

From the President



CA. Naveen N. D. Gupta
President, ICAI

My Dear Professional Colleagues,

Elections usher in virtues of democracy in the system; democracy being reflective of freedom of expression, choice and related redeeming virtues in a civil society, results in the improvement in the quality of our day-to-day life. Strong and credible institutions echo the democracy within and when these are also the epitome of the rule of law, they denote the mandate for public welfare. The tenets and virtues of democracy are deeply ingrained in the psyche and actions of the Indian accountancy profession ever since the profession was granted autonomy through the Chartered Accountants Act in 1949. Having preserved and tirelessly upheld the tradition of internal democracy for about 70 years, the accountancy profession of India is now geared up to celebrate its democracy and independence through its triennial elections for the term 2019-22 to the 24th Central Council and 23rd Regional Councils of ICAI.

As you know, the elections will be held on 7th-8th December 2018 at the places having more than 2500 voters, and only on 8th December 2018 at all other places. Abraham Lincoln had said: *Elections belong to the people. It's their decision.* Therefore, I would urge my professional colleagues to exercise their right to vote with the discerning sense of responsibility towards profession for electing your worthy leaders who are your voice and ambassadors for guiding the policy initiatives at ICAI.

Success of elections first depends on our turnout to vote, and then on our objective conduct. It is equally crucial to keep our profession's interests on priority

over our personal preferences. The outlook needs to be responsive, since the results of elections will impact and determine the course of our development for the coming years. So, make your choices with a view to secure the vibrancy of the dynamism of our profession. Our actions today will also be in the best interests of our nation, as our profession is intricately connected to its economic welfare. Since inception, ICAI has been an integral partner-in-nation-building. ICAI is all set to conduct this mammoth nation-wide exercise and extending to overseas members in a transparent, efficient and just manner by following the due process. We will do our best and ensure that elections are held with complete fairness and transparency.

I sincerely extend my best wishes to all my professional colleagues including those who are contesting the elections. Let us preserve the legacy of our professional excellence so that we could pass it on to our next generations. John F. Kennedy says: *The prudent heir takes careful inventory of his legacies and gives a faithful accounting to those whom he owes an obligation of trust.* We need to imbibe the said essence here. Let's come forward and join hands for successful elections. Let us demonstrate discipline and integrity in the elections. And let us all ensure that democracy and integrity will eventually be triumphant.

Now, let us observe some of the major developments that took place in profession over the last one month:

India at 77th Rank in Ease-of-Doing-Business

In a big boost to its international outlook, India has recently climbed another 23 points in the World Bank's ease of doing business index, i.e. reaching 77th place, and becoming the top-ranked country in South Asia for the first time. It is a welcome development that in the last two years, India has climbed 53 steps. In the current rankings, the biggest gain was in construction permit where India climbed 129 ranks to 52nd place on the back of targeted government effort to remove the bottlenecks and ease out through reforms.

As per the World Bank's Doing Business Report, an assessment of business regulation across 190 economies, India today holds 25th rank in the world on three indicators, i.e. getting electricity, getting credit and protecting minority investors. Again, it is noteworthy that World Bank has recognised India as one of the top improvers for the year. India has featured in the list of top 10 improvers in the report and it has done this for two years in a row.

It is significant that six reforms recognised in the

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Report include starting a business, getting credit, paying taxes and trading across borders, where our Institute and our CA professionals have contributed a lot. For resolving insolvency, India has put in place a new Insolvency and Bankruptcy Code and time-bound reorganization procedure for corporate debtors; all these are steps which will bring more credibility of Indian governance and legal framework for the investing community.

Successful Indian Representation at 20th WCOA in Sydney

World's leading accounting and finance experts got together in Sydney on 5th-8th November 2018 to participate in the 20th World Congress of Accountants (WCOA) on the theme *Global Challenges, Global Leaders*. Being a momentous event for the accountancy profession globally, the Congress provided its participants an opportunity to engage with leaders and representatives of various accountancy institutions of national and international repute. Representing the Indian accountancy profession, I presented the Indian perspective at the IFAC Council congress that attracted the leadership of over 150 countries.

At the IFAC Council meeting, I also addressed the representatives from over 175 member organizations, informing about Indian growing economy and our rich culture and heritage, and about ICAI's regulatory and other contribution to Indian economy; I also stressed on the efforts of ICAI in maintaining the highest technical, ethical and education standards.

As you know, during the launch of Platinum Jubilee celebrations on 1st July 2018, the-then IFAC President Ms. Rachel Grimes had announced that ICAI would host the next, i.e. 21st WCOA in Mumbai that would be held in 2022. This will be a proud moment for our CA fraternity as well as for the fraternity of whole South Asia, since India will be the first in the South Asia to host this Congress.

