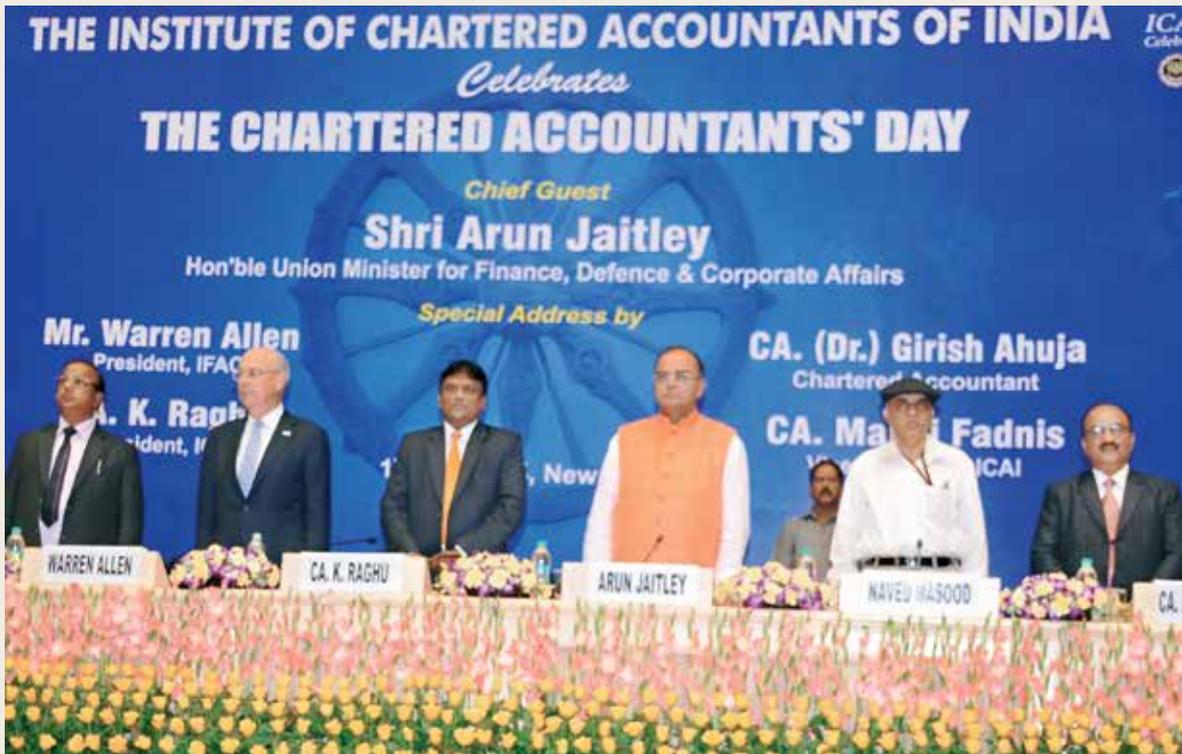


ICAI Celebrates 65 Years of Professional Excellence on 1st July



The Institute of Chartered Accountants of India (ICAI) has completed 65 years of responsible existence and professional excellence with landmark achievements in accountability, independence and integrity. Since its inception in 1949, the ICAI has grown quite magnanimously along multiple professional tangents. Recently, we celebrated the 66th foundation day of the ICAI with quite an active and massive participation of our members and students at Vigyan Bhawan in New Delhi on 1st July, 2014. Celebrations started with the flag-hoisting ceremony at the ICAI headquarters. At the main function organised at Vigyan Bhawan, the ICAI evaluated its professional growth and reiterated its vows to serve all its stakeholders including its members and students in particular and the nation in general, at an august gathering of more than 2,000 dignitaries including Government officials, past ICAI Presidents and Council members. Union Finance Minister, Shri Arun Jaitley was the Chief Guest on the occasion. Secretary of the Ministry of Corporate Affairs, Shri Naved Masood also accompanied the Union Finance Minister. IFAC (International Federation of Accountants) President, Mr. Warren Allen delivered the special address on the occasion. ICAI President, CA. K. Raghu, in his presidential address, shared the concerns of accountancy profession with the august dignitaries. He also welcomed the audience on the occasion. Vote of thanks was given by the ICAI Vice-President, CA. Manoj Fadnis. Here is a brief report on the celebrations that took place on 1st July, 2014, held to commemorate the 66th Foundation Day of ICAI. Read on...

