

From the President



CA. Naveen N. D. Gupta
President, ICAI

My dear Professional Colleagues,

In the preface to the first edition of the Code of Ethics of ICAI, the then ICAI President Dr. R. C. Cooper had noted: *No booklet of this nature can achieve the object of outlining every possible act which may or may not constitute sound ethical conduct because the practice of professional ethics is largely a matter of conscience and the determination of members to distinguish between what is right and wrong.* Ethics provides an understanding to differentiate between our right to do and what is right to do. Very rightly, the Institute urges its members to *search their hearts and conscience whenever in doubt, and thereby assist towards the maintenance of high principles of professional conduct,* as is expected of the constitution of a regulated profession.

In the past, we have witnessed that organisations have sustained and prospered, whenever they opted to put ethics at the top of their strategic priorities. It is not surprising that the curve of ICAI's behemoth stature has constantly grown. Over the years, ICAI members and firms have regarded ethics as a redeeming virtue and acted above themselves for the cause of society. Very interestingly, Albert Schweitzer equates *ethics* with *reverence for life*. He records: *The first step in the evolution of ethics is a sense of solidarity with other human beings.* ICAI has been committed to its stakeholders, connecting closely with them, working for them and adding the elements of fiscal probity in whatever the profession does.

As you know, legal framework of insolvency is emerging and the domain of insolvency is already a new

horizon of opportunities for professionals. Bound by their commitment to serve the nation, CA professionals have started showing keen interest in exploring this field. Having competence in accountancy and financial interpretation, and a penchant for statutory and legal compliances, they have an edge in carrying out the insolvency operations effectively. Rightly so, the theme of this issue of the Journal is 'Insolvency'.

Now let me brief on some of the significant professional developments that have taken place in the last one month:

Representing Profession to Indian Polity and Regulators

As part of our strategic priority, we at ICAI have been engaged in taking the Indian polity on board to put our viewpoints and concerns across to them. Following are some important headways made in this regard:

- *Meeting with MCA Secretary:* Recently, I along with ICAI Vice-President CA. Prafulla Chhajed and our Central Council colleague CA. Shiwaji B. Zaware visited the Ministry of Corporate Affairs (MCA) and met its Secretary Shri Injeti Srinivas on 3rd April 2018. We submitted to him the confidential report of our High Power Group with regard to the instance of financial irregularities in Punjab National Bank (PNB). The MCA Secretary has noted and appreciated our efforts in this regard. We also discussed other immediate concerns arising from such emergent instances of irregularities, particularly, in the Indian banking industry. We also met MCA Joint Secretary Shri Anurag Agarwal, who has recently joined the Ministry of Corporate Affairs. We briefed him about various activities of ICAI and our other professional concerns. The discussions included the IFRS Foundation copyright matter and proactive reforms recently undertaken by ICAI such as the constitution of additional benches of Board of Discipline/Disciplinary Committee, Taxation Audits Quality Review Board (TAQRB) and Shell Companies Review Group (SCRG).
- *Meeting with Union Minister for Commerce and Industry, and Civil Aviation:* I along with ICAI Vice-President CA. Prafulla Chhajed met the Union Commerce and Industry, and Civil Aviation Minister CA. Suresh P. Prabhu on 9th April 2018 and apprised him of the professional developments, including our upcoming overseas campus placement programmes. We also sought his valuable suggestions on the professional development and positioning to encourage the export of CA services in the area of accountancy and financial services, which have been identified as one of the 12 Champion Services Sectors by the Government.

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- *Meeting with Rajya Sabha MP Shri Naresh Gujral:* I along with my Central Council colleagues Shri Vijay Kumar Jhalani and CA. Debashis Mitra met the Rajya Sabha Member of Parliament CA. Naresh Gujral on 26th March 2018 and apprised him of the steps taken by the ICAI in the PNB matter.
- *Meeting with SEBI Chairman:* I along with ICAI Vice-President CA. Prafulla Chhajed and our Central Council colleague CA. Debashis Mitra met the SEBI Chairman Shri Ajay Tyagi on 4th April 2018. We discussed with him the issues of corporate governance and PNB among other matters.
- *Meeting with Delhi High Court Sitting Judge Justice CA. Rajiv Shakdher:* I along with my Central Council colleague Shri Vijay Kumar Jhalani met the Delhi High Court's sitting Judge Justice (CA.) Rajiv Shakdher in connection with his interview for *Our Achievers* feature of the Journal (published in this issue). He spoke very highly of the profession, especially with regard to its compliance with professional ethics and the law of the land.
- *Meeting with ICAI Past President and Former NACAS Chairman CA. Y. H. Malegam:* I along with my Central Council colleague CA. Shiwaji Zaware met our past President and former NACAS Chairman CA. Y. H. Malegam on 5th April 2018 and discussed the matter relating to PNB.

