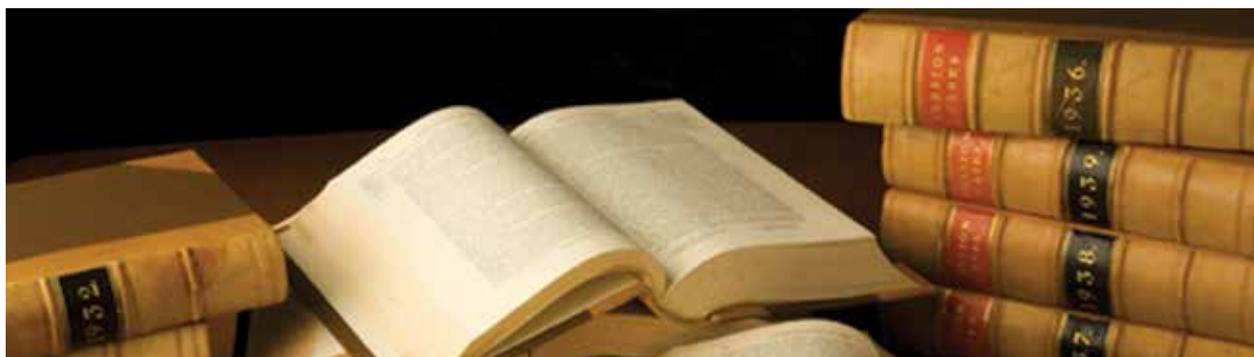


Professional Accountancy Education in India: The Way Forward

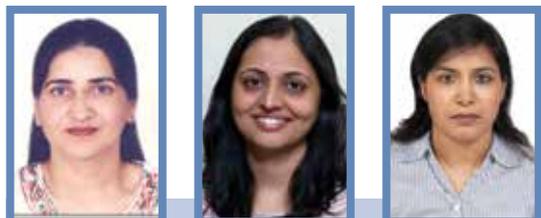


INTRODUCTION

Nudged by a number of factors, the stereotypical image of a professional accountant, tirelessly adding and subtracting figures, is fast changing. The chief factors responsible for the change being, borderless economies leading to increase in corporate mergers and restructuring, rapid developments in information and technology, financial scams underscoring the strategic role of professional accountants as watchdogs and need for a stringent regulatory set up, plethora of financial instruments, increasing business complexities, increased emphasis on corporate social responsibilities and the like. These factors warrant that the competence level of accountants should be bolstered. Present accounting education and the skill levels of professional accountants ought to be in sync with the requisites of the dynamic global business environment. There is a need to formulate a strategic plan for closing the gap between the accomplished and mandated skills.

PROPELLERS OF CHANGE

The role of a professional accountant is evolving



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(Conceptualised by and prepared under the guidance of Director, Board of Studies and Secretary, CRET of ICAI Mr Vijay Kapur)

continually to assume newer responsibilities in a dynamic environment. There has been a marked shift towards strategic decision making and entrepreneurial roles that add value beyond traditional financial recording and reporting. Professional Accountants in the emerging scenario need more than excellent core accounting skills.

The key propellers of change prompting the accountancy profession to reinvent itself are:

(a) Globalisation

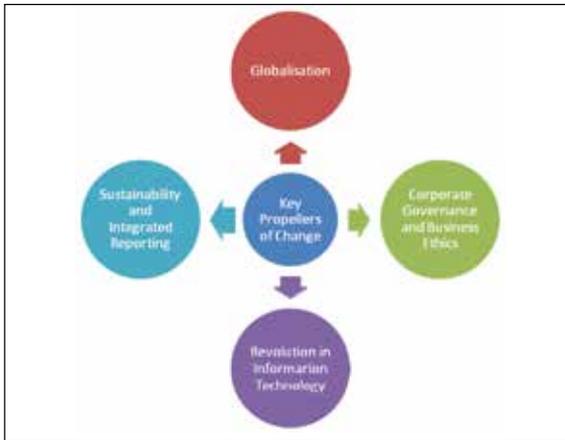
Business and accounting being concomitant, no discussion on professional accountants and accountancy education can begin without referring to the ubiquitous term 'globalisation'. With the advent of globalisation, world economies are increasingly becoming one eliminating barriers to trade, communication, and cultural exchange.

Globally accepted accounting standards:

The dissolution of national boundaries driven by globalisation and facilitated by technological advances has brought diverging accounting and financial reporting standards together. As a part of G 20, India is committed that its national accounting standards will converge with International Financial Reporting Standards (IFRS) with certain carve outs. Finance Minister, Shri Arun Jaitely, while presenting the Union Budget 2014-15, has declared that new Indian Accounting Standards (Ind AS) would be adopted by the Indian companies from the financial year 2015-16 voluntarily and from the financial year 2016-17 on a mandatory basis.

