

# From the President



**CA. Manoj Fadnis, President, ICAI**

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**Dear Friends,**

**E**very year we celebrate 2<sup>nd</sup> October as the birthday of our own Mahatma Gandhi, who is also called the Father of our Nation, as a mark of respect for his selfless contribution to our nation. Mahatma, who sacrificed his everything for the freedom of our nation, has said so many things apart from his core battle, to send across the message of truth, non-violence and love to the world. Most of his thoughts are relevant even today for all of us to observe and follow. He offered his insight on *conscience* which is the basis for the existence of ethics in our life even today: *There is a higher court than (all) courts of justice and that is, the court of conscience.* For him, there has to be an essential play of ethics and conscience in our life, particularly in the context of our professional space.

CA. R. C. Cooper, our past President (1963-64) had written in the foreword to the first edition of ICAI Code of Ethics: *Ethics is a state of the mind, and there may be some act which, though it may not strictly fall under one of the items of the Schedule, may be one which may not be proper by any moral or ethical standards.* It is said where law ends, ethics begins. In the larger interests of all stakeholders of accountancy profession, the Council of ICAI has brought out a *Code of Ethics* for the members of the profession to follow, which has till date encouraged the members in looking up to their conscience whenever in doubt professionally, and thereby help in the maintenance of high principles of professional conduct.

As you may be aware, we members have continued to exercise our jurisdiction responsibly and without fear or favour. I am therefore assured that whenever the practitioners of accountancy profession confront more than one interpretation on a single professional matter—whether they are all legal—they have always opted for the stricter and less liberal interpretation. All of you will agree that such responsible practices have further strengthened the foundations of our profession, for whose dignity all of

us have been responsible. Gandhiji had once asked: *If you fail in your duty what shall become of the other professions?* Indian chartered accountants have always respected and upheld the ideals of Mahatma Gandhi in the larger interests of the nation.

As the world celebrates his birth anniversary on 2<sup>nd</sup> October, let us practice Mahatma's service-oriented professionalism and people and nation-oriented leadership in all spheres of our existence, to create real-time examples for our society. This would be our real tribute to the Mahatma.

Let me try to bring to your notice some of the most significant developments in accountancy profession over the past one month:

## **Brand Ambassadors of Swachh Bharat Mission call on the Hon'ble President of India**

The Brand Ambassadors of *Swachh Bharat Mission* called on the Hon'ble President of India, Shri Pranab Mukherjee at Rashtrapati Bhavan. On the occasion Shri M. Venkaiah Naidu, Hon'ble Union Minister of Urban Development, Housing and Urban Poverty Alleviation & Parliamentary Affairs released a Coffee Table Book on *Swachh Bharat Mission* and presented its first copy to the Indian President. ICAI represented by its Vice-President also participated in the event. Speaking on the occasion, the Hon'ble President of India said that over the past one year, significant progress has been made in *Swachh Bharat Mission*. However, much more needs to be done.

To update you on the *Swachh Vidyalaya Abhiyaan* initiative, let me inform you, we have been constantly talking to our members about this socially-responsible enterprise of our Government and urging them to come forward and participate in this noble cause on voluntary basis. More than 650 Chartered Accountants have submitted their interest. I am happy to inform you that a small beginning on the actual verification has been made and a total of 22 members have been appointed and 145 toilets have been

allocated to them under this *Abhiyaan*. I am sure, everybody understands that this is a mammoth project and therefore, a collective force and effort is required. I would request all my member colleagues to come forward and join this noble initiative launched by our Government.

## **Meeting with Union Finance Minister**

I wish to inform that I met the Hon'ble Union Finance Minister Shri Arun Jaitley in New Delhi recently. I was accompanied by CA Anuj Goyal, Chairman of the Professional Development Committee along with the Chairman of the Direct Taxes Committee, the Vice Chairman of the Direct Taxes Committee and also the Vice-Chairman of the Committee on the International Taxation. We discussed the matters relating to extension of due date for filing of returns of income and the tax audit reports and also the appointment of the central statutory auditors and the branch statutory auditors during the meeting. The Hon'ble Minister noted the concerns of the profession and has assured to look into the matters.

Further to our endeavours of representing to highest competent authorities ever since the decision of managerial autonomy was given to banks regarding the appointment of statutory auditors, the ICAI has recently approached some of our senior and revered members, CA. K. Rahman Khan, CA. Naresh Gujral and CA. (Dr.) Kirit Somaiya, who are Members of Parliament, to use their good offices to represent the concerns in the wake of decision of managerial autonomy given to banks with regard to the appointment of statutory auditors.

## **New ICAI Branch at Bhuj in Gujarat**

I am happy to inform you that the Council of ICAI has approved the setting up of a new Branch of WIRC in Bhuj (Gujarat) with effect from 30<sup>th</sup> July 2015, whose jurisdiction will include Bhuj, Kutch, Mundra Kutch and Nakhatarana Kutch. Members should note that consequently, the jurisdiction of

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Gandhidham Branch of WIRC has also been amended since the same earlier had all the aforementioned places under its jurisdiction; now, the jurisdiction of Gandhidham Branch of WIRC will have Gandhidham, Adipur, Anjar, Kandla and Bhachau.

## **MCA Nominates C&AG DG (Commercial)-I to ICAI Council**

I wish to inform that the Ministry of Corporate Affairs has communicated the nomination of C&AG Director General (Commercial)-I Shri P. K. Mishra to the 22<sup>nd</sup> Council of the Institute for its remaining term, in place of Shri P. Sesh Kumar who retired from the services of the Office of C&AG recently. I am sure the ICAI will be benefited from his immense professional experience and wisdom.

