correctly, 1st July, 1949 and the concept came long back in 1913. In 1949, the State economy did not also consider it much. It was not even two years of our independence. So, the country's economy had not taken any shape; the Five Year Plans were not initiated.

But, would you please tell us that correcting the loopholes of the regulatory authorities, like a very important regulatory authority, the Chartered Accountants Institute, would you go for more bureaucratisation?

But, if you over-bureaucratise the autonomous institute, if the democratically elected autonomous institutes are put into place for bureaucratic scrutiny, then, the democratic process of functioning of the institute will be jeopardised, it will be hampered.

Don't over-bureaucratise this autonomous institute.

Now, what steps the Government of India is initiating towards this reciprocity to the Chartered Accountants of our country? Instead of doing that, you are trying to unnecessarily tinker with the democratic functioning of the organisation.

But this Institute, for its better functioning, for it's formidably better functioning, has sought for co-option of the experts from outside. Why are you standing as an embargo? Because if more experts from different fields are taken into the Committee or taken into the Council, it will be functioning better. So, what is the objection?

It is not only an accounting Institute, it is also an educational Institute. It formulates the curriculum for the students, and it has got credibility. Over a period of time, it has got the credibility. I also understand, it is the third largest Institute in the world. Why are you denigrating this Institute? My point is, why are you denigrating this Institute? The image of this Institute should not be denigrated as such.

Because we have doubted the Council's functioning, the Council's auditing. Now, what is the reason of special auditing for them? Because they are only setting the standards."

Shri Mangani Lal Mandal

"We know that the Chartered Accountants Act has been in existence since 1949 and the Chartered Accountants Institute has been working very well. In such a situation, why the Government, at this state, wants to take the power to issue directions to the Council?

Honourable Deputy Chairperson Sir, I support the passage of the Bill. These three bills have been brought to amend very old laws. The CAG had asked for uniformity in the three bills. It had also favoured amendments in the three bills so that we could compete at the international level and could achieve economic prosperity besides ensuring discipline with respect to accounting. In some ways, SEBI too has given its suggestions, and the most important point,

It is a very reputed institution in the world. It is the third biggest institute in the world with one-lakh-and-thirty-thousand members. One or two black sheep may be there. Some members may commit errors. That does not mean that the entire profession is wrong. Yesterday, we have seen some of the Members of Parliament taking money for putting questions in Parliament. That does not mean that the entire polity in this country is corrupt.

sir, is that the Joint Parliamentary Committee formed after the scams of 1992 and 2001 had examined the discrepancies in respect of accounting, and it too had given some suggestions. The three Bills have been given a democratic outlook, and along with a democratic outlook, care has been taken that the bills be more transparent. Sir, with regard to the amendments, the honourable members have discussed the Naresh Chandra Committee. I support the passage of the Bills along with all the suggestions."

Shri Santosh Bagrodia

"No individual Chartered Accountant or a group of Chartered Accountants were part of these scams. There were no allegations of that kind. Of course, the Chartered Accountants cannot escape the responsibility completely because the books of all these organisations were also audited by some Chartered Accountants, and, they failed in their duties to find out the intentional fraud, which was happening in those books. To that extent, these professionals cannot escape their responsibility.

It is expected that by 2020, India will be the leading economy in the world. Obviously, the supporting institutions like the Institute of Chartered Accountants of India, Institute of Cost and Works Accountants, Institute of Company Secretaries of India etc., have to be strengthened. And, in case, the standards of accountancy are improved, it will also help the management to monitor the activities of the managerial staff much better.

Even now, there are most departments in the Government where the credibility of the chartered accountants certificate is well-established. It is taken authenticated. It is taken that it is fine. We are talking of an institution of these individuals whose credibility, I should say, is the highest. The Institute of Chartered Accountants is one of the premier bodies of the chartered accountants in the country which has earned acclaim for its professionals excellence globally. It is the third largest body of the chartered accountants in the world with one lakh thirty thousand members today. The Institute, perhaps, the earliest regulatory body in the country, was responsible to ensure adherence to the prescribed accounting standards by the companies all these years. The institute has attainted its professional excellence and ethics. The Bill proposes to give teeth to the Institute to discipline its erring members. I am fully in support of that.

At this stage, sometimes I also believe – because I was a Member of the Public Accounts Committee – that members or officers of the Accountant General of Audit should be drawn from chartered accountants. Then only, they will be able to audit complicated accounts of different departments of the State Governments and the Central Government.

Then, it says, "Preparation of accounts in such manner as may be prescribed." Who is going to prescribe the manner? Manner will be given by the Government! Sir, are you going to advise the advisers? Is the Government going to form a manner or a format for an institution which is controlling the format for every accounting system in the country?

This Institute is a creation of Parliament. On the Council of Institute, there are very important and learned chartered accountants and accounting experts of the country. I don't think they need any advice from the Government. and this clause should be completely, completely deleted because it sounds to me like this. Jagadguru Shankaracharya or Pope or any Maulavi should be told how to know about their own religion by some non- experts.

For fifty years, this Council never needed this kind of clause. For fifty years, not a single time any kind of such a special audit was required.

There is an acute shortage of the chartered accountants. Just now, somebody referred to this point. We all know that their number is 1,30,000 today. For a country like India, and for a developing economy like ours, 1,30,000 chartered accountants are nothing. The way the economy is doubling and trebling, rather, we should give this Institute more push so that we can have more chartered accountants every year, many more chartered accountants. Otherwise, there will be a problem.

Sir, the chartered accountants are the most capable and educated lot of the country. I do not want them to go outside because we need them here. But still, their right to go out, their right for free movement should be well established, and I will request the hon. Minister to discuss this issue with the Commerce Minister, and coordinate, and this must happen as quickly as possible."

It is not only an accounting Institute, it is also an educational Institute. It formulates the curriculum for the students, and it has got credibility. Over a period of time, it has got the credibility. Why are you denigrating this Institute? My point is, why are you denigrating this Institute? The image of this Institute should not be denigrated as such.

Shri E. M. Sudarsana Natchiappan

"What will happen to those Chartered Accountants who are well-versed, who are experts and who have already migrated to other countries? They are well trained, even though those degrees were not recognised in certain countries. They go to other countries and specialise in certain fields from certain universities and join companies to earn money."

Shri Vijay J. Darda

"Deputy Chairperson Sir… Out of the three bills that have been tabled… I stand to speak on and in support of the Chartered Accountants (Amendment) Bill. Today, the whole world is witnessing rapid economic changes. In this globalised scenario, India has to play an important role on the world economic stage. Today, Chartered Accountants have become inseparable part of the economic changes undergoing in the country. At present, there are more than 1,20,000 chartered Accountants and approximately 3,00,000 students are studying to become chartered Accountants.

Today, when the services sector is being liberalised through the World Trade Organisation, there is ample scope to regularise Accounting services. Therefore, in this changed scenario, it is necessary that along with education and training, the standards of Accounting, auditing and capability building ways are also raised... The Naresh Chandra Committee had recommended for an independent disciplinary committee. You have accepted the recommendation of the Parliamentary Committee and have limited its representation to Law, Finance and Account works, and left out Business, Education and Public Administration. But it is not clear that members of which level would be appointed, as also the fact that how members appointed by the Centre would work independently.