International taxation: Further, with increased international mobility and whole world virtually becoming one market there is a need for the accountancy professionals to enhance their knowledge base in international tax codes and ethics. In a highly advanced IT enabled business scenario where one

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company operates from multi-establishments spread throughout the globe, professional accountants can no longer find solace in the knowledge of local tax laws. Countries across the globe are entering into tax treaties to avoid double taxation of a single transaction. Only a professional accountant who is well versed with the nuances of international taxation will be able to give an informed and correct advice to its multi-national clients and ensure compliance with tax laws of the countries from where it operates.

XBRL: As companies acquire and partner with overseas companies, they need an accurate, uniform and reliable real time technique to exchange financial information. They need a universal data language like XBRL to report lengthy and complex financial information to one another, regulators and other stakeholders. XBRL is a language for the electronic communication of business and financial data which is revolutionising business reporting around the world.

In India also, filing of balance sheet and statement of profit and loss account in XBRL has been mandated for companies having turnover or paid up capital above a certain limit. To keep pace with the dynamic global financial reporting requirements, professional accountants need to be thorough with this new digital business language and at the same time it needs to be ensured that future accountants are trained in this upcoming area.

Knowledge process outsourcing: In the new knowledge economy, organisations across the globe are facing shortage of professionals in various knowledge intensive high skill sectors. Globalisation has provided a solution to this problem in the form of 'knowledge process outsourcing' to lower cost countries. This trend will continue to grow in coming years as well. India, for example, already attracts global accounting and taxation work and other countries are also moving into this field. This would

require accountancy professionals to master new skills, knowledge and standards which are relevant in the international context.

Merger of accountancy bodies: The prospect of a stronger, united accountancy profession adept to meet the evolving needs of accountants and the business community as a whole is actuating professional accountancy bodies to join hands. The recent merger between professional accountancy bodies of Australia and New Zealand to create a Trans-Tasman institute under the name of Chartered Accountants of Australia and New Zealand is the first cross-border merger of professional accountancy bodies. In the past, Canadian Institute of Chartered Accountants (CICA) and the Certified Management Accountants of Canada (CMA Canada) have merged at a national level to form the Institute of Chartered Professional Accountants of Canada (CPA Canada). These mergers result in mutual recognition of qualifications of the constituent bodies and allow more exchange between the merged bodies. It is to be seen as to how such mergers will affect the global professional accountancy education and professional accountants.

(b) Corporate Governance and Business Ethics

Good corporate governance practices are a *sine qua non* for sustainable business that aims at generating long term value to all its shareholders and other stakeholders. Strong governance standards focusing on fairness, transparency, accountability and responsibility are important not only for the healthy and vibrant corporate sector growth but also for inclusive growth of the economy. The past global financial crisis, along with some of the large corporate failures and frauds, has put a question mark not only on the corporate governance framework but also on the ethos of companies worldwide. Thus, there



is a need to develop more 'pro-active' approach to prevent fraudulent cases. The new incumbents into the profession need to be trained in good corporate governance practices and ethics must be ingrained in all aspects of professional education and training. The capacity to reason before, during, and after any ethical consideration needs to be activated and enhanced so that the profession upholds the esteem and value attached to it.

In India, the high influx of foreign investment has necessitated the introduction of a regulated and universal corporate governance model. SEBI proposal on adoption of a corporate governance model is the starting point. Knowledge of emerging markets, corporate governance guidelines, relevant SEBI guidelines and the like would add value to the profession in the years to come.

(c) Revolution in Information and Technology

The revolution in information technology has completely changed the ways in which businesses are being conducted. Cloud computing platforms and applications combined with advanced analytical tools, ever-larger data sets and social and mobile computing will remodel the profession and will shift the spotlight of accounting from computation to consulting and strategic decision making. Data analysis tools and software will greatly increase the opportunities to provide clients with analysis, performance management and decision-support services. However, with increasing incidences of cyber crime, there is a need to strengthen audit and risk assessment process. Thus, future professional accountants will have to recast themselves as cloud savvy professionals who have a greater understanding of data integrity, security and privacy concerns as well as the broader use of decision-support systems.

