

From the President



CA. M. Devaraja Reddy
President, ICAI

Words without action are meaningless. Freedom is a gift of democracy and we the people of India have this by the virtue of our Constitution. But when the exercise of our freedom hurts others' interests including their freedom, we certainly need to rethink if the freedom we are exercising is justified, or if our actions need to be reviewed. Freedom is beautiful only within certain precincts and we must define our limits considering others' freedom and interests.

Dear Professional Members,

Quality of professionalism imparts that success emanates as a by-product of righteous work. Let us believe in the Shrimad Bhagavad Gita's sermon: *No one who does good work will ever come to a bad end, either here or in the world to come.* Let us imbibe this perception. Likewise, all of us should acknowledge that we only have the right to work and not to strive for its fruits. We should never act just for the sake of rewards. The Gita teaches us to work altruistically, not worrying about our accomplishments or setbacks.

On 8th March, International Women's Day was celebrated to commemorate the women's relentless fight for equality. India has progressed much on the women's empowerment that has been successfully addressed at various platforms, in both organised and unorganised sectors. Women are portrayed as equally endowed and competent like men in all professions such as teaching, judiciary, politics, scientific research, medicine, engineering, defence, finance, entrepreneurship and so on. I am very happy that a large number of female students are not only joining the CA course, but also doing exceedingly well in the examinations. There are about 3.25 lakh female students presently pursuing the CA course. In the year 2015, about 7,000 female students passed the CA final examinations to join the realms of CA profession.

Prime Minister of India Shri Narendra Modi states: *I salute the indomitable courage and stellar achievements of women. Today, we renew our pledge to make women an equal and integral part of our development journey.* Let us keep working together to create a healthier world for everybody to live in with peace, and walk shoulder-to-shoulder to end all discrimination against women.

Updates on some of the most important developments over the last month are:

Progressive and Growth Oriented Union Budget 2016-17

Union Finance Minister Shri Arun Jaitley has presented a progressive and growth-oriented Union Budget 2015-16, which, I am sure, will pave the way for emergence of a strong rural-social sector, infrastructure sector, finance sector and an overall economically vibrant India. It is welcome that the Hon'ble Finance Minister in his present budget has kept economic targets realistic and has introduced tax reforms to create a more rationalised, simplified and litigation free tax

regime to enhance ease of doing business in India and provide a level-playing field to domestic manufacturers to facilitate *Make in India*. The Budget proposals will not only support the small taxpayers but will also counter tax evasion. On behalf of the Indian Chartered Accountants fraternity, I extend my whole-hearted support to the economic targets of the Government and commit to use our resources, skills and professional competence in achieving the set goals of this year's Union Budget.

- **ICAI Proposals Incorporated in Finance Bill, 2016:** As per our regular practice, we had submitted Pre-Budget Memoranda to the Ministry of Finance to put forward our proposals. These recommendations were largely based on our members' concerns as well as that of our society. I am extremely happy to share with you that, like every year, many of the proposals pertaining to Direct and Indirect taxes were considered and incorporated in the Finance Bill, 2016. A detailed report on those incorporated suggestions has been published on other pages of this Journal.
- **Live Webcast on Tax Proposals of Union Budget:** In order to facilitate the members in discharging their professional duties in a better and effective manner the ICAI has always been proactive in keeping its members abreast with the latest professional developments. As such, Committees on Direct Taxes, Indirect Taxes and International Taxation jointly organised a live webcast to debate on various tax proposals immediately after the Union Budget was presented. Also, the Continuing Professional Education Committee organised a webcast on the critical analysis of the Union Budget. These webcasts were very well received by members.
- **Post-Budget Memorandum:** In line with our practice, we are in the stage of finalising the Post-Budget Memoranda on tax proposals of the Finance Bill 2016, which will be submitted to the Government of India by the end of March 2016. The memoranda will be mainly based on suggestions from our members as received by the Direct Taxes Committee, Indirect Taxes Committee and Committee on International Taxation. I am sure that the Government will find the post-budget proposals submitted by the ICAI valuable and worth considering.

We also welcome the Railway Budget presented earlier by one of our esteemed members, Union

Railways Minister CA. Suresh Prabhu. I am sure, this will go a long way in strengthening the lifeline of our country and ultimately the national economy.