Apart from this I would also like to draw the attention of the Honourable Minister to some far-reaching aspects of the Institute and accountancy profession. The Honourable President had also given some suggestions in this regard. Chartered Accountants shoulder an important responsibility in the economic management of the country. The Parliament has recently passed the Employment Guarantee Bill, which guarantees at least 100 days work in 200 districts of the country. The Institute can play an important role in managing and running the integrated Rural Development programme under Bharat Nirman by incorporating this programme in this Bill.

My first suggestion is that there is a need to train local people in Accountancy at the Gram Sabha and Panchayat level. This is a new challenge after the implementation of the

Panchayat system. My second suggestion is that application of the new information system in the area of accounting has become very important for everyone—from a small to a very big businessman—and this system be simplified and applied in rural areas…

My third suggestion is that the management and development of the economy is very important and we shall not allow any degradation of ethical values. I conclude with an excerpt from the speech of the Honourable President in which every trained Accountant has been asked to take a pledge on ethical values:

> *"I realise the profession I am entering is the trusteeship of financial management and I will assist whichever institutions I audit keeping in view of the social obligations. I will not only bring out the problems of financial management for protecting the interest of all the stakeholders of the enterprise, but also suggest possible solutions with ethics as a way of life."* "

Shri Ajay Maru

"Deputy Chairperson Sir, I support the spirit behind three Bills and I accept that amendments are required in the old bills... The three bills were introduced in Parliament in the year 2003 after the recommendations of the Naresh Chandra Committee and the Joint Parliamentary Committee on Stock scams.

Sir, the Chartered Accountant Act was passed by the Parliament in 1949. At that time there were only 1600 Chartered Accountants in the country, now their number has increased to 1,30,000. Sir, every year nearly 7,000-8,000 students clear the examinations of the Chartered Accountancy and nearly 3,00,000 students are pursuing the Chartered Accountancy course. So, it can be understood how much this profession has expanded.

I am not against the amendments in the original bill, but the amendments must be such that the independence of such an important profession is not affected, the self-respect of these professionals remains unaffected, and the interference of the government must be as little as possible. One must remember that the Institute of Chartered Accountants is an important Institution, the government has made a number of rules and regulations for the running of the Institution, but it cannot be run like a government department.

The Institute, perhaps, the earliest regulatory body in the country, was responsible to ensure adherence to the prescribed accounting standards by the companies all these years. The institute has attainted its professional excellence and ethics. The Bill proposes to give teeth to the Institute to discipline its erring members. I am fully in support of that.

Sir, while preparing the draft outline of the bill, the opinion of Assocham, CII and the Institute of Chartered Accountants had been sought. But it seems that while preparing the final draft, some of their important suggestions were left out. As a result, there are some points in the bill that are not appropriate. For example, the question of the term of the Council of the Institute. At present the term of the Council is three years. The Institute had, for the sake of continuity of its work, recommended that this be increased to four years. The amendment bill presented by the NDA government had proposed the term to be four years, but the government has now again changed it to three years, so that the present situation will continue. Even the Parliamentary Committee had agreed to a term of four years, yet this was ignored. Therefore, my suggestion to the Minister is that the term of the council be increased to four years. If this happens, the council can prepare and implement long term programmes.

Sir, the Council constitutes several technical committees to implement the various provisions of the Bill. The original bill had a provision that the elected members of the constituted committees could include, subject to the acceptance of the Council, a number of non-elected members of the Institute, and these members would enjoy the same powers as the elected members. The maximum number of these co-opted members could be up to two-thirds of the strength of the committee. The amendment bill now presented has reduced the maximum number of these members to one-third of the strength of the committee. There was no need of this amendment, as in the opinion of experts and the Institute, the original system had been working well, and there was no need to change it. Sir, the biggest harm this amendment is going to cause is that involvement of the members of the Institute and outside experts will be reduced. There are many members in the Institute who do not want to take part in elections. These include many experts and specialists in various fields. Their expertise can be utilised only when they can be co-opted or nominated to the various committees."

An amendment has been proposed in Article 18 of the original bill, which is related to the financial affairs of the council. It has been stated in the amended provision that if the Council feels that the financial Account books of the council do not present a true picture, the Council can order a special audit. The question is why was it needed? Does the government feel that the Institute of Chartered Accounts cannot properly audit its own accounts? The Institute of Chartered Accountants is a respected institution that sets standards of Audit and regulates the functioning its members in the whole country. If a provision of special audit of its

Chartered Accountants shoulder an important responsibility in the economic management of the country. The Parliament has recently passed the Employment Guarantee Bill, which guarantees at least 100 days work in 200 districts of the country. The Institute can play an important role in managing and running the integrated Rural Development programme under *Bharat Nirman* by incorporating this programme in this Bill.

account is made, it will harm the reputation of the Institute and will send a wrong message.

Sir, I wish to draw the attention of the Honourable Minister towards another amendment, again in Article 18 of the bill. This too was not in the original bill. It has been mentioned in the Bill that the annual budget of the council, the account keeping and audit will be done as per standard set by the government. Sir, this provision is not OK. I request the Honourable Minister that there should not be any provision that the government will time and again issue directives regarding the Accounting policy of the Institute. The institute is itself reputed to do this, and the accounting standard of the Institute is followed throughout the country.

Deputy Chairperson Sir, the profession of Chartered Accountancy is a reputed profession. As per the code of conduct of these professions, it is improper to advertise or plead to get work. It is a profession, not a business. Those who are proficient are renowned and clients come to them on their own. This situation should be maintained. It is not improper to inform about one's talent or one's standard of service, but this has to be done in a very balanced way and within the limits of decorum and code of conduct. This amendment bill fully allows the advertisement of professional works. The result of this provision will be that those individuals or firms that are better off, or those who spend more on advertisement will be able to better influence the client. I agree that in this globalised era, one must have the right to inform about oneself, but this must be done within the limits of decorum and code of conduct. Therefore, the responsibility to set related standards for this should be left to the Institute.

Deputy Chairperson sir, it is true that the Institute of Chartered Accountants has been formed under an Act of Parliament and it is responsible to the Parliament and the government, but the Institute is also a professional organisation. Therefore, government interference and control must be kept to a minimum. Discipline and control is important but it should not be imposed from above, or else it will not be effective. At the same time, I expect that members of the Chartered Accountants and CAs throughout the country will maintain the high level of professional standards.

In the end, I would like to mention that economic liberalisation and globalisation has made the role of chartered Accountants more important, the scope of their involvement has broadened and now after the implementation of VAT, their responsibilities have further increased.

Sir, I would like to draw the attention of the honourable minister to the fact that Indian Chartered Accountants have least recognition abroad. In this globalised environment, nearly 10,000 Indians practise accountancy in various countries…but they are called accountants, not Chartered Accountants. If the qualification of the Indian Chartered Accountants get recognised internationally, our CAs too would contribute to the recognition of the country abroad, in the same way as our IT professionals are doing. However, they are facing numerous hurdles, like our CAs do not get Visa. At the moment we probably have a pact with Malaysia, our CAs can work there. I would like the government to contact the appropriate authorities, and the Commerce Ministry and the Company Affairs Ministry take full interest in this."

