

From the President



CA. Nilesh Shivji Vikamsey
President, ICAI

My esteemed professional colleagues,

It is true that freedom to know, to express and to argue freely according to conscience is divine. The law of our nation, our Constitution, ensures this to the people of India. Our law in that sense is liberating and, at the same time, it binds us in a system that brings an order, cohesion and harmony in our life. But when this liberty, created by law, starts to destruct the system (i.e. order), the situation becomes alarming, since what will follow next is the destruction of freedom itself.

Indian Chartered Accountants today enjoy professional autonomy to a great extent, as provided by its *constitution*, and understand the significance of this privilege. Considering that freedom comes with responsibility and responsibilities begin at home, they are responsibly serving the nation—the economic interests of both the State and its people. Being partners-in-nation-building, the Indian Chartered Accountants have committed themselves to the expected responsibilities of our country in the past and will continue to do that with complete dedication. In the recent past, we have contributed to the initiatives and measures of our Government in various matters of concerns including anti-black money drive, Income Declaration Scheme, administration and collection

of direct and indirect taxes, Union Budget, *benami* transactions, ADR mechanism (arbitration, mediation and conciliation), IFRS-converged Indian Accounting Standards, insolvency law and GST. Tax collections achieved till date and tax and other compliances achieved in the country owes a lot to the members of accountancy profession, be it in *industry* or in *practice*. And the Indian accountancy profession would proactively keep on enhancing it to ensure that there is a better awareness and tax compliance in our country.

Let me bring before you some of the significant developments that have taken place in the last one month:

Initiatives for Government & Meetings with Ministers/ Government Dignitaries Meetings with Union Ministers of State

Recently, I along with my Central Council colleague CA. Rajesh Sharma had meetings with Hon'ble Minister of State for Finance Shri Santosh Kumar Gangwar and Hon'ble Minister of State for Finance and Corporate Affairs Shri Arjun Ram Meghwal, where among various issues of concerns, we discussed the penalty under Section 271J of Income-tax Act, 1961 (including draft Guidelines to prevent the misuse of Section), managerial autonomy given to the public-sector banks regarding appointment of auditors and strengthening disciplinary mechanism, and/or Quality Review Board instead of constituting NFRA. We have submitted that ICAI, with its 163 Branches and 29 Chapters spread across the country and the world, could be made an important *knowledge-partner* in the GST knowledge dissemination programme, as it had been made in the past with regard to the IDS drive.

I along with my Central Council colleague CA. Sushil Kumar Goyal had a meeting with the Hon'ble Union Minister of State (Independent Charge) for Power, Coal, New & Renewable Energy and Mines CA. Piyush Goyal, and discussed some of the aforementioned issues.

Meeting with MCA Secretary

I along with ICAI Vice-President CA. Naveen N. D. Gupta and ICAI Secretary Shri V. Sagar had a meeting with MCA (Ministry of Corporate Affairs) Secretary

Shri Tapan Ray and Joint Secretaries Shri Amardeep Singh Bhatia and Shri K. V. R. Murty. Amongst various matters discussed, we requested for an early approval of our new Scheme of Education and Training in view of its proposed launch on 1st July 2017, and asked for their help in the expeditious approvals of pending MRAs/ MoUs to be entered into by ICAI with international accounting bodies. They have assured us of their cooperation and support.

ICAI Committed to Smooth Implementation of GST

In a short span of time, more than 12 States have passed the SGST Law from their respective assemblies and this shows the commitment for timely implementation of GST by the State Governments after passing of CGST, IGST Act by the Parliament of India. While checking the IT preparedness by GSTN, Revenue Secretary Dr. Hasmukh Adhia reconfirmed the date of implementation of the GST as 1st July 2017 and that this would not be extended further. Migration of the existing taxpayers will again start from 1st June 2017. GST Council in its meeting held on 18th-19th May 2017 finalised the rules and formats of Composition, Valuation, ITC, Invoice, Debit & Credit Notes, Payment, Refund and Registration. It also discussed the GST Compensation Cess rates and Chapter-wise rate-wise GST Schedule in its meeting. As a partner-in-nation-building, ICAI has always been at the service of our nation by carrying out the responsibilities. ICAI has decided to open *GST Sahayata Desk* at 200 locations including at its Regional Councils/Branches/CPE Chapters to facilitate small businessmen, representatives of trade and industry, and public at large *vis-a-vis* the upcoming GST. Let us play our partnering role at this conclusive stage of the implementation of the biggest tax reform of the country.

ICAI-ARF and Rollout of Accrual Accounting across Indian Railways

On the project of Rollout of Accrual Accounting across Indian Railways, ICAI-ARF (Accounting Research Foundation) team has submitted within the deadline a draft Comprehensive Scope Evaluation Report of the project after studying 11 different offices of Indian Railways apart from the Zonal Railways and Production Units covered in the pilot study.