(d) Sustainability and Integrated Reporting

Although making profits is always the top agenda of most of the businesses, the non economic factors, in the light of increased concern for environment and society, have also gained significance. The businesses now need to identify and reduce the environmental impact of their current operations and put in place sustainable operating models. Similarly, parameters like working conditions, human rights, fair trade, public policy, safety and anti corruption measures have become important in the light of increased societal concern. Incorporating Corporate Social Responsibility (CSR) in the corporate strategy is yet another way of businesses showing their greater level of commitment towards society. In a nutshell,

companies need to ensure stakeholders, suppliers and governmental institutions that they are managing their resources so as to accomplish sustainable development. The growing quest for sustainable value is expected to open up new avenues for the profession, such as carbon accounting, CSR accounting and auditing, and environmental reporting.

The professional accountant would have a role in **creating** (strategies, plans, policies, mission statements, value propositions, governance structures), **enabling** (use of tools and resources to implement and realise the strategic plan for sustainable value), **preserving value** (strict adherence to professional standards, codes of conduct, and accepted governance and procedures) and **reporting** (formal communication to stakeholders and the general public on how the organisation has delivered sustainable value, drafting of financial reports, shareholder communications, etc. by way of financial analysis through the application of accepted conventions, ratios and benchmarks).

An integrated reporting format which captures, gauges and communicates the holistic picture of the organisation giving its financial and non-financial performance data is becoming a great challenge to the accountancy profession. The accountancy profession will have to gear up and address vital issues relating to presentation and weightage of financial and non-financial information in annual accounts and the training of future professionals in the light of broader integrated reporting role.

EDUCATION AND TRAINING: ROLE OF ICAI

In the given dynamic scenario, the potentiality of the professional accountancy education system to meet the diverse range of demands of various stakeholders and the professions becomes the focal point. Hence, there is a need to devise a whole new approach for developing, updating and delivering professional accountancy education and training of the future accountants. As per *ACCA's Report on 100 Drivers of Change for the Global Accountancy Profession*, characteristics such as entrepreneurial spirit, curiosity, creativity and strategic thinking skills could assume far more significance in the selection of tomorrow's accountants.

In India, the responsibility for the administration of the Chartered Accountancy (CA) curriculum and imparting theoretical education to students undergoing CA course rests with the Board of Studies of the Institute of Chartered Accountants of India (ICAI) under the supervision of the Council. With the adoption of distance education mode by the ICAI in

1955 and successful implementation of the same for nearly six decades, ICAI has emerged as a pioneer in the field. The mission of ICAI's Board of Studies is to provide a strong foundation of knowledge, skills and professional values and ethics that enables students to grow as wholesome professionals and adapt to change throughout their professional career. By integrating theoretical education and practical training, ICAI has been able to facilitate the development of both professional knowledge and skills as also inculcate professional values, ethics and attitudes.

Delivery of education

The academic function of Board of Studies is to prepare, revise and update the course material and other relevant literature. The principal academic resources include subject specific Study Materials and Practice Manuals, Revision Test Papers, Suggested Answers, Supplementary Study Papers, Select Cases in Direct and Indirect Tax Laws, Mock Test Papers, Compilations etc. Delivery of education is both paper based and web-based. All the publications of BoS are also made available at BoS knowledge portal on the website of ICAI.

ICAI has introduced **Cloud Campus** - a next generation interactive learning management system for students to provide quality education at the doorsteps of students, enabling them to learn anytime and from anywhere at the click of a button and that too, free of cost. The Cloud Campus, apart from integrating various existing resources including BoS Knowledge Portal, e-Learning, e-Books, Webcasts, Articleship Placement Portal, Examination Portal, Forms and Announcements provides incremental value added facilities including Articleship Training Resources, Online Mentoring and Video Lectures on practical problem solving in different subjects.

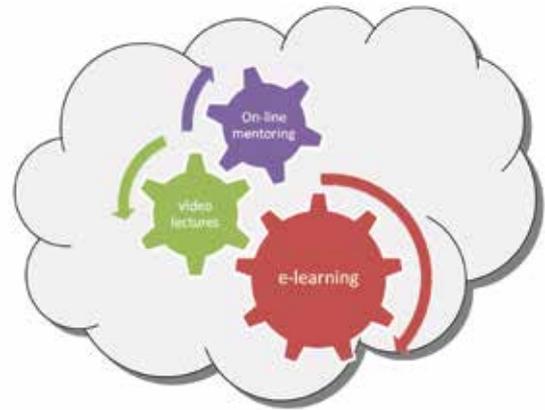
e-learning: Education is now being increasingly imparted to students through e-learning which provides quality self-learning/development facility to students so that they can concentrate on their practical training. Now, students can also access the online e-Learning through mobile phones and tablets also.