ET Budget Summit

I am happy to share with you that ICAI participated as exclusive knowledge partner at the "ET Budget Summit Analysis - 2016" organised by the Economic Times in Mumbai. The event had august presence of about 150 leading CEO/CFOs from the Industry. The event enabled the ICAI to showcase its knowledge prowess to the industry, regulators and society. ICAI participated in all sessions as Speaker/Moderator or as Panelist. I also made a special address. Central Council Members CA. Tarun Ghia, CA. Dhinal Shah, and CA. Atul Kumar Gupta participated as the Moderator/Panelist in different Sessions of the Summit.

ICAI Suggestions Incorporated in Companies (Amendment) Bill 2016

ICAI has been actively represented on the Companies Law Committee constituted in June 2015 by the Government for making recommendations on the issues arising out of implementation of the Companies Act, 2013. After the due process and deliberations, it has now been decided by the Government to amend the Companies Act, 2013 and to bring out another Amendment Bill, 2016. Through the Companies (Amendment) Bill, 2016, 87 amendments have been proposed. The proposed changes are broadly aimed at addressing difficulties in implementation owing to stringency of compliance requirements; facilitating ease of doing business in order to promote growth with employment; harmonisation with accounting standards, etc. As you may be aware, ICAI has been regularly making representations on the issues in Companies Act, 2013 related to the profession and had also submitted its suggestions to the Committee. I am happy to inform you that a number of ICAI suggestions have been accepted and incorporated in the Bill. These amendments, I am sure, will go a long way in strengthening the corporate sector of the country.

Union Railway Minister Launches ICAI-ARF's Accrual Accounting Project

ICAI-ARF had received the letter of acceptance for the Indian Railway project *Consultancy work of undertaking a Comprehensive study of the existing Cash based Government Accounting system in a Production Unit of*

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Indian Railways (IR) and a Pilot study for introduction of Accrual Based Accounting at Rail Coach Factory (RCF), Kapurthala as an additional set of Accounts. A team from the ICAI-ARF has already visited the Rail Coach Factory in Kapurthala to understand the volume of work. After the ICAI-ARF identifies a local team, the Project work will soon be started. I am happy to inform that the Union Railway Minister CA. Suresh Prabhakar Prabhu through Google Hangout recently inaugurated the pilot study in presence of Union Minister of State for Railways Shri Manoj Sinha and Railway Board Chairman Shri A. K. Mittal, among others.

IFAC Delegation to Visit ICAI in June 2016

One of the core objectives for this year is to firmly establish the ICAI imprint on the world map and fortify ICAI's links with international bodies, global standard-setters and regulators. Being one of the founding members of the International Federation of Accountants, a global accountancy organisation comprising 179 members and associates in 130 countries, our special focus is to showcase ICAI's achievement and its importance to widen its role in global accounting affairs. IFAC President Ms. Olivia Kirtley and its Chief Financial Officer Mr. Russell Guthrie, who were to visit India in March 2016, rescheduled their visit to June 2016. In view of their impending visit, ICAI along with the delegation will be meeting the Indian regulators. I am confident that their visit to India will go a long way in taking our ties to a new level.

ICAI to Host SAFA Board and Committee Meetings in April 2016

I am delighted to communicate that the ICAI will host the SAFA Board and Committee meetings along with the SAFA-IFAC Regional PAIB (professional accountants in business) Forum in April 2106, from 22nd to 24th April to be precise, in Mumbai. Holding the SAFA-IFAC Regional PAIB Forum will give the professional accountants in business and industry an opportunity of direct interaction with PAIB Committee of IFAC among others, while delving upon the vital subjects including governance, internal control and effective business reporting processes.

Edinburgh Group Meeting and IFAC Board Meeting

Recently, I along with other ICAI representatives attended the 2016 Chief Executive's Forum and

got an opportunity to discuss the collaboration on mutual concerns with the representatives of leading accounting bodies of the world. Afterwards, ICAI past-President and IFAC Board member CA. K Raghu joined us on 2nd and 4th March 2016 for the Edinburgh Group and IFAC Board meetings.

We also had an excellent opportunity to deliberate with the leadership of Pan Africa Federation of Accountants, Institute of Chartered Accountants of England & Wales, Chartered Accountants - Australia and New Zealand, European Federation of Accountants and Auditors, Chartered Institute of Public Finance and Accountancy, Chartered Institute of Management Accountants, Institute of Chartered Accountants of Scotland, CPA Ireland, Malaysian Institute of Certified Public Accountants, Institute of Singapore Chartered Accountants, and International Integrated Reporting Council.