We Support Govt Initiative to Resolve NPA Problem

It is highly commendable that our Government is tirelessly pursuing a reform agenda and sustained drive to resolve various issues plaguing the nation for long. On behalf of the Indian accounting fraternity, I fully support this trend. Latest in the series has been

the crucial steps to resolve the NPA (non-performing assets) issue, which include an ordinance to empower the RBI to effectively deal with bad assets in the banking sector—a move that will kick off a long-awaited initiative. I am sure that those among us involved with the banking sector in various capacities will diligently take note of this development.

Audit Advisory Board

8th Audit Advisory Board (AAB) of the Comptroller & Auditor General of India, whose purpose is to provide suggestions regarding audit, within the framework of the Constitution and statutory mandate of the C&AG of India is chaired by C&AG of India Shri Shashi Kant Sharma. As ICAI President, I, as an ex-officio member of the Board, attended its fourth meeting held on 27th April 2017, in which, among other issues, we discussed *Auditing Goods and Service Tax: Challenges and Response* from the government auditor's perspective.

MCA's High Level Committee and Disciplinary Mechanism

The Ministry of Corporate Affairs has set up a High Level Committee to examine the existing provisions in the Acts, Rules and Regulations of the three professional Institutes (i.e. ICAI, ICSI and ICoAI) pertaining to disciplinary mechanism. ICAI had already formed a Group earlier in this regard, to examine the intricacies involved in areas wherein changes need to be made pertinent to the disciplinary mechanism, which submitted its report at the ICAI Council meeting held recently. The Council discussed the report, and has asked the Group to include the inputs of the Council members.

International Initiatives

Renewal of MoU between ICAI and HCT (UAE) Approved

I am happy to inform that the Union Cabinet has given its ex-post facto approval for the renewal of Memorandum of Understanding (MoU) between the ICAI and Higher Colleges of Technology (HCT), United Arab Emirates, originally signed in 2011. This MoU will facilitate the ICAI in offering short professional courses in the domain of accounting, finance and audit in UAE via the HCT's Centre of Excellence for applied Research and Training.

ICAI Council has also approved the MoU with SOCPA (Saudi Organisation for Certified Public Accountants), ICPAK (Institute of Certified Public Accountants of Kenya), CPA Afghanistan (DG Treasury, Ministry of Finance, Afghanistan) and NBAA (National Board of Accountants and Auditors), Tanzania, at its 365th meeting held recently.

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ICAI's International Conference to be Held in Mumbai in December

I am happy to inform you that the dates for the next International Conference of ICAI have been finalised as 8th-9th December 2017, which would be held in Mumbai, the commercial capital of India. IFAC President Ms. Rachel Grimes has already given her in-principle consent to attend. We would also be hosting SAFA Board and Committee meetings on the sidelines of the Conference. I request you to block your dates, participate actively in the Conference and make this mega event a grand success.

IASB's EEG Meeting Held in Mumbai

Recently the ICAI hosted the 13th meeting of IASB's Emerging Economies Group (EEG) for the second time on 8th-9th May 2017 in Mumbai, which was attended by the representatives of IASB and emerging economies, viz. Brazil, China, Indonesia, Malaysia, Russia, South Africa, Turkey and India. On the sidelines, a half-day ICAI-EEG Joint Stakeholders Seminar was organised on Emerging IFRS (Ind AS) Challenges dealing with Service Concession Arrangements and Expected Credit Loss Model under Ind AS 109.

SAFA Board and Committee Meetings

I along with ICAI Vice-President CA. Naveen N. D. Gupta and ICAI Secretary Shri V. Sagar attended via videoconference the SAFA Board meeting held in Islamabad at The Institute of Cost and Management Accountants of Pakistan on 30th April 2017. My Central Council colleague and Chairman of SAFA Committee on Education, Training and CPD CA. Atul Kumar Gupta chaired a meeting of the Committee held on 28th April 2017 via videoconference.

Initiatives for Members

ICAI Ready on Ind-AS Compliant Schedule III to Companies Act, 2013, for Non-Banking Finance Companies (NBFCs)

ICAI continues with its goal to enable effective implementation of IFRS-converged Indian Accounting Standards (Ind AS) across various industry sectors. In this regard, Accounting Standards Board (ASB) of the ICAI had identified a need for separate format for financial statements for Non-Banking Finance Companies (NBFCs) considering their nature of business operations. Accordingly, the ASB had developed formats that reflect both financing and non-financing operations of NBFCs. These financial statement formats facilitate presentation of balance sheet items based on liquidity and the statement of profit and loss includes line items relevant for both financing and manufacturing/trading activities. This will require addition of another division in

Schedule III to the Companies Act, 2013. ASB had also recommended amendments to Ind AS 12 *Income Taxes* to clarify deferred tax accounting treatment for debt instruments measured at fair value. This is an important clarification in the accounting era of increased use of fair value. ICAI Council in its recent meeting has approved the above recommendations.

Representation to C&AG of India

Some PSUs have imposed a condition of not allowing the statutory auditors for tax representation services as they consider it a part of management consultancy services. ICAI submitted its representation to C&AG of India (i.e. to the Deputy C&AG cum-Chairman of Audit Board) requesting them to consider and allow statutory auditors of PSUs to appear and represent before the tax authorities and not to consider it as part of the management consultancy services.