IFASS Meeting in Mumbai

As you are aware, forging global professional partnership and increasing Indian accounting profession's role in global standard-setting processes are on the top of our agenda. Towards that, ICAI recently organised the IFASS (International Forum of Accounting Standard-Setting) Meeting in Mumbai. IASB Vice-Chair Ms. Sue Lloyd and IFASS Chair Ms. Liesel Knorr along with the representatives from more than 25 countries and various other accounting bodies across the globe participated in the meeting. IFRS Foundation Trustee and former Comptroller and Auditor General of India Shri Vinod Rai as Chief Guest inaugurated the Meeting. Speaking on critical role played by the accounting and auditing profession in certifying the truth and fairness of financial information, Shri Rai stressed on the need to meet the expectation gap of stakeholders at large. In the two-day meeting, various relevant issues, including the consolidation of CSR trusts and accounting for business combinations under common control, were discussed. A report on this meeting is published elsewhere in this Journal.

On the sidelines, ICAI organised a series of interactive meetings and seminars bringing the Indian and international accounting/auditing regulators together.

Interaction of IASB official with National Regulators was organised on 10th April 2018. *IFRS 17 (Ind AS 117, Insurance Contracts) Insurance Industry Outreach, and informal AOSSG meeting* and ICAI-IASB Joint Stakeholders' Seminar on *IFRS 9 (Ind AS 109) ECL Model Challenges in Banking Industry* were organised on 11th April 2018.

CA ANZ Offers Unilateral Scheme of Membership

I am happy to inform you that in yet another success in our drive for global professional alliance, the Chartered Accountants Australia & New Zealand (CA ANZ), through its Pilot International Pathway Programme, has made a unilateral offer of their membership to our members based in Australia and New Zealand. Under the programme, our members shall have to complete a 40-hour self-study programme and attend a two-day workshop. Then at the workshop, they will be evaluated through oral and written assessment tests. Interested members may check <https://resource.cdn.icai.org/49849icai-ia39512.pdf> for details.

Issuance of New Revenue Standard Ind AS 115

You will be happy to note that ICAI's well-acknowledged status as standard-setter par excellence has recently got a further boost. A new Ind AS in the area of revenue recognition was notified by the MCA that has been formulated based on the recommendations made by ICAI. Key amendments are issuance of new revenue standard *Ind AS 115* and withdrawal of existing revenue standards and related guidance. The new Standard, mandatorily effective for the accounting period beginning on or after 1st April 2018, is based on the IFRS 15 *Revenue for Contracts with Customers*. It will bring in a comprehensive and robust framework (i.e. 5 step model) for the recognition, measurement and disclosure of revenue. Ind AS 115 will improve the comparability of revenue across entities, industries, global capital markets, etc., and bring in clarity in the areas such as multiple element contracts/ bundled products, licensing, royalties for intellectual properties, financing components and variable consideration. Accounting Standards Board (ASB) of ICAI has taken up the task of upgrading the existing Accounting Standards, which is scheduled to be implemented after 1st April 2020. In its meeting held recently, ASB of ICAI has deliberated extensively on the exposure draft of the new standard in financial instruments for SME, which will be issued shortly for public comments.