Video Lectures: These lectures aim to teach step-by-step practical problem solving process – a key skill required today from the examination perspective. Video lectures on all subjects are also being made available as a part of the Cloud Campus.

On-line mentoring: The Board also leverages technology to mentor students on strategies to succeed

and excel in the examinations and answer their subject related queries. Faculty at Board of Studies guide students on how to study different subjects of the curriculum so that they can face the examination with confidence.

With introduction of e-learning, video lectures and on-line mentoring, the education delivery by BoS has almost become synonymous with class room teaching.



ICAI Cloud Campus

REVIEW OF EDUCATION AND TRAINING OF ICAI: ROLE OF CRET

ICAI's education and training system has evolved throughout the sixty five years since the enactment of Chartered Accountants Act in 1949. Beginning with 1953, ICAI has reviewed the scheme of education and training by constituting special review committees from time to time. The existing system of education and training is based on the recommendations of Committee of Review of Education and Training (CRET) constituted in the year 2004-05. Keeping with the objective of periodic review of system of education and training, CRET has been reconstituted in the year 2013 by the Council of ICAI. For the first time, Five Regional CRET have been constituted under the umbrella of main CRET to ensure wider participation and capture panoramic views and thought processes of members of the CA fraternity.

As in the earlier committees, the present CRET is also considering the appropriateness of the existing scheme of education and practical training – Entry Requirements, Practical Training, Theoretical Instructions and Methods of Assessment and would formulate a new scheme having regard to anticipated changes in the global economic environment and requirements of various stakeholders. In addition, the present CRET would also review the existing Accounting Technician Course.

REVIEW PROCESS



The Committee is adopting a multi-pronged approach for appraising the present system of education and training in terms of its strengths and weaknesses.

Step I – Identification and prioritisation of issues

First of all, the issues arising out of the dynamic nature of economic environment and rapid technological developments which have an impact on the existing scheme of education and training were identified. Further, a wide range of research papers and articles dealing with accounting education published in the international academic journals were also reviewed to identify possible issues. Besides, studies were also undertaken to examine the system of education and training being followed in other international accountancy bodies. The relevant International Education Standards (IESs) issued by International Federation of Accountants (IFAC) were also studied in detail in this regard.

The emerging issues were then deliberated and prioritised for examination in detail.

Step II – Eliciting opinions/suggestions of stakeholders on issues

The comments/suggestions of various stakeholders were solicited in the following ways:

- (i) Issue of questionnaires for four identified segments of the society connected with the profession viz., members, students, users of professional services and academicians.
- (ii) Meetings with select group of academicians/experts and users of the professional services.

Apart from the above, the views and suggestions received from other members and experts from time to time have also been considered.

Step III – Analysis of opinions/suggestions received

The suggestions/opinions so received were deliberated at length in the respective meetings of the Regional CRET and Council meeting specially convened for this purpose.

Step IV – Findings and Recommendations

Based on the discussions held at various meetings, CRET will come out with its recommendations which will be further deliberated by the Council and thereafter, the new scheme of education and training will be formulated and implemented.

KEY FOCUS AREAS

The key focus areas for discussion and review are :



(i) Entry requirements

The goal of professional accountancy education and practical experience is to produce competent professional accountants. IES 1 on Entry Requirements stipulates that candidates with a reasonable chance of success should only be allowed entrance to Professional Accountancy Education (PAE) but at the same time, the requirements should not represent excessive barriers to entry. For instance, prescribing specific subject qualifications from certain institutions or a minimum length of specific work experience will tantamount to creating excessive barriers to entry. A professional accountancy education programme should be flexible inasmuch as having a range of entry and exit routes and different ways of completing initial professional development (IPD).

The entry requirements adopted by an accountancy body may be such that are justified with reference to the technical competence, professional skills and professional values, ethics, and attitudes needed to successfully complete a professional accounting education programme. But pursuing such a programme should not hamper the entrants from acquiring a university degree or any other qualification needed to commence a university degree.

ICAI's entry requirements should be designed to attract talented, bright and mature students from all sections of the society irrespective of their economic position. ICAI has a duty towards the society to provide qualified accountants of the requisite standard and in adequate numbers. It must also endeavour to

minimise the incidences of failure in examinations and drop-out cases. All this would be possible only if entry requirements ensure that only those candidates join the CA course who have at least a reasonable chance of completing it successfully. It is necessary that rationale of the principles of entry requirements is also disclosed to the candidates considering a career as a CA and relevant information (various entry routes, pass percentages *etc.*) is made publicly available to help them assess their own chances of successfully completing the CA course. A candidate should be made aware of the expected level of skills, knowledge, and attitudes required for successful completion of the CA course so that he can make an honest assessment of his chances of qualifying the course.

