

Dear CA Pariwar,

It's festival time. By the time you receive this Journal, Eid-ul-Fitr, Dussehra and Navratra will have been celebrated and preparations for Diwali will be in full swing. Each and every Indian festival has a deep meaning attached to it. Dussehra, as we know is the triumph of good over evil, not just on the surface but within the heart of each and every human being. Diwali is known as the festival of light and the lighting of the lamps signifies awareness of our inner light that removes the darkness of ignorance and illuminates the way to true knowledge. We are indeed blessed to be a citizen of such a culturally rich country like India.

International Developments

As you are aware, ICAI had signed an MoU with the Institute of Chartered Accountants in England and Wales (ICAEW). I am pleased to inform you that the first results after the signing of the MoU have been declared and four of our members have passed the modules, bringing glory to the Institute. I am sure that more of our members will want to spread their wings internationally and will appear for these examinations in future.

I am happy to inform you that to reinforce the ties between our two Institutes, the Lord Mayor of the City of London, Mr. Ian Lauder (FCA), will be coming to India to visit our Institute. In honour of his visit to the Institute we have organised a number of activities such as meetings with various regulators at Mumbai and New Delhi and a joint seminar with ICAEW on the theme 'A New Vision for Financial Services'. This would pave the way for a long and mutually beneficial relationship between the two premier accounting institutes in the world. The seminar will explore the implications of recent experiences of financial services and the businesses they service and will attempt to develop a vision for the future of a global financial architecture that will restore confidence in the financial services. Besides myself, the seminar will be attended by dignitaries of eminence like Mr. Ian Lauder (FCA), the Lord Mayor of the City of London, Mr. Martin Hagen (FCA), President of the ICAEW and Ms. Naina Lal Kidwai, Group General Manager and Country Head HSBC India, among others. Our chartered accountant brothers and sisters from the industry, who are top CEOs, CFOs and COOs, have also been invited to attend the round table conference to better understand the scope of professional opportunities in the United Kingdom.

As part of the seminar, there will also be panel discussions to develop a vision for the future of financial services with more effectively co-ordinated and co-operative regulation, incorporating more transparent and sustainable corporate governance structures within companies. I am sure that hosting a conference of this magnitude will not only forge stronger ties but also pave the way for greater interaction between our

respective organisations.

ICAI International Delegation to Australia 2009

The Institute is growing fast, almost exponentially day by day. We have signed MoUs with two Australian organisations, the Certified Practicing Accountants Australia (CPA Australia) as well as with the Institute of Chartered Accountants of Australia (ICAA), but that is just the tip of the iceberg. To get a better understanding of the opportunities and how to translate them into concrete action benefiting our members, the Institute is forming a delegation to tour selected cities in Australia on self financing basis. This visit will be hosted by the ICAI's Sydney Chapter.

This tour will help promote a better understanding between the delegates and firms of the two countries and will help in actually understanding what kind of opportunities exist for our members there. The economic and regulatory environment specific to Australia will also be studied during the tour. There will be regular interactions and discussions with members and organisations native to Australia to build a complete picture for us. Our delegates will observe the way Australian officials operate thus having a better understanding of how to aid business between the two nations. No doubt, direct networking between members and companies will help strengthen business ties. By keeping the above agenda clear we will get an insight into planning and arranging future requirements for the Institute as well as for our members.

Registrar of Companies: Outsourcing of Work

Opportunities come to those who persevere. The quality of our work is of a caliber that has impressed the Registrar of Companies (ROC). They have decided to outsource the technical scrutiny of balance sheets filed with them under the Companies Act, 1956 to professionals like us. This outsourcing will be for FY 2009-10 with future outsourcing under review after assessing the outcome and impact. Further details in this regard are available on our website www.icaai.org

This is one more new professional opportunity for our members. This task has been entrusted with us keeping in mind the high level of integrity, confidentiality and commitment to timelines our profession attaches. I am confident that our professional brothers and sisters will rise to the occasion and take up this new opportunity with great enthusiasm.

