



CA. Subodh Kumar Agrawal, President, ICAI

## Dear Friends,

*Bharat Ratna and Nobel Laureate Nelson Mandela has passed away—a person, who stood for peace and against racial discrimination, and who got inspired by our Father of the Nation and his nonviolent method of organised protest, is no more. He had said: ...legacy of Gandhiji has an immediate relevance...Gandhi is most revered for his commitment to non-violence and the Congress Movement (in Africa) was strongly influenced by this Gandhian philosophy... Now more than ever is the time when we have to pay heed to the lessons of Mahatma Gandhi. President of India Shri Pranab Mukherjee, who was also with us recently at our International Conference, says: Mandela reminded of the principles that Mahatma Gandhi stood for...His life and struggles which represented hope for the downtrodden not only in South Africa but*

*all over the world, remind us of the principles that the father of our nation Mahatma Gandhi stood for. Fondly called as Tata, i.e. father, in South Africa, Mandela had visualised to build a discrimination-free society, away from the shadows of apartheid and colonial signs.*

When I get to know great souls, they inspire and urge me to introspect. At this moment, I feel like questioning myself on how I have exercised the authority consecrated to me by my fraternity and how I have led the ICAI workforce to achieve the vision of my profession in the interests of my *alma mater*, which we have been nurturing since the beginning of this year. And I switch over to the mode of self-evaluation. Since the profession has achieved a lot in many respects, I would like to congratulate my Council colleagues for leading the cause of profession through various committees of the ICAI with the concerted efforts and contributions of its employees, who have relentlessly extended more than the desired quota of their efforts towards the vision of the Institute.

Let us try to observe some of the relevant developments in the matters relating to our profession over the last one month:

### **Global Rules on Lease Accounting**

We have taken note of accounting regulators in the US and elsewhere drawing up new rules for lease accounting to have a true picture of company's financial strength. The proposed move merits consideration and scrutiny as many companies, including airlines, real estate firms and retailers use this route to gain access to assets such as equipment and property in return for a stream of payments. The move coming from the Financial Accounting Standards Board in the US and the International Accounting Standards Board, is aimed at providing investors and other stakeholders a faithful representation of leasing transactions. The new rules may require

companies to show present value of future lease payments on their books. We will give due thought to these proposed rules.

### **ICAI Holds FM's Webcast on VCES, 2013**

Recently, in a meeting with the Union Finance Minister Shri P. Chidambaram, we submitted a representation containing our concerns on the Service Tax Voluntary Compliance Encouragement Scheme (VCES), 2013. Further in this direction, we organised a live webcast on the Scheme, where the Union Finance Minister himself addressed our members and responded to their queries. He also advised our members to sensitise the assesseees and various service providers about the benefits of this Scheme. He exhorted them to send the concerned application in advance and not to wait till the last date of filing, i.e. 31<sup>st</sup> December, 2013. We have brought out an e-Newsletter indicating brief provisions on the Service Tax VCES, 2013 and a comprehensive Handbook on the same and circulated them among our members through e-mail.

### **All Set for 7<sup>th</sup> ICAI Corporate Forum**

7<sup>th</sup> ICAI Corporate Forum will be held on January 10-11, 2014, in New Delhi which will include ICAI Awards 2013, Corporate Conclave and a Financial Services Expo. Conferred in various categories, the ICAI Awards seek to acknowledge contribution of our members-in-industry demonstrating excellence in profession. Recently, the jury met in Mumbai to decide the awardees for 2013 Awards under the chairmanship of Shri Deepak Parekh, Chairman, HDFC Limited.

### **Our Democracy Emerges a Winner Again**

Yet another recent important event that gave me great satisfaction was the festival of our democracy, right from its commencement to its culmination, with high turnout and serpentine queues in Madhya Pradesh, Rajasthan,

Chhattisgarh, Delhi and Mizoram elections. Irrespective of the winner, the ultimate winner is our thriving democracy. In the end, it has been the triumph of the people of India, who first and foremost voted for democracy. I am sure that, in the elections in five states, our Chartered Accountants must have yet again demonstrated that we symbolise prudence, discipline, integrity and positivism and voted for a positivity and greater purpose.

### **Lokpal Bill Passed**

After five decades of efforts and campaigns, *Lokpal and Lokayukta Bill, 2013* was passed by the Lok Sabha a day after it was passed by the Rajya Sabha, so as to pave the way for an anti-corruption watchdog, which will have in its purview even the office of the Prime Minister of India. As per the Bill, watchdog bodies, i.e. *Lokpal and Lokayuktas* need to be created with people with impeccable integrity to keep vigilance and check corruption in the country. Being a regulator and watchdog ourselves, we welcome the passage of this Bill.

### **Anti-Plagiarism Policy Effective in ICAI**

Editorial Board of ICAI has recently implemented a strict policy on plagiarism, which will be applicable to all authors of the Journal. Prospective authors may visit the ICAI website to get the details of the policy. I sincerely hope that the effective policy on plagiarism would help bring out more sincere professional volumes of our Journal for the deserving readers.

### **Indian Economy to Strengthen**

Despite a five-month low export growth at 5.86%, trade deficit has fallen to \$9.2 billion, i.e. almost by 50%, since the import has dropped by 16.37% from the last year. RBI Governor expects the current account deficit to reach below 3% of the GDP from an all-time high of 4.8% in 2012-13. At least, due to restrictions on gold imports and recent rise in exports, the

current account deficit has been contained to an acceptable level. Simultaneously, over the recent years, many people in India have gradually become a part of the growth process not just through material gains but they have also started to believe in their future. 2011 Census shows this upward trend in material gains, i.e. poverty has come down to a record 22% at the end of 2011-12. A national sample survey suggests that agriculture is no longer the major source of employment, i.e. share of farm employment has dropped below 50%. The Government has extended some critical changes to us in form of tax reforms (the Goods and Service Tax and the Direct Taxes Code), the Uniform Financial Code and the Insurance Law Amendment Bill; a consensus is required to activate and effect these changes. The worst seems to be over for the Indian economy and we will soon be back on strong economic pedestals as ever before.

