

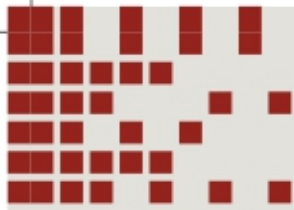
New Proposed Scheme of Education & Training

(An Invitation to Comment)

Building excellence on pillars of
knowledge and competence



The Institute of Chartered Accountants of India
(Set up by an Act of Parliament)
www.icai.org



ICAI Motto

Ya esa suptesu jagarti kamam kamam Puruso nirmimanah |

Tadeva sukram tad brahma tadevamrtamucyate |

Tasminlokah sritah sarve tadu natyeti Kascan | etad vai tat ||

(That person who is awake in those that sleep, shaping desire after desire, that, indeed, is the pure. That is Brahman, that, indeed, is called the immortal. In it all the worlds rest and no one ever goes beyond it. This, verily, is that, kamam kamam : desire after desire, really objects of desire. Even dream objects like objects of walking consciousness are due to the Supreme Person. Even dream consciousness is a proof of the existence of the self. No one ever goes beyond it : cf. Eckhart : ‘On reaching God all progress ends.’)

Source : Kathopanishad





President's Communication

Dear All,

You will all appreciate that as a result of the unprecedented changes induced by technology and globalization, all professions including Chartered Accountancy profession are forced to re-think their method of management and delivery of services. We have to think globally but act locally. Chartered Accountancy is one of the most dynamic subjects of the world. So, to keep pace with the changing situation of the world we also have to change, by addition and subtraction of the existing curriculum of the Chartered Accountancy education in India. Accordingly the Committee for Review of Education and Training (CRET), setup in 2014 has formulated a new scheme of education and training for the new incumbent to the CA course. This booklet outlines the broad aspects of the new scheme of education and training and summarises the significant changes and reasons thereof.

May I request you to respond in large numbers.

With Best Wishes

K. Raghu

CA. K. Raghu
President,
The Institute of Chartered Accountants of India



About the New Proposed Scheme of Education and Training

The Committee for Review of Education and Training (CRET) was set up in 2014 as a part of the periodical exercise of the Institute to review its system of Education and Training and examine its adequacy in the context of existing requirements and anticipated changes in the environment. Following a multi-pronged methodology consisting of, Regional CRET meetings with Past Presidents and Regional Council Members; meetings with academicians, representatives of industry, regulators; conducting survey of members, students, users of CA services and academicians by means of questionnaires; undertaking detailed study of the system of education and training being followed by the leading Accountancy bodies; soliciting views and suggestions from branches/departments/committees of the Institute and holding of a Special Council meeting, the Institute formulated a New Proposed Scheme of Education and Training.

Briefly, the New Scheme proposes to keep the existing three tier structure but with the new nomenclature as Foundation, Intermediate and Final respectively. The Foundation examination shall be partly descriptive in nature and shall also consist of a new paper of General English and Business Communication apart from the existing papers of Accounting, Mercantile Law, General Economics and Quantitative Methods. At the Intermediate level, there will be eight papers instead of the present seven papers. The Final course consisting of eight papers shall also undergo some change. As in the existing Scheme, the Practical Training of Three Years shall start after passing Group One of the Intermediate but it shall have to be completed before one writes the Final examination. It is also proposed to integrate Orientation Course, General Management and Communication Skills Courses (I and II) and Information Technology Training (ITT) and Advanced ITT and instead have two Integrated Courses of three weeks each on Information Technology and Soft Skills.

The Proposed New Scheme is available on the Institute's website www.icaai.org and is open for public comments from 12th February, 2015 to 28th February, 2015. The readers are requested to send their comments on the Proposed Scheme by sending an e-mail to cret@icaai.in.