I am happy to inform that the baton of 21st World Congress of Accountants was formally handed over to me by the newly-elected IFAC President Dr. In-Ki Joo, at the closing ceremony of the 20th Congress. Consul General of India in Sydney, Shri B. Vanlalvawna also witnessed this historic event and occasion. I took this opportunity to invite and requested all delegates to the 21st WCOA in large numbers.

ICAI in collaboration with the Services Export Promotion Council (SEPC) promoted the export of Accountancy Services. One of the 12 champion service sectors of the Government of India , the

Indian accountancy services were showcased through a joint ICAI-SEPC kiosk at the Congress on 5th-8th November 2018, which also served the purpose of promoting the WCOA 2022. The stall, inaugurated by the Consul General of India in Sydney, received a positive response from the world delegates and more than 1000 delegates showed their keen interest in attending the WCOA 2022 in Mumbai.

A detailed report in this regard has been published elsewhere in this Journal.

I sincerely request our stakeholders to extend their complete cooperation and support to make the 2022 WCOA a successful event, which will add value to the brand ICAI as well as to our overall standing globally and in process bringing immense value to the credibility of Indian CA profession and its prospects.

ICAI Signs MoU with CPA Canada

I am happy to inform that ICAI has signed the MoU with the Chartered Professional Accountants of Canada (CPA Canada) on 17th November 2018, to facilitate mutual recognition of each other's qualification and prescribing a bridging mechanism between the two institutions. CPA Canada President and CEO Ms Joy Thomas and I signed the MoU representing the two institutions. Members of the managing committee of Toronto and Vancouver Chapters were also present on the occasion. With Canada being one of the most favoured destinations for Indian professionals, this MoU will provide greater mobility to accountancy professionals at either end. Fostering strong working relations between ICAI and CPA Canada, the MoU will benefit more than 1000 Indian Chartered Accountants who are in Canada, besides other members in India who wish to seek international qualification and avail themselves of global opportunities.

Under the terms of MoU, ICAI members in good standing with requisite experience are eligible for exemption from the practical training requirements of CPA Canada as well as appearing in the CPA Professional Education Program, Capstone 1 and Capstone 2 modules, and they can acquire the CPA qualification by passing the final examination of CPA Canada, i.e. 3-day Common Final Examination (CFE) only.

MBA from Coventry University, UK

I am happy to inform that ICAI has recently finalised an arrangement with Coventry University, UK, to launch a range of progression routes for the members; to allow them to complete the MBA (Global Financial Services) Degree course from Coventry University.

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Established in 1992, Coventry University is ranked 13th best University in UK as per a 2019 report by UK national daily *The Guardian*. Indian Chartered Accountants with three years of post-qualification experience are eligible to enroll in the MBA (Global Financial Services) programme of the University at a cost of £4000 per student. However, first 100 to enrol will be offered a scholarship of £1000 and this brings down the total cost of the programme substantially to £3000. They will be required to complete 60 credits—two 15-credit online courses in *Global Marketing* and *Leadership and Change Management*, and a 30-credit project—in this programme. The fee will be inclusive of enrolment/registration, tuition, online delivery, online examination/evaluation and certification. ICAI members will have the access to all services of the University locations and the complete range of alumni services would be extended upon the successful completion of the programme.

EEG Meeting in Seoul

Recently, my Central Council colleague and AOSSG Vice-Chair CA. S. B. Zaware along with the ICAI's Technical Directorate Head CA. Vidhyadhar Kulkarni attended the meeting of 16th Emerging Economies Group (EEG) on 29th-31st October 2018 in Seoul. ICAI raised its concerns and communicated about the activities of its related study groups and its forthcoming outreach activities at the meeting.

No International Conference at ICAI

I would like to inform you that in a new start of another practice of good governance and to strengthen our culture of independence and probity vis-à-vis our dynamics with the stakeholders, this year we have decided not to hold our International Conference using sponsorship amount. As you are aware, the organisation of the Conference involves taking sponsorship from stakeholders, who also have been the clients of profession, which might create a clash of interests. We want to discourage such a practice to further improve the image of ICAI and the profession.

GST Revenue Crosses ₹1 Lakh Crore in October

It is a pleasure to note that the Goods and Services Tax (GST) collections crossed the psychological barrier of ₹1 lakh-crore in October, coming in at ₹1,00,710 crore, making the October 2018 collections 20.8% higher than that, i.e. ₹83,346 crore, in October 2017. Of this mega collection in October 2018, CGST is ₹16,465 crore, SGST is ₹22,826 crore, IGST is

₹53,419 crore (including ₹26,908 crore collected on imports) and cess is ₹8,000 crore (including ₹955 crore collected on imports). Now that the GST compliance processes are stabilising and the Government's anti-evasion measures have become effective, this collection definitely hints at a shift of perspective of our citizens, which is quite welcome. Let us continue to be tax-compliant citizens of our nation.

