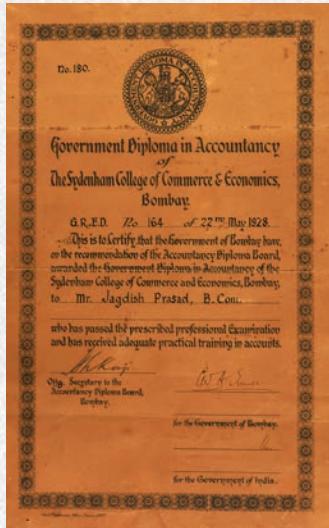


ICAI and Indian Accountancy Profession: Some Lesser-Known Facts of Importance



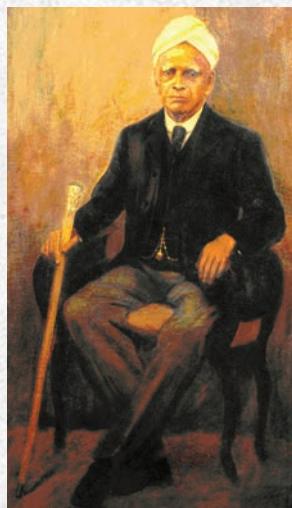
Accountancy profession has existed in India in different forms for ages even during the times of the Vedas, Sutras and the Upanishads. In fact, in Hindu mythology, Lord Chitrugupta is revered as Lord Yamaraja's chief accountant and minister who keeps a complete record of the deeds of human beings from their birth to death. In this special feature, we bring to you some lesser known historical facts about the ICAI and accountancy profession in India.

- **PM Nominates ICAI for Clean India Campaign:** In a first, in early 2015, Prime Minister Shri Narendra Modi nominated the ICAI to take forward the important national flagship programme 'Swachh Bharat Abhiyan'. It was for the first time that any professional body had been nominated by the Prime Minister for such a national initiative.
- **'Partner in Nation Building':** The term 'Partner in Nation Building' for the ICAI was coined by the then President of India Dr. A. P. J. Abdul Kalam, while speaking at the inauguration of ICAI's International Conference on *Accounting Profession: Adding Value to New Horizons of Economic Growth*, at New Delhi on 1st September, 2005.
- **Recognition of Excellence Award to ICAI:** The ICAI was honoured with "Recognition of Excellence" Award by the then President of India Smt. Pratibha Devisingh Patil in 2009.
- **CA Logo:** A distinct logo for the members of ICAI was unveiled on CA Day by the then Minister for Corporate Affairs Shri Prem Chand Gupta on 1st July 2007.
- **Membership Strength on 1st April, 1950:** After the first Council of the Institute started functioning, i.e., as on 1st April, 1950, there were 1,689 members—569 Fellows and 1,120 Associates.
- **Interesting Statistics of 1954**
 - 1) Number of CPAs (United States): Just crossed the 50,000 mark.
 - 2) Number of U.K. Accountants (comprising three Chartered Institutes, The Society of Incorporated Accountants, and the other Association): Over 41,000 Members.

(Contributed by Editorial Board Secretariat of ICAI. Comments can be sent to eboard@icai.in.)

Did You Know?

- 3) Number of Members of our ICAI (as on 31.03.1954): 2,819 members
(Source: History of Accountancy Profession Volume 1)
- **Accountancy Research Foundation:** ICAI established Accounting Research Foundation (ARF) as a core research body with facilities to undertake research in the area of accounting, auditing, capital markets, fiscal policies, monetary policies, etc. in 1999.
 - **Appellate Authority:** The Appellate Authority under Section 22A(1) of the Chartered Accountants Act, 1949 was constituted by the Central Government in March, 2009.
 - **Paving the Way for Indian Youth to enter CA Profession in 1905:** Shri K. S. Aiyar, arguably the father of Indian accountancy and the pioneer of Commerce education in India, brought the three-year apprenticeship of Society of Incorporated Accountants and Auditors of London to India in 1905, paving the way for Indian youth entering the profession in greater number. Among the aspiring Incorporated Accountants, Shri Sorab S. Engineer was the first to serve his apprenticeship in India under Shri K. S. Aiyar.
 - **First Indian to Become Member of ICAEW:** Shri A. E. Cama was the first Indian to become a member of the Institute of Chartered Accountants of England and Wales as early as in 1908.
 - **Accountancy got Statutory Recognition in India in 1913:** During the period prior to 1913, the shareholders of companies in India were usually a class with considerable resources and familiar with business. The Government, observing the changing conditions and the increasing industrial and commercial activities in which public interest was also increasing, decided to introduce new provisions, mainly with a view to safeguarding public interest by the