## **IFAC Board Meeting in New York**

Let me inform you that recently I along with ICAI past President CA. K. Raghu, was in New York to attend the IFAC Board Meeting. There was also a session of *Board Members, Technical Advisors and Category A Observers* held a little earlier than the Board meeting. On the sidelines, we got an opportunity to meet SAICA (South African Institute of Chartered Accountants) Chief Executive Officer, Dr. Terence Nombembe and discussed a possibility of a collaboration/reciprocal agreement between ICAI and SAICA. We sincerely expect a positive outcome in the near future.

## **College of Banking & Financial Studies, Oman, Visits ICAI**

I am happy to inform that Dr. Ahmed Mohsin Al Ghassani and Dr. K. Rajesh Nayak, Dean and Director (Training) of the College of Banking & Financial Studies of Oman respectively, were here at the ICAI, New Delhi, for a bilateral discussion between the two institutions. We discussed among other matters of professional concerns, a possibility of having exchange programme and giving new life to the MoU between ICAI and College of Banking & Financial Studies that has recently expired.

## **Workshop on Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act 2015**

As members are aware, the Institute has helped in organising two workshops on the Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act 2015, one in New Delhi and the second in Mumbai. These workshops were addressed by the then Revenue Secretary Shri Shaktikanta Das and the Central Board of Direct Taxes Chairperson Smt. Anita Kapur. Senior officials from the Board and many eminent members participated in the workshops. Based on the deliberations the Institute had submitted the issues which required clarifications and I am happy to state that this has resulted in the CBDT bringing out the second set of FAQs in the first week of September 2015.

## **Approaching Parliamentary Committee to Strengthen Benami Law**

As you all know, the problem of black money, especially in real estate sector, has been a drain on the Indian economy. We must welcome and support the introduction of *Benami Transactions (Prohibition) Amendment Bill, 2015* to plug several loopholes in *Benami Transactions (Prohibition) Act*, so that the issue of illegal wealth could be addressed effectively. As such, we have recently made a presentation to the Standing Committee on Finance of Parliament and suggested certain changes in the Bill to enhance its efficacy.

The Parliamentary Committee is likely to complete the proceedings on the Bill soon and the report is expected to be submitted in the first week of Winter Session of Parliament. I would urge my membership fraternity to come forward and support the cause in the larger interests of the health of our economy.

## **New Guidance Note on Audit of Internal Financial Controls over Financial Reporting**

The Companies Act, 2013 has introduced many new reporting requirements for the

statutory auditors of companies, one which is given under the Section 143(3)(i) of the Act requiring statutory auditors to state in her/his audit report whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls. Therefore, in order to provide appropriate guidance on this section to auditors, the ICAI has brought out a comprehensive and self-contained *Guidance Note on Audit of Internal Financial Controls over Financial Reporting*, which contains guidance on intricacies involving reporting on internal financial controls. I am sure that the members and other interested readers would find the *Guidance Note* immensely useful.

## ICAI Elections 2015

I am happy to note that the process of December 2015 elections for the 23<sup>rd</sup> Council of the Institute has been initiated. It is time to demonstrate that Indian chartered accountants symbolise prudence, discipline, integrity, positivism and professional decorum and conduct. Remember, democracy flourishes from lively and healthy debates, and positive development; it endures when people from all backgrounds and beliefs find a way to set aside their differences for the purpose of a greater cause, which, in our case, is our accountancy profession.

Election Code of Conduct has already come into force and I am sure all will abide by the same in letter as well as spirit. On the other hand, let me assure you all that, in line with our tradition, ICAI will leave no stone unturned to ensure free and fair elections. Details about the elections have been prominently hosted on our website under a separate link. Remember that if we stick to our tradition of self-discipline, high ideals and character of our great profession and ensure fair elections, then, irrespective of whoever wins, the ultimate winner will be our glorious profession. It will be a triumph of our accounting fraternity, who first and foremost votes for our internal democracy, independence and ultimate growth and development of our profession.

## Helping CA Students through CASBF

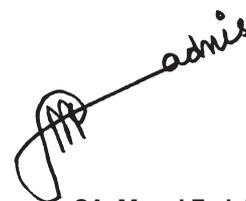
I am happy to inform that the Board of *Trustees of Chartered Accountants' Students Benevolent Fund* has decided to grant financial assistance to 400 meritorious and needy students, who are currently undergoing articled training. Students may go through the details on the ICAI website, and accordingly apply for financial assistance in the prescribed form by 15<sup>th</sup> October 2015. I would also request my member colleagues to pass on the information to the needy students in their contact.

Although the ICAI takes all possible measures including the financial ones, to help the students in completing their CA course, I would always ask the students to put in their hundred per cent efforts and heart in to it to achieve their goals and success.

Let me quote the respected Indian entrepreneur and Padma Shri awardee Ms. Kalpana Saroj who is credited to having built her company on the foundations of justice, fair play and equality: *Hard work is not overrated. It is fail proof. What you want—whatever it is—you shall get if you apply yourself wholeheartedly and work towards it with a single minded vision.* She recommends *grit, perseverance and a superhuman ability to have faith in yourself* for people aspiring to become successful entrepreneurs. Let us take inspiration from such heartening struggle-and-success stories and emulate them in our life.

I wish all readers a very happy Id-ul-Zuha and Dussehra that are bound to give all of us moments to celebrate our togetherness and cohesive existence in the country that is known all over the world for unity in diversity.

Best wishes



**CA. Manoj Fadnis**  
President, ICAI

New Delhi, September 22, 2015