Special Audit under Section 14A and Section 14AA of Central Excise Act, 1944

The Chief Commissioner of Excise along with various Excise Officers recently held discussions with us to better understand how to conduct audit and various other modules concerning Special Audit under Section 14A for computing value of goods and under Section 14AA for verifying proper utilization of credit under Central Excise Act and

Rules. These discussions were fruitful as they led to a clear direction and understanding of the scope of these new audits.

To make sure that we are best prepared to utilize this opportunity, the Institute is coming out with an insightful and comprehensive new Excise Audit Manual. This Manual will go a long way in improving our skill sets and empowering us with the knowledge required to benefit from this new professional opportunity.

Welcome to New Secretary, MCA

I wish to inform you that Shri R. Bandyopadhyay has taken charge as new Secretary to the Ministry of Corporate Affairs (MCA). Before joining the MCA he has served as Secretary, Department of Public Enterprises, Special Secretary, Department of Telecommunications and Senior Advisor in the Planning commission, and has many remarkable contributions to his credit. I, on behalf of entire CA Parivar, extend hearty welcome to the new Secretary, MCA and assure him all out support of ICAI. At the same time, we should not forget the commendable work done by outgoing Secretary, MCA Shri Anurag Goel. Successful implementation of dream MCA 21 project, enumerating roadmap for the LLP in India and work done for simplification of Companies Act are some of the biggest achievements of his tenure. He always lent full support to the Institute at every fora and truly guided us as mentor. We had organized a farewell for the Shri Goel during the recently held Council meeting.

IRDA Workshops

The Insurance Regulatory and Development Authority (IRDA) is a regulatory body to govern the insurance and re-insurance business in India. Our Institute enjoys a cordial relationship with the IRDA due to the fact that we have always responded to the needs of the insurance sector with great swiftness. Proof of this lies in the fact that when the insurance sector was opened up to private players in 2001 we immediately constituted the Committee on Insurance and Pension (CoIP) to assist in the development of the insurance industry in India.

With the new regulations expounded by the IRDA that insurance firms must have systems and transactions audited on a regular basis by CAs or CA firms, our Institute has been quick to welcome the opportunity created for our members and decided to provide a support system to the members by organising Joint Workshops on Internal/Concurrent Audit of Investment Functions of Insurance Companies jointly with IRDA. These workshops aim to give our members the technical know-how necessary to perfectly carry out the audits required by law.

We are doing everything in our power to ensure that our members can take advantage of this new sector which has been opened to us. The growth opportunities in this new sector are immense and since insurance industry experts would be addressing the technical sessions in these workshops, I request our members to take full advantage of

these special workshops by attending them and adding to their growing portfolio of services. At the end of the day we will be doing a great service to millions of our countrymen who have invested their hard-earned money in these companies by ensuring that systematic, transparent and compliant measures are constantly implemented, making the insurance companies strong and more viable.

Goods and Services Tax 2010

This new consolidated Tax is on the anvil and will be implemented soon. As our members are aware, this announcement was made by the Empowered Committee of State Finance Ministers who had accepted the recommendation of the Working Group that had been set up to outline the dual GST which will have a Federal part and a State part. In order to bring about the consolidation of GST and then implement it by 2010 we have held a number of meetings with the Department.

Shri R. Sekhar, Commissioner of Customs, Pune who is also the Government nominee in the Council, has been working in conjunction with ICAI to hold joint workshops in all the five Regions wherein our members from industry and practice along with industry experts could hold discussions with the Department so as to prepare a clear pathway for the convergence and present its views to the Government. These joint workshops of the Customs and Central Excise Departments and the Institute would focus on issues that may arise out of the convergence of taxes for the GST and aim at coming up with solutions to any future questions. Members are welcome to provide their valuable feedback and suggestions on gst@icai.org in this regard.

RBI Bank Empanelment

We have always expressed our reservations in respect of the autonomy granted by RBI to Public Sector Banks (PSBs) with regard to the appointment of its auditors. We had requested the RBI to provide us with the list of auditors for the audit of PSBs. We not only did not receive the list but were surprised to know that appointments were finalised by the PSBs in just two days. We are aware that due diligence compliance cannot be carried out in so short a time. To protect the interest of the common man and to maintain required levels of compliance we have placed our recommendations before the Ministry of Finance. We have stressed that the optimum method would be the original system where only RBI would have the authority to appoint Central Statutory Auditors. We hope that our recommendations are looked into for the betterment of investors across the country.