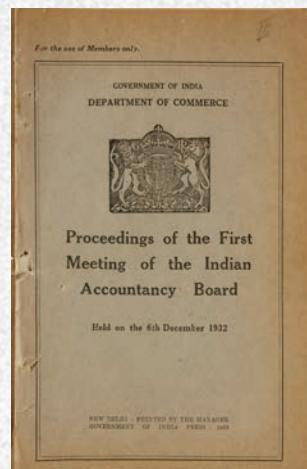


Shri Kalyan S. Aiyar (b.1859)

(Courtesy: Mr. Raghu Aiyar)

Act of 1913. The Act of 1913 replaced the Indian Companies Act of 1882... (It was) for the first time by the Indian Companies Act of 1913 (that) a statutory provision was made for audit of accounts of companies.

- **First Accountancy Board:** The First Accountancy Board was appointed in 1932. Earlier, its members were appointed by the Governor General in Council but later on in 1939, elective element was brought into the constitution of the Board. The Secretary of the Department of Commerce of the Government of India was the Chairman of the Board. The Auditor General of India was the only other official member of the Board. There were 16 non-official members in the Board, who were nominated on the advice of the Local Government. Shri M. L. Tannan was appointed Secretary to the Board. Its first meeting was held on 6th December, 1932.
- **GDA and Unrestricted Certificate:** Scheme comprising a qualifying examination known as GDA (*Government Diploma in Accountancy*) along with an apprenticeship (under an *Approved Accountant in practice*) of three years was written by Shri K. S. Aiyar, a veteran pioneer of Commerce education in India. This Diploma, later abolished in 1943, was offered by the Government of Bombay, approved by the Government of India. Successful candidates after qualifying the scheme, were eligible for the grant of an *Unrestricted (Auditor's) Certificate* under the Indian Companies Act, 1913, entitling them to practice throughout the British India.
- **GDA Examinations (1918-34):** Although the first such examination was held in 1918 by the Accountancy Diploma Board, the regulation for the award of GDA was sanctioned by the Government of India on 6th March, 1919. In 1919, 14 candidates were granted the GDA certificate under the scheme. The last examination under the GDA Regulations was held in 1934.



(Photo: Indian Accountancy Board - 1932)

Did You Know?

- **B. Com. And Unrestricted Certificate:** Alternatively, a commerce graduate (with auditing and accounting as special subjects) from the *Sydenham College of Commerce & Economics* of Bombay was also recognised by the Government of India as a qualifying examination. Therefore, in addition to this, if these graduates completed apprenticeship of three years under an *Approved Accountant*, they were also eligible for the grant of *Unrestricted Certificate*.
- **Regulation in No. and Period of Articleship:** No. of apprenticeship for a practising (Incorporated) Accountant was regulated, i.e. ranged between 2 and 4 under prescribed conditions. Period of apprenticeship under GDA also ranged between 3 and 5 years under prescribed conditions.
- **Introduction of CA Bill, 1948:** Chartered Accountants Bill, 1948 was introduced in the Constituent Assembly of India (Legislative) on 4th September, 1948.
- **The CA Act, 1949:** The Chartered Accountants Act, 1949, described as an Act to make provision for the regulation of the profession of Accountants was passed and received the assent of the Governor General in Council on 1st May, 1949 and published by the authority in the Gazette of India Extraordinary on 3rd May, 1949.
- **First Member of the ICAI:** Shri G. P. Kapadia was the first member of The Institute of Chartered Accountants of India. (Photo: First Member of ICAI –



