

Dear CA Pariwar,

I am sure most of us are still sharing the Diwali happiness and good wishes with friends and family. The New Year *Vikram Samvat* 2066 has dawned and has already ushered in a positive atmosphere. The markets are doing well; the economy is making strides and should grow by 6.5 per cent this fiscal. The forecast growth for next year at between 7 and 7.5 per cent would most likely retain India's status as the second fastest growing economy in the world. FDI inflows for financial year 2009-10 have already touched Rs. 51,063 crore in July with 8 months left and a global economic recovery taking place. I expect the Reserve Bank of India to continue its accommodative monetary policy for the current financial year as it seems that the worst is over for the Indian economy with government policies bearing fruits. On the whole, *Vikram Samvat* 2066 promises to be a good year for the country.

CA-Shiksha

Ever since I became President of this great institution, I have made sure that the institution as a whole becomes IT savvy. To that end, I have implemented an IT programme which has resulted in the development of a robust IT infrastructure and a continuous IT development plan. With this plan in place, I believe it is now time to refocus our priorities towards our future.

“Child is the father of man,” so goes the saying, which means that the youth are the future. This is especially true for us when the number of students devoted to our profession has risen to 5,60,000 approximately. It has been my long time dream to provide a unique service to our students - a service that would make available better, regular, systematic and cost effective learning, that too at a time and place of the students' convenience.

This dream has now turned into reality as we have launched a new website called CA-Shiksha (<http://www.cashiksha.com>) exclusively for students. CA-Shiksha is an initiative, an idea to transform learning, which will take students from passive e-learning to a dynamic i-learning (interactive learning). The CA-Shiksha platform will provide all our students a comprehensive package of online learning + video lectures + mock tests + assessment reports + quick revision notes making it a lot easier to grasp, understand and deliver. This bouquet of education tools will not only give students a better perspective but also prepare them in the most thorough way for their exams. The website will go a long way in making our students technology savvy and proficient in IT.

This online education initiative will cater to the coaching needs of students at no cost

which would benefit many students from weaker sections of society who cannot afford classes or tuitions. Students from mofussil areas are on the increase and these students do not have access to guidance and coaching. Their prayers are answered with CA-Shiksha. Today, the personal interaction of teachers with the students is decreasing as the number of students increase. So, through this website we have proactively tried to bring many students in direct touch with mentors and guides who will give them as good a one-on-one interaction as one gets.

I am sure that this initiative will also go a long way in reducing the dependence of students on coaching classes. This would benefit both the students and our members as students now can easily adhere to their office working hours without worrying about leaving office to attend coaching classes as they have a private tutor at their beck and call. This will enable them to focus more on their practical training in office without compromising on their study.

I appeal to all our members to help popularise this website among the students for the ultimate benefit of our CA Parivar. This educational site was launched on the auspicious day of Diwali and I cannot think of a better Diwali gift than this to all our future members.

High Court Accords Exemption to ICAI-ARF

All our members are aware of the services provided by our Accounting Research Foundation. By name it is a Research Foundation but in actuality the Foundation works at the behest of local governments across the country to research and implement methods to improve and advance accounting practices used by government bodies. A good example is the Strengthening Rural Decentralisation (SRD) project of West Bengal carried out by us to implement accrual-based accounting reform in the Government.

In view of these voluntary services, we had applied for grant of exemption under Section 10(23C)(iv) of the Income-tax Act, 1961 for the assessment year 2007-08 onwards in 2006 which was refused by the Director General of Income Tax (Exemptions) Delhi. This unfair refusal prompted us to file a writ petition in the Delhi High Court. Once we established the fact that ICAI-ARF as a developer of research papers, quality documents and pronouncements met the description of a 'Charitable Institution', the High Court lost no time in setting aside the previous order by the Director General of Income Tax (Exemptions) and ensuring that ICAI-ARF is granted full status as a Charitable Institution. This is indeed legal attestation that ICAI-ARF is essentially established for the purpose of education and/or for advancement of any other project of general public utility. I take pride in the fact that our voluntary services to the government have been recognised as well as endorsed by our judicial system.

Australia Study Tour & Honour from ICAA

During this year, we, at the Institute, have made great efforts in promoting and building relationships between ICAI and other similar organisations on the international platform. Now, I believe, the time has come to recoup our efforts and implement programmes to take advantage of the bilateral ties that we have forged. To that end, the Institute recently organised an International Study Tour to Australia. A 33-member delegation visited different cities in Australia to get a better understanding of the economic and regulatory environment as well as actively look out for opportunities for Indian CAs in Australia. We also ensured an in-depth study by organising meetings with officials of the Institute of Chartered Accountants in Australia (ICAA) and CPA Australia as well as its members belonging to diverse industry groups. The recent MoU that was signed between ICAI and ICAA will make possible a host of opportunities and more recognition for Indian CAs in Australia.

