

SMPs—The Mainstay of the Profession

We may recall the childhood fable of *'The Crow and the Pitcher'* in which the small pebbles put together with the intelligence of the crow made a big difference to a difficult arid situation. In the context of Indian accounting profession of the day, the Small and Medium Practitioners (SMPs) signify and can be likened to those very pebbles in the economic pitcher of the country with limited resources. Indeed the combined and innovative strength of the 'Small' can make a 'Big' impact. Sagaciously supported by the Institute of Chartered Accountants of India (ICAI), the SMPs are doing exactly the same for Indian accounting profession, for Small and Medium Enterprises, for Indian economy and ultimately for the society. They are holding the flag of Indian accounting profession high at whatever level of economy they are serving, in the spirit of what the Prime Minister has said: *that CAs are like doctors, saints and sages of Indian economy, responsible for its economic health and fiscal guidance.* Making a majority of Indian accounting world, SMPs are the mainstay of the profession, crucial for its sustainable and future-ready growth. The latest data of SMP count confirms this. As on April 2019, out of a total 75985 active firms, 53153 are in 'Proprietorship' category, 11937 have two partners, 5342 have three partners, 2133 have four partners and 1319 have five partners.

The SMPs are the lifeline of SMEs, who in turn are regarded as "engine of growth" for Indian economy. The SMEs, who form 90% of Indian industry, employ 50 million people and contribute 8% of GDP, in turn depend on SMPs for book keeping, auditing, assurance, GST and other taxation issues, other compliances, risk management, credit management, fiscal and corporate governance, and now increasingly even for advisory and consultancy services. They also serve them in the realm of 'XBRL', 'e-Commerce', 'm-commerce', 'Cloud Computing', 'Information System Audit' and e-governance, etc. Despite competition from other service providers, SMPs remain the SMEs' preferred choice.

With India Story entering a new dimension of a new India whose economy is set to double to USD 5 trillion by 2025, there have been high expectations from SMEs to grow in leaps and bounds, taking advantage of Government's various flagship programmes like *'Start-up India'*, *'Make in India'*, *'Skill India'*, and *'Digital India'*. This in turn has increased the expectations of SMEs from SMPs who serve them. The ambitious targets of the Ministry of Micro Small and Medium Enterprises cannot be achieved without the support and involvement of SMPs.

Although given the professional acumen, skill sets and training, the Indian SMPs are ready to rise to the occasion, some challenges remain. These impediments are mainly concerned with fast adoption and adaptation to new-age technology— particularly the professionally relevant ABCD of technology (artificial intelligence, blockchain, cyber-security and data analytics), competition from other professions, deregulation, increasing audit thresholds,

lack of networking, retention of skilled manpower, diversification of services and emerging digital cashless economy etc.

ICAI is very much alive to this trend and phenomenon, and has been proactively working to ensure that SMPs come up to the ever increasing expectations. A dedicated Committee for Capacity Building of Members in Practice has been espousing the cause of SMPs to this effect. The ICAI in the role of regulator-cum-facilitator has been seamlessly taking a series of steps to build capacities of SMPs, expand their horizons, and help them excel on even the farthest frontiers of knowledge economy. It has arranged various Audit and Accounting software, Antivirus Protection software, Medical and Health Insurance, Professional Indemnity Insurance and Loan Schemes for them besides other initiatives.

Consolidation, Networking, Merger, formation of LLPs & Management Consultancy Services Company, and better succession planning can be a formidable answer to many challenges of SMPs. And a number of Indian SMPs are increasingly resorting to these pathways to progress. As per the latest data, there are a total of 356 converted LLPs active at present.

In these times of fast paced transition, the constant capacity building, life-long learning, harnessing technology advancements, and keeping abreast of rapid regulatory changes are the key to SMPs' growth. SMPs, being relatively more vulnerable to practice risks, need to ensure proper management of professional risk through quality assurance of their services. They must be prepared to transform their practices from being predominantly compliance-based to focusing more on advisory and consultancy services.

Not only in India, the importance of SMPs has been getting due attention the world over. Global accounting bodies like IFAC and SAFA have special committees working to build their capacities. Here it is pertinent to note that presently the chair of SAFA SMP Committee is held by ICAI. According to the book, *The Future of the Professions* authored by Richard and Daniel Susskind, the accountancy profession's future rests on inventing useful new tasks and applying knowledge of expertise on the task at hand and effectively playing decision making, planning and advisory roles, which are least susceptible to automation. According to IFAC's Global SMP Survey, this trend away from audit in favour of advisory, is fast gathering pace amongst small and medium-sized practices.

"Greatness comes by doing a few small and smart things each and every day... it comes from taking little steps, consistently," so goes the saying which is worth taking note of by SMPs. As the SMPs move out of their comfort zones, what was once the unknown and challenging will become a 'new normal' and rewarding. Let's continue with the legacy of converting all the challenges into opportunities.

—Editorial Board (ICAI – Partner in Nation Building)