GST Training and Development

As you know, after the resolution of initial problems relating to GST compliance, it's time to examine the previously-submitted records, returns and other documents. Section 35(5) of the GST Act mandates every registered person with a turnover exceeding ₹2 crore during a financial year to get her/his accounts audited and accordingly submit a copy of the audited annual accounts, the reconciliation statement under the Section 44 (2) till 31st December 2018.

In view of this development, an online training programme on *GST Annual Return and Audit* was organised for the faculties of ICAI on 22nd-24th October 2018, to train them in GST audit. A series of live webcasts on Annual Return and GST Audit was organised for the members and other stakeholders on 2nd-4th November 2018 to provide an in-depth analysis of various aspects of GST Annual Return and Audit. Further, a number of paid live webcasts on UAE VAT were organised by ICAI from 29th October to 3rd November 2018. Recordings of the two series are available at <http://idtc.icai.org/live-webcasts.html> and <http://idtc.icai.org/vat-in-uae.html> respectively for offline viewing. So far, more than 150 programmes on GST Audit have been successfully organised in the last two months, benefitting about 12000 members in the process.

ICAI has also submitted a representation to the Ministry of Finance, requesting to permit the availment of input-tax credit pertaining to the Financial Year 2017-18 till 31st December 2018.

Measuring State of Internal Audit Profession in India

To measure the pulse and the existing state of *internal audit* profession in India, ICAI has reached out to all professionals serving in industry as well as in practice, which will also help it understand the future perspectives. I request all of you to participate in our survey in this regard hosted at <https://goo.gl/forms/3IH6loSB0LFpGXxt2>. A detailed analysis of the outcome of this survey will soon be made available. This will also help ICAI in developing

its consequent vision and smart action plan in this regard.

E-Hearings - A New Initiative

To augment the existing disciplinary mechanism and to make it cost-effective, ICAI has introduced the conduct of disciplinary hearings through *e-hearing* mode (i.e. video-conferencing). Amendments to Chartered Accountants Rules, 2007 providing for *e-hearings* have been approved recently by the Ministry of Corporate Affairs vide notification dated 29th October 2018. Initially, such e-hearings would be conducted at the regional offices of ICAI. Modalities for *e-hearings* have been formulated and arrangements are being made to conduct the first e-hearing of disciplinary proceedings shortly.

Proactive Interventions

Amrapali Fiasco: Based on the media reports about the huge diversion of funds of homebuyers investing in the housing projects of Amrapali Group and alleged irregularity in the conduct of their statutory auditors, as informed by the Supreme-Court-appointed forensic auditors, ICAI *suo moto* issued notices to those statutory auditors, i.e. for the period 2008-2015 and also for the latter period, in terms of the provisions of the disciplinary mechanism as provided in the Chartered Accountants Act, 1949 and the Rules framed there under. ICAI will vigorously investigate and take all necessary steps to ensure that misconduct by errant auditors, if any, are probed in a fast-track mode as per the terms of the procedure prescribed.

Misleading Media Reports: You may be aware that there were certain media reports that carried out the misleading and misinterpreted analysis of recently-released data by the Income-tax Department that only one in three CAs has filed her/his returns during the period of data. This has put the ICAI and the Indian accountancy profession in a bad light. ICAI has taken a very serious note of all such misleading reports and represented to the concerned publications with the correct facts. As a result, many of them have published our clarification, which states that 91% of total CAs during the period of the data have filed their returns.

The Income Tax Return Statistics for Assessment Year 2017-18 issued by the CBDT had with 'type of business' as basis considered for analysis, reported that that over 1 lakh returns had been filed by CAs. This data was grossly misinterpreted. Basically, the figure of 1,03,049 returns filed by CAs pertained to those who are in practice only, i.e. full-time or part-time. As many as 1,42,458 CAs, who are not in practice also

file returns. Then, media should also have considered the presence of about 8000 CAs who are above the age of 70, and who may or may not be filing returns, depending on their income.

Leadership Programme at IIM Ahmedabad

To provide opportunity to Chartered Accountants to reflect upon new perspectives, dimensions and strategies to steer their organisations forward, ICAI will organise a 5-day residential programme, *Advanced Leadership Programme for Chartered Accountants*, at the Indian Institute of Management, Ahmedabad, on 24th-28th December 2018. This programme aims to equip Chartered Accountants with the tools and processes required to meet their professional challenges.

Change in Qualification to Become a Registered Valuer

As per the Companies (Registered Valuers and Valuation) Rules, 2017 issued by the Ministry of Corporate Affairs in October 2017, a Chartered Accountant with three years of post-qualification experience could become a Registered Valuer if she/he is a graduate. Since the scheme of Chartered Accountancy course has been approved by the Ministry of Corporate Affairs wherein a Chartered Accountant may or may not be a graduate, ICAI represented the Government with its request to remove the criteria of graduation for becoming a Registered Valuer. I am happy to inform that the Ministry has amended the said Rules on our request and revised the concerned prerequisites. Now, any Chartered Accountant with three years of post-qualification experience as Chartered Accountant can become a Registered Valuer, even if she/he is not a graduate.