As the quality of future members depends to a great extent on entry requirements, quality needs to be emphasised at the point of entry also. There are two aspects to this issue. Firstly, a student joining CA course should have the requisite degree of maturity. Secondly, the entrant should have the aptitude for the course – an attribute which can be evaluated only by a uniform common examination. Candidates who are unlikely to qualify are best weeded out at the entry stage itself so as to minimise the high cost which is otherwise incurred in human terms through failures and drop-outs.

At present, a student who enters the course can commence practical training after nine months on qualifying first group of the Intermediate (Integrated Professional Competence) Course (IIPCC). The time gap between the entry to course and the Intermediate (Integrated Professional Competence) Examination (IIPCE) needs to be sufficiently increased to ensure a reasonable level of maturity in the students commencing their practical training. Further, it is essential that all students joining practical training must possess some uniform knowledge base irrespective of their route of entry to the course. Such a system would be equitable and ensure uniform input to practical training as also the requisite maturity levels.

(ii) Theoretical instructions

Core competence areas: Theoretical instructions lay the foundation on which the whole edifice of education stands. Therefore, making the foundation strong should be the aim of any education system. The Pathways Commission's Report on "Charting a National Strategy for the Next Generation of Accountants" in USA recommends developing curriculum models, engaging learning resources, and

mechanisms for easily sharing them in support of sustaining a robust curriculum.

The first step in this direction is to lay down the technical competence which an aspiring professional accountant (APA) must achieve at the end of the CA course. "All too frequently the students are exposed to technical material in a vocation-focused way that is disembodied from the complex, real-world settings to which the students are bound and from the insights that research can bring to practice" [*Pathways Commission's Report*]. Therefore, the theoretical instructions provided by ICAI should be such which arm the professional accountant to perform his duties efficiently and effectively in actual practice.

There is also a need to identify core competence areas *i.e.*, areas which are essential for a professional accountant and warrant high level of competency and areas which are desired to be strengthened but which are as such not core competence areas. It may be mentioned here that, as per IES 2 on Technical Competence, the competence areas are: Financial accounting and reporting, Management accounting, Finance and financial management, Taxation, Audit and assurance, Governance, risk management and internal control, Business laws and regulations, Information technology, Business and organisational environment, Economics, Business strategy and management. Care needs to be taken that there is no overlapping of the content across papers relating to a competence area covered at different levels of CA course. For instance, topics covered in paper on Taxation at IIPC level may not be repeated in papers on Direct Tax Laws and Indirect Tax Laws at Final level.



Learning outcomes: Once the core competence areas have been identified and prescribed, the learning outcome for each core areas needs to be laid down. Learning outcomes establish the content and depth of knowledge, understanding and application required for each specified competence area. The expected level of proficiency for each level of CA examination and/or each paper (competence area) also needs to be prescribed. It may also be mentioned here that, in the light of recent frauds, the accountancy profession is being challenged to ensure that accounting regulations and standards prevent their recurrence. Some type of re-engineering needs to be done in the audit and accounting subjects to ensure that such frauds are captured at the earliest.

Specialisation vis-à-vis generalisation: In one study it has been found that in the wake of growing business complexity, knowledge requirements, regulatory and legal changes and client expectations, accounting specialists will be preferred over generalists and that specialisation would be essential for effective performance. Knowledge of international taxation, international law, XBRL, insurance, financial technology, WTO conventions and other economic laws, sustainability reporting and the like would become imperative. However, it would not be justifiable to add all the subjects in the core curriculum as it would make the curriculum too vast and expansive and may not prove to be relevant for all the professional accountants later on. The solution to this lies in specialisation as in the changing scenario educational curricula cannot be designed for a “one size fits all” practitioner.

While offering an option to select subjects to students may appear to be quite exciting from their perspective in the short-run but may be self-defeating in the long-run since it may be counter-productive for certain set of qualified chartered accountants who may not be favoured by the industry. Moreover, it is also a fact that it is better to produce well-rounded chartered accountants who can be moulded to any career than a specialist who becomes quite inflexible and unfit in non specialisation areas. The accountancy education's objective should be to produce an accountant who can be casted to specific requirements based on a general body of knowledge and experience.

