

From the President



CA. M. Devaraja Reddy
President, ICAI

6 In his message to our Institute, Union Defence Minister Shri Manohar Parrikar had said: *The accountancy function (in India) continues to play a strategic role in providing value-added services to the stakeholders and takes key leadership roles to guide their organisations as creators, enablers, preservers and reports of sustainable value through the process of embedding sustainability deep within an economy.* Having expressed these words of sincere appreciation for CA profession, Hon'ble Defence Minister honoured us with his gracious presence at the Institute's main CA Day function as its Chief Guest on 1st July 2016. 9

My Dear Professional Colleagues,

The month of August holds a special significance for we people of India as we rejoice the event of our independence, remember and commemorate the hard work and sacrifices of our forefathers who made the dream of a free nation possible, as *Independence Day* on the 15th day of this month.

To me, our Independence Day means a strong memory of Mahatma Gandhi who chose a path less trodden, a path of Ahimsa - a non-violent, yet resilient struggle and a path of truth that causes our Father of Nation to be remembered and celebrated not yesterday or today but perhaps forever. Events such as these help us recollect our past, value our present and strive for a better future.

Of late, we have been into the process of introspection and self-transformation, reinforcing our commitment to act responsibly and with integrity. We believe that our commitment as a regulator should transcend the borders of legal and regulatory frameworks and stretch to being good in as many ways as it can. Some of these initiatives are:

Our Planet, Our Mother

As you recall, at ICAI, we had successfully implemented a new environment-friendly and paperless meeting management system on an enterprise wide basis and decided to phase out our Regional Council and Branch newsletters to digital mode. This only reaffirms my commitment that we are only responding to your command for a better environment.

Our Country, Our Support

With a will to harness our huge member base, i.e., about 2.6 lakh members, we have been constantly engaged with the Government to serve the nation. We have supported its policies and schemes, and its flagship programmes. For example, we have contributed for *Swachh Bharat Abhiyan*, *Swachh Vidyalaya Abhiyan* and *Swachh Bharat Pakhwada*.

We have willingly come forward and contributed to various dynamic laws and regulations including Companies Act, Income Computation and Disclosure Standards, Income Declaration Scheme, Model GST Law and Black Money Act. We have been quite conscious about our role in strengthening the fabric of financial framework of our nation. Challenges have always inspired us and made us agile and relevant. They in fact complete us. To agree with our Prime Minister

Shri Narendra Modiji here, I must say, *we love to challenge our challenges.*

Our students, Our Future

Ongoing revision in the CA curriculum will further improve the quality of our profession. We have held a series of meetings and workshops, held our ear to the ground and attempted to consolidate as much syllabus-related feedback to ensure that the new curriculum will be best in class and make us all very proud.

Let me now bring the focus on some of the important developments that have taken place in accountancy profession over the last one month:

68th CA Day— Celebrating 67 Years of Our Service to the Nation

CA Day, celebrated on 1st July every year, is yet another date to remember in our professional existence. Since I took over, I have realised that we need to decisively re-examine and rediscover our Institute. We realise that we have to do different things *and* do things differently. With constant efforts and endeavours, I must say, ICAI will emerge as an organisation that is more relevant, contemporary and a harbinger of economic and perhaps even social change.

In his message to our Institute, Union Defence Minister Shri Manohar Parrikar had said: *The accountancy function continues to play a strategic role in providing value-added services to the stakeholders and takes key leadership roles to guide their organisations as creators, enablers, preservers and reports of sustainable value through the process of embedding sustainability deep within an economy.*

Having expressed these words of sincere appreciation for CA profession, Hon'ble Defence Minister honoured us with his gracious presence at the Institute's main CA Day function as its Chief Guest on 1st July 2016. I am happy that our members and students at our Regional Councils, Branches and overseas chapters, joined hands and celebrated the CA Day by participating in a series of programmes and events like cleanliness drive, tree plantations, distribution of literacy kits and blood donation camps and more importantly in the programmes on Income Declaration Scheme, 2016. These activities demonstrated our commitment to nation and renewed our resolve to provide enlightened value-added services to the society. At the CA Day function in Delhi, very useful informative and participative sessions on the themes of

Emotional Intelligence and Income Disclosure Scheme, 2016 were conducted. A detailed report about the main CA Day function has been published in this issue of the Journal.