CA Day Report



At ICAI Headquarters-President's Address

The chartered accountants' flag was hoisted at the ICAI headquarters by the ICAI President in the morning of 1st July, 2014, in the august presence of IFAC President Mr. Warren Allen and many Central Council members; employees of the ICAI, were present.

The main function started at the Plenary Hall of Vigyan Bhawan in New Delhi, with the *welcome address* by ICAI President CA. K. Raghu, who wholeheartedly greeted a 2000-plus strong august audience gathered to celebrate the 66th Foundation Day of The Institute of Chartered Accountants of India. ICAI past-Presidents, present and past Central Council members, office-bearers of Regional Councils, the members and students of ICAI, and the employees of ICAI were also present in the audience.

IFAC President Mr. Warren Allen delivered a special address on *Accountancy Profession: Embracing Change and Driving Growth* on the occasion describing a comprehensive roles, responsibilities and initiatives of the Federation. He then went on to highlight how the ICAI shared the vision of IFAC and how the ICAI had been acting in the interests of world accountancy

profession. He shared with the members the role played by IFAC in global development of accounting profession and the recent initiatives of IFAC for supporting the Accounting profession worldwide, including launching Global Knowledge Gateway, publication of International Good Practice Guidance and creation of resources for SMPs.

IFAC President Mr. Warren Allen discussed the role played by the accountants in the economic development and explained the importance of non-financial reporting in enhancing organisational reporting. He briefed the members about the support extended by the IFAC in providing thought leadership, resources and insight, and enhancing the visibility and voice through PIAB Committee and SMP Committee. He stressed on the need for good governance, transparency and accountability.

IFAC President went on to appreciate the massive presence in the auditorium and congratulated all stakeholders of the Indian accountancy profession on the occasion. He also thanked the ICAI President for inviting



ICAI President Welcomes IFAC President

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him on the occasion and called him a dynamic President.

Following is the special address of the ICAI President CA. K. Raghu:



Lighting the Lamp to Inaugurate

ICAI President CA. K. Raghu Delivers President's Address

"...The Institute of Chartered Accountants of India is the second largest accounting body in the world today. Our profession is one of the most popular professions today with more than 2,25,000 members and 8,40,000 students pursuing the chartered accountancy course. One of the reasons why our profession is very popular today is that there are multiple opportunities for our members in India and abroad. India is a happening economy today and chartered accountants are in great demand, not only in traditional sectors like banking, financial services or manufacturing, but in new-generation sectors like IT, telecom, infrastructure and retail. In the campus interviews organized by the Institute at 17 locations, average pay package for a young chartered accountant is ₹70,000/- per month, which is very encouraging for the young CA professionals. Also a lot of opportunities are available for our chartered accountants abroad. We have more than 25 Chapters around the world and this shows that Indian chartered accountants are in great demand. In countries like Dubai, Abu Dhabi, Singapore, Australia, or, Canada, you will find a whole lot of Indian CAs doing extremely well. We are very happy that this profession is being recognized across the world.

Sir, having said this, another important reason why our profession is popular is that it is an affordable profession. We have thousands of instances of students coming from very simple and humble backgrounds, who are pursuing the CA course. The cost of completing this course is less than ₹25,000. We have many success stories of young students joining the profession, becoming chartered accountants and getting good jobs, and eventually able to transform their lives.

On this happy occasion, Sir, I wish you all the best. You are our new Finance Minister. India, as I said, is doing extremely well. Public at large have a lot of expectations from the new government. As a profession, we sincerely look forward to a resurgent India.

Sir, we would just like to tell you that as a profession we are there to support you completely, in kick-starting the economy. However, I am sure that a lot of concerns, that you would be addressing soon, are taming the inflation, reducing the current account deficit, and attracting more foreign direct investments. I assure you on behalf of the entire accountancy profession in India that we will be there 24x7 to support the new Government in all its initiatives.