During this tour, I was pleasantly surprised and highly honoured when Mr. Graham Mayor, CEO of ICAA awarded me an honorary membership of the ICAA. This was a historic moment for our Institute as it was the first time that such an honour was bestowed on any President of the ICAI. The honour was in recognition of efforts made to build ties across our respective organisations at international levels. I dedicate this great honour to our beloved Institute because of which this moment was made possible.

Members of our Institute are spread far and wide across the globe but they never forget their alma mater and their colleagues. This was amply proved by the ICAI Chapter in Australia which organised a members' meet in Sydney, Canberra & Brisbane to commemorate the MRAs between ICAI and ICAA, and ICAI and CPA Australia.

That Australia presents a vast opportunity for us was amply demonstrated by the ICAI Chapter in Australia, which showcased prospects in agribusiness, property and mining sectors. This was reinforced by invited specialist speakers from the profession, trade bodies and business houses and more particularly by Director of CA Australia Mr. Bill Palmer, who spoke on the very pertinent topic of "How to do business in Australia".

I am happy to note that the chapter in Australia is actively promoting our profession by opening a host of centres in Adelaide, Brisbane, Canberra, Perth & Sydney with further plans to open centres in Hobart, Darwin, Wollongong and Newcastle, in fact, at any city with more than 10 ICAI Members. Sydney itself hosts two Continuous Professional Development & Networking Events every month.

Due to this overwhelming response, we are enthused to organise a similar tour to United States of America in December which would provide our members a first hand

experience to explore professional opportunities there.

Visit by Lord Mayor of London

The ICAI and ICAEW share a strong bond of friendship and respect for each other. To supplement and enhance this relationship, we had recently signed a MoU that brought the UK and Indian accountancy profession closer. This bond was further strengthened when the Lord Mayor of the City of London, Hon'ble Ian Luder recently visited us. This was truly a historic occasion as it was for the first time in history that the Lord Mayor of London specially came to India to visit a regulatory body. Never has it happened before and I am proud that it was our Institute that was bestowed this rare honour. During his visit, a conference on "A New Vision for Financial Services" was jointly hosted by ICAI & ICAEW in Mumbai. This event explored the implications of recent experiences for financial services and the businesses they serve and attempted to develop a vision for the future of a global financial architecture which would restore confidence in financial services. This event was attended by the top CEOs/CFOs of major corporates and banks, and senior members of the accountancy and legal profession who were part of the Lord Mayor's business delegation. Senior experts from UK & India regulatory bodies, financial service providers and business also gave us the benefit of their expertise during the visit.

New Online Facility from Central Board of Excise & Customs

A new online facility has been launched by the Central Board of Excise & Customs (CBEC) on 14th October. This new online service is called 'Automation of Central Excise & Services Tax' (ACES). The Chief Commissioner of Central Excise & Service Tax, New Delhi sent a special invitation to our Institute inviting me as Guest of Honour for the launch. This is the first time that such an honour was bestowed to our Institute which indicates that increasingly the Government bodies recognise the Institute as a true partner in nation building.

This new service is a new centralised webbased software application of CBEC which provides us an online electronic interface with the department. ACES aims to reduce paperwork, visits to the department and transaction costs while increasing accountability, responsiveness, efficiency and transparency in indirect tax administration. The online facilities offered are many and include services such as registrations, filing of service tax returns, refund claims, filing of intimations, tracking, dispute resolutions and online viewing of our records. The Institute highly appreciates this service as it will make our work more efficient and linear.

Very few of our members have entered the excise and customs field of practice. However, now with ACES, I am sure it would attract more and more of our members to enter this field of practice, and would go a long way in widening the scope of professional opportunity. I hope that this service also enables our members to become

more IT savvy while doing their work.

Status of Bank Branch Auditors' Panel 2009-10

The draft Bank Branch Auditors panel for the year 2009-10 was hosted on the website on 6th October, 2009 for members' information. We have received about 5,400 complaints till date, out of which 5,150 have already been resolved. Most of the pending complaints pertain to those corrections which have been noted for updating the draft bank branch auditors' panel but have not yet been closed and the correction process is on. In fact, by the first week of November, 2009 all the complaints and communications from members will be resolved during the finalisation of the panel.

Initiatives on Direct Taxes Code Bill, 2009

As you are aware, we had invited members to submit their opinions on the Direct Taxes Code Bill, 2009 for consideration. The suggestions sent in by the members covered some vital points ranging from Ability to pay, Equitable Principle of equity, Principle of Natural Justice, Simplification in favour of assessee to what extent, Law of evidence - to what extent being ignored to the Negative impact on economic development of India and as a business centre. To ensure a clear understanding and any other clarifications regarding these issues we organised a lecture series in Mumbai, Kolkata and Bangalore on this Bill in co-ordination with the Ministry of Finance to generate discussions and bring about awareness about the proposed law.

