

# CAs Indispensable for Corporate Governance

Ever since a series of corporate failures over last more than one decade sending shock waves to global economy, there has been ever increasing realisation across the world that good governance is the cornerstone of a sustained corporate success. The corporate world is abuzz with the talk that a company is not all about just profits, market valuations, P/E multiples and turnovers; there is a lot more that goes into building its sustained position and image. Corporate Governance is one such hidden force, which is directly linked with value creation for all the stakeholders. A fast-reforming India, whose burgeoning economy is being speculated to double to USD 5 trillion by 2025, is no exception to this trend and thought process.

In this backdrop, it is commendable that the Indian government and regulators too have risen to the occasion and are giving adequate attention to the concept of Corporate Governance. Currently, the corporate governance framework draws from the Companies Act, SEBI Guidelines, ICAI Accounting Standards, and Listing Agreement, which are in line with global best practices, and back the concerted efforts being made to scale up India's *Ease of Doing Business* ranking.

In this context the role of ICAI and Indian accountancy profession deserves special mention. In the wake of rapid multiplication of economic activities, the Chartered Accountants have become 'must haves' and indispensable for Corporate Governance in India. The Companies Act, 2013 too has enhanced the role of Chartered Accountants in the domain of corporate governance, justifying the trust bestowed on them by the society.

Meanwhile, the ICAI too is very much alive to its responsibilities in this important arena and playing a proactive role in facilitating corporate law and policy making through a dedicated Corporate Laws and Corporate Governance Committee. Related suggestions and inputs are regularly being given to Ministry of Corporate Affairs and Hon'ble Parliamentary Committees. The institute is also a member of the 'Task Force on Ease of Doing Businesses,' 'Strategic Advisory Group to Design MCA-21 Version III' and 'Governing Council of National Foundation for Corporate Governance.' Of late, it is also lending all out support to the Government for Conducting KYC of Directors of all Companies and KYC of Companies. The ICAI has also brought out a Technical Guide on the functioning of Audit Committee and its Review Checklist. Besides, training programmes are being organised for government departments in areas of corporate laws.

It is in this background that the ICAI and Indian accountancy profession's role in effective corporate governance in the country has been widely acknowledged and praised by Indian polity. *"Our nation's Chartered Accountants are globally recognised for their work ethic and commitment to good corporate governance. The complete trust the people and businesses place in their CA is a testimony to your accuracy and integrity, and this is well deserved,"* Prime Minister of India Shri Narendra had said in special CA Day message last year. *"Chartered Accountants play a critical role in corporate governance as they act as valued trustees of investors and the general public,"* Shri Arun Jaitley had said inaugurating the 51<sup>st</sup> annual function of the ICAI in New Delhi on June 26, 2001. Congratulating the ICAI for entering the Platinum Jubilee year in 2018, the Hon'ble Minister of State for Law & Justice and Corporate Affairs Shri P.P. Chaudhary had said: *"Chartered Accountants are one of the agents of Maximum Governance in the Corporate sector while continuing to be one of the most reliable partners to ensure 'Ease of doing Business' in the country...The investors, whether domestic or the foreigner, do prefer a market where doing business is easy & convenient, the governance system is simple and minimum yet robust. The motto of the present government is also the 'Minimum Government, Maximum Governance'."*

The concept of corporate governance rests on the fulcrum of transparency, integrity, independence, ethics and honesty behind all decisions taken, accountability for the said decisions and an inclination for safeguarding the interests of all stakeholders— the traits well ingrained in the accountancy profession's DNA.

Corporate Governance is the soul of an organisation. It is crucial for risk mitigation, enhancement of shareholder value, company image and efficiency and for attracting capital. As India Inc. has grown by leaps and bounds over the years, corporate India's attention has evolved from simple 'management' to 'governance', and now 'effective governance', which, puts focus on accountancy professionals as the facilitators in view of their professional training and special skill-sets. Many countries in the world are revisiting their existing Corporate Governance practices and norms since in a dynamic economic environment, systems of Corporate Governance need to continually evolve. Let's join hands with the Government and regulators to keep Indian corporate governance framework benchmarked with the best in the world.

—Editorial Board (ICAI – Partner in Nation Building)