Mr. Warren Allen, President of the International Federation of Accountants was here yesterday. We had the opportunity of meeting the CAG and the other regulators, the Ministry of Corporate Affairs. One thing that came to Mr. Warren's mind was that our country, our Government should switch over to the accrual system of accounting. The ICAI has been working on many such pilot studies already. We are working with the Postal Department. We are working with the Ministry of Railways. This has been our sincere desire that all the Government departments eventually switch over to the accrual system of accounting. Even countries like Africa have gone ahead and adopted this accrual system in their respective departments, and I hope that the new Government would take strong measures to ensure that the accrual system of accounting is introduced in all the Government

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ICAI President Addresses

departments so that the Government will be able to understand what are the total assets that are being held by the Government. The entire liabilities and everything, it will be able to map under the accrual system of accounting.

Another important thing, Sir, we would request you to make India an investor-friendly country. Today...there are a lot of provisions of the new Companies Act that are quite stringent and it is absolutely essential for us to see that India becomes an investor-friendly country.

The Institute has been carrying out its regulatory responsibilities to perfection. We have a very robust disciplinary mechanism. We have a very strong examination system that is appreciated the world over. We have a very good peer-review system to improve the quality of professional work of our members. We have a Financial Reporting Review Board which reviews the financial statements of top corporations on its own. We have a strong Ethical Standards Board which binds all the members together. We have an excellent professional relationship with all the regulators of our country including Reserve Bank of India, Securities and Exchange Board of India, and Insurance Regulatory Development Authority of India, in addition to the Ministries of Finance and Corporate Affairs.

This year, Sir, we have undertaken many initiatives. One of our big bang initiatives was to set up reading halls across the country. And I am extremely happy to inform you that we have set up 90 reading halls across this country for students to pursue the chartered accountancy course. This is one initiative which

we feel would help the students to approach our Institute and prepare. Similarly, we have set up IT labs across the country to provide technology training to our students, so that they are able to accept the challenges that are facing them in this era of technological advancement.

Sir, today, you will be launching our Cloud Campus...next-generation interactive learning system for the CA students' fraternity, and this will have a lot of features including audio lectures, video lectures, e-learning courses, webcasts, online mentoring and

e-diary for the entire student community, which will be available online for our students to sit at the comfort of their home and access these online resources of the Institute. I am sure this initiative ...first of its kind in India started by any professional institution...will be of immense help to our young students.

We are also working with the Ministry of Corporate Affairs in conducting investors' awareness programmes. Last year, we conducted 1,500 programmes. This year, we have taken a mandate to conduct 2,500 programmes. In the next 100 days, which the Government has drawn up, we have committed to conduct 500 investors' awareness programmes. This is our commitment. We will definitely work very closely with you and see how best we can contribute to all your financial programmes and initiatives.

Chartered Accountants' Benevolent Fund is an initiative...that helps our members in distress. One of our members from Bangalore, Mr. Mohan Das Pai has announced to donate a contribution of ₹1 crore to this Benevolent Fund...

This year, we have undertaken two new initiatives to empower our women members and young members. Today, we have 48,000 women members, and I understand that they face a lot of challenges in their lives. Besides their professional life, they have many a time mandatory commitments at home too. So, we decided that we must encourage our women members not to stay away from the profession in view of their personal commitments at home. We, therefore, launched a flexi-working portal for our women members, which has been a big

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hit with them. More than 1,500 women CAs have registered with the portal. We have also made a request to the corporate sector and CA firms to appoint our women chartered accountants on flexi-basis.

To conclude, Sir, we have a few concerns—

One is about the bank branch audit— our only request, as the audit regulator, is that all bank branches in the country should be subjected to audit...We have made a representation to the RBI in this regard. We also met the RBI Governor, Shri Raghuram Rajan, explaining why there was a need for a very robust audit mechanism in banks. This is one area which we would like to have your serious attention at. We will also submit personally our representation to you.

In the context of new Companies Act, a lot of responsibilities are there on independent directors and audit committees. We feel that adequate safeguards have to be built in this regard. The Ministry of Corporate Affairs has been proactively looking into all such concerns of various stakeholders. On our part, we have been in constant touch with them. They are looking into our concerns with desired sincerity, I must say. What is very important is that corporations must have an ease of doing business in India today. We must realize that they have options today to go to many countries. India is a happening country today. We just need to create the right kind of business environment to attract such ventures from international and foreign business entities and corporations. Cost of compliance in India appears to be very high for new companies today. This is something that

needs a serious attention and reflection from the new Government.

