



Dear Colleagues,

The month of March has been quite eventful although international events like the Iraq war and sports events tended to overshadow everything else. Nevertheless, as far as our own Institute is concerned, Regional Councils and the Branches carried on their appointed tasks with their usual efficiency and display of commitment.

As I had reported to you earlier, almost all the Committees have formulated their plans for the year and are putting these into practice. The Professional Development Committee took up the matter of getting the ISA qualification of the Institute accepted by the banks and pursued this with the Indian Banks association. As a result, the IBA has written to all the Banks asking them to take all necessary actions so that the ISA qualification gets its due place in the scheme of things. I am happy to inform you that some Banks have already started writing to us asking for Chartered Accountants who have completed the ISA course. I am sure that this trend will catch on.

The Professional Development Committee and the Committee for Members in Industry jointly organised a Round Table Conference of Independent Directors of Banks and Chairmen of Audit Committees of Banks at Mumbai on the 24th March, 2003. The conference was very well attended, with some banks' Chairmen also participating. The issues discussed ranged from the introduction of proper risk management systems in Indian Banks to audit Committee functioning, as well as the implications of the Mitra, Ghosh, and Jilani Committee Reports and the need for information systems security audit in Banks. Participants made valuable suggestions and appropriate actions on them will now be taken. The Council has approved the Supplementary Guidance Note on Bank Audit prepared by the Auditing and Assurance Standards Board. The Guidance Note incorporates the latest changes and prescriptions as circulated by the Reserve Bank of India. I would urge the members to make full use of the Guidance provided while undertaking Bank Audit Assignments during the current year.

Last month, the Committee for Members in Industry organised the first set of Campus Interviews at New Delhi, Mumbai, Chennai, Kolkata, Hyderabad, Bangalore and Ahmedabad. Mumbai recorded the highest number of companies, with 17 companies participating. Although the formal Campus interview season is over, some companies have requested the committee to hold interviews during April and May for them and the Committee has decided to accede to such requests in the interest of young members.

The Task Force for Kerala of the Professional Development Committee organized an All Kerala Chartered Accountants' Conference on Govt. Local Body Accounting/Auditing at Cochin. Members from all the Branches in Kerala State attended the programme. Matters for discussions included the steps that are required to be taken in converting the accounts of local bodies from the present cash basis to accrual basis. Members of the ICAI-ARF team who are involved in the conversion of accounts of the Municipal Corporation of Delhi presented the schematic of conversion based on their experience. The programme was well appreciated by the participants.

The Fiscal Laws Committee conducted a high-level Workshop on the Union Budget 2003-04, on 26th March, 2003, at New Delhi. Eminent members of the Accounting Profession made presenta-

tions on the various budget proposals before the senior departmental officials. The Institute appreciated many of the positive features of the Finance Bill, 2003 like increased standard deductions, rebate for educational expenditure, higher rebate for senior citizens, deduction for physical disability, incentives for coffee industry etc. The fact that major changes have been proposed to be made only prospectively is also a welcome feature. The deliberations, however, indicated a need for modification of the several amendments proposed in Sections 30, 31, 36, 40 etc. The Institute favoured the retention of the existing block assessment system. The detailed memorandum containing these important suggestions would be submitted to the Government.

The Continuing Professional Education Committee has finalised a number of Advisories on CPE. These will be circulated to all Regional Councils and Branches, together with the CPE software on a CD-ROM and the detailed operating manual for it, by early April.

The Western India Regional Council organised a Chat Session with members over the internet. Members enthusiastically participated and speaking for myself, I fully appreciated the advantages of using this technology to be closer to all members.

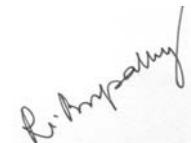
The first training programme for office bearers of the Regional Councils and Branches was held in Mumbai on the 15th of March, 2003. Participants have since informed me that not only did the programme increase fellowship, but it also added value. The interactive learning process contributed to their high level of satisfaction with the programme.

As a member of the education committee of the IFAC, I attended a four day meeting of the Committee in Brasilia, Brazil between 17th to 21st March, 2003. The primary concern of the Committee at this stage related to the formulation of draft Standards covering both pre- and post-qualification stages of professional education in accountancy. The committee also considered certain other major issues including those arising from the Report of the Study on the Impact of Globalisation on Accountancy Education, and the recommendations of the Inter-governmental Working Group of Experts on International Standards of Accounting and Reporting (ISAR) on revision to UNCTAD's Model Curriculum.

When one takes a general overview of developments and initiatives with regard to our profession around the world, two things become very clear. First, there is a global concern on assuring within - profession quality, and second, a desire to anticipate the directions in which business will move during the coming decades. For once, there seems to be some kind of an unwritten agreement among all the accounting institutions that conceptual leaps are now necessary if one has to avoid unpleasant surprises like Enron, in the future.

Obviously, such conceptual advances will have to come from our shared understanding of the directions in which global business practices are evolving. The approach taken has been to tighten existing loopholes in our present systems. This approach is also what is being applied to the areas of continuing professional education, assessment of professional competence and the further development of accounting and auditing standards. This means making more rules and further explaining the applicability of existing ones through prescriptions. On the age-old premise that the tighter the knot is, the easier it slips, an issue could therefore arise whether we are reaching the limit of effectiveness of rules. I would welcome members' perceptions on this issue.

New Delhi,
2nd April, 2003



R. Bupathy
President