Shri Rajiv Shukla

"Thank you, Deputy Chairperson Sir... I have stood up to support this bill… Sir, There is no denying the fact that Institute of Chartered Accountants of India is a very prestigious one. We respect it. It has some of the best people, talented people, and it has a proven track record. But Sir, the time has come that they are made accountable. This government has made the first attempt to fix accountability and responsibility on the Chartered Accountants."

"In Bollywood, most of the raids are being conducted on the information given by the Chartered Accountants. But the provisions regarding giving awards or rewards should not be for the Chartered Accountants but for others… Deputy Chairperson sir, it is nice to know that the Minister has made a discipline authority. The minister has made provisions to fix accountability and responsibility, but in my opinion, the authority does not have investigating powers, it should have investigating powers as well. Further, its scope should be elaborated and outside members should be appointed in it.

Shri Prem Chand Gupta, Minister of State (Independent Charge) in Ministry of Company Affairs

The role of the Chartered Accountants became absolutely important because an investor would only see a balance sheet certified by an auditor or by a Chartered Accountant. That is the only thing that is available to an investor". ■

Metamorphosis of ICAI Headquarters*

Over the years, not only the accountancy profession but the ICAI Headquarters too has undergone a metamorphosis. Following photographs show how the face of ICAI Headquarters has changed in tune with times.

ICAI Building in 1954

ICAI Building in the year 1974 – At Silver Jubilee

**Compiled by Journal section of the ICAI*

ICAI Building in the year 1999 – At Golden Jubilee

ICAI Building in the year 2008 – At Diamond Jubilee

Report on the Foundation Stone Laying Ceremony of ICAI Headquarters, held on the 7th February 1953 at New Delhi*

The then Finance Minister Shri C. D. Deshmukh accompanied by the then Finance Secretary Shri K. G. Ambegaokar, arrived at the site at 3:50 p.m. They were received by the then ICAI President Shri G. Basu and the minister was introduced to the Members of the Council present and thereafter he was led to the dais.

There was a gathering of more than 200 persons and the following were among those present:

1. Shri V. Narahari Rao, *Comptroller & Auditor General of India.*
2. Shri K. G. Ambegaokar, *Secretary, Ministry of Finance, Department of Economic Affairs, Government of India.*
3. Shri N. Govindarajan, *Member, Union Public Service Commission.*
4. Shri P. C. Bhattacharya, *Financial Commissioner, Railways.*
5. Shri P. C. Dasgupta, *Deputy Comptroller & Auditor General of India.*
6. Shri D. L. Mazumdar, *Officer on Special Duty, Ministry of Finance.*

The then Finance Minister Mr. C.D. Deshmukh laying the foundation stone of the ICAI Headquarters

**As published in the February 1953 issue of The Chartered Accountant*

7. Shri S. G. Barve, *Joint Secretary, Ministry of Finance, Department of Economic Affairs*.
8. Shri S. D. Nargolwala, *Member, Income-tax Investigation Commission.*
9. Shri B. K. Kaul, *Deputy Secretary, Ministry of Finance, Department of Economic Affairs.*
10. His Excellency Mr. Alexander Clutterbuck, *High Commissioner for U.K. in India.*
11. His Excellency Mr. Mohammed Shauib Quereshi, *High Commissioner for Pakistan in India*.
12. Lala Sir Shri Ram.
13. Mr. J. B. Orrick, *Director, United Nations Information Centre.*
14. Mr. C. P. G. Wade, *Burmah Shell.*

After garlanding the Minister, Shri Basu, the President of the Institute, requested the Minister to lay the foundation stone of the Institute head quarters. Thereafter, the President, the Vice-President and the Architects' representative led the Hon'ble Minister to the building spot where he laid the foundation stone.

The Minister was seen off by the President and the Vice-President and the function was formally closed thereafter. The speeches of the President Shri G. Basu and Shri C. D. Deshmukh, Minister for Finance, Government of India, on the occasion of the laying down of the foundation stone of the Institute's HQ are as follows:

ICAI PRESIDENT CA. G. BASU's SPEECH


CA. G. Basu

"Hon'ble Shri Deshmukh, Distinguished Visitors and members of the Institute,

On behalf of the Council of the Institute of Chartered Accountants and of the profession of Accountancy in India, I extend to you all a most hearty welcome to this function this afternoon. Sir, it was indeed kind on your part to have agreed to lay the foundation stone of the building of the Institute. I convey to you, Sir, our profound gratitude for having readily accepted our invitation to grace this important occasion with your presence, which gives us encouragement...

Towards the construction of this building of the institute the Government has contributed ₹ 2 lakh besides donating a valuable plot of land in a locality where a number of other professional institutions are setting up their headquarters. It is due to this very valuable assistance from the Government that the construction of the building has now been taken on hand. The building, as planned now, will be just sufficient for its present needs. I need not say here that the ceremony of laying the foundation stone is a very important one for us – it is a firm foundation not only for the building but also for the future growth of the profession itself.

May I recall to you, Sir, that we had the good fortune of having you in our midst when you addressed us at the Second Annual Meeting of the Council in August 1951. The words of advice that you gave us on that occasion are still fresh in our minds and I am glad to tell you, Sir, that we have not failed to act up to your advice then given. We got further encouragement from the Comptroller and Auditor General of India who inaugurated the Third Annual Meeting of the Council in August 1952. His words that 'an independent and efficient body of Chartered Accountants is the best insurance against black marketing and tax-dodging' are still vivid in our memory. The success that he wished for the Institute in the service of this great country is being met and we shall always strive hard to augment it still further and maintain it.

The connection of our profession with the Ministry of which you are the head, is close, as may be explained by the fact that we are mainly concerned with companies and commercial people and their accounts, taxation and other financial work, which are also dealt with by Government in your Ministry. It is, therefore, but natural that we should develop a close liaison between the Institute and the Finance Ministry and the Minister concerned, so that financial problems faced by the profession and/or the Ministry are settled by mutual consultation.

The origin of the profession, the work of the Indian Accountancy Board and of the Expert Committee are all known to you, Sir, and I need not repeat them here. By a long process of evolution, the Accountancy profession was given an autonomous status and with the passing of the Chartered Accountants Act, 1949, the Institute of Chartered Accountants of India was brought into existence. The Act gives the profession the largest measure of autonomy—in that out of the 25 members of the Council, 20 are elected and even amongst the 5 nominated by Government, 4 are members of the profession. I would certainly say that the presence of Government nominees, including representatives of the commerce on a body like this has been found to be extremely helpful especially with regard to the contact with Government, which has become very close.

It is now 3½ years since the Institute has come into existence, and I am confident when I say that in this short period the foundations of the Institute have been truly and well laid. The first Council of which many of the members of the present Council including myself were members, had done quite a lot to put the Institute on sound basis. The second Council is no less conscious of its obligations and the duties entrusted to it and is carrying on the same with necessary vigour.