Valuation: Emerging Area for CA Professionals

In view of the increasing importance of Valuation in the Ind AS framework and the need to have Standards around it, a separate Board, Valuation Standards Board (VSB), has been constituted in the ICAI. Since the Valuation Standards will be new to India, the VSB will focus on the release of Valuation Standards, providing interpretations, guidance and technical materials from time to time and help in the implementation of these Standards. VSB is interacting with the International Valuation Standards Council (IVSC) for entering into a license agreement to obtain the copyright so that the Indian Valuation Standards and Indian Valuation Professional Standards as formulated/converged with the International Valuation Standards 2017 may be issued.

Group to Analyse Impact of Digital Technology, Big Data and Artificial Intelligence

Riding the wave of fast-paced changes sweeping the global business arena, 'Digital', 'Big Data' and 'Artificial Intelligence' have become the buzzwords and discussion-points today for the global accounting community. And so far as the *big data* is concerned, it is high time that we realised the importance of this fast-emerging knowledge domain as the next big opportunity for the profession. *Big data analytics* is here to stay and the Chartered Accountants with an ability to analyse *big data* can play a crucial role in organisational strategy and decision-making. While *big data* is being referred as challenge-cum-opportunity, *artificial intelligence* is being dubbed both as threat as well as opportunity. We as accounting professionals not only need to be aware of these rapidly changing developments in technology

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and its impact on the profession but also need to harness it, else we would be outdated. As such, not only the Auditing & Assurance Standards Board and Internal Audit Standards Board are looking into the usage and impact of *big data*, *data analytics* and *artificial intelligence* on the auditing procedures, but we have also proactively formed the *Global Digital Accounting and Assurance Board* to be on top of these developments.

Let us explore these new domains not only to protect ourselves but also to leverage the changes for the opportunities available across the world.

Let's Contribute to CABF

Let us contribute and make the noble CABF (Chartered Accountants' Benevolent Fund) which helps the members of ICAI and their families in the times of need, more robust. Just to inform, during the financial year 2016-17, the CABF of ICAI received a contribution of ₹1,54,11,571/- and it granted a sum of ₹1,13,28,500/- as medical and financial assistance to the members and families of the deceased members of the Institute. Let us augment the noble Fund of ICAI in these times of decreasing interest rates so that we could not only maintain but enhance our assistance to the needy members and their families.

Initiatives for Students

Commencement of Toll-free Helpline for CA Students

I am happy to inform that the Board of Studies of ICAI has started a toll-free helpline service at 18001211330 (10 am to 5.30 pm, Monday to Friday) to answer the queries of CA students across the country, with a view to provide timely and generic and subject-specific information to students. Faculty members of ICAI will be available to answer the subject-specific queries of the students from 3 pm to 4 pm.

Update on GMCS Dissemination

As you know, the completion of GMCS (General Management Communication Skills) is mandatory for taking part in the ICAI's campus placement programmes meant for the newly-qualified Chartered Accountants. Accordingly, to cater to the needs of our students appearing at the CA Final Examination in May 2017, who are yet to complete the GMCS course, necessary and adequate arrangements have been made by the Board of Studies of ICAI. Those who aspire for the August-September 2017 campus placements are advised to enroll themselves at www.icaionlineregistration.org for GMCS course at any Centre of their convenience and complete before the interview process begins in the middle of August 2017.

Initiatives for Institute

ICAI's Presence on Social Networking

I am really happy to inform that the ICAI is embracing social media to reach out to its stakeholders, especially its students and members. Considering today's business environment, this initiative will enhance the brand "ICAI" both nationally and internationally. ICAI social-media accounts have been configured on Facebook, Twitter, LinkedIn, Google Plus and YouTube. ICAI's presence in social media networking is continuously increasing; the total number of its followers has crossed 3-lakh mark across all platforms.

Strengthening HR at ICAI

I am happy to inform that in our endeavours to reform the HR mechanism and empower the ICAI personnel, a special-purpose group, HR Transformation Group, has been organising training programmes/workshops constantly for employees on relevant issues to enhance their performance for better delivery to its stakeholders viz, members, students and others. Its *HRT Officers Group* has grouped all HR matters into three phases. Phase I includes job description, KRAs and KPIs, communication strategy, manpower rationalisation. Phase II includes organisation restructuring, redesigning appraisal management system, measuring training effectiveness, creating event management department, and Phase III includes implementing appraisal management system, succession planning. It recently interacted with Committee Secretaries/HOD for manpower assessment with regard to their KRAs and KPIs and communication strategy for the organisational restructuring, which would be undertaken in phase II.

The holy ninth month of Islamic calendar, popularly known as Ramadan that is observed by praying and fasting and doing charity for the underprivileged, will begin in May end and conclude in June end this year with the celebrations of Idu'l Fitr. I extend my warm wishes to all of you for this auspicious festival.

Let us imbibe the spirit of such festivals and promise to serve our nation more and better. Let us share our happiness with the underprivileged. Let us commit ourselves to the mutual welfare. Let us follow the path of love and universal brotherhood.

Best wishes



CA. Nilesh S. Vikamsey
President, ICAI
Mumbai, 23rd May 2017