#### **Empanelment of CA Firms for 2014-2015**

Office of the Comptroller and Auditor General of India has invited online applications from the firms of chartered accountants, who intend to be empanelled with their office for appointment as auditors of the Government companies/corporations for the year 2014-2015. Format of the application will be available on [www.saiindia.gov.in](http://www.saiindia.gov.in) from 1<sup>st</sup> January, 2014, onwards and stay for one and a half months.

#### **Applicability of CPE-Hours Requirement for Newly-Enrolled Members**

As per the Statement on CPE, members are exempted from mandatory CPE hours only for the calendar year during which they get their membership for the first time. Members enrolled during the calendar year 2011, will be exempted for the calendar year 2011 and for subsequent calendar years 2012 and 2013, they are required to comply with the proportionate CPE-hour requirement. Members not having COP (certificate of practice) or members holding COP

and of 60 years of age or more can complete their CPE-hour requirements through unstructured learning activities. Details are available on our website under the *Announcement* section. Advisory on unstructured learning and prescribed format for claiming the unstructured CPE credit hours is available at: <http://www.cpeicai.org/>.

#### **ICAI Connect and e-Samadhan Portals for Members**

Recently, we launched a self-service portal and a portal for resolving the professional queries for our members—ICAI Connect and *e-Samadhan* respectively—during the International Conference held last month in Kolkata. The self-service portal includes features including My Profile, My Announcements, My Payments, My Articles, My Application Status, e-Services, My Firms, My Software(s), Letters & Certificates, CPE Hours, Guidelines of Networking, Merger & Demerger, etc. Empanelled professionals will answer the queries of our members on *e-Samadhan* portal. Members are required to log in to SSP and click on ‘e-samadhan’ to register their query.

#### **2014 Guidance Note on Audit of Banks**

Being a prestigious publication of the Institute, the Guidance Note on Audit of Banks is held in high regard not only by our members but also by the Reserve Bank of India. While, normally, this Guidance Note is brought out in the month of March, the Institute is planning to bring this out in early February 2014 in order to reach its members in good time. The Central Council of the Institute has approved the draft Guidance Note on Audit of Banks in its meeting recently held in Gangtok.

#### **HR Initiative to Motivate ICAI Employees**

Recently, the ICAI organised a training programme for its employees to make them realise their true potential and ability and discover their love and correct attitude towards

their work in order to increase the productivity. Most of the employees attended and enjoyed the programme, especially the question-and-answer session.

### Courage to Acknowledge and Perseverance to Follow

When we assert our rights, we should see to it that others' rights are protected. It is good to be strong, when we connect ourselves with the responsibilities associated with the concept of being strong. With power, comes the associated responsibility. Social responsibility is not just for the profit-making corporations, it applies to all of us who are capable and strong. Considering the whole world as one single family, i.e. *vasudhaiva kutumbakam*, we should think and live like a family, which would require us to treat each other with equality and dignity, following the true spirit of democracy. As citizens of a democratic nation, we should protect the interests of all individual fellow citizens, i.e. ultimate minorities, and their faith, affiliation and identity.

With our fundamentals right, we can realise our dreams in a true sense. All achievements start with a dream and all dreams have a potential to become a reality. All they require is our courage to acknowledge and our perseverance to follow. We should be willing to accept and express what is right, without worrying about any fear. Steve Jobs tries to decode that courage: *Remembering you are going to die is the best way I know to avoid the trap of thinking you have something to lose. You are already naked. There is no reason not to follow your heart.* It is true, when we start anything new and different, we are hesitant. We are afraid too in a way to be excluded from the convenience of the circle of our existence. British scientist C. P. Snow offers more insight: *Each of us is alone: sometimes we escape from solitariness, through love or affection or perhaps creative moments, but those triumphs of life are pools of light we make for ourselves while the*

*edge of the road is black: each of us dies alone... each of us is solitary....* Let us therefore work for our noble goals without worrying about what others will say.

\*\*\*\*\*

Winter is about to reach its peak—days filled with fogs and chills are back. Let us be careful without being overzealous about the weather. Let us also be sensitive to the people who actually work hard in order to survive this weather every year. Let us be generous. Let us make some extra effort and reach out to them. Let us try to share our comfort with them in such hard times. Let me wish the winter is not very harsh on those who have nothing to fight this aspect of Mother Nature.

By the time you will be reading this page, we will already be in 2014. Therefore, I wish everybody a very peaceful and satisfying year ahead. I sincerely hope—all of us will try in our own capacities to make this world a happy and comfortable abode for all. I wish everybody a Happy New Year. May the New Year bring more and more moments of happiness and satisfaction in everybody's life! Through the new year celebrations, we will eventually be entering into a mood of festivals – *Lohri* in Punjab, *Makar Sankranti* in North, East, West and Central India, *Pongal* in Tamil Nadu, kite festival in Gujarat, camel festival in Rajasthan, and, of course, our national festival, the Republic Day on 26<sup>th</sup> January. These festivals give us reasons to smile, come and stand together, and share our happiness and joy.

Best wishes



**CA. Subodh Kumar Agrawal**

**President, ICAI**

New Delhi, December 26, 2013