Sir, I do not wish to review at length the work that has been done by the Institute, as it will take more time than you can possibly spare. But I may permit myself to give a very brief summary of its work adequate for the occasion and to show that the activities of the Council have been in keeping with public requirements and in conformity with the law of the land. It will be admitted that one of the main functions of the Council is the maintenance of proper discipline in the profession. The Institute has seen, in 3½ years of its existence, the consolidation of the rules of procedure to be followed in disciplinary matters, which are in the special circumstances obtaining in the country, based on democratic ideas. The Act provides that in all cases, which are enquired into, the entire proceedings have to be placed before a High Court, even if the Council finds a member innocent or considers a warning in a case as adequate...

Towards the construction of this building of the institute the Government has contributed Rs. 2 lakhs besides donating a valuable plot of land in a locality where a number of other professional institutions are setting up their headquarters. It is due to this very valuable assistance from the Government that the construction of the building has now been taken on hand. The building, as planned now, will be just sufficient for its present needs. I need not say here that the ceremony of laying the foundation stone is a very important one for us – it is a firm foundation not only for the building but also for the future growth of the profession itself. It is, therefore, quite in the fitness of things that the Minister who is concerned both with finances of the country and with our profession lays the foundation of the building. I hope that the laying of the foundation stone of this building will bring closer liaison between your Ministry and the Profession.

With these words, I invite you, Sir, to lay the foundation stone of the building of the Institute of Chartered Accountants of India."

I am glad to know that the Institute is doing its best to raise and maintain the standards of the profession in order to enable it to render the service, which the country expects. While I appreciate the efforts of the institute, I would still like to reiterate what I said on the previous occasion regarding the necessity for unceasing vigilance to ensure scrupulous discharge of their duties by auditors without fear or favour in order to curb the malpractices in trade and business.....

FINANCE MINISTER C. D. DESHMUKH's SPEECH

"Mr. President and gentlemen,

I deem it a privilege to be invited to lay the foundation stone of the Institute's building this afternoon. Judging by years, the Institute is still in its infancy and it deserves to be complimented on being able to erect a building of its own, even at this young stage, in these days of acute shortage of accommodation.

I am heartened by what you, Mr. President, have said about the Institute's relations with the Government. Regulation by any profession of its own business is always more desirable than regulation by Government and it is in pursuance of this object that autonomy has been conferred on the accountancy profession. It would, however, be unfortunate to make a fetish of autonomy and work in

C. D. Deshmukh

As regards the President's desire that Government should utilise the services of members of the Institute for work in fields closely associated with the Government, i.e., taxation, administratorship, investigation work, etc., I cannot do better than repeat the assurance that I gave while inaugurating the Annual General Meeting of the Council in August 1951—that in all matters with which your profession is closely concerned the Government will be only too eager to avail of your wisdom and experience and that you need not have any misgivings regarding the recognition accorded to you by the Government.

isolation from the Government, particularly when it is a democratic Government, which derives its authority from the people. I am, therefore, glad to know that there is close contact and collaboration between the Government and the Institute.

Talking about autonomy, I should like to refer to a point mentioned in the President's speech about the amendment of the law to enable the Institute to dispose of, without reference to the High Court, misconduct cases in which the Institute considers only a warning or censure necessary. I am not sure whether it is not an advantage, at least at the present stage, to continue the existing practice which not only ensures an authoritative pronouncement by the High Court on the Institute's findings, but also gives better publicity to such cases as a warning to others.

I have listened with interest to the account of the steps the Institute is taking in regard to examinations and training of new entrants to the profession. I am glad to know that the Institute is doing its best to raise and maintain the standards of the profession in order to enable it to render the service, which the country expects. While I appreciate the efforts of the institute, I would still like to reiterate what I said on the previous occasion regarding the necessity for unceasing vigilance to ensure scrupulous discharge of their duties by auditors without fear or favour in order to curb the malpractices in trade and business about which there are so many complaints. The manipulations by which some of the companies are alleged to have defrauded the investing public must inevitably cast a reflection on the work of the Chartered Accountancy Profession, whether they merit it or not, and for the/sake of their own fair name, they have to endeavour to raise the tone of business morality, whatever the limitations of their statutory responsibility in the strictly legal sense. Even within these limitations, I have no doubt that much can be done by a conscientious auditor to expose dishonest dealings. This has been demonstrated in some recent cases and I congratulate the members of the profession who have raised its prestige by their courageous action. Such instances are, however, few and far between and it is essential that the profession as a whole should make a determined stand against any kind of fraudulent practices in company accounts. The Institute will have Government's full support in its endeavours in this direction.

The further scope for the members of the Institute for which you, Mr. President, have pleaded will depend to some extent on the progress which the Institute makes in implanting in its members the sense of responsibility to which I have referred to above. Until the legal responsibilities of an auditor under the Company Law are extended, it may not be possible to do away with the present Government audit and throw it open to the members of the profession in certain fields, like co-operative societies and electricity undertakings, where something more than an ordinary statutory audit is required.

As regards the President's desire that Government should utilise the services of members of the Institute for work in fields closely associated with the Government, i.e., taxation, administratorship, investigation work, etc., I cannot do better than repeat the assurance that I gave while inaugurating the Annual General Meeting of the Council in August 1951—that in all matters with which your profession is closely concerned the Government will be only too eager to avail of your wisdom and experience and that you need not have any misgivings regarding the recognition accorded to you by the Government. As earnest of our policy in this respect, I may mention the recent appointment of your President, Mr. Basu, as a member of the Committee on the Industrial Finance Corporation of India.

I thank you again for the honour accorded to me in asking me to lay the foundation stone. I declare the stone to be well and truly laid. May the structure that will rise thereon house all that is noble and dignified in the profession of Chartered Accountants." ■

An Event in the Institute's Career*

The second day of April 1954 will go down in the annals of the accountancy profession in India as a memorable date for it was on that day the Institute of Chartered Accountants of India's was opened at the hands of the then President of the Indian Union Dr. Rajendra Prasad. He also inaugurated the First Conference of Chartered Accountants of India on that day. Following are the extracts of the report of the occasion published in April 1954 issue of the Journal.

"Before the function commenced, the members of the Institute who had gathered from the different parts of the country for this occasion assembled at Rajghat to pay homage to the Father of the Nation Mahatma Gandhi. The President of the Institute and the Chairman of the Conference Committee laid wreaths at the Samadhi on behalf of the Institute and the Conference Committee. The members also made their offerings to the Samadhi."