First Member of ICAI - Shri G. P. Kapadia

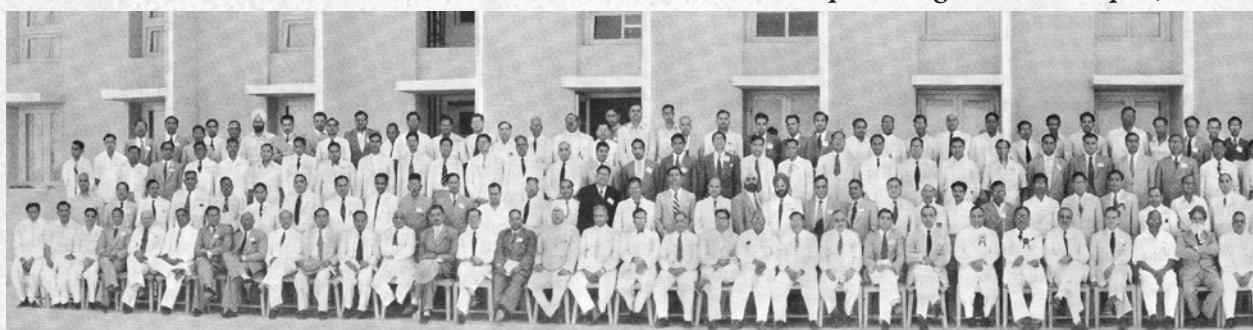
Shri G. P. Kapadia)

Guru of Founder President of ICAI: Shri Sorab S. Engineer was the proclaimed guru of the first and founder-President of the Institute, Shri G. P. Kapadia.

- **First Council of the ICAI:** The First Council of the ICAI was constituted and notified by the Government by notification published in the Gazette of India Extraordinary dated 1st June, 1949 and consisted of 15 elected members and 5 members nominated by the Government. (Photo: From First Report of ICAI Council, 1950)
- **First Meeting of ICAI Council:** The first meeting of the first Council of the Institute was held on 15th August, 1949 at New Delhi.
- **The ICAI Logo Was Conceptualised by the Great Nationalist Philosopher Sri Aurobindo Ghosh:** "When the Institute was formed in the year 1949 in the month of July, C. S. Shatri, a noted Chartered Accountant of Madras went to Sri Aurobindo and requested him through a letter to give an emblem to the newly formed Institute of which he was an elected member from the South.... Sri Aurobindo gave him the emblem with a Garuda in the center and a quotation from the Upanishad (*Kathopanishad*): *Ya esa suptesu jagarti*, 'that person who is awake in those that sleep'. The emblem was placed at the first meeting of the Council of the Institute in New Delhi on 15th August, 1949 and was accepted amongst many other emblems placed by other members of the Council. So, that became the emblem of the Chartered Accountants of India. Very few people know about it and most of the Chartered Accountants do not know it".

(Excerpts from 'My Reminiscences' authored by Prasanta Mukherjee)

- **Longest Serving President of ICAI:** First President of the ICAI Shri G. P. Kapadia is the longest serving President in the history of ICAI who served for a term of 1949-52.
- **Membership Strength on 1st April, 1950:**



The Bombay Region Chartered Accountants Conference, in September 1951

Did You Know?

After the first Council of the Institute started functioning, i.e., as on 1st April, 1950, there were 1,689 members—569 Fellows and 1,120 Associates.