Fraud reporting provisions that have been brought into the new Companies Act have posed a lot of challenges to the companies that are coming to India. This needs a relook.

I am sure, under your dynamic and visionary leadership, the Ministry of Finance would look into all our concerns in connection with the new Companies Act.

We, at the Institute, assure you and the new Government about our commitment to the growth agenda of our new Government. We are quite confident that under the dynamic leadership of our Prime Minister Shri Narendra Modi and your stewardship as Union Minister of Finance, we will very soon see a resurgent India. We will commit to ensure good governance, reforms, ease of doing business, financial discipline and economic growth. We are also committed to your vision of simplifying and rationalizing the tax regime in India.

The Indian accountancy profession today on the occasion of the 66th Chartered Accountants Day commits itself to the growth agenda of the Government with a promise to continue to contribute towards a vibrant and strong Indian economy.

Thank you very much.

Then the ICAI President invited the Union Finance Minister to address the stakeholders of the Indian accountancy profession.

While addressing the audience, Union Finance Minister Shri Arun Jaitley admired the



ICAI President Presents Bouquet to Union Finance Minister of India

Institute for making an intense and concentrated effort to ensure its members a phenomenal and effective training. He appreciated the concerns raised by the ICAI and expressed his willingness to look at each of those legislations on which ICAI had expressed its concerns. He said that the new Government is ready to start from scratch. While showing his dislike for populist measures, the Minister expressed his commitment to bring India back on the path to recovery and growth, and put the same on the race.

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Chief Guest Union Finance Minister of India Addresses on CA Day

Union Finance Minister Shri Arun Jaitely Delivers Chief Guest's Address

Let me, at the very outset, thank Mr. Raghu for being very kind and gracious in inviting and asking me to come and associate with the 65th Foundation Day of The Institute of Chartered Accountants of India.

Well, the Institute is not new to me. I have, in the past also, been associated with several functions of the Institute. More than a decade ago, almost 12-15 years back, I held the responsibility of the Minister for Company Affairs for some time and I had started associating with the activities of the Institute. My admiration for the Institute in comparison to several other professional bodies was that this is one institute which has an intense and concentrated effort to make sure that the chartered accountants, who are practicing, who may be veteran in their field, their training and education continues as an ongoing phenomenon.

There are two changes which can never be stopped. They can never be slowed down. One is technology and the other is economy. When most of you became chartered accountants, some of the businesses did not exist. Some of the

accounting practices did not exist. Some of the avenues for professional activities did not exist. So, traditionally, you had concentrated on the traditional role of a chartered accountant which was a tax planner, someone who interacted with the Revenue Departments, who was involved in auditing. Suddenly, 1991 became an important defining moment for this country. It also became an important defining moment for you. The economy opened up. The economy expanded. With the expansion of the economy, new avenues were created. If there is one profession which is an integral part or almost co-existent and growing along with the growth of the

economy, nobody else is more consistent with it than the profession of chartered accountants. Many corporations are today headed by CEOs, who graduated from amongst you.

A chartered accountant is well equipped to be a regulator. A chartered accountant is well equipped to be a business manager. I am now seeing the interesting tendency of many of you becoming businessmen yourself. I think there is nothing wrong in it because these are all the expanding opportunities which the profession offers to you. When I studied in college, since I did study in a college which was specializing in commerce and business activities, I started off with a hidden desire of becoming a chartered accountant. I strayed into other activities and then preferred law. At that time also and, I have said this repeatedly, as of now, the chartered accountant exam was a very difficult one. To become a chartered accountant, you have to pass that exam and that exam was a very difficult one to pass. Law equally was a very difficult exam to fail in. Therefore, I chose a more comfortable option. Not that I regret it myself. I have enjoyed every minute of my activities in that profession itself. But, as I said

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that you co-exist with the business life of the country.