Opening of the ICAI Headquarters by the then President of India Dr. Rajendra Prasad

The inauguration function started punctually at 5 o'clock in the evening. Apart from the members of the Institute who had assembled for the occasion from all parts of the country, there were other very distinguished personages present at the function. In a short speech, Shri S. Vaish, President of the Institute, welcomed the Rashtrapathi and said how honoured the Institute was that no less a person than the exalted Rashtrapathi of the Indian Union had accepted the invitation to open the building and inaugurate the Conference—the First Conference of the Chartered Accountants of India. He traced the history of the profession and the formation of the Institute of Chartered Accountants of India and said, "You, Sir, and your Government know how vital a part the profession is playing and will play in the well-being of the body economic. A Chartered Accountant is being called upon to assume fresh responsibilities in the fields of Management Accounting, Budgetary Control, Financial Planning, Industrial Organisation and other allied spheres. In addition, the Chartered Accountant's position as a tax consultant and the assistance which the State expects from him in making and completing assessments, and his role as auditor of co-operative enterprises, of religious, educational and charitable institutions, endowments and trusts and, of societies catering for social welfare in which large private bequests are involved, make his contribution to public welfare a substantial, though an unostentatious, one. The new Companies Bill which your Government has invited Parliament to consider seeks to make the role of the profession a more purposive, live and real one." In declaring open the magnificent three storeyed building that had been put up with the generous assistance given by the Government of India, the Rashtrapathi echoed the sentiment expressed by Shri C. D. Deshmukh, Finance Minister, when laying the foundation stone of the building that "this structure shall house all that is noble and dignified in the profession of Chartered Accountants". He further observed: "Whether we are men in the professions—Chartered Accountants, Engineers, Lawyers and the like or mere horny-handed sons of toil destined to work on the fields or in the factories—all of us must realise that the nation's advance ultimately depends on our character and on the sincerity and devotion with which we carry out the tasks allotted to us. This simple truth is likely to be forgotten in the stress and strain of day-to day living". He exhorted the profession to follow the footsteps of the great Architect

** Extracts from the Editorial of the April 1954 issue of the journal* of India's freedom: "His example should be a perpetual reminder to all of us of the potency of the basic qualities of individual character. That men of his stature are rare should not discourage us from making an earnest effort to trail the path blazed by him". He reminded the profession that "The fast increasing tempo of the industrial and economic development of the country makes it imperative that every Chartered Accountant should realise that he belongs to a profession which provides the first line of defence to the unwary public against money-grabbers and opportunists. Your responsibility in this matter becomes all the greater because of the autonomy, which your profession enjoys. The confidence of the public is even reliable and well-managed business undertakings would be gravely undermined, if unscrupulous persons were allowed without let or hindrance, to manipulate company accounts or other wise indulge in malpractices only to serve their own ignoble ends. The Government and the public are therefore alike interested in the maintenance of the independence and integrity of the Accountancy profession, but it is primarily for the profession itself to create conditions favourable to the growth of these qualities in its members".

RECEPTION TO FINANCE MINISTER

Before proceeding to give an account of the Conference, mention must be made of the other great event of the occasion. Mr. S. Vaish, President of the Institute, gave a reception to Mr. C. D. Deshmukh Minister of Finance, on the evening of the 3rd of April, 1954. It was indeed a great occasion. Many high officials of the Government of India and distinguished citizens were present at the function as also all the delegates that had assembled at Delhi for the Conference. In welcoming Mr. Deshmukh, Mr. Vaish said: "On one side of this house (referring to the Institute's building) is the building of Engineers or 'builders' of the country. On the other side is fast springing up the building of tax collectors. Shall I then say that this house of ours is a connecting link between the 'builders' and 'tax collectors' of the country?" In his reply the welcome, Mr. Deshmukh stressed the need for high standard of rectitude in the profession and said, "I have no doubt that there is no discipline which is so effective as self-imposed discipline. I have never believed in discipline being imposed from above. I am equally convinced that as nothing succeeds like success, the more successful you are in exacting standards of rectitude, the easier will your work be". Commending the system of examinations followed by the Institute, he said he was "greatly heartened" by the fact that the roll numbers of the examinees were never disclosed to the examiners, but only code numbers. That meant the votaries of the profession were taking care to see that the purity of the profession was not sullied. He recommended this simple expedient to other examining bodies. He hoped that "those who enter the precincts of your profession will be worthy people and once they have entered, they will observe all the rules of the game with the conviction fervour of a votary dedicated to the shrine'. ■

ICAI NEWS

Association with the Committee on Economic, Commercial Laws & WTO as Resource Person/Faculty

The Committee on Economic, Commercial Laws & WTO is a Non Standing Technical Committee of the Institute of Chartered Accountants of India and its mandate inter alia includes serving the multifunctional task of Analysis, Knowledge dissemination, inputs to policy formulation, organization of various programs on contemporary issues in the fields of Economic, Commercial & Business Laws and WTO.

This committee organizes the Post Qualification Course on International Trade Laws & WTO details available at (http://www.icai.org/category.html?c_id=99) and Certificate Course on Arbitration details available at (http://www.icai.org/post.html?post_id=3443&c_id=266) for the members of the Institute. The Committee is also planning to come out with a Training Programme on Economic and Commercial Laws covering specifically the IPR Laws, FEMA, Transfer of Immovable Property, Drafting and Conveyance etc.

The Experts in the field of Arbitration, Trade Laws &WTO and Economic & Commercial Laws with excellent background and Academic track record may send their brief profile/CV to Secretary, Committee on Economic, Commercial Laws & WTO, The Institute of Chartered Accountants of India, ICAI Bhawan, PO Box 7100, I P Marg, New Delhi – 110002. Ph: 011 – 30110499, Email: ctlwto@icai.org; cecl@icai.in.

Speech of Dr. Rajendra Prasad, President of India, 1954*

Here, we present the speech of Dr. Rajendra Prasad, the President of India in 1954, delivered on the occasion of the opening of the building of the Institute and inauguration of the First Conference of the Chartered Accountants of India on Friday, 2nd April, 1954.

Dr. Rajendra Prasad delivering the speech

"Gentlemen,

I have great pleasure in declaring this building open. This imposing edifice which you have built - with such assistance from the Government- as is only in the fitness of things that they should give - is, I feel, symbolic of the growing strength of the profession of accountancy in India. The President of the Institute, in his speech has referred to the historical development of the profession culminating in the conferment of autonomy on it in 1949. It should be a matter of pride to its members that, within this short period of its coming of age, it has been able to provide a house for itself.

A duty is now cast on you, the members of the profession, to bring to early fulfillment the hope expressed by Shri Deshmukh that this structure should house all that is noble and dignified in the profession of Chartered Accountants. To achieve the objectives of the Welfare State that we have set before us, it is necessary for each one of us to realise in our heart of hearts that national interest takes precedence over individual advantages, and that no nation can advance politically, economically or culturally, if the sole aim of the individuals constituting it is their personal aggrandisement. Whether we are men in the professions - Chartered Accountants, Engineers, Lawyers and the like or mere horny – handed sons of toil destined to work on the fields or in the factories – all of us must realise that the nation's advance ultimately depends on our character and on the sincerity and devotion with which we carry out the tasks allotted to us. This simple truth is likely to be forgotten in the stress and strain of day-to-day living.

But we of this generation in this country must consider ourselves singularly fortunate in that, not long ago, we had in our own midst a living embodiment of all that is good and true, a physically frail individual who overcame human limitations and brought about an epoch-making revolution, by simply being true to himself. His example should be a perpetual reminder to all of us of the potency of the basic qualities of individual character. That men of his stature are rare should not discourage us from making an earnest effort to trail the path blazed by him.