Therefore, ICAI needs to ponder whether specialisation should be introduced and in which subjects. The whole question necessitates very serious consideration. If at all it is decided that specialisation would be introduced, a decision has to be taken as regards the subjects which will be compulsory for all and for which reasonable level of knowledge would be



imparted, and subjects in which specialisation would be offered and in which advanced level of knowledge would be instilled. In fact, the Final Level could be divided into two groups in which one group may consist of compulsory subjects and the other group consists of a list of subjects in which the option may be given to choose two subjects of specialisation. Another view is that it is more appropriate to introduce specialisation at the post qualification level as by that time it would be sufficiently clear to a Chartered Accountant that in which area of specialisation he wants to pursue his career.

Delivery of theoretical instructions: ICAI also needs to decide the mode and period of imparting theoretical instructions in view of increasing importance of technology enabled learning. These are cost efficient and to a greater extent reduce the handicap of distance learning, and therefore, these can be increasingly utilised to impart theoretical instructions to CA students.

Soft skills: Besides, a decision also needs to be taken as regard the training in soft skills. There have been diverse views as regards soft skills training. According to one view, since communication skills are a very important component of overall personality of a professional accountant, there should be a proper blend of these trainings in the overall curriculum of CA course. The other view is, that soft skills are inherent and cannot be taught and therefore, the ICAI need not diverge from its core curriculum. It needs to be emphasised here that since the soft skills are important, soft skills training needs to be imparted but it should be designed in such a manner that it does not hamper the practical training of a CA student.

(iii) Practical Training

The compulsory provision of practical training is an integral feature of the scheme of education and training of the CA course. Such a provision, indeed, goes much deeper to the roots of professional ethics and outlook and is the foundation of the Institute's

high standing. IES 5 on Practical Experience stipulates three approaches to establish a measurement for practical experience. One of the approaches is based on time, total duration of practical experience or hours spent on relevant activities. APAs should undergo sufficient practical experience to demonstrate that they have gained technical competence, professional skills and professional values, ethics and attitudes necessary for performing a role of a professional accountant. Further, the IES states that there should be appropriate assessment activities (including workplace assessments of learning outcomes in IES 2, IES 3 & IES 4) to assess that sufficient practical experience has been completed by APAs.

In the present system, candidates of IIPCC have to undergo eight months study course, 100 hours Information Technology Training (ITT) and 35 hours Orientation Programme before they commence their practical training. The present system of practical training has stood the test of time but having regard to growth of the profession, it needs a fresh look. Though the Training Guide brought out by ICAI guides members to impart training in specified areas, the nature of practical training may vary because of the great diversity that exists in the nature and size of the practice of different practitioners.

There are two approaches to take care of this aspect of inadequate training. First, it may be regulated by the profession in such a manner that practitioners having inadequate or non-diverse practice may not be permitted to impart training. For this purpose, ICAI will have to review the practice of its members, both in terms of magnitude and diversity, before granting permission to train students. Alternatively, there should be a compulsory requirement to maintain progress report for each trainee which may be reviewed by ICAI from time to time to ascertain as to whether the training actually imparted conforms to the expected minimum standard. Whilst this approach may be more workable than the earlier approach, it would still be subject to numerous practical difficulties; but despite these difficulties, the system may lead to at least an objective assessment of the training being actually imparted. It needs to be emphasised here that the principal is responsible for directing and facilitating CA students in acquiring sufficient practical experience and guiding and providing mentoring support in their journey towards becoming a professional accountant.

(iv) Assessment of Professional Competence

“What you measure is what you get” is a business adage. Psychologists and economists believe that

human beings change their behaviour based on the parameters they are held against. Anything which is measured impels a person to optimise his score on that parameter. This phenomenon unequivocally applies to assessment of professional competence. The competency level of a professional accountant discernibly depends upon the assessment methods applied to evaluate the achievement of professional competence. Therefore, if one wants to raise the competency level of the professional accountants, one needs to change the way one measures *i.e.*, the assessment methods.

In comparison to regular education, the role of assessment becomes more crucial in distance learning education owing to relatively less interaction with the students while imparting theoretical instructions. Under any regular education course, the educator can get a cue through the body language of the students and other topic related interactions during the class itself, that whether students have been able to imbibe the concept being taught. However, this instant feedback is not available under distance learning programmes which places heavy reliance on assessments to ensure the achievement of desired level of professional competence.

Assessment of professional competence of aspiring professional accountants is essential to protect the public interest, and enhance the credibility of the profession by permitting only those to be the professional accountants who meet the profession's competence requirements. IES 6 on Assessment of Professional Competence lays down that IFAC member bodies will have to design assessment activities that have high levels of reliability, validity, equity, transparency, and sufficiency within professional accounting education programmes and base the assessment of the professional competence of aspiring professional accountants on verifiable evidence. Although the assessment of professional competence during IPD is the responsibility of IFAC member bodies, other stakeholders may provide substantive input into assessment activities.