Technical Guide on the Functioning of Audit Committee and Its Review Checklist

As you are aware, the Audit Committee is *inter alia* responsible for liaison with the management; internal and statutory auditors, reviewing the adequacy of internal controls and compliance with the significant policies, procedures and reporting to the Board on key issues. The idea of having independent directors on the Audit Committee originates from the concept of effective Corporate Governance. The Independent Directors bring objectivity to Board decisions, protect common interest of the company and its stakeholders.

In this backdrop, I am happy to inform you that we have taken an initiative of bringing out a publication titled "*Technical Guide on the functioning of Audit Committee and its Review Checklist*" which is

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a comprehensive and self-contained reference document for the guidance of Audit committee on its functions, role, duties and ensuring effectiveness. As the name suggests, this Guide also provides a checklist for review of the Audit Committee. I am sure that this publication would be a source of knowledge enrichment and of great help to the members and other stakeholders.

12th ICAI's Leaders & Business Excellence Awards, 2018

Next round of ICAI's Leaders & Business Excellence Awards, 2018 are scheduled to be given away on 19th January 2019 in Mumbai. This is to felicitate our members for their exceptional contribution in industry. As you know, these awards had been instituted in 2007. These also aim to recognize the outstanding performance and contribution of Chartered Accountants in fulfilling the ultimate objective of nation building. Members of the institute holding top management positions, viz. Chairmen, Directors, CFOs and CEOs, have been the recipients of these prestigious awards in the past. This year, ICAI's Leaders Awards have been created to honour our members-in-industry, and Business Excellence Awards to honour our members who have stepped out of the comfort zone and made exemplary achievements. There are 2 categories (i.e. CA Member of the Year and CA Innovator) under the Awards for Start-Ups and 4 (i.e. CA Achiever, CA CFO, CA Business Leader and CA Lifetime Achievement) under ICAI Leader Awards. Members may check <https://awards.icai.org/wp-content/uploads/2018/09/12thicaiawards-2018.pdf> for more details.

SME Leader Awards- A First in History of ICAI

As you will appreciate, SMEs have emerged as a vital sector for economic growth of India, providing employment in large numbers. To promote an entrepreneurial culture in the country and recognise the exceptional performance of CAs serving in the SMEs, ICAI for the first time instituted and gave away "SME LEADER AWARDS" in a function held in Mumbai on 26th October 2018. It was quite timely to honour the best talents grooming in SMEs for their imagination, commitment and success and valuable contributions to the SME growth. The awards were given away under four main categories of 'Innovator,' 'Emerging Professional,' 'Wealth Creator,' and 'Business Transformer,' and 16 sub-categories. The Chief Guest on the occasion was Maharashtra's Director-General of Audit (Central) Shri Guljari Lal. Under the chairmanship of NPCC Ltd. (National Projects Construction Corporation Limited) CMD

Shri Manohar Kumar, the Jury had selected 11 awardees.

International Leader Awards

First time in the history of ICAI, International Leader Awards were also given away on 15th November 2018 in Abu Dhabi, to recognize the professional achievements of our members who are based outside India. Such a recognition, I am sure, will motivate our members to excel in profession and contribute to the economy of the respective countries where they serve. Jury under the chairmanship of IRDAI Chairman Dr. Subhash Chandra Khuntia selected 7 awardees to honour for their exemplary contribution.

In a very simple but profound way, Katie Thurmes informs: *You can't do a good job if your job is all you do.* So, there is a unique perspective of work-life balance; we need to balance our passions and not our time. Striving for excellence is motivating but that for perfection is often demotivating, since there can always be a better alternative to the best.

Let us remember that it is not necessary to keep checking and responding to the communications we receive every now and then. So, actually, it doesn't matter even if we do so once or twice in a day. People around us also deserve our time. Satisfaction never comes in work until we are satisfied in life. Oprah Winfrey says: *I've learned that you can't have everything and do everything at the same time.* So, first, there has to be contentment in the way we lead our life, and this contentment will transcend its essence to other spheres of our life too.

Month of December is important for our personal stock-taking too—when we audit our own personal and professional accomplishments—how we performed and where we lagged. This will help us revise and update our approach profession, and to our life as a whole. However, I congratulate you and extend my greetings for Christmas which falls on 25th December, and for the upcoming New Year 2019. And may the sparkles of joy and immense opportunities unfold for all of you in the New Year!

Best wishes



CA. Naveen N. D. Gupta
President, ICAI

New Delhi, 26th November 2018