ICAI-CPA Australia Joint Workshops on New Accounting Standards

It has been our foremost goal to work closely with the global accounting bodies for the benefit of Indian

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accountancy profession. In that spirit, recently, ICAI and CPA Australia jointly organised a series of workshops in New Delhi, Mumbai, Chennai and Bengaluru. The objective of the workshops was to provide an overview of IFRS 15 *Revenue from Contracts with Customers*, IFRS 16 Leases, and a few more new Accounting Standards. Let me also inform that ICAI has issued *Educational Material on Indian Accounting Standard (Ind AS) 103, Business Combinations*, capturing all recent amendments in the Ind AS and providing guidance in recognising the business combinations by acquisitions/mergers and combination of entities or businesses under common control.

Draft Valuation Standards Issued for Public Comments

As you know, valuation is being considered as one of the most critical areas of finance and business today. It also plays a key role in the insolvency regulation regime. Rightly so, ICAI had constituted Valuation Standards Board (VSB) in the year 2017-18 to focus on the release of Indian valuation standards, providing interpretations, guidance and technical materials, and implementation of the standards. I am happy to inform that, to standardise the principles, practices and procedures followed by registered valuers/valuation professionals in valuation of assets and liabilities, VSB of ICAI has formulated 8 draft Indian Valuation Standards. These have been developed along with Preface and Framework for the Preparation of Valuation Report in accordance with the Indian Valuation Standards. To ensure transparency, objectivity, independence and greater public participation, the exposure drafts, so formulated, have been hosted at https://www.icai.org/new_post.html?post_id=14681&c_id=240 for public comments with the deadline of 12th May 2018.

Finalisation of Report of HPG in PNB Matter

I am pleased to inform that High Power Group constituted by ICAI to study the systemic issues in the PNB (Punjab National Bank) fraud matter has submitted its report to the MCA. Accordingly, representations are also being made to other regulatory agencies. The Group so far has had three meetings. Having collected relevant information from the officials of PNB including its Audit Committee Chairman, the Group prepared the report identifying the loopholes in the PNB systems and systemic issues in the bank. The report also suggests remedial measures to strengthen the banking system of India, which include creating awareness among banking personnel about IT and associated risks, increased involvement of independent external auditors, and increased time period for conducting statutory audit. I sincerely acknowledge the timely quality contribution of the Group led by my Central Council colleague CA. Shiwaji

B. Zaware and our past President CA. M. M. Chitale who as special invitee has provided his relevant inputs in the report. With our absolute commitment to the well-being of our economy, we will continue to extend our support to the country with our professional skepticism.

IT Initiatives at ICAI

I am happy to share that ICAI has been leveraging technology to bring its member and student services to their doorsteps. Some of the recent significant initiatives are:

- *e-Sahaayataa at ICAI NOW*: ICAI's e-Sahaayataa (i.e. <https://help.icai.org>) helps its members and students communicate their concerns regarding the functions of ICAI and get a timely resolution. I am happy to inform that e-Sahaayataa is now available on the mobile app ICAI NOW too. Having revolutionised the dissemination of information, ICAI NOW makes available the updated content from ICAI website to its users. Downloaded by more than one lakh users, the app has received a positive feedback from its ten-thousand-plus users with an average rating of 4.2. Also, Grievance Monitoring Committee has been constituted in all the five Regions, which will frequently meet, possibly once a week, and review the grievances of our members and students relating to administrative and regulatory matters. I sincerely hope, these initiatives will go a long way in the timely resolution of our members' and students' concerns.
- *Online Facility for Change in Email, Mobile and Address*: As you know, due to paucity of time, we often tend to rely more on going online and executing our various works and projects using our mobile phones, tablets, etc., to meet multiple deadlines especially in a virtual-office-like situation. To facilitate our members with a hassle-free system, ICAI recently launched an OTP-based online form using which our members can update their mobile number and email id in the ICAI records. ICAI also launched an online service with regard to the change of address for its members, which can now be done without any paper work or manual intervention. All the above facilities are available in the dashboard of members, which is available under the e-Services section at <https://www.icai.org>.
- *Webcasts Organised*: To update its members on the economic and statutory changes, ICAI keeps organising webcasts in all domains of the accountancy profession. In the last one month, ICAI organised a series of webcasts. These topics included varied areas of professional relevance such as 'Early Signals of Fraud in Banking Sector', 'Key Amendments by Finance Act, 2018', 'Capacity-Building Measures of Practitioners with Special Reference to Documentation in the Bank

Audit and Fair-Value Measurement under Ind AS; 'MCA's Initiatives on Ease of Doing Business in India,' 'E and Other Issues in TDS and ICS Compliances' and 'Understanding and Filling New Forms of Income-Tax Returns.' Prominent speakers included MCA Regional Director Shri D. Bandopadhyay, former IFAC SMP Committee member Mr. Abdulwahid Aboo and ICAI past Council member CA. Shrinivas Y. Joshi.

