

From the President



CA. K. Raghu, President, ICAI

“ We Chartered Accountants, who are one of the main constituents of India’s knowledge society, are being increasingly looked upon as harbingers of such a revolution in India. As such, we are now all set to herald such a knowledge revolution in our own way, through upcoming ICAI TV channel. ”

Dear Professionals,

Warm greetings to all of you!

You may find it interesting that when the first woman chartered accountant Ms. Ethel Watts called accountancy an *eccentric choice of profession* for women in 1924, it didn’t sound strange, including in India. But with Ms. Shirin K. Engineer of Mumbai and Ms. R. Shivabhogam of Chennai becoming the first and second Indian woman chartered accountant respectively in 1933 and 1947 respectively, the story changed in India.

Time has come full circle since then, with more and more women joining the realm of our profession. Today, we can boast of women comprising 21.1% of our total membership as on 4th March, 2014. Complementing this figure, girls today have 36% share in our active studentship. However, I feel that the immense potential that lie embedded in these encouraging numbers is still vastly untapped and need to be harnessed, strengthened and empowered further in the interest of our profession, our society and our nation.

Keeping that very objective high on my Action Plan 2014-15, I have planned many an initiative exclusively for women in accountancy through a new *Women Member Empowerment Committee*. Taking that mission forward, we are all set to launch an effective flexi-working portal for our women members. Further, several measures are on the cards to develop the capacity of our women to take up positions of independent directors in line with the provisions of the Companies Act, 2013. Exclusive programmes on women independent directors have also been lined up.

I find women quite skilled at multitasking, and they tend to take a larger share of responsibility wherever they are, including in our profession. As such, if we empower women, we actually empower ourselves. As the leader of the Indian accountancy profession, I am particularly alive to this cause.

Mahatma Gandhi had said, "*You must be the change you wish to see in the world*". As such, we have taken our step to stress the theme of women

empowerment. Let us all join hands to strengthen our women so as to eventually strengthen the profession and the nation.

Homage to Past-President CA. P. K. Mallik

Our profession suffered an insurmountable loss when one of our leading lights, our past President (1978-79) CA. Prasantha Kumar Mallik left us for heavenly abode on 26th February 26, 2014. Also a member of the Institute of Chartered Accountants of Scotland, he was an ICAI-EIRC member from 1961 to 1967 and ICAI Central Council member from 1967 to 1979. Through his first message in this Journal in October, 1978, he had called upon the profession to *strive for excellence*. Let's live up to his vision. I, on behalf of Indian accounting fraternity pay homage to him and stand by his bereaved family. May his soul rest in peace!

Putting Indian CAs on Global Pedestal

I aim to proactively promote ICAI qualification overseas, strengthen and widening relationship with international bodies and global standard-setters and regulators. I am endeavouring to create more professional opportunities for us abroad. The idea is to firmly establish our footprints on the world map. This month was mostly devoted to this cause. I am happy to share with you some of related significant developments:

➤ Reaching Out to IFAC in New York:

As you may be aware, India is one of the founding members of the International Federation of Accountants (IFAC), which is the global organisation for the accountancy profession comprising 179 members and associates in 130 countries. It is an ideal platform to showcase our presence and prestige and widen our role in global accounting affairs. With that objective in mind, I recently attended the IFAC Council and Board meeting held in New York. There we had one-on-one discussions on matters of mutual interest with IFAC President Mr. Warren Allen and other leading international accounting bodies.

➤ Building Bridges with US Through AICPA:

I am happy to note that a large number of our young members are going global and acting as our veritable ambassadors abroad. Hundreds more are set to go abroad in near future and America is one of their most favourable destinations. I, on

behalf of the ICAI, am fully inclined to assist and accentuate this welcome process.