We are today passing through very challenging times. In fact, it may not be an exaggeration to say that the past few years, certainly the last 3-4 years, have seen a lot of environment of pessimism. In that environment of pessimism, we found cynicism building in. We found disillusionment building in. Since we thought that India has the potential to be a world leader and suddenly we saw our decision making processes have slowed down, our potential is not being used. In the governance of this country, particularly in the domain of economic policy, we have never used phrases like "policy paralysis" and suddenly they entered our idiom. These phrases do enter our vocabulary when we find a sense of helplessness. It is this sense of helplessness or anger which also results in a kind of determination to beep the train and try and improve for the future. Suddenly, we see that out of all this, a new hope has been raised.

There is a hope now that a time will come when bold decision making will be possible. I do believe that the fact that we have a regime change itself is a powerful indication. It has created a trend where the world has started looking at us once again. India which was falling off the global agenda, an interest in India has suddenly emerged. The responsibility now lies on us to respond to this new opportunity that has come before us. But, this opportunity is not without its own challenges.

Let us be very clear as to where we stand today. The legacy which I have inherited is

certainly not the cause to envy to anyone. We have had two years of sub-5% growth. We have had a loss of confidence in the credibility of governance. We have seen tax buoyancies which have gone down. Even though a current account deficit position has somewhat improved in the last few months, that seems to be a silver lining, but the fiscal deficit is the major challenge. So, you have growth which has slowed down, you have a high fiscal deficit, you have a rate of inflation which in comparison to last two years has somewhat come down but still is beyond the acceptable limits.

When I said you have a loss in the credibility in the Indian economy, the fact that the world suspects that we don't have a stable tax regime itself has dissuaded investors. Just as "policy paralysis" was unknown to our governance vocabulary, the other new addition which I have been reading, comments from independent observers including the media, is "tax terrorism". Therefore, this kind of environment can't do what Mr. Raghu just now said – give the impression that you are the best place for doing business. So, it is from here that we start. When we start from here, I can't have a more enlightened audience than this because you are inherently connected with the financial role. You know where the shoe pinches. It is here that the Indian society now whether it is Government, Parliament or political system which has to make a conscious choice and these conscious choices could either be in the direction of an ill-informed debate where I don't want to pay the price but I want the services.

Well, we have to realize that if you want the best services, the users have to pay. If the users don't pay, bankrupt institutions can't provide good services. Therefore, if we need a world class infrastructure, if we get the best possible highway – how did the highways come up? The highways came up on the strengths of the cess that each one of you was paying. So, we need to be clear that where public services are involved, by



ICAI President Presents Memento to MCA Secretary

and large, monopolies have to be abhorred. Therefore, to come under pressures of traditional thinking and say departmental monopolies have to be maintained, users will not pay the market price, in such a situation, the services that we will get can't be globally competitive. They can't even be acceptable by normal human standards or normal economic standards. Therefore, one has to plan in that direction. In such a situation that I think India is now for the second time in the recent history, the first was in 1991 and I do believe that we have a choice to make.

In 1991, we did make the correct choice otherwise we would have lived in an era of shortages. When a very large number of you had grown up, we have all seen the era of shortages. Today, in the last 24 odd years, thereafter 23 years, we have tasted the advantages of what started after that and we have seen the relative disadvantages of slowing down on that track. I think we have once again to make a choice. Does India need a certain amount of fiscal discipline at this time? Do we need prudence? Do we need some mindless spending in populism? There is a school of thought in Indian politics that populism fetches votes. The state elections of 2014 and general election of 2014 have proved that it doesn't. Therefore, if you indulge in mindless populism, you burden the exchequer. You expect the Finance Minister to impose higher taxes. You expect him to reduce the spending power in the hands of the consumer. You want him to tax every activity of life. You convert yourself into a high taxation society so that you can indulge in populism where it doesn't work. Therefore, if you have to follow the path of fiscal prudence, have a certain amount of discipline, I am sure you don't have to wait for the next generation to get the benefits of what you do today. Very soon, you will see the benefits of it yourself. But, if you, at a stage of 5% growth, high fiscal deficit, high inflation situation, continue to expect populism, then it may be a one day pat in the back by an ill-informed opinion and perhaps a long-term journey where you walk into a trap and that is a trap which is very difficult then to get out of.