- **CPE-Samadhan Implemented:** An online query-to-answer platform has been implemented to provide expert responses to member queries pertaining to CPE (Continuing Professional Education) Committee of ICAI, which is expected to go live on *technical subjects* shortly after a panel of experts is put in place. Using this platform, members can reach out to expert members for seamless information and query-resolution experiences in the select areas of practice as hosted by the Committee. Concerned link has been provided elsewhere in this Journal.

Series of Awareness Programmes on Bank Audit

To promote quality in bank audits for the financial year 2017-18, a number of training programmes were organised across the country, focusing on the audit of advances and NPAs. A series of interactive seminars was organised for the Central statutory auditors of banks in New Delhi (27th March 2018), Chennai (29th March 2018), Kolkata (2nd April 2018) and Mumbai (4th April 2018). Additionally, training programmes are being organised on the new/revised standards on auditing and on other developments in auditing by our Branches and other PoUs (programme organising units), towards the reskilling of our members. Let us recall that ICAI has tied up with Infosys to provide 7 e-learning modules on *Finacle*, customised for effective bank audit, to assist the auditors in detective controls.

Media Workshops Being Held across Nation

To address the perception gap *vis-à-vis* the CA profession and help media understand the role and responsibilities of ICAI in the economic growth of our nation, we recently launched a series of workshops for media across the country. At the first such workshop organised in New Delhi on 3rd April 2018, I along with my Central Council colleagues CA. Shiwaji B. Zaware, CA. M. P. Vijay Kumar and CA. Sanjay Vasudeva addressed the media on various professional matters. These included standard-setting, ethics, difference between audit and investigation, and oversight mechanism. ICAI Vice-President CA. Prafulla Chhajed and Central Council members CA. Vijay Kumar Gupta and CA. Mukesh Singh Kushwah were also present at the workshop. Senior media persons through

an effective dialogue also got to understand various professional issues and concepts.

ICAI with World Bank to Train in Procurement Audit and Thereof

As you may be aware, ICAI in collaboration with World Bank had organised training programmes in procurement audit and thereof for its members in New Delhi, Mumbai and Chennai. The same will now be organised in our Branches as well. To take the matter forward, ICAI has planned to highlight the World-Bank-funded projects (in external/internal audit, procurement audit/post-review, etc.) on the ICAI website so that the members, if interested, could suitably participate in the procurement and tender process of such projects.

Overseas Placement and Associated Developments

As you know, 'accounting and financial services' have been identified among the 12 Champion Sectors by Hon'ble Prime Minister of India. Since then, ICAI has constantly been in dialogue with its parent Ministry, i.e. Ministry of Corporate Affairs, to draw its action plan to achieve the Vision 2022 given by the Government of India.

To promote the export of Indian CA services as well as to provide opportunity to overseas corporate in recruitment of Indian CAs, ICAI will organise Overseas Campus Placement Programme on 24th-26th August 2018. I urge all my overseas colleagues to spread words about this in their respective corporate, firm of accountants, etc., and among other potential employers, requesting them to participate in this special drive to recruit our fresh as well as experienced members. You may also participate in the HR meet, to be organised by ICAI in your country, for which the dates will be announced soon. Interviews will be held in Delhi, Mumbai and Chennai in person, wherein the corporate may participate. Interviews will also be held through videoconference on these days for the candidates based in Jaipur, Hyderabad, Kolkata, Delhi, Mumbai and Chennai. Separate announcement in this regard will be published on the ICAI website shortly.

Further, in order to overcome the language barriers and increase the employability of Indian CAs abroad, ICAI is taking initiatives to tie-up with universities/institutions approved by the foreign embassy abroad. To start with, ICAI is in dialogue with the relevant authorities with regard to French, Spanish and German languages.

