

# From the President



**CA. M. Devaraja Reddy**  
President, ICAI

ICAI had been chosen as preferred institution to partner with the Government to create awareness about the Income Declaration Scheme 2016. ICAI and its members played a proactive role in making this Scheme a great success. A huge sum of ₹65,250 crore in black money has been disclosed through 64,275 declarations, as reported on 1<sup>st</sup> October 2016, marking it the biggest-ever disclosure of hidden wealth that will rake in ₹29,362 crore in taxes to the exchequer. ☺

**Dear professional colleagues,**

**R**ecently, Prime Minister Shri Narendra Modi said: "For me, more than what the world thinks of the government, what the image of the country is, is important. Substance over symbolism. Empowerment over entitlement...." Basically, either we give power and confidence and/or legal rights to people to enable, or we simply give authority, ownership, or, an honorary designation to them to enable. In the first case, i.e. empowerment, the process helps people in realising their worth and value, and they learn to respect the existence of everybody around them. In the latter, i.e. entitlement, people start believing that they are more important than others. The process motivates them to believe that people around them, especially those who disagree with them, are wrong. Therefore, all institutions and organisations across sectors must give priority to empowerment over entitlement.

Through schemes and programmes like *Beti Bachao Beti Padhao* scheme (to encourage the education of girl children by reversing India's declining child sex ratio), *Stand Up India* programme (to provide easy funding to dalits and female entrepreneurs), *Mudra Yojna* (low-interest loan scheme for small entrepreneurs), *Nai Manzil* (a skill development scheme for girls from minority communities), our Government has focused on empowering the socially and economically deprived sections of our society. While schemes like *Pradhan Mantri Suraksha Bima Yojana* (an accidental death and full/partial disability cover), *Pradhan Mantri Jeevan Jyoti Bima Yojana* (insurance scheme), and *Atal Pension Yojana* (flagship pension scheme) aim to provide social security to the masses, these schemes basically empower them to empower themselves. Basically, the Government has always followed its agenda of *empowerment over entitlement* while launching and starting its schemes and initiatives. It has strongly passed on a message to the masses that there are no freebies and that the people will have to take the ownership.

Can I sincerely request my professional fraternity too, to drop their expectations of entitlement while focusing more on empowering themselves? Let me quickly submit here that ICAI will leave no stone unturned in order to empower all members of its professional fraternity. It is indeed a noble thought and I would request all of you to give our PM's call

for empowerment over entitlement a little thought. Let us bring this in our actions.

Now let me bring some of the key professional developments before you that have taken place over the last one month:

## **ICAI Thanks FM for Acknowledging Our Role in Huge Success of IDS, 2016**

As you are aware, ICAI had been chosen as preferred institution to partner with the Government to create awareness about the Income Declaration Scheme 2016. ICAI and its members played a proactive role in making this Scheme a great success. A huge sum of ₹65,250 crore in black money has been disclosed through 64,275 declarations, as reported on 1<sup>st</sup> October 2016, marking it the biggest-ever disclosure of hidden wealth that will rake in ₹29,362 crore in taxes to the exchequer.

By teaming up with the Ministry of Finance, we left no stone unturned for the success of the programme. I am happy to inform, the Hon'ble Finance Minister Shri Arun Jaitley tweeted recently to acknowledge and appreciate the endeavours of ICAI and its members in making this scheme a great success: *"My gratitude to the ICAI for the role that the Institute and their Members played in the success of IDS 2016"*. On behalf of the ICAI and its professional fraternity, I thank the Finance Minister for acknowledging our role and I assure him that we would stay committed to work with the Government as partner-in-nation-building. Meanwhile recently, our Hon'ble Prime Minister Shri Narendra Modi has also tweeted to compliment the Finance Minister and his Team for the "hard work" resulting in the successful outcome of IDS, 2016.

## **We Welcome Steps to Overhaul of Union Budget Process**

As you will be aware, the Government has recently decided to carry out three kinds of changes in the Union Budget—to advance its presentation by 27 days, to do away with a separate railway budget and to dispense with the Plan and Non-Plan dichotomy in expenditure. We at the ICAI welcome these three changes, since these make great economic and practical sense. Advancing the presentation of Budget will allow the Parliament to vote on tax and spending proposals before the beginning of the new financial year on 1<sup>st</sup> April, which will do away with the need for a Vote on account and allow new direct tax measures to have a full year's play. On the other hand,

the distinction of expenditure between Plan and Non-Plan had become dysfunctional and hindered holistic evaluation of the outcome achieved via two modes of spending. Expenditure will now be classified as revenue (current) or capital (with future income/expenditure implications). The ICAI is geared up for advancing the Budget presentation and is already on job to submit its *pre-budget memorandum* to the Government.