Chartered Accountancy Examinations in India have a quintessential legacy of being termed as one of the most rigorous and difficult professional examinations to qualify. The hard work and the dedication needed to clear CA examination is what distinguishes Chartered Accountants as professionals par excellence who are looked upon with high degree of reverence by the society. To live up to this faith reposed in the profession by the public, strengthening of assessment mechanism becomes imperative.

CA Education

At present, ICAI conducts examination at three levels as under:

Examination	CPT	IIPCE	Final
Online/paper based	Paper based	Paper based	Paper based
Open book/closed book	Closed book	Closed book	Closed book
Level of proficiency	Basic knowledge	Working	Advanced
Type of questions	Multiple choice questions	Knowledge based and application oriented questions	Knowledge based, application oriented questions and questions involving interpretation of laws, standards of accounting, auditing etc.
Time of examination	Prior to commencement of practical training	First group or both groups before commencement of practical training. In the alternative, second group during continuation of practical training [Direct entry students can give both the groups during continuation of practical training.]	During the last six months of practical training or after practical training
Frequency	Twice in a year	Twice in a year	Twice in a year
Topic-wise weightage in syllabus	Not prescribed	Not prescribed	Not prescribed

(a) *Restriction on number of attempts:* Many argue that ICAI examinations give a relatively easy entry to a large number of students who later find it difficult to qualify the Final exams. It is being said that no restriction on the number of attempts to appear in the examination makes the situation worse as a student is impelled to continue in the programme. Thus, introducing an upper limit on the number of attempts to appear in the Common Proficiency Test (CPT) and IIPCE may be given a serious consideration. Restricting attempts at Final level may not be desirable considering that a student has reached the last leg of the professional qualification. Another moot point to consider here would be the appropriate number of attempts to be allowed for appearing in the examination. Following the principle of difficult entry, less number of attempts may be allowed at the CPT level than IIPCE level.

(b) *Newer ways of assessment:*

- **Online or computer assisted assessment:** Introducing online or computer assisted assessment in CA examination makes a strong case with technology making inroads in all aspects of professional accountancy education. IES 6 also mentions computer-assisted testing as one

of the examples of assessment activities. These measures provide flexibility, increased efficiency, objectivity in evaluation and administrative ease. Another factor in favor of online assessment is the sheer number of students appearing for the CA examination which will increase with every passing year. Such assessments will better equip ICAI to deal with increasing number of CA aspirants. However, such assessments generally are able to accommodate only multiple choice questions, which can be seen as an impediment by many.

- **Open book examination:** This mode of assessment is gradually being adopted by many international accountancy bodies. This assessment focuses on evaluation of application and higher professional skills and not the knowledge and memorizing capacity of the students as they are allowed to bring and use any material including books, technical literature, own notes and the like during the examination. Under such assessments, candidates are generally evaluated through case studies – multi disciplinary or subject specific. IES 6 also lays down that the assessment may be by way of *inter alia* a single multi-disciplinary

examination conducted by the end of IPD. Considering that case studies may have more than one correct answer, evaluation assumes critical significance under this mode of assessment. Further, framing of questions for this assessment is a very convoluted task involving higher order intellectual and thinking skills and requires far more time and efforts.

Since it is being perceived that there is a mismatch between the expected skills and acquired knowledge of newly qualified Chartered Accountants, there would be many takers of the open book examination system as it seeks to fill the very gap between the knowledge and the application skills of the aspiring professional accountants. However, as explained above, this mode may not be conducive to a set up with large number of candidates owing to the high subjectivity involved in evaluation and administrative bottlenecks. Another point to remember here is that such assessments will also require substantial change in the way theoretical education is imparted.

Perhaps what is required at this point of time is a gradual progression towards case study based open book examination at Final level. This can be achieved by doing away with the knowledge based assessment and making a transition towards application based subject specific assessments, and then to integrated assessments. The level of questions can be raised over a period of time paving way for case study based open book examination.



This way students and the administrative machinery will also get time to seamlessly shift to the new dispensation. Also, if entry requirements are also fine tuned to allow only the students who have at least a reasonable chance of completing the programme successfully - thereby reducing the number of students in the programme in due course of time - introducing open book assessment could be a preferred option.

