

Challenges & Opportunities for Young Members in Industry



The profession of accountancy is highly regarded as one of the most prestigious and sought-after professions in the country in general and industry in particular. The society has increasingly recognised the services of Chartered Accountants in the entire gamut of services to the industry including management accounting, management information and control system, international finance, financial services etc. There is no dearth of opportunity for CAs in the Industry and the greatest challenge for young CAs is to fulfil the expectations of the Industry from the profession.

“Life does not get better by chance, it gets better by change.” - Jim Rohn

Introduction

The profession of Chartered Accounts have been regarded as one of the most prestigious and sought after profession in the industry. The society has increasingly recognised the services of Chartered Accountants in the entire gamut of

services to the industry including management accounting, management information and control system, international finance, financial services etc. The Chartered Accountants are entrusted with substantial responsibility under various legislations like Companies Act, Income-tax Act, Service Tax, Indirect Taxes etc. This shows the confidence and trust reposed by the Government and society in the profession. With sheer dedication, integrity, domain knowledge and competence, Chartered Accountants have always proved their worth as per the expectations and responsibilities entrusted by the Regulators, Industry and Society.



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Opportunities and Challenges

Change is the law of life and this is the era of change in which the pace of change is bewildering. Every change in life creates new opportunities and also brings new challenges. With every change, the business process and regulations are becoming more and more complex and stringent. Therefore, in order to run any industry, it requires expertise in every area like Financial Management, Taxation, Accountancy, Management, Banking, Capital Market, Information Technology *etc.* Chartered Accountants having expertise in the above areas, remain the most desirable professional in the Industry. The recent changes in the legislations which have already taken place like the Companies Act, 2013 or changes which are expected to happen in near future like Direct Tax Code are bringing numerous opportunities for our young members of the profession. But at the same time, these changes are also posing challenges. The young members have to gear up to cope up with these challenges.

In the recent years, there is an exponential growth of opportunity for Chartered Accountants in the Industry particularly in Information Technology and Knowledge Process Outsourcing (KPO). The opportunity and challenges in the industry is attracting young members, particularly towards multinationals due to high starting salary and global opportunities. In the IT sector, there is a huge opportunity for young members having good analytical skills in the areas like designing Computer Aided Audit Tools (CAAT), establishing and customising the ERP system, SAP, XBRL, designing the system of Internal control *etc.* In the last few years, the KPO industry is also gaining its momentum as many companies and organisations are making the choice to focus on core competency areas and outsource all other non-core areas. India, with its large pool of talented professionals and specialised domain workers, is becoming the central hub for KPO and there is great opportunity for young Chartered Accountants in the KPO Industries involved in providing accountancy services, compliance services *etc.*

In today's times, capital market indices are said to be the barometer of financial health of any country and sensex is parameter of a country's growth and progress. Being an expert of finance, there is no limit for CA's in the financial sector as research analysts, advisors, merchant bankers, credit rater's, portfolio managers, investment advisors, foreign exchange hedging and fund managers.

With globalisation, the geographical boundaries have only political significance, for economic transactions, these boundaries are fading rapidly and the world is becoming an integrated market place. But at the same time, with multiple cross border trade and tax treaties, custom & foreign exchange regulations *etc.*, the cross border transactions are becoming more and more complex. Chartered Accountants with in-depth knowledge of international taxation, foreign exchange regulations are in great demand in the Industry.

The Companies Act, 2013

The dawn of this financial year happened with the new Companies Act, 2013. The Companies Act, 2013 is a holistic legislation, enacted with intention to strengthen Corporate Governance in the Indian corporate sector. In recent times, the industry has witnessed some major corporate frauds, which were the consequences of mismanagement and gross neglect of compliance requirements by certain companies, have affected the image of the corporate sector and professionals. These could have been avoided if proper due diligence and compliance procedures had been followed. The new Companies Act has initiated the era of self-governance and the onus of governance is on Directors and professionals. The Companies Act, 2013 (Act) will have a major impact in various areas including accounting, financial reporting, Internal Control, Corporate Social Responsibility and Governance. The various provisions of the Act aim to bring in more transparency and make corporate and those associated with the corporate, accountable to the stakeholders. The new Act have categorised the Chief Financial Officer

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Young Members Empowerment

(CFO) of the company, which in most of cases are Chartered Accountants, as 'Key Managerial Person' of the Company and also entrusted him significant responsibility. As CFO, Chartered Accountants are expected to play a critical role in the changed environment. Now, each company belonging to the prescribed class is required to have a CFO on a full-time basis and to be appointed and removed only through a board resolution. The new act will further strengthen the employment opportunity for young members. But, at the same time, various responsibilities like preparation of accounts, compliance of enhanced disclosure requirements, ensuring effective internal controls, formulating a strong vigil mechanism for reporting of frauds, timely approval for related party transactions *etc.* have been imposed by the Act on the CFO. The new Act will further add to the demand of Chartered Accountants in the Industry. But, it must also be noted that non-compliance attracts a huge penalty for CFO under Section 129 and there is also provision for imprisonment.

After the enactment of the Companies Act, 2013, there is going to be spurt of expenditure in the area of Corporate Social Responsibility (CSR), as a specified category of companies are required to spend 2% of average net profit of the company made during the three immediately preceding financial year on CSR activities. The CSR activities can be carried out by the Company by itself or through trust or through company registered under Section 8 of the Companies Act, Society *etc.* The compliances and control for CSR activities will open another area of opportunity for members.

IFRS

The convergence of IFRS is also coming as a boon for our profession as it will enable us to align our financial reporting norms with International Financial Reporting norms. The gained expertise after convergence of IFRS will open a great opportunity for Chartered Accountants globally. Post convergence, members having expertise knowledge in the IFRS will be in great demand.

Professional Responsibilities

It has to be remembered that nothing comes free in this world. Along with all the importance given under various acts, there are provisions for huge penalties and/or prosecution for non-compliance.

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Therefore, after joining the profession, every member has to be very cautious while discharging their professional responsibilities.

Competitiveness in the Industry

Increasing competitiveness in the Industry, is also emerging as an opportunity for CAs as in order to remain competitive in the industries, companies are seeking services of Consultancy Organisations in devising framework for Risk Management, Cost Control, Supply Chain Management, financial controls *etc.* To cater to the the need of the Industry, consultancy organisations are hiring young Chartered Accountants having a methodological and an investigative approach for designing the systems for the clients.

Direct Tax Code

Income tax has always been a domain area for our profession. Direct Tax Code is now set to replace existing Income-tax Act, 1961. The draft of DTC has already been released. The definition of "Accountant", proposed under draft DTC, required our budding members to continue to excel in our professional skills, competence and knowledge so that Income Tax will continue to remain our domain area.

Conclusion

The opportunities and challenges mentioned above are just a gist, the sky is the limit. There is no dearth of opportunity for CAs in the Industry and the greatest challenge for young CAs is to fulfil the expectations of the Industry from the profession. For this, CAs need to keep improving/updating their professional competencies, be responsive to changes and with a zest to excel in the dynamic business environment. The new members should also start thinking out of the box and start looking beyond the traditional domain areas of accountancy to take advantage of broadening the professional horizon in the changing scenario. So, we ourselves should be prepared to face all challenges and grab every opportunity. ■