

From the President



**CA. Niles Shivji Vikamsey
President, ICAI**

My dear Esteemed Professional Colleagues,

A very Happy New Year 2018 to you!

The Year 2017 has been quite a year for all of us in the accountancy profession, both nationally and internationally. We've been through many changes, challenges and developments. Indian accountancy profession, an integral part of India's success story, has tirelessly upheld a triumphant tradition of converting challenges into opportunities for its stakeholders. Known for the professional distinction and perseverance, the profession has continued its unabated journey in the Council Year 2017-18 too, creating new milestones. ICAI has made special pan-India efforts to spread awareness towards the smooth implementation of GST regime and promote other agenda of growth for the nation.

The journey of consolidation of Indian economy has already commenced. Fiscal deficit has climbed down considerably from 4.5 per cent of GDP in FY 2014 and, targeted to be further reduced. Inflation too is under control. Indian rupee is stable with the current account deficits within sustainable limits. India's services exports and imports grew by 8 and 13.3 per cent respectively in October. Overall, in the month of November, exports rose by 30.55 per cent. India's forex reserves have crossed \$400 billion-mark. India has substantially

reduced its energy subsidies by over ₹82,000 crore (\$15 billion) during 2014-16. Overall, subsidies as percentage of expenditure have reduced from 13.9 per cent in FY 2014 to 9.6 in FY 2017. All such instances hint at the macroeconomic consolidation of India, which is definitely a positive sign.

Indian accountancy profession has been taking measures and initiatives and working tirelessly to anchor the governance for sustainability. The accountancy profession has its vision to grow with the nation, besides its commitment to support and shoulder the initiatives of growth.

Now, let me bring to you some of the important professional developments that have taken place in the last one month:

Meeting with Union Finance and Corporate Affairs Minister and MCA Secretary

I, along with my Central Council colleague CA. Atul Gupta had a meeting with Hon'ble Union Finance and Corporate Affairs Minister Shri Arun Jaitley on 28th November 2017, where I apprised him of recent developments in the profession besides having a brief discussion on the matters of professional interest. I also met the MCA (Ministry of Corporate Affairs) Secretary Shri Injeti Srinivas, with my Central Council colleagues CA. Sanjay Agarwal, CA. Sanjay Vasudeva and CA. Debasish Mitra, and ICAI Secretary Shri V. Sagar and apprise him about various activities, roles and contribution of the ICAI.

IFAC Delegation Meets Indian Regulators

A delegation from the International Federation of Accountants (IFAC) comprising its President Ms. Rachel Grimes, Executive Director Ms. Sylvia Tsen and Head of communications, Mr. Tony Miranda, who were in India to attend the ICAI International Conference held in Mumbai, met the MCA Secretary Shri Injeti Srinivas, Addl. Controller General of Accounts Ms. Vibha Pandey, and Deputy Comptroller and Auditor-General of India Shri Ashwini Attri in New Delhi on 6th December 2017. Myself, along with the ICAI Vice-President CA Naveen N. D. Gupta and ICAI Secretary Shri V. Sagar were part of those meetings and deliberations. On 7th December, the delegation went to Mumbai and after having an interactive session with the students, they met RBI Deputy Governor Shri N. S. Vishwanathan, SEBI Chairman Shri Ajay Tyagi and SEBI Executive Director Shri P. K. Nagpal. My Council colleagues CA.

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Kemisha Soni and CA. Shyam Lal Agarwal joined me in the meetings at RBI and SEBI respectively. All the meetings held with the aforementioned regulators of India were very well received by the IFAC delegation as well as the regulators.

Meeting with Indian Railways Finance Commissioner

I, along with my Central Council colleague CA. Atul Kumar Gupta met Indian Railways Financial Commissioner Shri B. N. Mohapatra on 28th November 2017, to discuss the progress of roll-out of *Accrual Accounting Project* across the Indian Railways.

