will only be society that will judge as to whether the Indian accountancy profession has or is meeting the expectations. As such, we need to build a great image of the profession in the society. We should work for inclusive growth of our nation.

Q 8: Double-entry accounting system is the need of the hour for our Government departments if they strive to have transparency in their financial system. Being accountancy professionals, how can we help them?

Ans. The Indian accountancy profession, with its members serving or involved at various levels of governance across the country, can play a pioneering role in incorporating double-entry accounting system in government departments. The government accounting procedures are outdated and not transparent. They are based on Single Entry System and do not effectively reflect the assets and liabilities of a department. The Double Entry accounting methodology

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will ensure transparency and accountability. In an era of Right to Information, the Single Entry accounting methodology will not provide the correct information of the government finances. The government has already accepted in principle, for the conversion, but the pace of conversion is very slow. The Institute, in association with the Comptroller and Auditor General of India (CAG), should launch an awareness campaign about the advantages of the Double Entry method of accounting.

Q 09: How will you assess the performance of ICAI as a regulator, standard setter, educator and as a partner in nation building?

Ans. The Institute of Chartered Accountants of India (ICAI) is probably the only body which combines in itself the role of an educator, standard-setter and a regulator. The Institute in over sixty years of its existence has discharged all these roles in an exemplary manner. However, with the growing number of students, Chartered Accountants and the challenges the profession is facing and will be facing, the ICAI needs to be ever watchful and vigilant as a regulator and facilitator of nation-building.

Q 10: Please give a piece of advice for Chartered

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Accountants to succeed?

Ans. The CA fraternity should always keep in mind that it belongs to a great profession, which has been entrusted by the society, the Government and the investing public with the responsibility to be the guardians of their interest. Let us justify that trust and let the Motto of the Institute be our guide. Be faithful to the profession and follow the professional ethics and enhance the image of the profession. Our members should adjust themselves to the 'market-driven demand' instead of relying on 'regulation-driven demand' without in any way compromising professional ethics and integrity. Always remember that excellence has been the chosen way of life for the accountancy profession. ■