Broad Agenda

- ▶ Periodical Review of Education and Training
- ▶ Terms of Reference
- ▶ Methodology
- ▶ Significant Issues
- ▶ Proposed Overall Scheme of Education and Training
 - Entry Routes and Number of Levels
 - Route I - Foundation Course Route
 - Route II - Direct Entry Route
 - Number and Title of Papers
 - Foundation Course
 - Intermediate Course
 - Final Course
 - Integrated Course on Information Technology and Soft Skills
 - Practical Training
 - Advanced Integrated Course on Information Technology and Soft Skills
- ▶ Significant Changes and Reasons Thereof

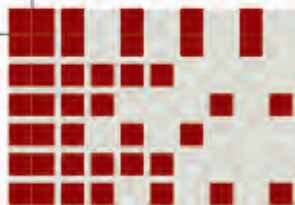


Periodical Review of Education and Training

1953	:	Ad hoc Committee
1959	:	Special Committee (relating to Training for entry into profession of CA)
1963	:	Review Committee
1968-70	:	Special Committee on Education and Training
1972-73	:	Review Committee (To examine adequacy of academic inputs required for future chartered accountants)
1975-78	:	Review Committee for Accounting Education
1985-88	:	Committee for Review of Education and Training
1995-98	:	Committee for Review of Education and Training
2004-05	:	Committee for Review of Education and Training
2014-	:	Constitution of the Committee for Review of Education and Training.

Terms of Reference

- To review the appropriateness of the existing scheme of education and practical training for membership of the Institute and formulate a new scheme having regard to anticipated changes in the global economic environment and requirements of various stakeholders.
- To review the existing scheme of theoretical education including the stages of professional accountancy education, classification and coverage of subjects at each stage in light of relevant international education standards and good practices adopted by international accountancy bodies.
- To review the effectiveness of the scheme of practical training, including supervision and monitoring, to ensure inculcation of professional values, ethics and attitudes as well as professional skills necessary for development of versatile and competent professional accountants.
- To review and modify the existing methods of assessment to ensure objective evaluation of professional competence achieved at each stage of professional accountancy education.
- To review the appropriateness of the existing scheme of education and training relating to Accounting Technicians and revise the same having regard to the requirements of various sectors of the economy.
- To consider other matters of similar nature arising from the above as the Committee may consider.



Methodology

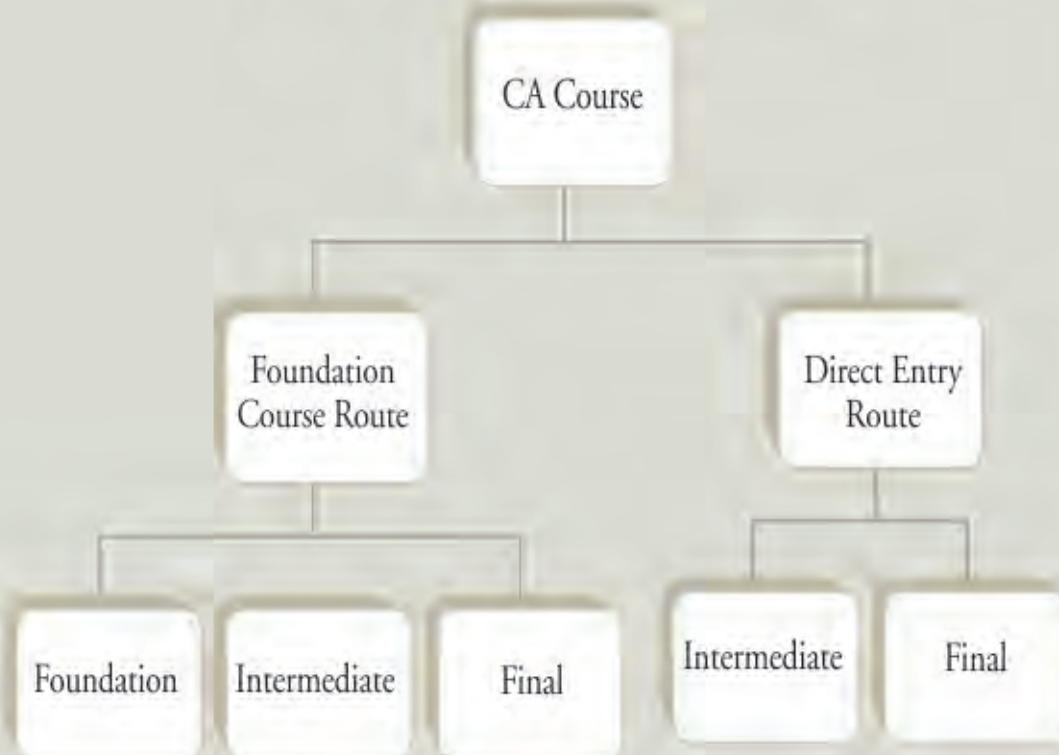
- Analysis of Major Trends: Undertaking intensive comparative study of education and training of some significant International Accountancy Bodies.
- Study of Current State of Higher/Professional Education: Developments in Education Sector in India particularly with reference to higher and professional education
- Meetings with Stakeholders: Regional CRET Meetings with members, users of services including industry, regulators and academicians
- Specific Issues- based response from Branches
- Questionnaire - based Survey: Questionnaires for Members, Students, Users of services and Academicians were hosted on the Institute's website. The respective responses were recorded and analyzed.
- Benchmarking International Education Standards: International Education Standards including various reports, documents and other releases particularly relating to professional education were benchmarked.