## **Union Ministers Hail the ICAI at Hyderabad International Conference**

I am glad to inform you that our mega two-day International Conference—*Jñāna Yajña: The Quest for Excellence* was very successfully organised on 22<sup>nd</sup>-23<sup>rd</sup> October 2016 in Hyderabad. Hon'ble Union Urban Development Minister Shri M. Venkaiah Naidu inaugurated the conference while Hon'ble Union Minister of State for Finance and Corporate Affairs Shri Arjun Meghwal attended the second day of the Conference and shared their words of wisdom with the participants. They both hailed the ICAI and Indian accountancy profession as a veritable partner in nation building and a facilitator of country's engine of growth. About 3,000 delegates, including many dignitaries from global accountancy profession attended this mega event. Chief Guest Shri Naidu specifically said that Chartered Accountants in India would have huge opportunities and challenges in the wake of Goods and Services Tax (GST) regime and they have a vital role to play in not only its seamless implementation but also in addressing issues such as curbing black money. "This is a huge opportunity and challenge for all of you to be partners in the progress of our nation," he said, and appreciated the theme of the conference *Jñāna Yajña: The Quest for Excellence* dubbing it as a key reason that attracted him to the conference. He said that Indian accountancy professionals, whose strength has gone from about 1,700 in 1949 to more than 2,60,000 now, are very ably serving the country. Various themes that were discussed at this platform were—governance and sustainability through accounting standards, new economic order, financial reforms and way forward, public-sector financial management, internal financial controls for enterprise governance, outcome-based developmental model, SMEs empowerment and development, and business analytics and strategy.

Coinciding with the International Conference, we also hosted the CAPA Board and other meetings in Hyderabad on 20<sup>th</sup>-21<sup>st</sup> October 2016. It provided us a unique opportunity to interact with global and local accounting fraternity at the same time.

# From the President

## IFRS Foundation Trustees Meeting

As part of ICAI's constant efforts to build rapport with global standard-setters and regulators, and enhance our role on global accountancy map, we recently organised the IFRS Foundation Trustees Meeting in New Delhi in collaboration with Trustees of IFRS Foundation. Discussions were held on technical activities, effect analysis, benchmarking, reporting protocol and education initiatives, etc. The meeting dwelt on IFRS Foundation's objective to promote the use of a single set of global standards across the world. The Trustees of the IFRS Foundation are responsible for the governance and oversight of the International Accounting Standards Board.

## Helping Unleash a New Era of Accounting Reform in India

As you may be aware, in an accounting revolution, today more than 140 nations and reporting jurisdictions across the globe permit or require the use of International Financial Reporting Standards (IFRS). India too has joined this revolution with the adoption of Indian Accounting Standards (Ind AS) converged with IFRS, which promise immense benefits to the national economy as well as globalisation of Indian accounting profession. ICAI is playing a paramount role in unleashing this new era of accounting reforms in India as per the roadmap notified by the Ministry of Corporate Affairs, wherein the first phase requires companies with a net worth of INR 500 crore or more to mandatorily adopt Ind AS from or after 1st April, 2016. Accordingly, Indian companies in the first phase have to comply with Ind AS and most of them have already come out with their first quarterly financials based on Ind AS. Banks too are required to prepare their *half-yearly Performa Ind AS Financial Statements* as on 30<sup>th</sup> September 2016.

We at the ICAI are committed to a smooth implementation of Ind AS converged with IFRS and have taken a series of steps including training of our accounting professionals, creating awareness and providing guidance. To overcome the challenges and to have a better understanding on the way forward, we have already put in place an important mechanism – Ind AS Transition Facilitation Group (ITFG), to address complex interpretational issues relating to Ind AS and provide clarification to companies. The ITFG has issued 5 bulletins so far on a range of accounting and reporting issues under Ind AS which are available on our website. Besides, we have also launched a "Support-desk for Implementation of Ind AS" which can be accessed through ICAI website homepage. Further, Ind AS (IFRS) Implementation Committee

of ICAI is continuously working to issue Educational Materials on Ind AS, which contains summary of the respective Ind AS and FAQs covering the issues, which are expected to be encountered frequently while implementing Ind AS. I call upon you to take benefit of our various related initiatives, boost your skill-sets and capabilities and make this ongoing mega accounting reform in India a big success.

## We can Help Improve India's Ranking in Global Innovation Index

According to a recent IBM survey, creativity and innovation is the most sought-after trait in leaders today. Most people are born creative, and remain so, particularly as children. Give a child a paper and pencil and he/she will immediately get down to 'create'. But over time, as we grow, because of socialisation and our environment, a lot of us start to stifle the creative impulses. Most of us professionals are no exception to this phenomenon. As such, I would like to see my professional fraternity rediscover its creative confidence—the natural ability to come up with new ideas and courage to try them out. To do this, what we all need is to get past four fears that hold most of us back: *fear of messy unknowns, fear of being judged, fear of first step and fear of losing control*. Do try it out to make a difference to what we do as professionals and help raise India's ranking in Global Innovation Index, which has significantly improved in recent years. India, currently 66th in global Innovative index among 128 countries, is the top-ranked economy in Central and Southern Asia. It also ranks second on innovation quality among middle income economies. Industry view is that the commitment of India to innovation and improved innovation metrics is strong and growing. According to Hon'ble Commerce and Industry Minister Ms. Nirmala Sitharaman, the government will soon set up a team to look into India's positioning as an innovative country, and we look forward to engage with this team so far as accountancy profession is concerned.