These lectures brought about a lot of constructive and practical submissions which were deliberated upon very seriously by CBDT officials. Along parallel lines, we formed a Central Study Group comprising myself and Central Council members to look in-depth into the ramifications of the proposed law. This Central Study Group worked in close collaboration with senior CBDT officials to have a thorough understanding of the basic concepts behind the major policies adopted in the proposed Direct Taxes Code. The group then formed sub-groups across the country to discuss, collate and revert back with final inputs from members. These detailed inputs and their implications have been comprehensively discussed by us and we will soon give our final recommendations and proposals to the Ministry of Finance for consideration. This thoroughly comprehensive research, which is our hallmark, has been highly appreciated by the ministry and CBDT officials.

Interaction with the Insurance Sector

To foster a better understanding of new professional opportunities that have been provided to us by way of internal audit for insurance companies, I arranged a meeting with the CEOs, CMDs and CFOs of several insurance companies. This was to enable our members to gain an insight into the working of the insurance industry and to obtain the observations and suggestions from the industry itself regarding the

implementation of several new regulations. I felt it important to record their observations coupled with their views on the upcoming GST, challenges in implementation of IFRS in the insurance industry, the impact of new Direct Taxes Code on the insurance sector and finally whether they had any definite opinions concerning the existing Accounting Standards pertaining to their industry.

I also stressed that their rich experience in the industry would be useful to our members if they could compile a handbook of compliances which would then be published by the ICAI as part of its initiative to pool this specialised knowledge for the benefit of our fraternity. To further our understanding of this new sector, I invited them to work on research projects of their choice relating to insurance industry which could be funded by the Accounting Research Foundation of ICAI. Knowing that their continued inputs would be a guiding light for us in insurance sector, I urged all the invitees to add to our knowledge base by contributing articles and write-ups to our publications, particularly to *The Chartered Accountant* journal.

At the same time, keeping our *Parivar* in mind, I requested the officials present to formulate an insurance scheme for our members and students, the cost of which would be borne by ICAI as a part of its corporate social responsibility.

I am sure that future collaboration with the insurance industry in the knowledge area will be very fruitful for them as well as for our institute and profession.

Disciplinary Action in Satyam Case

As you know, the Institute has been at the forefront of the investigations into the Satyam fiasco. Being the arbitrators of discipline, we have gone ahead and started the procedure necessary to bring the investigations to a just conclusion. We have taken steps to bring the guilty to book. Show-cause notices have been issued to the auditors of M/s. Satyam Computer Services Ltd., viz. M/s PriceWaterhouse, Bangalore.

We have also proceeded against the members who have been accessory to the fraud with show-cause notices issued to Mr. S. Gopalakrishnan, Mr. Srinivas Talluri, Mr. P. Shiva Prasad, Mr. C.H. Ravindranath, Senior Vice-President (Internal Audit Cell) of Satyam Computer Services Ltd. Shri V. S. Prabhkara Gupta and Chief Finance Officer of Satyam Computer Services Ltd. Mr. V. Srinivasu. All of the above have been found to be prima facie guilty of Professional and Other Misconduct and it has been decided to proceed further in the matter under clause (b) of sub rule (2) of rule 9 of the Chartered Accountants (Procedure of Investigations of Professional and Other Misconduct and Conduct of Cases) Rules, 2007.

The case will continue till the Disciplinary Committee concludes its enquiry and passes judgement. Rest assured, I am doing everything in my power to bring this case

to a swift and just end.

Geneva Session of UNCTAD Working Group of Experts on ISAR

I recently had the privilege of attending the UNCTAD's 26th Session of the Intergovernmental Working Group of Experts on International Standards of Accounting & Reporting (ISAR) in Geneva. This was a great honour for our Institute as only the world's top regulators and professional bodies were invited.

As you know, ISAR assists developing countries and economies in transition to implement best practices in corporate transparency and accounting in order to facilitate investment flows and economic development. It seeks to achieve this objective through an integrated process of research, intergovernmental consensus building, information dissemination and technical cooperation. ISAR is very broad based, covering areas such as IFRS implementation, accounting by SMEs, corporate governance disclosure, corporate responsibility reporting and environmental reporting.

In this session, discussions centred on capacity building efforts to strengthen accounting and reporting institutions. Also taken into consideration was the number of regional and international organisations that were active in the area of corporate transparency.

I presented my observations on behalf of the ICAI on the practical implementation of International Financial Reporting Standards (IFRS), accounting by small and medium sized enterprises, and corporate governance and corporate responsibility reporting. Secretary, MCA, Mr. R. Bandyopadhyay and Director, MCA, Mr. Manoj Arora also attended the session from our country.