Significant Issues

- Entry Level Requirements
- Practical Training
- Theoretical Instruction and Course Curriculum
- Assessment Methods

Proposed Overall Scheme of Education and Training

Entry Routes and Number of Levels





Route I - Foundation Course Route

Under the Foundation Course Route, a Class X pass student may register itself with the Board of Studies (BoS) of the Institute for the Foundation Course. The steps are as follows:

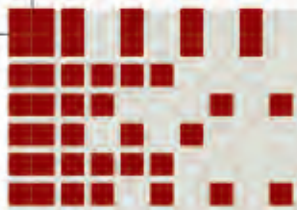
- Register and complete 9 months of theoretical education for the Foundation Course.
- Appear for Foundation examination after appearing in Class XII examination.
- Qualify Foundation Examination.
- Register and complete 12 months of theoretical education of the Intermediate course.
- Appear and Pass at least Group I of Intermediate Examination.
- Complete Three Weeks Integrated Course on Information Technology and Soft Skills (ICITSS) before commencement of the practical training.
- Register for Three years Practical Training on passing at least Group I.
- Register for the Final Course after qualifying both Groups of Intermediate Course.
- Complete Three Weeks Advanced ICITSS during the last two years of Practical Training.
- Complete Practical Training.
- Appear in Final examination after completion of practical training.
- Become Member.

Note: Candidates who have passed Intermediate level examination of Institute of Company Secretaries of India or Institute of Cost Accountants of India are exempt from Foundation Course. They shall register for the CA Intermediate course directly and shall have to undergo the CA course in the manner akin to the Foundation passed students i.e. they will undergo steps from Bullet Point 4 (given above) onwards.

Route II – Direct Entry Route

As per the existing scheme, it is proposed to allow Commerce Graduates/Post-Graduates (with minimum 55% marks) or Other Graduates/Post-Graduates (with minimum 60% marks) to enter directly to the Intermediate Course. The following steps are required to be undertaken by the eligible Graduates and Post Graduates under this route:

- Register with the BoS for the Intermediate course (provisional registration allowed to the Final year students).
- Complete Three Weeks Integrated Course on Information Technology and Soft Skills (ICITSS) before commencement of the practical training.
- Register for Three Years Practical Training.
- Appear in Intermediate Examination after Twelve months of Practical Training.
- Qualify Intermediate Examination.
- Register for the Final Course after qualifying both Groups of Intermediate Course.
- Complete Three Weeks Advanced ICITSS during the last two years of Practical Training.
- Complete Practical Training.
- Appear in Final examination after completion of practical training.
- Become Member



Number and Title of Papers

Foundation Course: Number of Papers – 4

Paper 1 : Fundamentals of Accounting (100 marks)

Paper 2 : Quantitative Aptitude (100marks)

Paper 3A : Mercantile Law (60 marks)

Paper 3B : General Economics (40 marks)

Paper 4A : General English (50 marks)

Paper 4B : Business Communication (50 marks)

Two papers will be MCQ based papers.