- **Workplace assessments:** As per IES 6, the aspiring professional accountants can also be assessed by way of a series of examinations and workplace assessments conducted throughout IPD. In Indian context, workplace assessments are difficult to implement as they require strong monitoring and regulation which may not be administratively feasible in view of the large number of students and firms/members being involved. However, the objective of assessing the professional skills and competence gained during practical training can be achieved by including application oriented questions based on reasonable practical experience expected to be gained by a student, in the examinations. This way the issue of disconnect between practical training and examinations can also be addressed.

(c) *Topic-wise weightage:* Under the existing scheme, the relative weightings of different topics of the syllabus of a particular paper are not specified. However, where the syllabus is divided into different sections or parts, marks allocated for each section or part are provided therein. For example, in case of indirect tax laws, the revised syllabus prescribes the marks distribution between the three sections namely, Central Excise, Service Tax and Customs and Foreign Trade Policy. However, the relative weightage of different topics covered under each of the section is not provided in the syllabus.

IES 6 advocates that an assessment activity should be transparent. It elaborates that an assessment activity will be considered to have a high level of transparency when details of an assessment activity, such as the competence areas to be assessed and timing of the activity, are disclosed publicly. Internationally also, many accountancy bodies disclose the relative weightings of different topics in the syllabus of a particular paper.

Here in India also, ICAI may now consider introducing and disclosing publicly the relative range of weightings of different topics in the syllabus to guide the study time spent on each of them. Ideally, marks allotted to the subject should also be brought within the range of such weightings, though slight variations



may occur to enable suitable rigorous questions to be set. This would bring in an element of transparency in our assessments also and would be conducive to the present scenario where information can now be sought as a right.

(d) *Evaluation:* Another important facet of examination which needs a review is the evaluation of answer sheets. IES 6 provides that an assessment activity has high reliability if the majority of assessors, acting independently, consistently come to the same judgement, given the same set of circumstances. Since it may not be possible to ensure complete objectivity in the evaluation of a professional examination - where there are high chances of more than one correct answer - achieving such high reliability in the assessment may not be feasible in real life settings.

However, efforts should be made to make the evaluation as fair as possible. The probability of fairness being compromised increases significantly when a student fails or qualifies by narrow margins. The impact of unfairness of evaluation in such narrow ranges of marks may jeopardize the career of deserving students and on the other hand may also create false impression about one's capabilities. One way to increase the credibility of the evaluation can be reassessment of the answer sheets where marks allotted are within the range of say 20% on either side of the pass mark. To illustrate, in a case where pass mark is 50, all answer sheets with marks in the range of 40-50 and 50-60 should be re-evaluated to ensure correct and fair evaluation within these ranges of marks as this ranges ultimately decide the future of a student.

(v) Accounting Technician Course (ATC)

Globally, many accountancy bodies/countries have the course on Accounting Technician; Ireland, South Africa, Hong Kong, United Kingdom, Sri Lanka, to name a few. Accounting Technicians are qualified accountancy professionals performing middle level accounting functions and providing technical support roles across the areas of accounting.

IFAC's Education Committee has prepared the "Good Practice Guide: The Education, Training, and Development of Accounting Technicians" which serves as a guide to assist professional accountancy organisations in developing qualified accounting technicians through education, training, and assessment of skills and competence. It also recommends professional accountancy organisations to provide ongoing professional development of accounting technicians and have activities in place to monitor their compliance with ethical requirements. The Guide prescribes requirements for pre-qualification, qualification, and post qualification stages. It also discusses the opportunity for technicians to develop their skills further and progress to a professional accountancy qualification.

In the backdrop of growing demand for second tier accounting personnel for large as well as medium and small enterprises, ATC was introduced by ICAI in December, 2008. Presently, a candidate may register for ATC after he has appeared in the Senior Secondary Examination (10+2 examination). Such a candidate has to undergo a study course of eight months, 35 hours Orientation Programme and 100 hours Information Technology Training before appearing in Accounting Technician Examination (ATE) consisting of four papers and a requirement of 12 months of work experience. ICAI needs to assess the efficacy of such scheme and evaluate if the ATCs are able to provide any value added services to the stakeholders. The changing economic scenario also warrants a fresh appraisal of the scheme.

STEP FORWARD

In the next stage, the basic framework of scheme of education and training will be firmed up by CRET and thereafter, the incidental matters relating to number of papers, detailed syllabi, expected competency level at each stage of CA course, nature of assessment, frequency of examination during a year and all other relevant and related aspects will be put in place. ICAI will endeavour to ensure that the resultant structure is dynamic, contemporary and commensurate with the requirements of the stakeholders and at the same time, stable. ■