

Dear Friends,

Let me first wish all our readers moments of great inspiration that 2nd October as birthday of the father of our nation, Mahatma Gandhi, instils in the hearts of the people of India and the world.

At the same time, I would also like to remember that another great nationalist leader and freedom fighter was born on the same day. Born on 2nd October, 1901, Shri Lal Bahadur Shastri was a man of people and principles. He understood the common man's language, i.e. their needs and emotions. Deeply influenced by the political teachings of Mahatma Gandhi, Shastriji was also of the opinion: *Hard work is equal to prayer*. A man of integrity, Shastriji gave us a slogan of *Jai Jawan Jai Kisan* to enthuse both our soldiers and farmers asking them to do their best for the rise of the country and grow along with it.

Today our nation stands tall and strong despite the fact that a financial crisis has again struck the world. While other countries have started to become nervous about the size of their budget deficits, our fundamentals are still strong, and, India is ready to face the crisis.

Now, let us get updated with some of the major developments in the accountancy profession that have taken place in the past one month:

Shri Manoj Kumar, JS, MCA, Nominated on ICAI Council

Ministry of Corporate Affairs has communicated the nomination of Shri Manoj Kumar, Joint Secretary, Ministry of Corporate Affairs, on the 21st Council of the Institute in place of Dr. T. V. Somanathan, for the remaining term of the Council or till further orders, whichever is earlier.

Shri Manoj Kumar, therefore, has been appointed on the 21st Council for the remaining period of 2011-2012. We had the occasion to meet and welcome him during the recently-concluded meeting of the Council.

Initiatives for Ministries/Government Offices

Suggestions Submitted to MCA: We have sent our views on the proposed Forms 23 AC-XBRL and 23 ACAXBRL to be notified by the Ministry of Corporate Affairs, to the Ministry. We have also sent our views on the draft Companies (Auditor's Report to the Central Government) Order, 2011 and the proposed Companies (Auditor's Report) Order, 2011 to the Ministry of Corporate Affairs.

Suggestions on CBEC Draft Circular Submitted: The Central Board of Excise and Customs (CBEC) had proposed to introduce a simplified scheme for refund of service tax to exporters on the lines of duty drawback scheme. Exporters, exporter associations, chambers, trade, industry and field formations had been requested to go through the proposed scheme and offer their comments. We have finalised our suggestions on the draft circular and submitted the same to the CBEC.

Issues in TDS and e-Filing Submitted to DIT: Issues being faced in claiming of TDS and e-filing of returns have been submitted to Shri Harish Kumar, DIT (Systems), on their request. We have been further requested to forward the details of specific cases so that remedial action could be initiated.

Draft Accounting Standards for Local Bodies Sent to Ministries: It is quite satisfying to inform that the drafts of ASLB 1 on *Presentation of Financial Statements* and ASLB 7 on *Inventories* have been sent to the Technical Committee on the Budget and Accounting Standards constituted by the Ministry of Urban Development, Government of India, and the Technical Committee on the Budget and Accounting Standards constituted by the Ministry of Panchayati Raj, Government of India, for recommending the same to states for adoption by the urban local bodies

and Panchayati Raj institutions respectively.

Meetings with Government Offices/Officials

Meeting of Central Direct Taxes Advisory Committee: My Central Council colleague CA. Sanjay K. Agarwal, among others, represented the Institute and participated in the third meeting of Central Direct Taxes Advisory Committee, which was chaired by Shri. Pranab Mukherjee, Hon'ble Finance Minister, and was attended by Shri S. S. Palanimanickam, Hon'ble Minister of State, and other dignitaries from the Ministry as well as from FICCI, ASSOCHAM, Federation of Association of Small Industries of India, etc. We placed our views and offered assistance for developing and encouraging mutual understanding and department co-operation between taxpayers and the Income-tax Department. Our views were well received. Shri Mukherjee assured that the issues raised would be taken up by the offices concerned.

Meeting with Secretary, Department of Financial Services: In respect of the appointment of central statutory auditors of public-sector banks, a meeting was held with Shri D. K. Mittal, Secretary, Department of Financial Services, Ministry of Finance, where he was apprised of various options available to the Ministry in case the RBI refuses for direct appointment of the auditors. Shri Mittal has agreed to look into the matter. CA. Amarjit Chopra, immediate past-President, was also present in the meeting.