Rajya Sabha Passes Companies (Amendment) Bill, 2017

Rajya Sabha has passed the Companies (Amendment) Bill, 2017 on 19th December 2017, which had been passed by the Lok Sabha earlier. Having interacted with Ministry of Corporate Affairs on constant basis and submitted numerous representations/ suggestions right from the bill stage, i.e. 2010, to the smooth implementation of Companies Act, 2013 and after the enactment, ICAI has been an integral part of the consultative process adopted by the Companies Law Committee constituted by the Government of India. It had submitted suggestions on stringency of compliance requirements, ease of doing business and harmonisation with accounting standards and other financial/economic legislations, among others. Some of the professionally-relevant provisions of this amendment are—omission of the provisions with respect to ratification of annual appointment of auditor by shareholders; requirement for auditors to report on internal financial control with reference to financial statements only; enabling provisions for opportunity of being heard in case of revision of accounts; rationalisation of penalties; and limitation of auditor's liability to shareholders or creditors. Hon'ble Union Finance and Corporate Affairs Minister has stated in the Rajya Sabha that disqualification of auditors as per Section 141(3)(d) for indebtedness of relatives might be addressed through Rules. With these amendments, in my opinion, most of the issues in the Companies Act, 2013 have been addressed and I am happy to inform that ICAI has been one of the major contributors to the amendments since its Bill stage.

Recent Developments in GST

As we enter another calendar year of the GST implementation contributing to the acceleration of the Indian economic growth, India appears to have implemented a seamless credit across the entire supply-chain and across all States under a common tax-base overcoming the limitations of old indirect tax structure.

As part of the measures being taken constantly as partner in GST knowledge dissemination, ICAI has conducted more than 3,000 programmes benefitting more than 2.5 lakh participants. Recently, we started another batch of *Certificate Course on GST* through virtual classes. So far, more than 6,000 members have undergone training through this *Course*. Here I also wish to inform that the facility of viewing the said classes in form of Live Webcast is available to the registered subscribers.

I am sure, our stakeholders are taking advantage of our offline webcasts, regular updates, articles, courses, programmes/seminars, e-publications, e-learning, Newsletter, etc., on GST, as released and organised by ICAI from time to time.

Pre-Budget Memorandum 2018 Submitted

Recently, ICAI submitted its *Pre-Budget Memorandum 2018* relating to Direct, Indirect, and International taxes to the Ministry of Finance for its consideration. The Memorandum on indirect taxes contains suggestions on the issues pertaining to Service Tax, CENVAT Credit Rules, 2017, Excise Duty, Customs Duty and Central Sales Tax, while the suggestions on direct and international taxes, broadly categorized under Policy and Provisions of Income-tax Act, 1961 and Improving Tax Administration and Citizen Services, purport to serve to improve tax collection, reduce/minimize litigations, rationalise provisions of tax laws and remove administrative and procedural difficulties. Our suggestions aim to help the Government in simplifying the tax laws and administration and make that more transparent and assessee-friendly.

Before the submission, my colleagues in the Council CA. Sanjay K. Agarwal, CA. Madhukar N. Hiregange and CA. Sanjiv K. Chaudhary also attended the Pre-Budget meeting convened by the Indian Revenue Department on 4th December 2017 to present the gist of recommendations of ICAI's Pre-Budget Memorandum, 2018. Further, based on the invitation received from the Advisory Group on GST formed by GST Council, we separately explained to the said group some recently-submitted important suggestions relating to the GST.

ICAI Leaders Bring Laurels to Profession

ICAI past-President (2015-16) and CAPA Vice-President CA. Manoj Fadnis has been elected President of Confederation of Asian and Pacific Accountants (CAPA) on 8th November for a term of two years starting from November 2017. ICAI past-President (2005-06) and CAPA past-President CA. Kamlesh Shivji Vikamsey has been appointed Chairperson of External Audit Committee of International Monetary Fund (IMF) and Deputy Chairperson of Audit Advisory Committee of United National Children's Fund (UNICEF). My Central Council colleague and Chairman of Accounting

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Standards Board of ICAI, CA. Shiwaji B. Zaware, has taken over as Vice-Chair of Asian-Oceanian Standard-Setters Group (AOSSG). Putting on record my sincere appreciations on behalf of the profession, I congratulate all of them for their achievements.