I am happy to note that the opening of this building

*(*Compiled by the Journal section of the ICAI)*

has synchronised with the first meeting of Chartered Accountants from all over the country. I have no doubt that occasions such as this, by affording opportunity to all of you to discuss your common problems and difficulties will create a feeling of solidarity in the profession itself. Such gatherings should not only provide a platform for the ventilation of individual or common grievances but should also enable newcomers to the profession to come in close contact with the veterans and imbibe from them, by precept and example, ideals on which they should conduct themselves. The fast increasing tempo of the industrial and economic development of the country makes it imperative that every Chartered Accountant should realise that he belongs to a profession which provides the first line of defence to the unwary public against money grabbers and opportunists. Your responsibility in this matter becomes all the greater because of the autonomy, which your profession enjoys. The confidence of the public in even reliable and well-managed business undertakings would be gravely undermined, if unscrupulous persons were allowed without let or hindrance, to manipulate company accounts or otherwise indulge in malpractices only to serve their own ignoble ends. The Government and the public are therefore alike interested in the maintenance of the independence and integrity of the Accountancy profession, but it is primarily for the profession itself to create conditions favourable to the growth of these qualities in its members. It is my hope that the Conference, which I have the pleasure of inaugurating now, will bestow as much thought on this issue as on the problems relating to the improvement of the academic standard of the members and of their technical competency.

With these words I have great pleasure in declaring this building open and in inaugurating this the First Conference of Chartered Accountants of India and wish your Institute all success in its career of usefulness and service to the country." ■

(Taken from the April 1954 issue of the ICAI journal)

> "The fast increasing tempo of the industrial and economic development of the country makes it imperative that every Chartered Accountant should realise that he belongs to a profession which provides the first line of defence to the unwary public against money grabbers and opportunists..."

ICAI NEWS

Commencement of Certificate Course on Forex and Treasury Management in Mumbai

Eligibility: Members of ICAI — CPE: 48 Hours

The Committee on Financial Markets and Investors' Protection (CFM&IP) of ICAI conducts **Certificate Course on Forex and Treasury Management** (FxTM) for professional development of members in this field. **The Committee will be starting new batches of Certificate Course on Forex and Treasury Management in Mumbai from 7th July 2012.**

Registrations: In view of limited seats, registrations will be held on first come first served basis. For registration, please fill in the registration form available on the website of the ICAI at link http://220.227.161.86/18248rform_cftm.pdf and send it along with fee at the address given below:

Secretary, Committee on Financial Markets and Investors' Protection
The Institute of Chartered Accountants of India
ICAI Bhawan, Administrative Block, Third Floor
A-29 Sector 62, Noida - 201309
Contact No. (0120) 3045945/ 9650075010/ 9310542607
E-Mail: fxtm@icai.org

Fee: ₹25,000/-. The fee can be paid by D.D./Pay Order/ Multicity cheque drawn in the favour of "The Secretary, The Institute of Chartered Accountants of India", payable at New Delhi. **Payment can also be made online at** http://www.icai.org/ccm.html?progid=9

CA. Vinod Jain
Chairman, Committee on Financial Markets and Investors' Protection, ICAI
M: 9811040004
Email: vinodjainca@gmail.com

Down the Memory Lane*

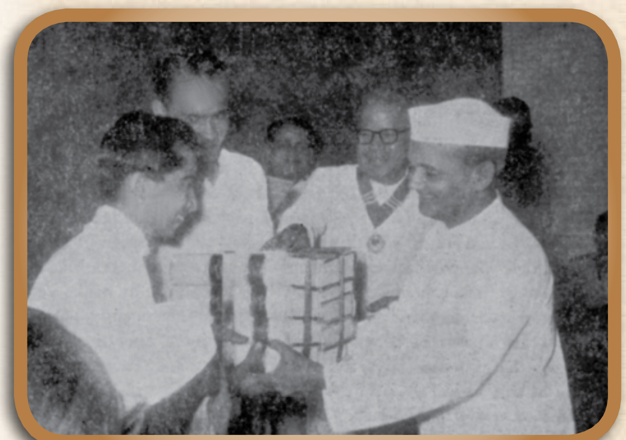
Ever since the founding fathers of the nation put their trust in Indian accountancy profession by passing The Chartered Accountants Act, 1949, the profession has truly lived up to the expectations of the country and society at large – creating and preserving to posterity a tradition of excellence, integrity and service to the society. This tradition has been hailed by the leading lights of their times, a number of whom graced various events of the Institute of Chartered Accountants of India with their presence. They included the country's Presidents, Vice-Presidents, Prime Ministers, Cabinet Ministers, Governors, Chief Ministers, C&AGs, Members of Parliament, Judges, etc. In this exclusive feature, we have brought together many of such memorable moments captured in camera since 1949, as were available in journal archives. Go ahead and flip through the following pages to relish those moments…

*(*Compiled by the Journal section of the ICAI)*

Shri V. Narhari Rao, C&AG of India, speaking on 'Role of an Accountant & Auditor in National Economy'.

Shri C. D. Deshmukh, Minister of Finance, Government of India, laying the Foundation Stone of the Institute's building on 7th February, 1953.

Dr. Rajendra Prasad, President of India delivering speech at the opening of building of the Institute on 2nd April, 1954.



Shri Lal Bahadur Shastri, Union Minister for Commerce and Industry distributing prizes to successful candidates of C.A. Examinations at the 9th Annual Meeting of the Council held on 13th September, 1958.

Shri Lal Bahadur Shastri, Union Minister for Commerce and Industry, being received at the Annual Meeting of the Institute.

1961-70

Shri T. T. Krishnamachri, Union Minister for Finance (third from left) at the Music Recital of the 4th Conference of Asian & Pacific Accountants 1965 at New Delhi.

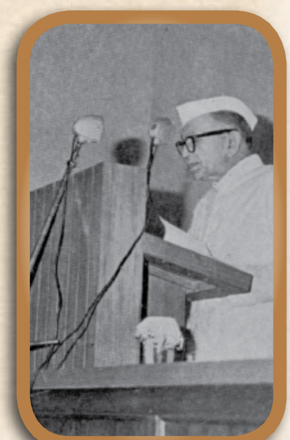
Shri G. S. Pathak, Union Minister for Law and Minister In-charge for Department of Company Affairs addressing the 17th Annual Meeting of the Council held on 12th September, 1966.

Photograph taken on ***Shri Fakhruddin Ali Ahmed***, Union Minister for Industrial Development & Company Affairs visit to the Institute on 21st March, 1967.

Shri Morarji Desai, Deputy Prime Minister of India inaugurating the All India Seminar on Taxation and National Development on 13th – 15th January, 1968.

Shri S. Ranganathan, Comptroller & Auditor General of India at the 'Residential Training Course on Public Accountability in a Developing Economy' held at Bangalore from 7th - 12th October, 1968.

Shri Fakhruddin Ali Ahmed, Minister of Industrial Development and Company Affairs delivering his address at 19th Annual Meeting of the Council held on 13th September, 1968.