Visit of Nepalese Delegation

On 11th April 2018, a delegation of 21 senior provident fund officers from Nepal visited ICAI and received first-hand information on ICAI's roles, responsibilities and

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functions, particularly pertaining to its contribution in nation-building. The framework of Indian provident fund was also deliberated and explained to the delegates. A reference was made to our role in the establishment of the accounting institute in Nepal in the year 1997. The reception and efforts of ICAI *vis-à-vis* the Nepalese delegation was well-appreciated. While interacting with the delegates, I familiarised them with various activities performed by ICAI, including standard-setting, its oversight mechanism and various capacity-building measures for international accountancy profession.

Campus Placement (February-March 2018)

With the spread of economy, the demand for accounting professionals has also gone up. We at ICAI have been catering to this ever-increasing demand through our campus-placement programmes held twice a year, i.e. in February-March as well as in August-September. Recently, ICAI organised its February-March placement, where 6,029 newly-qualified Chartered Accountants participated across the country. With participation of 130 organisations along with their 221 interview panels, 1,472 candidates got the job offer. Highest salary (cost to company) offered in the domestic-posting category was ₹22.30 lakh per annum, with average salary (cost to company) offered was ₹8.40 lakh per annum.

Participate in IFAC SMP Survey

Last month, I had informed that Small & Medium Practices (SMP) of IFAC is conducting Global SMP Survey 2018 (<http://www.surveygizmo.com/s3/4116452/IFAC-Global-SMP-Survey-2018>) on the key issues confronting SMPs and their SMEs (small-and medium-sized entities) clients. Since the response submitted so far from this part of the globe is not very encouraging, I would request all our small and medium practitioners to respond to this small survey in large number so that our local concerns are understood. The deadline to respond is 21st May 2018.

Golden Jubilee (50th) Meeting of CASLB

I am pleased to inform that the Committee on Accounting Standards for Local Bodies (CASLB) of ICAI, established in 2005 under the Chairmanship of CA. S. C. Vasudeva, convened its Golden Jubilee (i.e. 50th) meeting recently. Chief Guest on the occasion was C&AG DG (Commercial I) Shri Vithayathil Kurian. Officials from CGA and C&AG, and past Chairmen of the Committee also attended the meeting. Committed to contribute to the nation-building, the Committee aims to improve the financial reporting system in the third level of Government, i.e. local bodies of the country.

Share Your Concerns

With the mandate of Government of India to promote capacity in accounting and financial services for building the accountancy sectors as hub of export promotions, we are supporting the Government in many ways. In view of this, it is important that our overseas members, whether in employment or practice, share their concerns with us so that these can be resolved suitably. These concerns may relate to the ease of employment, extending help to Indian CA students in finding avenues for articleship and industrial training, or their view on skill-gap. A questionnaire to be hosted shortly on the ICAI website, will be mass-emailed to all our overseas members. May I request the members who have had trust with global exposure to make ICAI more aware about such professional barriers, so that these can be suitably taken up with the Government.

While our life is already stressed for a variety of reasons, unorganised and unscheduled work hours bring additional and undue stress to us, affecting our work-life balance. Rabindranath Tagore says: *You can't cross the sea merely by standing and staring at the water.* Timely attempts and endeavours need to be made if we want our projects to be completed within deadlines. As we know, incomplete and pending work is a major source of stress in the life of professionals today. Therefore, all we need is to manage our work intelligently, and we can achieve some work-life balance in life, saving ourselves from undesirable longings for extensions.

Rabindranath Tagore, whose birth anniversary falls on 9th May, also says: *Everything comes to us that belongs to us if we create the capacity to receive it.* So, let us first aim to strengthen ourselves and further build our capacities. Work and opportunities are bound to follow, for sure. At ICAI, we have been working day and night to address the challenges and create opportunities out of them. I would request my membership fraternity to take advantage of various post-qualification courses, seminars, workshops, online resources, etc., organised from time to time by ICAI, and re-skill, rediscover and empower themselves in the best interests of their professional life.

Best wishes,



CA. Naveen N. D. Gupta
President, ICAI

Mumbai, 26th April 2018