International Conference of ICAI Held in Mumbai

Mega International Conference of Institute was very successfully held on 8th and 9th December 2017 in Mumbai, providing an apt platform to the Indian and world accounting professionals to interact and deliberate on matter of professional concerns. Myself and ICAI Vice-President CA. Naveen N. D. Gupta along with the Chief Guest on the occasion, IFAC President Ms. Rachel Grimes, CAPA (and ICAI past) President CA. Manoj Fadnis, ICAEW President Mr. Nick Parker, CPA Canada President Ms. Joy Thomas, Oman's State Audit Vice-Chairman Mr. Nasser Al Rawahy, ICAI Secretary Shri V. Sagar and WIRC Chairman CA. Vishnu Agarwal inaugurated the Conference in the august presence of a strong 1500-plus accounting fraternity. The Conference, themed on *Accountancy Profession: Convergence and Sustainability in Digital Era*, was woven on the spirit of *jñānam paramam balam*, i.e. knowledge is supreme power. ICAI past-Presidents, present and former members of Central and Regional Councils, Chairmen of Branches and foreign Chapters of ICAI were also present at the Conference. Detailed report on the Conference has been published separately in this issue of the Journal.

SAFA Board and Committee Meetings Held in Mumbai

Coinciding with the 2017 ICAI International Conference held in Mumbai, ICAI hosted the SAFA Board and Committee meetings too in Mumbai on 6th-7th December 2017. 50th SAFA Board meeting was held on 7th December 2017 and was attended by IFAC delegation, in addition to the representatives of SAARC countries, viz. India, Pakistan, Bangladesh, Nepal, Afghanistan, Sri Lanka and Bhutan. IFAC President Ms. Grimes briefed the Board about the Consultation Paper as issued by the Monitoring Group and its serious and far reaching implications on the international accountancy profession as well as on the governing structure of Standard-Setting Boards and requested all member bodies to give their response and also solicit response from regulators, industry and others.

ICAI-ARF Conference on Role of Accrual Accounting in New Delhi

ICAI Accounting Research Foundation recently organised a full-day Conference on *Role of Accrual Accounting in Economic Development of Country* on 6th December 2017 in New Delhi. CIPFA (Chartered

Institute of Public Finance and Accountancy) International Chairman Mr. Ian Ball was the Chief Guest on the occasion. Apart from him, the conference was also addressed by Railway Board Principle Executive Director (Finance) Shri Naresh Salecha, Jammu (J&K Telecom Circle) Controller of Communication Accounts Shri Rajnish Kumar Jenaw, CA. Deepak Batra and CA. Praveen Kumar. My Central Council colleagues CA. Atul Kumar Gupta (Director, ICA-ARF) and CA. Tarun J. Ghia also shared their experiences with the audience that included senior officials from the offices of C&AG, Quality Council of India, Railway Board, Indian Railways, Northern Railway, Directorate of Printing, Ministry of Housing & Urban Affairs, Government Accounting Standards Advisory Board, National Foundation for Communal Harmony (NFCH), Ministry of Home Affairs, National Power Training Organization, Aeronautical Development Agency and other Government Local Bodies. The CA firms partnering in the Railways Roll-Out project also attended this Conference.

Exposure Draft on Guidance Note on Audit of Banks (2018 Edition) Released

As you know, banking sector, the backbone of an economy, maintains sustainable socio-economic growth and financial stability in the economy and deals with the mammoth amount of public monies. For safe and smooth operation in the sector, reliable financial information supported by bank audits is crucial. ICAI has revised and released the Exposure Draft of 2018 edition of comprehensive *Guidance Note on Audit of Banks* for public comments for the benefit of our members providing guidance on various aspects of bank audits. I request my member colleagues to consider the draft and send their comments by 13th January 2018. Exposure draft is available at <https://resource.cdn.icai.org/47969aasb-icai-auditofbanks2018.pdf>.

ICAI's Bahrain Chapter Holds Its International Conference

9th Annual International Conference 2017 was recently organised on 1st-2nd December 2017, under the patronage of Bahrain's Industry, Commerce & Tourism Minister Mr. Zayed Al Zayani, at the Bahrain Chapter of ICAI on the theme of *Transforming Possibilities into Reality*, bringing together a galaxy of accounting professionals and experts. Our Bahrain Chapter is the largest body of professionals in the Kingdom of Bahrain.