Sub-Group for MCA in Simplifying Procedures under Companies Act, 1956: A sub-group has been constituted under the chairmanship of my Central Council colleague CA. S. Santhanakrishnan with CA. Nilesh Vikamsey, my other Central Council colleague, as its Vice Chairman, in response to a letter received from the Additional Secretary, Ministry of Corporate Affairs, soliciting suggestions for the simplification of procedures under the Companies Act, 1956.

Training/Workshops/Other Programmes

Training Programmes for Officials of Autonomous Bodies: As you are aware that we, in collaboration with office of Comptroller and Auditor General of India (C&AG), have been organising a series of training programmes on *An insight on the concepts applicable to Autonomous Bodies* for the officials of autonomous bodies and members of the Profession with an objective to familiarise them with the concepts and techniques of the financial reporting and adherence to the uniform format of accounts. In this series, recently, such a programme was successfully held in Noida with over 175 participants from autonomous bodies of Delhi and NCR, and the Profession, where dignitaries from the office of C&AG of India as well as ICAI were present. Another such programme was conducted with about 120 participants from the autonomous bodies of Andhra Pradesh and Orissa, and the profession recently in Hyderabad. Director General (Autonomous Bodies), office of C&AG of India, Shri K. P. Sasidharan was present among others on both the occasions.

Spreading Investor Awareness: As you are aware, the Ministry of Corporate Affairs had appointed us the nodal agency for the noble cause of investor awareness and mandated us to conduct investor awareness programmes across the country. I am happy to acknowledge that, in the last month alone, we have conducted 18 MCA-ICAI investor awareness programmes in Goa, Surat, Gurgaon, Moradabad, Gorakhpur, Rajkot, Vasai, Baroda, Vapi, Latur, Calicut, Chirala, Sivakasi, Secunderabad, Coimbatore, Thrissur, Srirangapatna and Bhilai.

Workshop on Municipal Accounting Reforms Held: I am happy to inform that my Central Council colleagues CA. J. Venkateswarlu and CA. Jayant Gokhale recently made presentations on the *Role of ICAI in Municipal Accounting Reforms and Management Accounting Reforms in Municipalities* respectively at a workshop on 'Municipal Accounting Reforms - The way forward' organised by the Asian Development Bank (ADB) in New Delhi, where they also

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addressed the queries regarding municipal accounting reforms.

ISA Faculty Meet in October: I am pleased to inform you that we are going to organise the ISA (Information Systems Audit) faculty meet at the Centre of Excellence in Hyderabad on 15th and 16th October, 2011. This meet is important for charting a strategy for identifying changes that need to be implemented for further improvement in the post-qualification course on ISA, practical aspects of the ISA professional training, background material of the Course and so on.

Workshop on Accrual Accounting: We have received a request from office of the GASAB (C&AG of India) to organise a two-day workshop on *Transition to Accrual Accounting* for its officials. The workshop would be held shortly at International Centre for Information Systems & Audit in Noida.

International Initiatives

IFAC Board and Edinburgh Group Meetings: I had the opportunity to attend the IFAC Board and Edinburgh Group meetings recently along with CA. Ved Jain, ICAI past-President, in Brisbane, Australia. An oral update on the activities of the Public Policy and Regulation department including that about Private Sector Taskforce of Regulated Provisions and Industries, IFAC submissions to the G-20 for November 2011 Heads of Governments meeting, and Policy Position Paper, was provided in the Board meeting. A presentation on current developments and IFAC responses to such developments was also made. In the Edinburgh Group meeting, we discussed the IFAC Board Papers, issues relating to liaison with the IFAC committees, and 2011 Forward Planner for the Group, and took note of the status of actions arising from the Group's meetings previously held. We also got an update on the plans for the 2014 World Congress of Accountants that would be held in Rome.

Invitation for Agreement with Tunisia Accounting Institute: I feel happy to inform you that Mr. Jaleel, representing Tunisia at the Edinburgh Group meeting, has made a personal request and invited me to visit the accounting institute in Tunisia towards signing a friendship agreement with them.

CAPA Events/ Conference: I also attended the CAPA events along with the ICAI Vice-President CA. Jaydeep N. Shah. Our Board membership of the CAPA has been retained. I also participated in the 18th CAPA Conference in one of its interactive panel sessions, i.e. session on *Exploring IFRS implementation – Practical Insights and Lessons Learnt*, and shared my views on the issues involved in IFRS implementation in India with the representatives of other countries.