Driven by that goal, I utilised my New York visit to have mutually enriching meeting with the largest accounting body of the world— American Institute of Certified Public Accountants (AICPA). In the meeting, I specifically pushed the agenda of mutual recognition among other issues. To further pave way for our foreign bound professionals as well those already working abroad, I also met nine other leading accounting bodies.

➤ Consul General of India-New York Promises Support:

I am happy to note and thankful to the Government for their support to the flag bearers of Indian accountancy profession on foreign soil through its consulates and embassies. I conveyed the same sentiments to Consul General of India in New York Shri Dhyaneshwar M. Mulay when I met him there. In very fruitful discussions, he has promised us his all support and help to open new chapters and empower our members in the North America region.

A detailed report on my New York visit is published elsewhere in this journal.

IFASS Meet in New Delhi- A first in ICAI history

I think that running a business is not just about earning profits. It is also an art of ensuring that every invested penny is productive and well accounted for to facilitate reasonable assessment of performance by stakeholders. Here comes into play the importance of Accounting Standards. I see Accounting Standards as the best way to protect investors, ensure regulatory compliance, assess business performance and enhance corporate governance.

This backdrop emphasises the great importance of standard-setting process, to which ICAI is deeply committed. Taking this objective forward, as set out in my agenda for this year to enhance our role in global standard-setting process, we recently hosted the International Forum of Accounting Standard Setters (IFASS) meet in New Delhi for the first time in the history of the ICAI. As many as 77 delegates representing 26 countries across the globe participated in the meeting.

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The meeting has gone a long way in establishing our role in developing a single set of high quality global accounting standards. As you may be aware, IFASS is an informal group of organisations committed to support the mission of IASB and pursue common interests of the accounting regulators across the globe.

Spearheading Convergence Drive via IFRS-RPF

You would agree with me that in the present age of 'global business village' where the world is craving and coming alive to the immense advantages of single business language, the utmost relevance of IFRS or Ind AS needs no reiteration. We can gauge global mood in this regard by the fact that more than 130 countries around the world, including all of Europe, currently require or permit IFRS reporting.

As such, understanding IFRS or Ind AS is a business imperative for Indian companies too. This is because it will not only greatly help in boosting foreign investments but also benefit investors and other users of financial statements by refining the quality of information thereby enabling easy and better assessment of business performance on a global scale.

I am happy to share with you that after the enactment of the Companies Act, 2013, the Ministry of Corporate Affairs has also now shifted its focus on rolling out Ind AS for Indian companies. The ICAI is very much alive to this emerging arena of great challenge as well as opportunity for its members. The Government has asked us to conduct a sector-wise study, elaborating on the impact the implementation of 'Ind AS converged with IFRS' will have on the sectors.

In this backdrop, to have our say in the global drive for IFRS and put forward our perspective in this regard, we recently hosted the 8th IFRS Regional Policy Forum (IFRS-RPF) in New Delhi. The theme was *Financial Reporting—New Frontiers*. I am happy to note that the event was successful in achieving our stated objectives. As you may be aware, IFRS-RPF is a key platform in the Asian-Oceanic region for standards-setters, policymakers, regulators and government bodies.

Pushing Indian Agenda with IASB

Taking our 'Mission IFRS Convergence' forward and to put across our viewpoint on the issue, I also met International Accounting Standards Board (IASB) Chairman Mr. Hans Hoogervorst. He mainly called upon us to fully adopt the IFRS saying it will exemplify appeal of Indian capital markets to foreign investors.

Here I must mention that we have very consciously decided to converge with IFRS and not fully adopt it, mainly because a resurgent India is very different from its peers in the West or elsewhere, with its own priorities and preferences. There is no change in that stand as of now. However, in the longer term we may consider his viewpoint, but only after sorting out some crucial issues and testing the impact of our converged Ind AS on corporate sector. I conveyed the same to him.

A detailed report on IFASS and related events is published in this journal.