Baroda and Ernakulam Branches Celebrate Their Golden Jubilee

Baroda Branch of WIRC recently celebrated the 50 years of its glorious existence, i.e. Golden Jubilee year celebration, on its foundation day, i.e. 1st December. I would like to congratulate the members of this Branch

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and the members of its managing committee since its inception, on this occasion. To commemorate its *Foundation*, the Branch organised a two-day WIRC Regional Tax Conclave on 1st-2nd December 2017. Apart from legal and financial experts, ICAI past Presidents CA. Sunil Talati and CA. Uttam Prakash Agarwal and ICAI Central Council member CA. Madhukar N. Hiregange also participated in the *Conclave*.

Third largest Branch of SIRC and first in Kerala, the Ernakulam Branch celebrated its Golden Jubilee function on 16th December 2017, where the Hon'ble Kerala Chief Minister Shri Pinarayi Vijayan was the Chief Guest. I congratulate the members of Branch as well as those of its managing committee since its inception, on the occasion.

ICAI to Help MoRD in Maintenance of MGNREGA Funds

As partner in nation-building, ICAI had decided to support the Ministry of Rural Development (MoRD) in improving the accounting and auditing system of MGNREGA funds, in view of an urgent requirement of better governance of MGNREGA funds and their utilisation for attaining a disciplined and transparent maintenance of accounts. Having had several meetings with the officials of MoRD, ICAI had been requested to submit a *technical and financial proposal* in that regard which has been submitted under the aegis of ICAI-ARF recently.

CA Awards in January 2018

As you know, 11th ICAI Awards 2017, to be given in eight categories, will be organised on 19th January 2018 in Mumbai to recognise our members from industry and business, who demonstrate professional excellence, create value for their companies and stakeholders on sustainable basis, and eventually become role models for other members-in-industry and business. Further details in this regard are available on <https://awards.icai.org/>.

Challenges of Our Times and Response of Profession

In future, CA professionals shall have the opportunity to reach more people, more businesses and more organisations around the world, providing streamlined and complex professional advice that is becoming very uncommon and more complex and expensive day-by-day. Using the advancement in technology and communications, I am sure, we can efficiently execute functions and operations.

All of you would agree that the recent changes in legal (i.e. *Companies Act*), fiscal (i.e. *GST*), accounting (i.e. *Ind AS*) and technology landscapes have created a challenging environment for the accounting professionals to work in. But no matter what the

circumstances would be, we mustn't lose sight of our priority—to be professionally competent and to put our professional competence (coupled with integrity) at the heart of whatever we do. As professionals, we must demonstrate to our clients how we can support them with our advice, and a range of clear and simple solutions, which are within the framework of law. We must also learn how to effectively manage our work and work-related decisions. We can do this with our constant dedication across our professional spectrum.

The year ahead may have its own challenges, but with togetherness and focused approach on priorities, the profession can realise its ambitions and achieve its goals. As we have accomplished a lot in the past, empowering the countless people and businesses, we will continue to work meaningfully to maintain our functional professional existence. I must thank you for helping us make the profession a fantastic one for now and for decades to come.

Being a sovereign socialist secular democratic republic, India adopted its Constitution in the Constituent Assembly on 26th November 1949 and this came into force on 26th January 1950, which we celebrate as our Republic Day. I wish all of you in advance, a very very happy *Republic Day*. Let us all adopt the spirit of our Constitution in our life and become a true citizen of India.

January being the first month of the year brings a bouquet of hope, happiness and peace to our life. Every year in January, we celebrate Makar Sankranti on 14th, which marks the start of longer days. Along with Makar Sankranti, I also wish to congratulate you on the occasions of *Basant Panchami* and *Guru Ravidas's* birth anniversary, which, this year, fall on 22nd and 31st January respectively. On Basant Panchami, we celebrate knowledge and learning, and offer our prayers to *Saraswati*, the Goddess of knowledge and wisdom. Guru Ravidas, a celebrated saint and social reformer of 15th-16th century India and spiritual Guru of Saint Meera Bai, advocated the independence from the man-made barriers prevalent in the society of his times. Let us all endeavour to emancipate ourselves from such barriers and accept the principle of *vasudhaiva kutumbakam* (i.e. whole earth is one family), and spread the religion of love and peace.

Best wishes

CA. Niles S. Vikamey

President, ICAI

Mumbai, 25th December 2017