We Greet New Minister of State for Finance and Corporate Affairs

On behalf of the CA fraternity, I heartily congratulate and welcome Shri Arjun Ram Meghwal for taking over as the new Minister of State for Finance and Corporate Affairs. Recently I, along with Member of Parliament CA. Kirit Somaiya and ICAI Vice President CA. Nilesh Vikamsey met Shri Meghwal and re-committed our full support to various Government initiatives and policies. Shri Meghwal has been Member of various Parliamentary Committees and was awarded the Best Parliamentarian Award in 2013. I take this opportunity to also congratulate another Minister of State for Finance Shri Santosh Kumar Gangwar who earlier held the post of textiles minister. As we look forward to continued support from Ministry of Finance, I am sure that the two new Ministers of State will take Indian financial and corporate world into a new era of growth and development. Meanwhile, we also recently met Union Minister of Finance Shri Arun Jaitley to discuss issues of mutual interest and recommit our support in achieving the objectives of the Ministry.

Income Declaration Scheme, 2016—An Opportunity to Pay Tax and Come Clean

Hon'ble Union Finance Minister Shri Arun Jaitley recently voiced his concerns at three of the ICAI platforms, complimenting the ICAI for its role in disseminating and propagating the Income Declaration Scheme, 2016 not only amongst our members but also among business persons and other citizens.

On 2nd July 2016, the Hon'ble Finance Minister addressed through an ICAI webcast for *Citizen & Member Awareness Programmes on Income Declaration Scheme*. Later on 10th July, I had the privilege of sharing the stage with the Finance Minister when he addressed at a National Seminar on the Income Declaration Scheme in Ahmedabad, which was jointly organised by the Govt. of Gujarat in partnership with ICAI. Gujarat Chief Minister Ms. Anandiben Patel and Revenue Secretary Shri Hasmukh Adhia were also present at the Seminar. Appreciating the efforts put in by the ICAI, the Hon'ble Finance Minister said that the Institute jointly with the Department, promoted this initiative in a campaign mode throughout India so that assesseees

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can get prepared and take maximum benefit out of the Scheme. Finance Minister informed that the Income Declaration Scheme, 2016 aimed at giving the people an opportunity to declare their undisclosed income, pay taxes and come clean, without terrorising the people and being vindictive to them. He said: *...there is a sizeable dip in the Indian holdings outside the country. Today, there is a panic among people who hold illegal assets outside...This isn't an immunity scheme, but a disclosure scheme. This is a lifetime opportunity for those who have not disclosed their income.* He welcomed the fact that G-20 nations that control approximately 85 per cent of the world economy, have decided to extend their cooperation to the Govt of India in this regard by sharing information of illegal assets.

Then on 23rd July 2016, the Finance Minister addressed another programme on the Income Declaration Scheme, 2016 in Bengaluru, jointly organised by ICAI, FICCI FKCCI (Federation of Karnataka Chambers of Commerce and Industry) and Department of Income Tax. Here also, he expressed similar sentiments as at the Ahmedabad programme and said: *I do hope it is an opportunity for taxpayers to come out clean, sleep well and live with their heads held high. Those who pay taxes lead a life without fear and I am sure it is an opportunity which is granted.*

I am happy to share that earlier at a meeting called by Union Finance Minister on the Income Declaration Scheme, 2016, on 28th June 2016, we had the opportunity to separately raise some other issues of professional concerns and interests. We had also earlier met the Union Minister of State (Independent Charge) for Ministry of Commerce & Industry, Smt. Nirmala Sitharaman, as the Ministry of Commerce and Industry had sought our support in creating awareness about the Scheme.

Let's Help Government Achieve Financial Inclusion Agenda

Let us appreciate that Government's financial inclusion drive has started yielding results. With more than 23.37 crore accounts, Pradhan Mantri Jan Dhan Yojana has already provided access to banking services to more than 15% of unbanked population. More importantly cumulative balance of these accounts has also reached ₹40,000 crore. This is an encouraging trend which needs to be sustained. With our exposure to all levels of Indian business and society, we can play a vital role in facilitating financial inclusion and spreading financial literacy in the country for the ultimate benefit of economy.

We Convinced Govt. to Defer Applicability of ICDS by One Year

The Central Board of Direct Taxes (CBDT) has vide press release dated 6th July 2016 clarified that the Income Computation & Disclosure Standards (ICDS) shall be applicable from 1.4.2016 i.e. previous year 2016-17 (Assessment Year 2017-18). It is pertinent to inform that the ICAI had made detailed representation to CBDT and Hon'ble Finance Minister for deferment of implementation of ICDS and followed it up with several meetings with senior CBDT officials to highlight the difficulties that would be faced by stakeholders on implementation of ICDS. The representations made by ICAI were considered positively by the Expert Committee on ICDS and ICAI was asked to prepare detailed FAQs and amendments to ICDS which were duly submitted. The CBDT officials agreed with most of ICAI's recommendations and also agreed to bring out clarifications by way of issuing FAQ's and amendments in ICDS. However, in view of delay in redressal of issues in ICDS, delay in notification of FAQs and non-revision of tax audit report formats, it was requested to Finance Minister that implementation of ICDS and notification of revised tax audit report formats be postponed. We are thankful to the Government for favourably responding to the concerns of the stakeholders that were put forward by ICAI and deferring of applicability of ICDS by one year.