Intermediate Course: Number of Papers – 8

Group I

Paper - 1 : Accounting (100 marks)

Paper - 2 : Company Law, Other Laws and Ethics (100 marks)

Part – I : Company Law (60 marks)

Part – II : Other Laws (20 marks)

Part - III : Ethics (20 marks)

Paper - 3 : Cost Accounting (100 marks)

Paper - 4 : Direct Taxes (100 marks)

Group II

Paper - 5 : Advanced Accounting (100 marks)

Paper - 6 : Auditing and Assurance (100 marks)

Paper - 7 : Financial Management (100 marks)

Paper - 8 : Indirect Taxes (100 marks)



Final Course: Number of Papers: 8

Group I

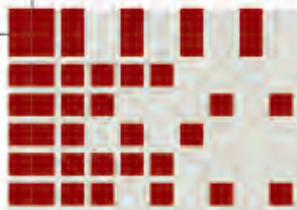
- Paper - 1 : Financial Reporting (100 Marks)
- Paper - 2 : Strategic Financial Management (100 Marks)
- Paper - 3 : Advanced Auditing and Professional Ethics (100 Marks)
- Paper - 4 : Corporate Laws and Other Economic Laws (100 Marks)

Group II

- Paper - 5 : Advanced Management Accounting (100 Marks)
- Paper - 6 : Financial Services and Capital Markets (100 Marks)
- Paper - 7 : Advanced Tax Management (60 Marks) and International Taxation (40 Marks)
- Paper - 8 : Indirect Tax Laws (100 Marks)

Integrated Course on Information Technology and Soft Skills (ICITSS)

- **Objective:** To sharpen the technical and soft skills of CA students.
- **Duration :** Three Weeks
- **Who shall do:** Students registering for the Intermediate course shall be required to do ICITSS before commencing practical training.
- **Assessment Test:** An assessment test shall be conducted at the end of the course which the students have to qualify.

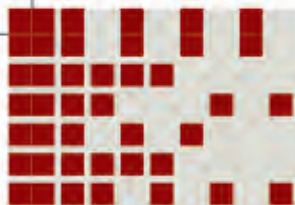


Practical Training

- Duration of Practical Training : Three Years
- Commences after one completes Integrated Course on Information Technology and Soft Skills (ICITSS) and passes at least Group I of Intermediate.
- For direct entrants coming through Graduation and Post Graduation route, the practical training commences immediately after they complete three weeks ICITSS.

Integrated Course on Information Technology and Soft Skills (ICITSS)

- **Objective:** To further enhance the technical and soft skills of CA students.
- **Duration :** Three Weeks
- **Who shall do:** Students undergoing practical training shall be doing this course during the last two years of their practical training.
- **Assessment Test:** An assessment test shall be conducted at the end of the course which the students have to qualify.



Significant Changes & Reasons Thereof

S.N.	Change	Reason
1.	Change of Nomenclature to Foundation, Intermediate Final.	The earlier nomenclatures viz. Foundation, Intermediate and Final are quite familiar and well known to the society.
2.	A Time gap of Nine months between registration and Foundation examination.	Adequate time gap is given so that students get sufficient time to study since the Foundation Course has been made descriptive. Also, there is an addition of full paper.
3.	Foundation Examination will be partly descriptive in nature.	The present MCQ based system for all papers is giving rise to guess work. As a result, even undeserving students reach the next level giving rise to false hopes. It affects the quality of the profession. Moreover, writing skills are not tested under the present pattern of examination.
4.	Foundation Course : Number of Papers – 4 Paper 1: Fundamentals of Accounting (100 marks) Paper 2: Quantitative Aptitude (100 Marks) Paper 3: Mercantile Law (60 Marks) and General Economics (40Marks) Paper 4: General English (50 Marks) and Business Communication (50 marks)	Fundamentals of Accounting and Quantitative Aptitude are raised to full papers of 100 marks having regard to their importance and ensuring strong foundations of CA students. Mercantile Law is for 60 marks as the Contract Act, 1872 will be exclusively covered here. General English and Business Communication added as a new subject seeing its importance in the modern business world and preparing the CAs for tomorrow. This will also provide an opportunity to test writing skills of potential entrants.