Constitution of Industry-Specific Groups

Our membership strength has grown at a rapid pace during recent years. Moreover, a large number of members are opting to serve in industry. As such there is need to continuously update this part of fraternity about the changes taking place in various statutes, share the knowledge of various new techniques and sharpen their skills on

various professional matters. With this objective, we have decided to form industry-specific groups comprising our members in which issues like IFRS, Direct Taxes Code, Companies Bill, Various issues in GST and other industry-specific issues will be discussed.

Besides, it will also provide a good platform to them for improving networking among themselves.

We have also decided to form groups of members who are CEOs, CFOs and COOs in the industry to compile industry-wise Guidance Notes which would cover industry-specific compliance issues. Our members in industry who are at the helm of affairs have gained considerable experience and insight in complying with various laws and regulations which are peculiar to their specific industries. By sharing their knowledge and experience in compiling these industry specific Guidance Notes our other members and students will get a clear insight into compliance with various laws and regulations industry-wise at a pan India level.

Elections

The time is approaching for all our members to exercise their mandate and vote in the forthcoming elections. As we show our loyalty to our country by voting in the local and general elections, in the same way your loyalty to the Institute lies in the casting of your valuable vote.

The parallels are the same while voting for our country as well as our Institute. In both cases the selection of the right candidate is crucial to governance and progress. As you would want to select the most appropriate candidate for your city and state, in the same manner I exhort you to select the best candidate for your Institute. Select candidates who will be instrumental in building the future of the Institute and our profession. Vote for selfless workers of great integrity and strength who also possess the expertise to take the Institute and all its members to new levels of professionalism and growth.

I would like to mention at this juncture that this year the Election Code of Conduct will be enforced very strictly. No divergence from the Election Code will be tolerated or accepted. If any member finds that the Code of Conduct is not adhered to, please bring this breach to our notice immediately. We will ensure that the elections are conducted smoothly and are held in a free and fair manner. I appeal to all of you to cast vote, and cast it wisely.

Respect For the Profession

It has recently come to our notice that few organisations do not accord the respect due to our profession in the correct perspective. A recent BSNL recruitment tender stated “Supply of Chartered Accountant for maintaining accounts of USOF Phase-1 Project”.

We have sent a strong letter of protest to BSNL stating that we provide services to society in a professional and social capacity and cannot be looked upon as a commodity. We have demanded a complete withdrawal of the tender documents with the derogatory expression and to reissue new documents with the necessary changes. Rest assured, we will pursue this matter and ensure that the profession is given the respect that it deserves.

Revision / Updation of Various Regulatory Forms

Some of the regulatory forms like form 2, 3, 6, and 18 needed re-orientation so as to be contemporary in the context of language and information sought from the members through these forms. These forms have since been revised and will take some time before you start using them as these forms are part of the Regulations and require approval of the Central Government.

Infrastructure Development

Maintaining the growth curve in the development of infrastructure that we have embarked upon, I am pleased to inform you that we are constructing buildings of the branches in Jammu & Kashmir and Sangrur in the North, Beawar and Ajmer in the West and Alleppey and Quilon in the South. At this pace I am sure that in a few months time we will create history by having a fully-developed branch in every state, city and town of India. Let us, as a team, move ahead and make this dream a reality.

Members Feedback

In another section of this journal I have compiled a report of the various major activities that have been carried out by me and my colleagues in the Council over the last few months. I sincerely hope that you have been part of these activities and have given your positive input for and during these initiatives. It is in actuality, your participation and input which raise the brand value of the institute and elevates it to new levels.

We would appreciate your honest feedback to the various initiatives and suggestions for upcoming projects. Our member base is so talented and vast that just on the basis of your feedback and ideas we can be inspired to launch new initiatives that will take our Institute to greater heights of glory.