Applicability of Provisions of Rotation of Auditors as per Section 139 (2) of the Companies Act, 2013

At this juncture, I wish to take this opportunity to inform all our stakeholders that based on a representation made by the Institute, a Removal of Difficulty Order has been issued by the Ministry of Corporate Affairs recently wherein it has been stated that the provisions of Rotation of Auditors as per Section 139 (2) of the Companies Act, 2013, shall be complied by the company not later than the Annual General Meeting of the year 2017. The order will help in the removal of difficulties in implementing provisions of the rotation of auditors.

Lok Sabha MP CA. (Dr.) Kirit Somaiya Addresses ICAI Council

As the leader of Indian accounting fraternity, I thank one of our prominent members and Member of Parliament (Lok Sabha) CA. (Dr.) Kirit Somaiya for his continued support and guidance to the profession.

In line with that spirit, he recently addressed our Council and spoke his mind on how best the Indian accountancy profession could play a role in the best interests of the country and in making various growth-oriented government schemes and policies a success. While we commit our full support to his vision, we look forward to his backing to the profession in all times to come.

Our International Conference on 22nd-23rd October 2016 in Hyderabad

I am happy to inform that as part of the continuous professional development of our members, ICAI is organising a two-day International Conference *jñāna yajña—The Quest for Excellence* on 22nd-23rd October 2016 in Hyderabad. An apt platform to facilitate the exchange of ideas between global and local accountancy fraternities, the International Conference will be a window to future aiming to acclimatise the accounting fraternity to the demands of present economy. However, I would request my professional colleagues to register online for the Conference in advance at http://www.icaai.org/new_post.html?post_id=12786. I will again request everybody to block your dates so that you can plan your visit to Hyderabad and participate in the Conference.

Results of CA Final Examinations and CPT Declared

Results of the CA Final Examinations and Common Proficiency Test (CPT) held in May and June 2016 respectively have been declared recently. In the CA Final Examinations, 11.36 per cent candidates passed in both Groups and in Groups I and II, percentage was 14.47 and 21.30 respectively. I congratulate Mr. Sri Ram S from Salem for getting All India First Rank in the CA Final Examination. Mr. Kantheti Naga Venkata Viswa Upendra from Vijayawada and Mr. Yash Manoj Kumar Goyal from Jamnagar should also be congratulated for securing All-India Second and Third Rank respectively. At CPT held in June 2016, 38.98 per cent of the total candidates have passed, of which male and female percentage was 38.41 and 39.75 respectively. Let us congratulate all who have cleared their examinations. However, I would advise rest of the students to work harder and prepare better for the examinations again.

Encouraging Response to 'I Go Green with ICAI' initiative

You will appreciate that as part of ICAI's continuous green drive, we have taken a series of measures.

The latest initiative titled 'I Go Green with ICAI' encourages our members to discontinue receiving the hard copy of *The Chartered Accountant* journal and instead make use of its digital versions. In this regard we have created a micro web-page wherein members can unsubscribe the hard copy to support this initiative. However, there is also an option there to re-subscribe the hard copy at any given point of time.

I am happy to note that members have responded quite favourably and so far in a short span of a week, we have received consent from about 6000 members regarding discontinuation of receiving hard copy Journal. Let us opt to discontinue receiving the hard copy of *The Chartered Accountant* journal following a very simple process at our website.

Let me take this opportunity to wish all of you on the upcoming festivals of August—*Janmashtami* (also known as Krishna-Janmashtami or Krishnashtami, where we celebrate the birth of Lord Krishna), *Parsi New Year* (i.e. Nowruz) and *Raksha Bandhan* (celebrated as *Janai Purnima* in Nepal too). We must appreciate that these festivals give us opportunity to enjoy our community life and celebrate our togetherness and diversity.

Dalai Lama says: *This is my simple religion. There is no need for temples; no need for complicated philosophy. Our own brain, our own heart is our temple; the philosophy is kindness...Love and compassion are necessities, not luxuries. Without them, humanity cannot survive.*

Being a land of diversity, India has quite successfully survived as one of the most tolerant countries in the world for decades. Let us preserve its diversity and integrity respecting the existence of everybody around us, while not disturbing the order of love and harmony of our nation.

Best wishes



CA. M. Devaraja Reddy
President, ICAI

Hyderabad, 24th July 2016