S.N.	Change	Reason
5.	Twelve months study period for Intermediate students from the date of registration for the Intermediate Course.	Keeping in view the fact that it is proposed to have Eight full papers at the Intermediate level, the study period has been raised to Twelve months.
6.	Intermediate : 8 papers Group I Paper - 1: Accounting (100 marks) Paper - 2: Company Law, Other Laws and Ethics (100 marks) Part – I: Company Law (60 marks) Part – II: Other Laws (20 marks) Part - III: Ethics (20 marks) Paper - 3: Cost Accounting (100 marks) Paper - 4: Direct Taxes (100 marks) Group II Paper - 5: Advanced Accounting (100 marks) Paper - 6: Auditing and Assurance (100 marks) Paper - 7: Financial Management (100 marks) Paper - 8: Indirect Taxes (100 marks)	The existing Communication paper of 20 marks is proposed to be dropped from the Intermediate level as it is now a 50 marks paper at the Foundation level. Business Laws of 30 marks has been dropped from the Intermediate Course as it is included as a full paper at the Foundation level. Allocation of marks for Company Law has been raised to 60 marks in view of its scope and coverage. Select Allied Laws are proposed to be taught at Intermediate level. Paper on Information Technology (IT) has been proposed to be dropped as there are two Training courses of three weeks each on IT. This would also provide the flexibility to modify course contents to be in tandem with changing environment. Further, it is also proposed to introduce Assessment Test to test the competence of students. Paper on Strategic Management (SM) dropped as many aspects are proposed to be covered in the Integrated Course on Information Technology and Soft Skills. Financial Management and Cost Accounting are proposed to be made full papers of 100 marks each, having regard to their course contents.



S.N.	Change	Reason
7.	Practical Training of 3 years will commence after qualifying either Group I or both the Groups of Intermediate and after successful completion i.e. passing an assessment test of Three Weeks Integrated Course on Information Technology and Soft Skills (ICITSS).	The condition of successfully completing the ICITSS before Practical Training is to ensure that students attain a reasonable level of Technical and Soft Skills required for carrying out their work as CA professionals. The ITT and GMCS have been merged so as to save time, resources and energy of all involved.
8.	The students will have to undergo successfully Three Weeks Advanced Integrated Course on Information Technology and Soft Skills (AICITSS) during the last two years of Practical Training.	The AICITSS will ensure advanced knowledge of Technical and Soft Skills relevant for the profession. Their completion during the last two years will ensure that students get the necessary and useful skills during the course of their training.
9.	Students can appear in the CA Final Examination after completion of three years of Practical Training	This is to ensure minimum interruption in practical training.

S.N.	Change	Reason
10.	Final Number of Papers: 8 Group I Paper - 1: Financial Reporting (100 Marks) Paper - 2: Strategic Financial Management (100 Marks) Paper - 3: Advanced Auditing and Professional Ethics (100 Marks) Paper - 4: Corporate Laws and other Economic Laws (100 Marks) Group II Paper - 5: Advanced Management Accounting (100 Marks) Paper - 6: Financial Services and Capital Markets (100 Marks) Paper - 7: Advanced Tax Management (60 Marks) and International Taxation (40 Marks) Paper - 8: Indirect Tax Laws (100 Marks)	- International Taxation for 40 marks has been added in view of increasing importance of the subject in the present globalized world. - The nomenclature Corporate Laws and other Economic Laws has been kept to make the name more representative of the subject. - The subject Information Systems Control and Audit (ISCA) has been dropped in view of the two Courses on IT. - A new subject 'Financial Services and Capital Market' has been included to make CA more competitive in the finance related areas.
11	To introduce an integrated question covering diverse topics in each paper of Final Examination	It would help testing overall knowledge, understanding and application skills of the students who would be entering the profession in near future.



The Proposed New Scheme of Education and Training for Chartered Accountancy course is being exposed to the public for comments and shall be finalized by the Council of the Institute based on the public comments. Thereafter, the due process of drafting the CA Regulations, taking approval from the Central Government and exposing the draft Regulations to public comments for 45 days would be followed. All the steps would involve considerable time. Once the Scheme is approved, the Implementation Scheme, including Transition Provisions for students of the existing Scheme of Education and Training, shall be formulated. Timelines will be so set that the students get a reasonable opportunity for smoothly shifting to the New Scheme. While formulating the Transition Scheme, reasonable care shall be taken to allow exemption to the students in respect of subjects which they have cleared under the current Scheme. Hence, till such time, students are advised to continue studying regularly as per the existing course curriculum.

At the Helm



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