IASB's National Standard Setters Meeting in Vienna: I wish to inform you that my Central Council colleagues CA. Manoj Fadnis and CA. S. Santhanakrishnan recently attended the National Standard Setters meeting organised by the International Accounting Standards Board in Vienna and made a presentation on rate regulated activities. Later, they also had discussions in the AOSSG informal meeting held in London, where they also participated in the meeting of the World Standard Setters and explained India's position with respect to what the carve-outs were.

ICAI Shortlisted for Agreement Services for LICPA: I am really glad to inform our stakeholders that our Institute has been shortlisted along with the CPA Ireland and the CGA-Canada for submission of a request for proposal (RFP) for *twining arrangement services for strengthening* the Liberia Institute of Certified Public Accountants under the World Bank proposal. The RFP has been sent for rendering services for establishment of accountancy institute and rendering allied services to the Liberian Institute of Certified Public Accountants.

MCA and MEA Approval to Initiate MoU with AIA, UK: Ministry of Corporate Affairs and Ministry of External Affairs have given their approval for signing of an MoU with the Association of International Accountants (AIA), UK, which, hopefully, would be signed by October end this year during the visit of AIA delegation to India.

Next ICAI International Conference in Chennai: I wish to inform the accounting community in India as well as the world that the next International Conference of the ICAI will be held on 6th to 8th January 6-8, 2012, in Chennai and a large number of foreign participants are expected to join the occasion. Details about the Conference, including the schedule, will be communicated shortly through our website and journal.

Initiatives for the Profession

Approval on Draft Amendments in CA Regulations, 1988: I am happy to inform all our stakeholders that we have received a communication from the Ministry of Corporate Affairs stating its approval to the draft amendments in the Chartered Accountants Regulations, 1988 submitted by us to them in July 2011. Most of our proposed amendments have been agreed to. After preparing the draft notification in agreement with the recommendations of the Ministry, the same will be hosted on the Institute website for public comments and then submitted for vetting by the Legislative Department.

Roadmap for Robust FRRB Mechanism: I feel happy to share that the Financial Reporting Review Board (FRRB) of the ICAI has been able to carve a niche among the regulators and members of the profession while striving to bring transparency in the financial reporting system in India. We understand the need to consider the existing procedures of FRRB and revise them, if necessary on regular basis. To make the FRRB mechanism more robust and effective, its existing procedures have been reconsidered recently and to make it more robust and effective a concept paper was drafted by the Board. We considered this concept paper in the recently-held Council meeting and approved the same so that a more effective financial reporting review mechanism could be developed.

Roadmap for the applicability of Ind ASs: As you may be aware, the International Accounting Standards Board (IASB) has issued certain new IFRSs and revised some others recently. The new/revised IFRSs/IASs would be applicable from January 2013. Further, the date of applicability of Indian Accounting Standards (Ind ASs) is yet to be notified by the Ministry of Corporate Affairs. In view of the above and considering the fact that if Ind ASs become applicable from 2012, the companies would apply them for the year 2012-2013 only and the new Standards would become applicable to them from the year 2013, we have recently considered and approved the recommendations on the revised roadmap for the applicability of the Ind ASs, convergent with the IFRSs, and sent the same to the Government for its consideration.

QRB Meeting in Delhi: Quality Review Board (QRB) conducted its meeting recently in New Delhi, where it considered the issues for recommending appropriate amendments to the 'Chartered Accountants Procedures of Meetings of Quality Review Board, and Terms and Conditions of Service and Allowances of the Chairperson and Members of the Board Rules, 2006'. The Board also took note of the interaction held recently with high-level delegation of accountancy professionals from the UK, where issues relating to audit regulation, environment for such regulation and regulatory practices, principles for inspection processes, issues emerging from audit inspections, among others had been discussed. We must appreciate that the Board had taken note of the stakeholder consultation workshops that we successfully organised in New Delhi, Chennai and Kolkata, and thanked us for the same.

Draft Guidance Note on Revised Schedule VI: We have prepared and considered the draft Guidance Note/Statement on Revised Schedule VI recently to identify if any additional guidance is required to be given to the statutory auditors in order to bring out a comprehensive document. The Guidance Note will be released after including the comments and suggestions given by the Council.

Strategy Meeting of ICAI Council: In my last communication, I had informed you about a meeting we had with the past-Presidents of ICAI to identify the strategic directions of the profession and ICAI. On the same lines, a strategy meeting of the ICAI Council was held to develop a strategy and prepare a comprehensive plan. I am happy to share with you that the discussions were quite fruitful. I would like to thank all my Central Council colleagues for their whole-

hearted cooperation, insight and meaningful suggestions towards making that meeting a success.

