

CAs Crucial for Capital Market Credibility

"Money is always eager and ready to work for anyone who is ready to employ it," so goes the saying, which applies to not only ordinary individuals or investors but also for companies and even countries as a whole. The capital markets, as a catalyst for capital generation and roaring hubs for resource allocation for economic activities, not only offer a veritable equalising outlet to realise this saying but also offer a powerful platform to partake in shaping of the nations' growth trajectories. India is no exception to this phenomenon. One of the oldest, Indian capital market today has come to be recognised the world over as not only the revving engine of growth but also as the barometer of economy. With over 25 million direct participants, it is one of the largest capital market eco-system in the world.

Matching the cross border expansion of Indian Companies, the Indian Capital Market has indeed come a long way. It outperformed several major global markets, including the developed ones like the US and the UK, with double-digit returns in the fiscal ended March 2019 despite global and domestic headwinds. Thanks to the world class standards and regulatory infrastructure, the growth has been noted in every sphere - the amount of capital raised, exchange trading turnovers, the market indices and market capitalisation, mutual fund assets, etc.

The Indian accounting profession, as the facilitator of capital market credibility and transparency, has been integral to this success story. Ever since the inception of Indian capital market, there has been a close linkage between accounting, investment, and economic growth. As the custodian of capital and disclosures, the accounting profession instils trust in capital market by promoting transparency, efficacy and veracity of financial statements of companies involved. 'Capital' is the common thread that firmly links the market with accounting profession. While the former raises idle unproductive capital and puts it to economic use, the latter lends fiscal prudence and propriety to it.

Over or behind the scenes, directly or indirectly, accounting professionals act as the friend, philosopher and guide to investors as well as companies, regulators and other stakeholders of capital market. When an investor puts money into a far off corporate enterprise, the auditor is an independent accounting professional who serves as not only the eyes and ears of the investor but also as an interface of trust between him/her and the managements.

Noted American stock investor Phillip Fisher had said *"The stock market is filled with individuals who know the price of everything, but the value of nothing."* CAs, as the upholder of public interest, trust, assurance, and financial integrity, help unfold that very "VALUE" of the companies for the investors through authentic, transparent, straight-forward and comparable accounting information in financial reports. As such, it is no surprise that since the pioneering work of Ball

and Brown (1968), the relationship between accounting information and capital markets has been one of the most popular issues in the accounting literature.

The accounting profession is embedded in every echelon of Indian capital market. The CA professionals are much in demand as fund managers, risk managers, financial and market researchers and analysts, etc. However, in the backdrop of fast paced changes in technological and regulatory realms, the need of the hour for them is to keep coming up to the increasing expectations of investors, creditors, companies and regulators by way of "constant financial innovation to hedge the risks" and addressing new transparency and accountability needs. Artificial Intelligence, block chain, robotic process automation and data analytics are among the hottest technologies in the financial markets today, promising immense benefits to market players, which the CAs in this domain need to master. Set in an ethical mind-set, the combination of *"technical knowledge, analytical & presentation skills, professional equanimity and ability to foresee the fiscal future of corporate"* is the key to their success. An apt advice for CAs serving in the extended world of capital market can come from a quote of Benjamin Franklin that *"investment in knowledge pays the best interest."*

The Institute of Chartered Accountants of India (ICAI) has been very much alive to the importance of capital markets, the need for equipping Indian CAs with the necessary skillsets to excel in this domain and the necessity to protect investors through knowledge dissemination. It's Committee for Capital Markets and Investor Protection has been espousing this cause. Notably, the Committee has organised 700 Investor Awareness Programmes across India under the aegis of Investor Education and Protection Fund (IEPF) authority of the Ministry of Corporate Affairs over last year. Hon'ble President of India, Shri Ram Nath Kovind, on the occasion of Platinum Jubilee celebrations of ICAI on 1st July, 2018, had urged the ICAI to conduct programmes to create financial literacy particularly among the women. As such, over last year, a total of 41057 people have been so educated in terms of financial literacy programmes, including 16042 women.

Currently the Indian capital market is bearing the brunt of economic slowdown and weak investments. It is welcome that the Government has recently delivered a booster dose to it by removing surcharge on Foreign Portfolio Investors, who had withdrawn close to \$3.4 billion since July this year. This scenario beckons the astute CAs to rise to the occasion and creatively present the vision and values of Indian corporate in the garb of accounting information to attract investors. As the famous capital market saying goes *"Chase the vision, not the money; the money will end up following you."* Let's keep excelling in capital market domain as the harbinger of growth and public trust.

—Editorial Board ICAI: Partner in Nation Building