- **Women In accountancy: First for Indian Women CAs:**

1. The First lady to have qualified as Accountant was Mrs. Shirin K. Engineer, who belonged to Mumbai. Having passed the B.Com Examination of the Bombay University with Advanced Accountancy and Auditing in the year 1930, she was awarded the GDA Diploma upon completion of her practical training in accounts in the year 1933. This enabled her to be enrolled as a Registered Accountant (R.A.) in December 1933, and as A.C. A in July 1949.
2. The First lady to have topped the CA Final Examination was Ms. Nandita Shah. She achieved this feat in the November 1983 examination.
3. The First lady to have got elected to the Council of The Institute of Chartered Accountants of India (ICAI) was Ms. Priya Bhansali.
4. CA. G. Rajani was the first ever visually impaired CA, as recorded in ICAI history.
5. **First ICAI Groups/Committees for Women CAs:** A 17-member 'Women Steering Group' was constituted in 2009 and a full fledged non-standing 'Women Members Empowerment Committee' has been set up for Council Year 2014 -15 and 2015 -16.
6. The First Flexi Working Portal for Women Members: In yet another first in ICAI history, a Flexi Working Portal for women members (<http://womenportal.icai.org/>) was launched on 21st April 2014 to provide women CAs a platform to explore suitable opportunities with option for part time jobs, jobs with flexi hours or jobs with work-from-home facility.

- **First Ever Conference of Indian CAs after Attaining Autonomy:** First ever Conference by chartered accountants after attaining autonomy was held by the chartered accountants of Bombay, *The Bombay Region Chartered Accountants Conference*, in September 1951, which was inaugurated by the then President of the ICAI, Shri G. P. Kapadia. The Conference covered areas including role of a chartered accountant, ideals of accountancy profession, practical aspects of income-tax practice and procedure, report writing and presentation, and staff training facilities and education of

accountancy profession, among others.

- **Origin of The Chartered Accountant journal:**

The journal of the Institute, *The Chartered Accountant*, owes its origin to an eight-page Bulletin first brought out in January 1950. This Bulletin transformed into a full-fledged journal in July 1952, which had a circulation of less than 5,000 copies.

- **The First (Official) Conference of Indian CAs:**

The First (official) *Conference of the Chartered Accountants of India* was held in New Delhi in April 1954, organised by the ICAI. It coincided with the inauguration of the own office premises at Indraprastha Marg in New Delhi. Both these events were opened by the first President of India, Dr. Rajendra Prasad.

- **Introduction of Concept of Cost Audit:** Concept of 'Cost Audit' was introduced in the year 1964 by an amendment to the Companies Act.

Opening of the ICAI Headquarters

The ICAI Headquarters was inaugurated on



The then President of India Shri Rajendra Prasad inaugurating the ICAI Headquarters

2nd April, 1954 by the then President of India Dr. Rajendra Prasad. He also inaugurated the first Conference of Chartered Accountants of India. In his speech, the President of India observed: "The

Did You Know?

fast increasing tempo of the industrial and economic development of the country makes it imperative that every Chartered Accountant should realise that he belongs to a profession which provides the first line of defence to the unwary public against money-grabbers and opportunists. Your responsibility in this matter becomes all the greater, because of the autonomy which your profession enjoys. The confidence of the public in even reliable and well-managed business undertakings would be gravely undermined, if unscrupulous persons were allowed without let or hindrance, to manipulate company accounts or otherwise indulge in malpractices only to serve 'their own ignoble ends. The Government and the public are therefore alike interested in the maintenance of the independence and integrity of the Accountancy profession, but it is primarily for the profession itself to create conditions favourable to the growth of these qualities in its members'.

Role of ICAI in Formation of IFAC

The ICAI has been one of the founding members



Shri B. L. Kabra President, signing on behalf of the Institute an Agreement constituting International Federation of Accountants at Munich, West Germany on 7th October 1977

of International Federation of Accountants, having played a crucial role in its formation in 1977. The ICAI hosted the 6th Plenary Session of the International Coordination Committee for the Accountancy Profession between 14th and 16th February, 1977, which was attended by representatives of 11 leading countries. This was an event of considerable importance to the profession, as it gave final shape to the constitution of the International Federation of Accountants (IFAC), which came into existence at the International Congress later held at Munich.

Representatives of more than 50 nations attending the 11th International Congress of Accountants in Munich (West Germany) signed an agreement

for establishment of International Federation of Accountants on 7th October 1977. At that time, it was decided that the affairs of the IFAC will be managed by the 15-member Council. It is a matter of great pride that India was elected as member of the Council for two successive 5-year terms, and Shri B. L. Kabra, the then president of ICAI, was elected as one of the Vice-Presidents of IFAC.