Initiatives for Members

Conclave of ICAI Members in Entrepreneurship & Public Services: A Conclave of ICAI Members in Entrepreneurship & Public Services was successfully held in New Delhi recently for the ICAI members who have established themselves as successful entrepreneurs or are engaged in public services, to solicit their suggestions for restructuring the Institute's initiative towards this niche segment of members. It was inaugurated by the Hon'ble Member of Parliament, Rajya Sabha, Shri Piyush Goyal. Hon'ble Sitting Judge of Delhi High Court Justice CA. Rajiv Shakhder delivered a special address on the occasion. More than 50 members participated in the Conclave, including CA. Ravi Pandit, Chairman & Group CEO, KPIT Cumins Infosystems Limited, CA. Anand Rathi, Founder & Managing Director, Anand Rathi Financial Services Limited, CA. Anil Peshawari, Founder & Managing Director, Meenu Creation Pvt. Limited, CA. Suresh Prabhu, Former Union Minister, Government of India, CA. Tejendra Luthra, Joint Commissioner of Police (Special Branch), New Delhi, CA. Jitendra Tiwari, Executive Director, Centre for Entrepreneurship Development, Madhya Pradesh, CA. Shivshankar Gupta (IAS), Development Commissioner (Handicrafts), Ministry of Textiles, Government of India, CA. Sandeep Kumar Sultania (IAS), Vice Chairman & Managing Director, Andhra Pradesh Tourism Development Corporation Limited, and CA. G. E. Veerabhadrapa, Vice- President, ITAT.

Developing CA Firms' Websites: As you are aware that an exclusive website, www.icai.org.in, was launched in the recent past to enable our members in practice and CA firms to create their own websites and upload details of their firms in order to network and get better visibility. It is quite satisfying to note that so far, 1,699 CA firms have created their websites.

List of Members Published: List of Members as on 1st April, 2011, has been prepared and hosted on the Institute's website. Members may view the list on the Institute's website. CDs of the Members List will also be released shortly.

Clarification in Number of Tax-Audit Assignments Hosted: For the removal of doubts pertaining to inclusion of audits conducted under Sections 44AD, 44AE and 44AF of the Income-tax Act, 1961 in the specified number of tax audit assignments, a clarification has been issued and hosted on the Institute's website for information of the members that audits conducted under Section 44AD, 44AE and 44AF of the Income-tax Act, 1961 shall not be taken into account for the purpose of reckoning the *specified number of tax audit assignments*.

Certificate Courses: As you are aware, continuous professional updation is the hallmark of our profession. Therefore, in the last few years, we started many Certificate Courses in the areas like arbitration, valuation, ERM, forex and treasury, international taxation, IFRS, business finance, IT, indirect taxes and internal audit, which are not covered comprehensively in our course curriculum. Members have been participating in those Courses in large numbers. And we have been taking all required steps to make improvements like revising course-content, revision/launching e-learning modules, updating study materials, etc. I am sure, in the time to come, more members will join these professional courses and get benefited by them.

Recently, I along with the ICAI Vice-President CA. Jaydeep N. Shah inaugurated the new batch of Certificate Course on Forex and Treasury Management in New Delhi, where my Central Council colleague CA. Vinod Jain was also present. I would also like to take this opportunity to inform you that certificate courses in the areas of mergers & acquisitions, Competition Laws and Regulatory and accounting aspects of NPO sectors are also likely to start shortly.

Initiatives for the Students

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I am happy that our Institute has taken the required measures for the benefit of our students including organising special counseling programmes and conducting mock tests at Regional Councils and Branches for the betterment of their preparation and execution of their forthcoming examinations. I am sure that such measures will enhance the performance of our students in examinations. I would like to urge our students to do hard work and success is bound to follow. Friedrich Nietzsche had rightly observed: *The only place success comes before work is in the dictionary.* And always remember what Winston Churchill had said: *Success is not final, failure is not fatal; it is the courage to continue that counts.*

National Conventions in Kolkata and Lucknow: National Convention for the CA students on the theme 'Chartered Accountancy: Present Glowing, Future Perfect' was successfully held recently in Kolkata, hosted jointly by the EIRC and Eastern India Chartered Accountant Students Association (EICASA) and attended by about 800 students, which was inaugurated by the noted industrialist Shri Harshavardhan Neotia, Padma Shri awardee, along with the ICAI Vice-President CA. Jaydeep N. Shah. Another National Convention for the CA students on the theme 'Challenges before the Profession: Excellence, Integrity and Independence' was held in Lucknow, hosted by Lucknow Branch of CIRC, and attended by over 900 students, which was inaugurated by Hon'ble Justice and Lok Ayukta of Uttar Pradesh, Shri N. K. Mehrotra along with the ICAI Vice- President CA. Jaydeep N. Shah. Some of my Central Council colleagues also attended the Conventions.