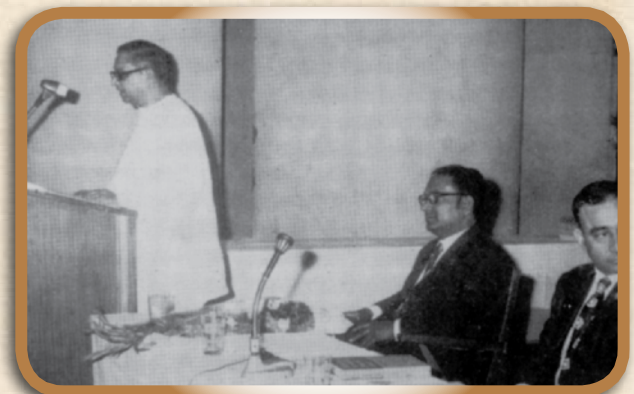


Shri G. S. Pathak, Vice-President of India, delivering the inaugural address at Seminar on Public Sector Accountability & Management on 7th – 8th March, 1970.

Shri M. Hidayatullah, Chief Justice of India addressing the 21st Annual Meeting of the Council held on 16th September, 1970.

1971-80

Shri R. Ranganathan, C&AG of India on the occasion of the laying of the foundation stone of the CIRC at Kanpur on 4th February, 1972.



Shri H. R. Gokhale, Union Minister for Law, Justice and Company Affairs delivering his address at the 24th Annual Meeting of the Council on 14th September, 1973.

Shri Fakhruddin Ali Ahmed, President of India addressing the delegates at the First Commonwealth Conference of Accountants held in New Delhi on 6th – 8th February, 1975.

Shri C. Subramanian, Union Minister for Finance at the First Commonwealth Conference of Accountants held in New Delhi on 6th – 8th February, 1975.

Thiru K. K. Shah, Governor of Tamil Nadu, inaugurates the Research Block of the Institute at Madras on 10th September, 1975.

Shri A. L. Dias, Governor of West Bengal, addressing at the inauguration of the new building of the EIRC at Calcutta on 14th April, 1977.

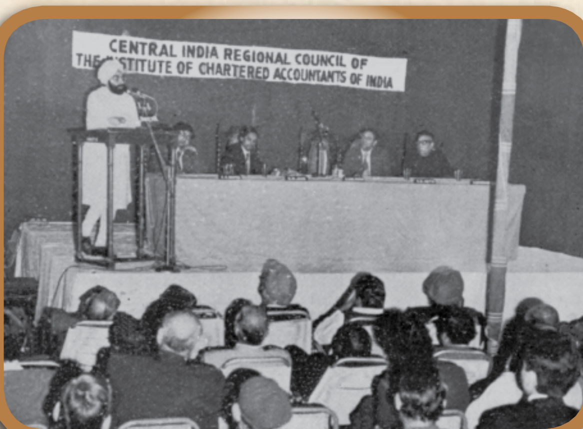
Shri H. M. Patel, Union Minister for Finance, and ***Shri Narsingh Yadav***, Union Minister of State for Law, Justice and Company Affairs at the 28th Annual Meeting of the Council held on 16th September, 1977.

Shri Shanti Bhushan, Union Minister for Law, Justice and Company Affairs, addressing the members of the Jodhpur Branch of the CIRC on 7th October, 1978.

Shri Gian Prakash, the Comptroller and Auditor General of India addressing the gathering at the 29th Annual Meeting of the Council on 16th September, 1978.

Shri P. Shiv Shankar, Union Minister for Law, Justice and Company Affairs is addressing the gathering at the 31st Annual Meeting of the Council on 16th September, 1980.

1981-90



Giani Zail Singh, Union Home Minister is addressing the meeting arranged by the CIRC at Kanpur on 29th November, 1981.

Shri Jagannath Kaushal, Union Minister for Law, Justice & Company Affairs being received by the President of the Institute before the inauguration of the 100th meeting of the Council held in September, 1982.

Shri Pranab Mukherjee (fourth from left), Union Minister of Finance at inauguration of the Academy of Accounting set up at Calcutta on 30th May, 1983.

Giani Zail Singh, President of India, inaugurating the 10th Conference of CAPA held in New Delhi at Asiad Auditoriam on 21st November, 1983.

Group photograph taken with ***Mrs. Indira Gandhi***, Prime Minister of India on the occasion of a special function held for giving prizes to the two lady candidates who stood first in the Final C.A. Examination held in November, 1983 and May, 1984.

Shri H. R. Bhardwaj, Union Minister of State for Law & Justice, delivering inaugural address at the 10th Western India Regional Conference at Nagpur on 5th February, 1987.

H. E. Giani Zail Singh, President of India at the inaugural session of the Northern India Regional Conference.

President, Vice-President and Members of the Executive Committee called on *H. E. Shri R. Venkataraman* to felicitate him on his election as the President of India.

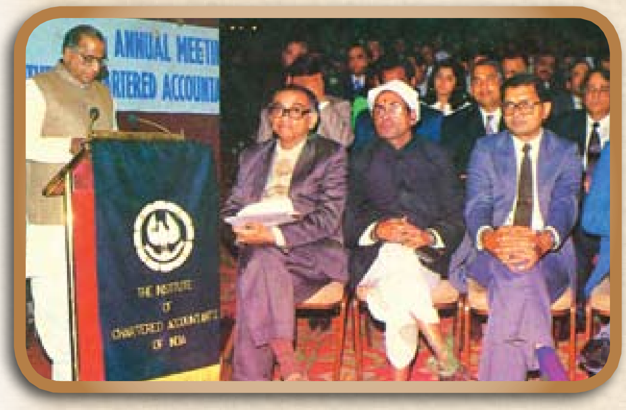
Chairman, NIRC presenting a cheque for ₹51,000 to *Shri Rajiv Gandhi*, Prime Minister of India for PM's Drought Relief Fund.

Dr. Shankar Dayal Sharma, Vice-President of India inaugurating the Northern India Regional Conference.

President of Institute along with the office bearers of the NIRC called on *Dr. Shankar Dayal Sharma*, Vice-President of India.

Justice Sabyasachi Mukherjee, Chief Justice of India, lighting the lamp at the inauguration of the 22nd All India Seminar on Taxation and Company Law held by the Institute at Calcutta from 11th – 13th August, 1990.

1991-2000



Shri Vijay Bhaskar Reddy, Union Minister for Law, Justice & Company Affairs, addressing the 42nd Annual Meeting of the Council on 16th January, 1992.

Shri Vijay Bhaskar Reddy, Union Minister for Law, Justice & Company Affairs (fourth from left) at the 13th All India Conference of Chartered Accountants held at Hyderabad on 5th - 7th February, 1993.

Dr. Manmohan Singh, Union Minister for Finance addressing the 13th western India Regional Conference on the theme 'A March Towards the 21st Century' on 27th – 29th November, 1993.

Shri H. R. Bhardwaj, Union Minister of State for Law, Justice & Company Affairs, at the 45th Annual Meeting of the Council held on 16th January, 1995.

Mr. Bali Ram Bhagat, Governor of Rajasthan (third from right), at the Seminar on 'Globlisation and its Impact on commerce Education' held at Jaipur.

