

President's Message - August 2024

Dear Professionals,

"Forging a path to 'Viksit Bharat' with innovation, integrity and determination, driving economic and social progress, to build a strong and resilient nation"



As the Union Budget becomes the talk of the nation, its promising statistics spotlight its role in achieving the ultimate goal of Viksit Bharat. With resoluteness and resilience amidst global uncertainties and headwinds, India's economy has transformed into a shining star. This is quite evident from the fact that the real GDP has grown by 8.2% in FY 24 exceeding the 8 per cent in three out of four quarters as per the Economic Survey report released recently.

India's Economic Outlook: Present and Future

From a nation with a GDP of merely ₹2.7 lakh crore, representing a modest 3 percent of the world's total GDP in 1947, India has now transformed into the fastest-growing economy. The real GDP in FY24 was 20 percent higher than its level in FY20, a feat that only a very few major economies achieved, while also leaving a strong possibility for robust growth in FY25 and beyond. The Economic Survey 2023-24 points out that the economy is growing in the right direction, as indicated by economic growth of 8.2%, rising gross tax revenue to GDP at 11.7%, falling Gross NPAs to 2.8%, which is a 12 year low, and retail inflation at 5.4 % which is at a 4 year low since the Covid pandemic period. To achieve the goal of Viksit Bharat, it is equally essential to celebrate our collective efforts and acknowledge the remarkable journey our nation has undertaken.

However, it is important that we continue to undertake reforms to lay the foundation for transitioning towards Viksit Bharat which are necessary in the short-to-medium term to tackle long-term challenges for sustained higher economic growth. Going ahead, the key priority areas to keep up the momentum for a strong, sustainable, and growing economy will be to increase private capital investments for job creation, implement regulatory reforms to address bottlenecks for MSMEs in financing & other areas, harness the potential of agriculture sector as an engine of growth, improve skills of youth to leverage demographic dividend, promote Public Private Partnership for Green Financing, and most importantly enhance the competence of state machinery to execute growth strategy.

An interesting but important finding of the survey was to address the impact of unhealthy habits on the Indian workforce which is going to adversely impact the country's economic potential. I would like to urge my professional colleagues and students to adopt healthy lifestyles and work towards holistic well-being.

I am sure that with collective efforts and collaborations as Team India, going by the growth paradigms and support from stakeholders, and through various facilitations and measures taken by the government, India will be a \$7 trillion economy by 2030 and \$30 trillion by 2047.

Union Budget 2024-25: Advancing Economic Growth

The Union Budget has comprehensively laid down the roadmap for advancing economic growth. The Budget focused on employment, skilling, the MSMEs sector, and the Middle Class setting the stage for sustained economic growth with technological advancements during the Amritkaal.

The proposal outlined by the Hon'ble Finance Minister, such as simplifying the FDI rules, facilitating term loans for MSMEs, and abolishing angel tax will boost domestic and startup industries in the country. The budget's focus on increasing the participation of women in the workforce is also a very welcome measure. Initiatives aimed at skilling and upskilling women, as well as providing support for women entrepreneurs, are expected to enhance economic growth and social development.

ICAI is also very empowered after having every third CA as Woman CA and 43% of more than 9 lakh students as girls.

Simplifying taxes, improving taxpayer services, providing tax certainty, and reducing litigation are the four cornerstones of the tax proposals in this budget. A comprehensive review of the Income-tax Act, 1961 is aimed at reducing disputes and litigation to provide tax certainty to the taxpayers, which is crucial. Additionally, the reduction of TDS rates aligns with the goal of using TDS primarily as an audit trail rather than a revenue-generating tool. The merger of the first regime u/s 10(23C) and the second regime u/s 11 to 13 for charitable trusts will pave way for simplifying the overall tax system for trusts.

The customs duty rate changes proposed in the Union Budget 2024 are designed to boost exports and enhance local value addition and domestic manufacturing, encouraging growth and sustainability. The GST proposals in the Finance (No. 2) Bill, 2024 aim to give effect to the recommendations made in the 53rd GST Council Meeting. Empowering the Government to regularize non-levy or short-levy of tax due to any general practice prevalent in trade is a progressive amendment that will facilitate taxpayers. The new dispensation of having a common time limit for issuance of demand notices and orders in fraud and non-fraud cases in respect of demands from the financial year 2024-25 onwards is a significant move to reduce disputes and bring clarity.

I am happy to share the consideration of ICAI's pre-budget suggestions in the Finance Bill. Suggestions included decriminalizing late payment of TDS if made within the prescribed time, raising the threshold limit for allowable remuneration to working partners, increasing the standard deduction for salaried employees, and elevating the threshold exemption for taxation of long-term capital gains on the transfer of STT-paid equity shares. ICAI suggested that the assessee may be given the option to withdraw the appeal by paying the entire tax due; the entire interest and penalty be waived. It was suggested that this measure would go a long way in bringing down litigation. The re-launch of Vivaad Se Viswas 2024 is a proposal in this direction. ICAI also lauds the proposal to provide a standard operating procedure for TDS defaults and rationalize the compounding guidelines for such defaults.