## ICAI's Registration as Insolvency Professional Agency

I wish to inform you that the Council of the ICAI recently considered the issue of Registration of ICAI as Insolvency Professional Agency (IPA) and allowing its members-in-practice to act as Insolvency Professionals as envisaged under the Insolvency and Bankruptcy Code, 2016, and decided to register itself as an Insolvency Professional Agency under the Insolvency and Bankruptcy Code, 2016 by forming a Section 8 company. It is decided that its IPA should be

restricted only to Chartered Accountants. According to the Council, if a Chartered Accountant becomes a member of ICAI's IPA, he will not be allowed to become a member of other Insolvency Professional Agency on surrendering the membership of ICAI IPA. The Council also decided that a member holding COP (Certificate of Practice) after he registers himself as Insolvency Professional can continue to hold COP, while a member not holding COP can also practice as Insolvency Professional. According to the Council's decisions, Chartered Accountants are allowed to charge fees as a percentage of recovery/ assets. Necessary amendment in Regulation 191 and 192 will have to be carried out.

## New Branches of EIRC, WIRC and NIRC Notified

One of our prime priorities has been to streamline, strengthen and expand the ICAI infrastructure and network in the larger interest of accountancy profession in India. Continuing with this drive, I am very pleased to inform that the Council at its recent meeting has decided to set up one Branch at EIRC, i.e., Brahmapur (initially called Ganjam Branch), two Branches at WIRC, i.e. Ratnagiri and Ichalkaranji, three Branches of NIRC, i.e. Kaithal, Kurushetra and Bhiwani, and the same have already been notified. Incidentally, with the notification of new Branches, EIRC now has 13 Branches, WIRC has 35 Branches, and NIRC has 23 Branches. Overall, the tally of total number of Branches of ICAI is 161.

## New Age Capacity-Building Measures and Agenda of Empowering Stakeholders

ICAI has constantly endeavoured to empower its members through its valuable initiatives and measures. In today's world where time is money and real time updates are almost a requirement, electronic media has assumed significant importance as an approach to professional development and continuing education. Technology and communication is getting advanced day by day and ICAI does intend to walk hand-in-hand with our times.

As you may be aware, as part of our vision to provide value-added services, the ICAI has been providing online article placement facility towards their selection by CA Firms through its *Articles Placement Portal* on a pan-India basis, which facilitates CA firms in shortlisting of eligible students and calling them for interview at their offices on a date and time of their convenience, so as to hire them as article assistants. All eligible candidates (i.e. who have passed Group-I or both Groups of the Intermediate

Course or have been admitted under the Direct Entry Scheme and who are willing to join articulated training) may register themselves on the *Portal*, i.e. <http://bosapp.icaai.org>. In a recent initiative for young members' empowerment, ICAI has launched an *e-Booklet* of useful information for our young members whether in practice or in service, which covers topics including professional opportunities, guidelines for practice in corporate, guidelines for networking of firms, advertisement guidelines, website guidelines and various other technical material. Young members may check the details in this regard at <http://ymec.in/young-members-kit/>. Then very recently, ICAI has developed a new CPE (Continuing Professional Education) Portal, i.e. [www.cpeicaai.org](http://www.cpeicaai.org), to facilitate its members with more user-friendly and mobile-compatible functionalities with regard to continuing professional educational activities. Through this new *Portal*, our members can submit their requests online for unstructured learning activities, search events of CPE POU's quickly by Region, POU, city, subject and date, manage preferences with regard to POU, browse webcasts, background materials, etc., from anywhere, any time. The Portal incorporates a robust POU's Monitoring and Management System with a facility of sending alerts/notifications through e-mail and SMS to the members regarding programmes and CPE credit based on their attendance. Moreover, CPE activities have now been linked with the ICAI Mobile App with an introduction of a *CPE Programs* tab.

I would therefore request all concerned members of our professional fraternity to please use the aforementioned ICAI websites and make their professional life more effective and successful by taking advantage of these contemporary initiatives. I am quite sure that all these useful developments will immensely benefit our members.

Let me take this opportunity to extend my heartiest wishes to everybody for Chhatha (also known as *Surya Shashthi* that falls on 6<sup>th</sup> November) and Guru Nanak Jayanti (also known as *Guru Nanak GURPURAB* and *Prakash Utsav*, which falls on 14<sup>th</sup> November). Let us celebrate the spirit of togetherness with love, peace and happiness.

Best wishes

**CA. M. Devaraja Reddy**  
President, ICAI

Hyderabad, 25<sup>th</sup> October 2016