Our challenges are compounded. You have an uncertain monsoon. The impact of Iraq on oil prices adds to the challenges. But, these are

not challenges which can't be overcome. You have a huge amount of foodgrains available. So, there is no scarcity of foodgrain. You can effectively be in a position to manage it. I think if we decide to go on that track, you will be back on a path where your growth rates are going to pick up. Obviously, if your growth rates pick up, your taxation picks up, your revenues pick up, your tax buoyancy picks up. Low growth rate means low taxes. Low taxes means you don't even have money for social sector schemes, forget infrastructure. High growth rate means greater tax buoyancy, more jobs, more profit. India must realize that profit is a good word. It is not a bad word. We used to use the word "profiteers" in the context of those who used to hoard.

Therefore, India has got an impression from the 1960s and 70s that this is a bad word but ultimately if there is no likelihood of profit, there would be no investment. I think our doors have to be open because investment—whether within or outside—in sectors where we need investment. Where we need investment depends on whether it will add jobs in that sector or not or will it destroy jobs in that sector or not. Therefore, it will have to be sector specific. But then, investment always will be an additionality of business. If there is no investment, there will be no economic activity. But, to retain that investment and to attract further investment, your infrastructure must be supportive. Your decision making has to be bigger. Your taxation regime has to be reasonable. And, the prospect of profitability has to be there otherwise if you don't give that prospect then there are other competing destinations of that investment which will attract people there. I think it is this approach which has to be accepted.

You did mention certain legislations which have been recently enacted. I do firmly believe that either cumbersome processes or very oppressive legislations also can scare away investment. But, at the same time, those in business must realize that free trade also means fair trade. World over when people betray that principle of fair trade and indulge in frauds, punishments are far harder than the ones in India. Therefore, they act as a deterrent. I am not for a moment suggesting that we go on that

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track. I am willing to look at each one of those legislations because in the new Government we have the liberty of writing on a fresh slate. But, at the same time, it is a national opportunity for us to thoroughly debate all these areas. Even if tough and at times not so popular decisions come, we will have to realize that it is a case where the country has to be put back on the race. Therefore, the economy of the country which was going on a great track at one stage, if India can grow at 8% and 9% which looks a very daunting proposition today because for two years you have a sub-5% growth. But, if you have to slowly move up again, I think, we all will have to put our heads together and I do hope that in the days to come we are able to make a small beginning in that direction. Since one of your colleagues did mention that India has voted a single party with an absolute majority after 30 years and therefore, there is a relative ease in the decision making in the Government. When I say "ease", I can tell you with a sense of confidence that no Finance Minister has ever succeeded without the support of the Prime Minister. Therefore, that support does come, then decision making becomes easier and the manner in which the present Government has started, I think, one distinct advantage we have is relative ease in decision making. If we are able to kick start the economy back, then hopefully this ease in decision making may result in what Mr. Raghu says the ease of doing business in India. I hope at the end of five years, we will be more happy than we are when we have started this term. Thank you.

CA. (Dr.) Girish Ahuja was then invited to address the stakeholders of accountancy profession on the occasion. CA. Ahuja assured the audience of the bright future ahead, but also asked them to be ready to face challenges: *There is a challenging task. But still, I hope things will improve and will definitely improve. This is a*



ICAI President welcomes CA (Dr) Girish Ahuja

government which will listen, which will listen to The Institute of Chartered Accountants of India. He assured that the Finance Minister had high regards for the ICAI. He also informed how the Finance Minister had left the meeting with Prime Minister Shri Narendra Modi in between, to come to the ICAI. He then assured the Finance Minister of an effective support from the Indian accountancy profession.



ICAI Vice-President Delivers Vote of Thanks

The vote of thanks was delivered by the ICAI Vice-President CA. Manoj Fadnis on the occasion. He thanked Union Finance Minister Shri Arun Jaitley, IFAC President Mr. Warren Allen and the MCA Secretary Shri Naved Masood for making it to the occasion. He said: *The CA profession is always there to support the Government in its initiatives and would always be a partner in nation-building.* He thanked the Minister for expressing his faith in the ICAI and its initiatives and for his promise to look into the concerns of the ICAI. He thanked the august

audience for its active participation and making the programme a great success.

During the programme, cloud campus, digital library and publication online store were launched, while various publications of the ICAI were also released. ■