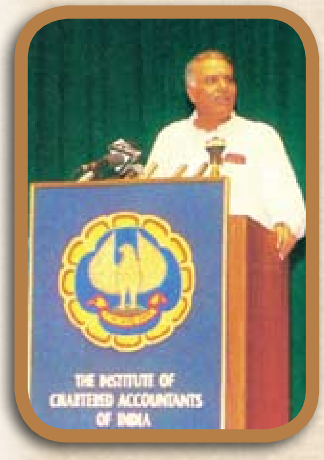
Mr. V. K. Shunglu, C&AG of India addressing the Members of the Council of the Institute at Hyderabad.

Mr. Khurseed Alam Khan, Governor of Karnataka inaugurating the Seminar on 'FERA, Foreign Investment and Collaborations' organised by the CPE Directorate of the ICAI.

Mr. Loknath Misra, Governor of Assam, at the Seminar on Capital Market organised by the Guwahati Branch of the ICAI.

Mr. P. Chidambaram, Union Finance Minister addressing the seminar on the Working Draft of the Income Tax Bill at New Delhi on 5th November, 1997.

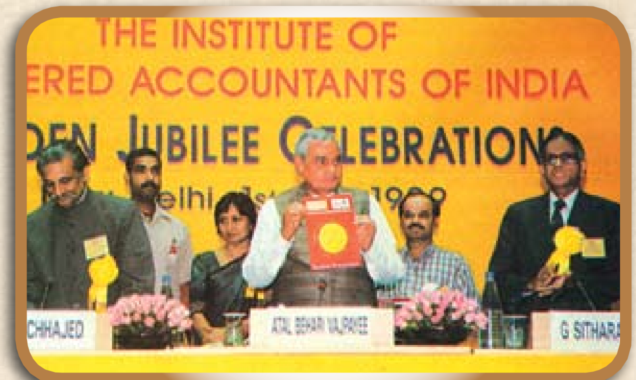
Mr. Atal Bihari Vajpayee, Prime Minister of India, lighting the lamp to commemorate the occasion of ICAI entering into its fiftieth-year on 1st July, 1998.



Mr. Yashwant Sinha, Union Finance Minister delivering speech at the Golden Jubilee celebrations.

West Bengal Governor ***Dr. A. R. Kidwai*** lighting the lamp to inaugurate the Institute's Golden Jubilee Conference at Calcutta on 4th December, 1998.

Mr. V.K. Shunglu, Comptroller & Auditor General of India at the 49th Annual Meeting of the Council held on 16th January, 1999.



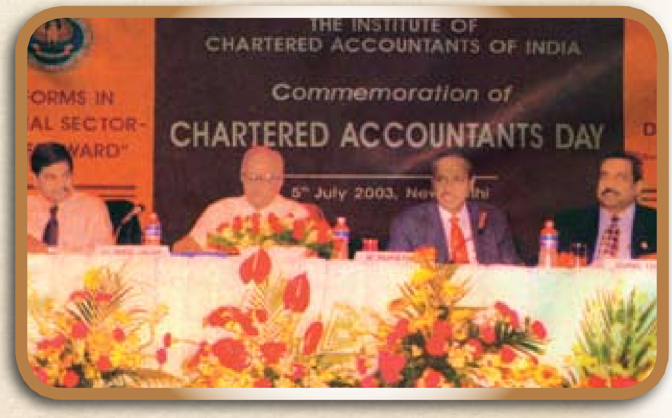
Hon'ble Prime Minister of India ***Mr. Atal Bihari Vajpayee*** releasing Golden Jubilee issue of *The Chartered Accountant* Journal.

2001-10

Hon'ble Prime Minister of India ***Mr. Atal Bihari Vajpayee*** releasing syllabus of New Scheme of Education & Training. Also Present on the Occasion ***Mr. Arun Jaitely***, Union Minister of Law, Justice & Company Affairs and ***Mr. Suresh P. Prabhu***, Union Minister of Power.

Hon'ble ***Shri Bhairon Singh Shekhawat***, Vice President of India, releasing the document "The WTO Road Ahead" in New Delhi on 22nd February, 2003.

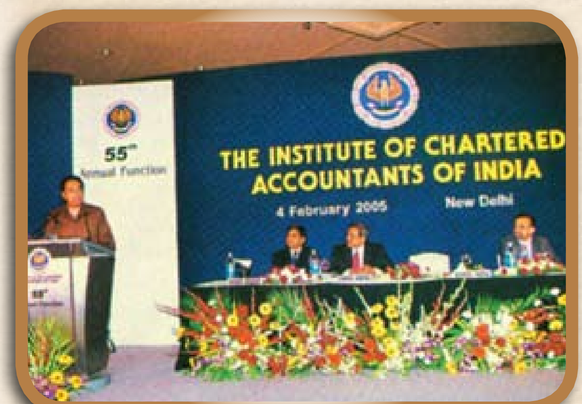
Hon'ble ***Shri Arun Jaitely***, Minister of Law, Justice & Company Affairs lighting the lamp at the inauguration of the International Seminar on 'Small and Medium Practitioners: Issues and Challenges' at Mumbai on 28th May, 2002.



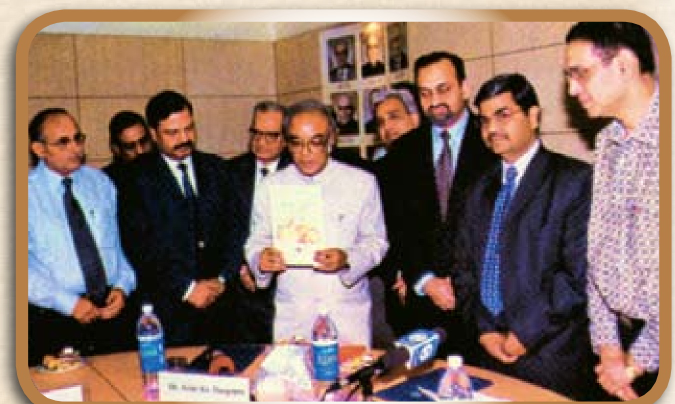
Dr. Bimal Jalan, Governor, Reserve Bank of India, delivered the special address on 'Reforms in the Financial Sector Way Forward' at the function organized by ICAI on 5th July, 2003 at New Delhi to commemorate the Chartered Accountants Day.

Shri Madan Lal Khurana, Governor of Rajasthan lighting the lamp to inaugurate the International Conference 'Redefining the Accountancy Profession: A Measured Response to Global Challenge' held at Jaipur on 11th – 13th March, 2004.

Rajya Sabha Deputy Chairman ***CA. K. Rehman Khan*** inaugurates the SAFA Conference on 'Integrated Financial Sector in the SAARC Region' on 27th August, 2004 at New Delhi. ***Shri Prem Chand Gupta***, Union Minister of State for Company Affairs (Independent Charge) was also present on the occasion.



Union Minister for Commerce and Industry ***Mr. Kamal Nath*** address the gathering at the 55th Annual Function of ICAI held on 4th February, 2005 in New Delhi.



Dr. Asim Dasgupta, Chairman, Empowered Committee of State Finance Ministers on VAT releases the "Guidance Note on Accounting for State-Level VAT" at Institute premises on 15th April, 2005.