GMCS to be Held Twice: We have decided to hold the General Management and Communication Skills programme twice (in two parts) for our students – first during the first year of articleship training and second before joining the profession but after passing the Intermediate examination. These two-part training programmes will deal with the office management and personality development (group discussion, mock interviews, etc.) aspect of profession respectively, aiming to transform and prepare our students to face the international professional scenario with grace and skill.

Formation of New Branches of Students' Association: We have received formal requests for setting up the branches of Central India Chartered Accountants Students' Associations (CICASA) from the CIRC Branches, i.e. Patna, Ajmer, Dhanbad, Saharanpur, Allahabad, Kota, Lucknow, Varanasi, Bhilwara, Alwar, Jamshedpur, Ghaziabad and Jabalpur, of Western India Chartered Accountants Students' Associations (WICASA) from the WIRC Branches, i.e. Bhavnagar, Vapi and Akola, and of Eastern India Chartered Accountants Students' Associations (EICASA) from an EIRC Branch, i.e. Bhubaneswar, along with the recommendations of the Chairman of the Regional Council concerned. While we have decided in favour of setting up of the branches of Association in the aforesaid places, we have, in principle, also decided that mere submission of intimation about the formation of a Students' Association along with the recommendation of the Regional Council concerned to the President in office shall be a valid compliance.

Campus Placement Programmes: Campus Placement Programmes (August to September 2011) have been successfully organised at 16 centres across India, viz. Ahmedabad, Bangalore, Bhubaneswar, Chandigarh, Chennai, Coimbatore, Ernakulam, Hyderabad, Indore, Jaipur, Kanpur, Kolkata, Mumbai, Nagpur, New Delhi and Pune. More than 1,100 newly-qualified chartered accountants have been offered jobs out of 10,169, who registered. Highest salary offered is Rs. 13.93 lakh per annum by ITC. A detailed report on the placement programmes is published elsewhere in the Journal.

Infrastructural Initiatives

It is time to literally consolidate the foundations of the accountancy profession in all corners of our nation. And I feel both blessed and blissful about the strengthening of the pillars of our profession. This is not just a sign of growth of our infrastructure but that of strengthening of this unique academic tradition of integrity also. These initiatives are also to extend the best-possible facility to our students as well as our members in building and maintaining an ethically strong society. I felt quite delighted to lay the foundation stone for the buildings of Alleppey Branch, Madurai Branch,

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Erode Branch, Mangalore Branch, Ajmer Branch and Bhilwara Branch, and to inaugurate the building of Kakinada Branch.

A great exponent of liberty and democracy, Thomas Jefferson says: *Our greatest happiness doesn't depend on the condition of life in which change has placed us, but is always the result of a good conscience, good health, occupation, and freedom in all just pursuits.* Faith in peaceful coexistence is based in the principle of *vasudhaiva kutumbakam* (whole world is one family), and in valuing dignity of all individuals of our society and loving them instinctively. I would like to quote the great poet, Kavian Poongundran, who writes in *Purananuru*: *...all towns are one, all men our kin.* We have to retain our faith in human relationships, rather than alienating ourselves from society and insulating ourselves against the instincts of love and affection. Environmentalist and Nobel Laureate Dalai Lama has strong belief in the power of a good soul: *It is very important to generate a good attitude, a good heart, as much as possible. From this, happiness in both the short-term and the long-term for both yourself and others will come.*

Let us understand what the great saint Thiruvalluavar says about human beings and their status: *all human beings are alike at birth; their acts bring about variations in their worthiness.* Almost two thousand years back, the saint spoke something which was more a matter of common sense and an instance of his great understanding of societal reality. Today, our science says that human beings are 99.9% identical so far as their genetic material is concerned. People and conveniences around us and available to us where we grow make us different individuals. Therefore, we will not take pride in how different we are from others. Buddhism cautions us to watch our character, as it becomes our destiny. Let us simply unite and see the power of joy which this unity radiates on all of us.

May the festivals of Dussehra and Diwali bring joy and light in your life!

Best wishes

CA. G. Ramaswamy
President, ICAI

September 25, 2011