Special Meeting of the Council

As per requirement of clause (5A) of Section 18 of the Chartered Accountants Act, 1949 a special meeting of the Council was convened on September 25, 2009, in which annual accounts of the Institute for the year ended March 31, 2009 were considered and approved. In the morning, the meeting was graced with the presence of Mr. R. Bandyopadhyay, Secretary, Ministry of Corporate Affairs (MCA) and Mr. Mark Bolgiano, President and CEO of XBRL US jurisdiction. In the evening, the meeting was addressed by Mr. Anurag Goel, former Secretary, MCA.

Mr. Mark Bolgiano, President and CEO of XBRL US jurisdiction of XBRL International made a presentation to the Council mainly on the state of XBRL in the United States of America. He highly appreciated the ICAI for taking initiative to establish XBRL India jurisdiction and pointed out that in US also the XBRL initiative was taken by the AICPA as the accounting profession has a very crucial role in the development of

XBRL in a country. He promised support of XBRL US jurisdiction to various activities being undertaken by the XBRL India jurisdiction established by the ICAI.

Infrastructure

The Institute grows with us and we grow with the Institute. This is the relationship which encourages us to provide better infrastructure for our members and students. You will be happy to know that the drive to boost the infrastructure is going on in full swing. In this regard, I firmly believe that we should move swiftly to ensure that we benefit from cost advantage in our infrastructure-related dealings. This is exactly why we purchased 500 sq. yards of land for our Kakinada Branch from Srimati Plivela Satya Raju Memorial Trust on lease for 35 years. The deal involves an annual lease rent of just Rs. 10,000 with a provision of renewal of lease with mutual consent. I have already laid the foundation stone of this branch building and construction work has begun. I am sure this upcoming ICAI premises will immensely benefit all our members and students under the Kakinada Branch of SIRC. Further, I have recently laid the foundation stone for a new Study Centre for Excellence at Kottayam, Kerala.

I am happy to note that our dream of putting in place a world class infrastructure for our members and students across the country is shared by members too, many of whom have in fact come forward to donate vast tracts of land to turn this dream into reality. You will appreciate that a member has donated seven acres of land to set up a centre of excellence in Pune district while two other members have donated several acres of land in Hyderabad and Chennai respectively. These members feel the need to give back to their *alma mater* which has been instrumental in sculpting their success and social standing.

Proposal for Centre of Excellence in Goa

Our Centres of Excellence are symbols – symbols of the Institute as a world class education and professional foundation. Hyderabad Centre of Excellence is already on the world map as a centre par excellence. To that, I am proud to say, we will soon be adding a Centre of Excellence in Goa. This centre, whose plans have been finalised and where construction will begin shortly, will be dedicated to our future – our students. It will be the finest centre of accounting education in the world.

This is not a dream but a much needed requirement. Today we have around 560,000 students who are a part of our Institution and who need a dedicated centre of education. Many students are from far flung places, small towns and villages which do not have access to proper educational infrastructure, libraries, study centres, etc. We must cater to these students' needs. We must provide students from weaker sections of society their rightful education and place in society. I believe that to secure our future tomorrow we have to take action today.

The Goa Centre of Excellence will offer our students a complete and comprehensive educational experience - mentally as well as physically. Students will have complete access to world class educational infrastructure offering the latest modern technological innovations for education. The Centre will encourage students to enhance their skill sets in myriad ways through research projects. From the students' perspective, this centre will facilitate a direct interaction with educators and mentors instead of one dimensional distance learning. But most importantly, this centre will foster amongst students a sense of pride and belonging to the Institute. It will build long lasting relationships which will greatly benefit the Institute in the long run.

The Council had committed to realise the dream of having 12 Centres of Excellence across the country, and now the Goa centre will soon be one of them.

Elections on Anvil

As you are all aware, elections to Central Council & Regional Councils are fast approaching and it is the duty of each and every responsible member of our Institute to select such leaders who will continue the good work carried out by our predecessors and who will uphold the traditions of our great Institute. Please select candidates based on their dedication, ability and commitment and not on their propaganda, personal interest and election campaign.

ICAI's Corporate Forum and Achievers' Awards

I had the opportunity to institute these awards which was an integral part of the mammoth event Corporate Forum when I was Chairman of CMII during 2007-08. I am pleased to inform you that the next event will be held from 29-31st January 2010. More details are available in this Journal and on the Institute's website.

As I conclude my message, I appeal to all of you to resolve to achieve more and accomplish even more in this New Year. Let us be inspired and remember *"Keep your dreams alive. Understand to achieve anything requires faith and belief in yourself, vision, hard work, determination, and dedication. Remember all things are possible for those who believe."*

My Pranaams to all,

CA. Uttam Prakash Agarwal
New Delhi