I welcome your ideas and feedback. Mail your feedback to me personally and I promise that each input will be looked into and implemented according to its relevance and practicality.

LLP Act

The LLP Act has been passed, but to be fully effective and operational, several other factors have to be determined first. To that end, the necessary changes in the Chartered

Accountants Act, 1949 are under consideration of the Ministry. Once the Ministry passes the recommended changes, we will move ahead to implement the changes required in the procedural guidelines and regulations by the ICAI.

What I would like to emphasize at this juncture are the multitude of positive effects that will accrue to the profession once the LLP Act is fully operational.

The most obvious step would be changing from traditional partnerships to LLP for the limited liability as well as to become an independent and legal body with no cap on increasing the number of partners once the minimum limit has been satisfied. More importantly, as the LLP is an internationally recognised business entity - unlike our traditional partnerships-members will be able to operate on a global platform.

Since the LLP is covered by a comprehensive regulatory regime, work quality and efficiency is ensured which will bring our companies to international levels of service provided. All these factors play a crucial role in providing Indian CA professionals the benefits of dual advantages of limited liability combined with global recognition. As you can see, the LLP Act will provide the necessary impetus to the overall growth of the profession.

Better Service Through Our Decentralised Offices

With the growing membership, there is need to provide services at much desired faster pace. Taking a big step in this direction, we have strengthened the branch infrastructure during the recent months. Moving a step further, I have instructed all our Regional Offices to shift the relevant records and documents to the various decentralized offices namely Ahmedabad, Bangalore, Hyderabad, Jaipur, Pune, Nagpur, Surat, Vadodara, Coimbatore, Ernakulam, Indore, Chandigarh and Thane so as to minimize the response time. The deadline for the effective transfer of records and documents to the decentralized office is October 31, 2009. I am sure that with this move, we will be able to provide more timely service to our members and students.

Accounting Technician

The Regulations now provide exit route for such students who could not complete the Chartered Accountancy course in its entirety. Such students who have passed Intermediate/ PE-II/PCE and completed the prescribed period of articleship can opt to apply for issue of Accounting Technician Certificate without any further conditions/fee while continuing to be eligible to appear in the Final Examination. You may like to bring such a development to the notice of such eligible students.

Students Exams

Next Chartered Accountancy exams are approaching fast in November. Being the

principles it's our duty to see that the practical experience gained by the articled assistant(s) during their practical training is applied suitably in understanding the theoretical part. This will surely improve their performance in the exams. As such, We should come forward, devote some time to our article assistant and ensure maximum utilization of experience gained during their training period. I am sure, that systematic approach combined with determination, zeal and your support will see your articled assistant through with flying colours. My Best Wishes to all the students who are taking the exams in November.

Audit Season Coming to an End

In the last month, many of my professional brothers and sisters must have been on their toes to complete their tax audit assignments and file returns with due diligence and care. The next task is to ensure that all documentation work is also completed as we have a Peer Review system in place. I am sure now all of you will be able to spend time with your loved ones during the coming festive season.

We should always remember the words of Swami Vivekananda who said, *“Don't look back — forward, infinite energy, infinite enthusiasm, infinite daring, and infinite patience—then alone can great deeds be accomplished.”*

As I conclude my message, I, on behalf of entire CA Parivar, pay rich tributes to late Andhra Pradesh Chief Minister Y. S. Rajasekhara Reddy, who recently died in a helicopter crash. His untimely death is a great loss to the CA Parivar as well because he had always been forthcoming in supporting our Institute, CA Profession and professionals. He had been the Chief Guest at the 41 Regional SIRC th Conference held at Hyderabad on 29 August 2009. In my view the best tribute to the departed leader would be to imbibe and inculcate his dynamism, inclusive & progressive vision and the spirit of selfless service in our profession.

I wish all the members of the CA Parivar from the bottom of my heart 'A Happy Diwali and a Prosperous New Year' on behalf of all Council Members and the entire staff of the Institute of the Chartered Accountants of India.

My *pranaams* to all,

CA. Uttam Prakash Agarwal
New Delhi