Inception of ICAI Technical Directorate

The ICAI Central Council at its 90th meeting in September, 1979 accepted the Executive Committee recommendation for the creation of the Technical Directorate in the Institute. The Technical Directorate was set up in 1980 and its functions included 'Development of accounting and auditing standards; Preparation of research studies which contribute effectively to the development of theory and practice of accounting, auditing and taxation, etc; Provision of advisory services to members and compilation of the opinions given; Identification and development of areas – both in employment and practice which provide greater opportunities to members; Responses to queries from government and other regulatory agencies in areas of monetary policies, fiscal laws and corporate laws.'

(Source: History of the Accountancy Profession in India - Part II)

First edition of 'ICAI Corporate Awards'

The prestigious annual ICAI corporate awards (ICAI Awards) to honour the exemplary work of Chartered Accountants in Industry was instituted in 2007 and the first edition of these awards, called 'Exacct Awards' were given away to 19 CAs in industry on 20th January 2008 at Hotel Grand Hyatt, Mumbai. The chairman of the six-member high-profile award jury was ICAI Past President CA. N. D. Gupta.

History of ICAI 'Awards for Best Presented Accounts'

The ICAI 'Awards for Best Presented Accounts' were instituted in 1958. An annual competition was started for the purpose. Earlier, the annual accounts of companies that participate in the competition were scrutinised by a panel of judges appointed by the Council. The practice of appointment of judges by the Council continued till the year 1965. The prize-winning companies in the first competition in the year 1958-59 were: 'The

Did You Know?

Tata Iron and Steel Company Ltd., Bombay (Shield); and 'Indian Oxygen LTD., Calcutta,' 'Mukand Iron & Steel Works Ltd., Bombay,' and 'Air India International, Bombay' (all Certificate of Merit)

Inception of Accounting Research Foundation (ARF)

The Council at its 106th meeting held in July 1983 decided to establish the National Academy of Accounting. It was decided to name it after the First President of the Institute, Late Shri G. P. Kapadia. The Council at its 182nd meeting held in September 1996, considered the matter of establishing the National Academy, particularly the financial aspects and whether it should be a wing of the Institute or a separate trust or society. Finally, the Accounting Research Foundation has been set-up as a company u/s 25 of the Companies Act on 14th January, 1999, which may well be considered as a milestone, as is evident from the objectives outlined in the Memorandum of Association as far as development of the accounting profession in India is concerned.

(Source: *History of the Accounting Profession in India- Volume II*)

First Merit and Loan Scholarships:

A scheme for awarding merit and loan scholarships was first introduced from 1st April, 1965. Merit scholarships were then awarded twice a year, five scholarships at a time on the basis of the results of each Intermediate Examination. Every apprentice who stands first in the order of merit among candidates from a region declared successful at an Intermediate Examination and who has secured a minimum of 60 percent marks in the aggregate, was awarded the merit scholarship. Loan Scholarship was awarded to an articled clerk on the basis of the results of his examination qualifying for entry into the Course.

(Source: *History of the Accountancy Profession in India – Volume I*)



Some key points of Code and Courtesy of Display of ICAI Flag



1. The Flag can be flown on buildings of the Headquarter(s), Regional Councils, Regional Offices, De-centralised Offices and Branches on all days including Sundays and holidays from sunrise to sunset, irrespective of the weather conditions.
2. The Flag may be flown on the aforementioned buildings at night also, but only on very special occasions such as Chartered Accountants Day, Golden Jubilee Day, Diamond Jubilee Day, etc.
3. Whenever a Flag is flown on a Speaker's platform, the Flag should be on a staff on the Speaker's right as he faces the audience. If otherwise displayed, it should be flat against the wall above and behind the Speaker.
4. On special occasions like the Republic Day and the National week following it, Independence Day, or any other particular day of National pride, the Institute's Flag can also be flown and without any restriction of the time limit followed on normal days.
5. When displayed in a straight line with Flags of other professional bodies in India – National as well as International – the Institute (ICAI) Flag should be on the extreme right. ■