Pursuing Common Goals with SAFA

As you are aware, the South Asian Federation of Accountants (SAFA) is an important accountancy platform of our region, whose interests are intrinsically tied to ours. We share common goals and aspirations for the betterment of accountancy profession in the region. To push that common agenda of SAFA for the good of all of us, I recently attended SAFA events in Karachi. It was a very fruitful visit from our perspective during which I met representatives of all nine professional accountancy bodies from SAARC nations. I also had the opportunity to meet senior functionaries of Institute of Chartered Accountants of Pakistan and discussed issues of mutual interest.

ICAI Heralding Knowledge Revolution

I am sure you will concur with me when I say that close on the heels of Green Revolution, Industrial Revolution and IT Revolution, India is now well set for Knowledge Revolution. We Chartered Accountants, who are one of the main constituents of India's knowledge society, are being increasingly looked upon as harbingers of such a revolution in India. As such, we are now all set to herald such a knowledge revolution in our own way, through upcoming ICAI TV

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channel. This will be dedicated to our about 8 lakh students in particular and commerce students across the nation in general.

Stage is set for launch of this channel using the upcoming DTH platform of Ministry of Human Resources Development under the scheme *National Mission on Education through Information and Communication Technology*. Under the guidance of Union HRD Minister Dr. M. Mangapati Pallam Raju, I recently signed the first MoU on sharing the MHRD DTH Platform in this regard.

The Union Minister announced: *DTH channels would be used for imparting education for the first time, which is conventionally used only for entertainment. We have made a beginning with one of the most credible body in the country that is the ICAI. This is a great synergy between two bodies.* I look forward to early launch of this channel for the ultimate benefit of our profession and the nation.

Industry Warming Up to our Placement Drive

I am happy to note that Industry is increasingly putting its trust in our young members and warmly taking them in their folds to be part of the 'India Story.' This was in ample display during our Campus Placement drive for February-March period across India. In a tremendous response, as many as 80 organisations participated in the programme and offered 717 jobs to our newly qualified members. Highest salary offered under domestic posting is ₹21 lakh per annum to 2 candidates while under international posting it was ₹20.25 lakh per annum to 3 candidates. Average CTC offered to our newly-qualified members is more than ₹7.38 lakh per annum.

I wish all our successful young members all the best for future and appeal to them to keep the flag of our profession flying high.

Let's Gear Up for Effective Bank Audit

As you are aware, a healthy banking industry is the backbone of sustainable socio-economic growth in our country. However, I am constrained to note that our banking system is under strain because of mounting Non Performing Assets (NPAs), which according to Assocham study, is

expected to reach ₹1,50,000 crore mark by end of FY14.

As the keepers of financial discipline in the country, this situation should worry us all the more. Given our training, exposure and skills, we can play a crucial role in reversing rising trend of NPAs and vigilantly keeping our banking system healthy. By lending credibility to their financial statements, audits and auditors have an extremely important role to play in building a resilient banking industry. As such, the exercise of Bank Branch Audit assumes paramount importance for the banking industry, the banking regulator, our members, as well as the nation as a whole.

Let's conduct these audits in the most professional manner keeping a broader national vision in mind. You will be aware that to help you to carry out this nationally important assignment in most proficient and 'value add' manner, the Auditing and Assurance Standards Board has recently released its 2014 Guidance Note on Audit of Banks. This Guidance note contains comprehensive guidance on the various critical aspects that the members need to be wary of while conducting Bank Branch Audits. Let's also ensure compliance with relevant Standards on Auditing while carrying out Bank Audit engagement.

Vote You Must

Before I conclude, let me remind you that with national elections having been announced, time has come for us to discharge our most onerous responsibility to our nation—casting our vote, especially for a resurgent India. We are a strong professional community of 2,24,000 members and about 8 lakh active students. We are a power to reckon with. Let's vote to assert our affirmation and our faith in democratic principles and values.

Yours Truly



CA. K. Raghu
President, ICAI

New Delhi, March 24, 2014