ICAI now Associate Member of Chartered Accountants Worldwide

It is my duty to share that, as per decision of the ICAI Council, the Institute has taken the membership of Chartered Accountants Worldwide (CAW) as an Associate Member. CAW brings together leading global institutions of Chartered Accountants to support, develop and promote the vital role that Chartered Accountants may play in economy. During the CAW CEOs and Board Meetings held in February 2016, the Certificate of Associate Membership was awarded to ICAI. I am positive that ICAI will play a dynamic role at the CAW forums and promote the cause of Chartered Accountants.

Meeting of Chairmen of Regional Councils and Branches

Recently I along with the ICAI Vice President had a day-long fruitful meeting with the Regional Council Chairmen in Hyderabad. With an objective to promote amicability and a sense of unity among all regions and the headquarters, the meeting was held to showcase the profession's collective power. I utilised this opportunity to learn from the experiences and expectations shared by all the regions. I also used this opportunity to share the broader aspects of the ICAI vision for 2016-17 with all of them. This thought-provoking and enthused meeting facilitated all Regional Councils to focus and work in a cohesive manner.

ICAI has planned a two-day orientation programme for all Regional Councils and Managing

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Committee members of all Branches to be organised in the respective Regions in the first year of triennial term during March-April 2016 in Kolkata (for EIRC), Silvassa (for WIRC), Bhopal (for CIRC), Tirupati (for SIRC) and at a venue to be decided for NIRC. It is my earnest call to all my Council Colleagues to actively participate in the said orientation programme on both the days to intermingle, reflect their treasured thoughts and ensure the success of the event.

ICAI Industry Placement Initiative

Industry is increasingly putting its reliance in our members and genuinely taking them in their folds to be part of the 'India Story'. This was in ample display during the Campus Placement drive for the 43rd edition of Campus Placement programme held during February-March 2016 across India. This event got noteworthy prominence, as 102 organisations participated in the programme and offered 1,292 jobs so far to our newly-qualified members. Highest salary offered under the domestic posting was ₹21 lakh per annum to three candidates, while under the international posting it was ₹23.54 lakh per annum to seven candidates. Average CTC offered to our newly-qualified members is ₹7.90 lakh per annum. I extend my best wishes to all selected members and appeal to them to keep our professional flag flying high.

ICAI Welcomes Aadhaar Bill, 2016

ICAI wholeheartedly supports the Aadhaar (Targeted Delivery of Financial and Other Subsidies, Benefits and Services) Bill, 2016, which lays the foundation for an efficient mechanism besides containing strong insights to revive credit. This Bill has the ability to create a digital lending architecture that would act as a tactical alternate to the traditional banking system, guard the country against the predominant dispirited inertia and compels democratisation of credit. As a result, the Indian economics will be robust and resilient.

Imminent Opportunities for Members

Indian Accounting Standards (Ind AS): The Companies Act, 2013 mandates certain class of companies to conform with the Indian Accounting Standards (Ind AS) with effect from 1st April 2016. Members have to be vigilant and devote sufficient time and energy to attest comprehensive compliance of the applicable Ind AS to the client companies. In addition,

there are opportunities in advising the corporate sector in the implementation of Ind AS compliant financial statements.

Internal Financial Controls (IFC) Implementation:

The Companies Act 2013 specifies that Companies shall ensure compliance with Section 134(5)(e) relating to internal financial controls. The members have to be watchful in understanding the requirements and assist clients to implement adroitly.

Words without action are meaningless. Freedom is a gift of democracy and we the people of India have this by the virtue of our Constitution. But when the exercise of our freedom hurts others' interests including their freedom, we certainly need to rethink if the freedom we are exercising is justified, or if our actions need to be reviewed. Freedom is beautiful only within certain precincts and we must define our limits considering others' freedom and interests. The Holy Qur'an too advises us to act conscientiously while professing that we are responsible for our actions and duties. It advocates the righteous actions and duly enlightens that those who do so are suitably rewarded and their endeavours are not rejected.

Let all of us work sensibly and virtuously so that the world charts the course of peace and uprightness. Let us remember what Martin Luther King, Jr., had said with conviction: *If I cannot do great things, I can do small things in a great way.*"

I take this opportunity to wish all of you on the forthcoming festivals in the month of April—*Shri Ram Navami* and *Mahavir Jayanti*—and sincerely hope that all of us will celebrate them with verve, reverence and peace.

Jai Hind!

Best wishes,

CA. M. Devaraja Reddy
President, ICAI

New Delhi, 22nd March 2016