As we know, the IBC represents one of the most significant economic reforms in our country, and its impact has been remarkable. To date, it has successfully resolved over 1,000 companies, translating into a direct recovery of ₹3.3 trillion for creditors. Moreover, the IBC has led to the disposal of 28,000 cases involving ₹10 trillion prior to even entering insolvency proceedings. The recent reforms aimed at enhancing the efficiency and effectiveness of the Insolvency and Bankruptcy Code (IBC) in India in the Union Budget are essential and

truly praiseworthy. These changes are important for strengthening our tribunals and facilitating a quicker resolution process for those facing financial distress. These developments are promising steps toward achieving the IBC's objectives and can lead to a more robust economic environment. Further, the announcement with regard to the launch of the new integrated technology platform for IBC cases is appreciable which will not only ensure consistency, transparency, and accessibility but also cater to the diverse needs of all stakeholders including Insolvency Professionals, creditors, and debtors.

It is heartening to share that **more than 50% of the Insolvency Professionals are Chartered** Accountants and are registered with ICAI IPA. The Chartered Accountants under the IBC framework are playing a multifaceted role that is crucial for the effective management and resolution of insolvency cases, contributing significantly to the objectives of the IBC in promoting a more efficient and transparent insolvency resolution process in India.

We shall be very soon finalizing the Post-Budget Memoranda on tax proposals of the Finance Bill, for submission to the Government of India. The memoranda will be mainly based on suggestions from our members. Further, we shall be undertaking the Comprehensive review of the Income-tax Act, 1961, and shall be submitting our recommendations/ suggestions in due course to the Government.

The Union Budget 2024-25 is overall a forward-looking budget with significant initiatives aimed at boosting economic growth, fostering innovation, and improving the ease of doing business in India.

75 Years of Trust

We celebrated the Chartered Accountants' Day – 75 Years of Trust, with enthusiasm across the nation and worldwide at all 5 Regional Councils, 176 Branches, and 50 Overseas Chapters, by organizing a series of programs. Starting with the 'CA Viksit Bharat Run' on 30th June 2024, the CA Day celebrations began at the ICAI Headquarters in the morning, where I along with the Vice-President ICAI, President SAFA, President ICAB, and ICAI Central Council members hoisted the flag and paid tribute to our First President CA. G. P. Kapadia in the presence of members, students, and employees of the Institute. Later in the evening, special function was organized at the Bharat Mandapam, New Delhi, where the **Chief Guest** of the occasion, the **Hon'ble Union Minister Shri Nitin Gadkari** graced the celebrations and said: *"Chartered Accountants serve as the growth engines of our nation, essential for multiplying our economic momentum beyond reliance on foreign investments alone. Looking ahead, I believe it's time for ICAI to evolve into the International Institute of Chartered Accountants of India, providing services and fostering global collaborations. Embracing technological partnerships will further enhance our capabilities in delivering world-class financial services."*

On the occasion, we were joined by distinguished guests Shri R Venkataramani, Attorney General of India, Dr. Manoj Govil, Secretary, MCA, and Shri S. Krishnan, Secretary, MeitY, all of them applauded the endeavours of ICAI and inspired the profession with their words of wisdom to continue contributing to the economic development of the nation. On the sidelines, a technical session was also conducted by tax expert CA. (Dr.) Girish Ahuja. Additionally, dignitaries including Mr. Heshana Kuruppu, President, SAFA, Mr. Mohammed Forkan Uddin President, ICAB CA. Prafulla P. Chhajed President, CAPA and Past President, ICAI and Central Council Members presented their views on various aspects affecting economy. A unique attraction of this special evening was the cultural program *"DRISHTI - GARUDA GAMANA"*. Through Indian folk and classical dances, this performance showcased India's soft power, symbolizing its rich and magnificent cultural heritage. The event was a spectacular display of talent, featuring 100 artists who depicted dance forms from various states of India. The event also witnessed the launch of ICAI CA GPT (Beta Version), a revolutionary tool for members with access to 18 specialized GPTs. Further, the cover page of ICAI Vision Document 2049, a blueprint for shaping the future of the accounting profession was released. Several publications were also released on the occasion. A brief report on the CA Day celebrations has been published in the Journal.

Examination Results

The results for the Final and Intermediate examinations held in May 2024, as well as the Foundation examination conducted in June 2024, have recently been released. I am proud to report that our students have achieved outstanding success in these examinations.

In the Final level examinations, 20,479 students have qualified Group I out of 74,887 who appeared for Group I, resulting in a commendable pass rate of 27.35%. In Group II, 21,408 students succeeded, out of 58,891 appeared, achieving an impressive success rate of 36.35%. Among the 35,819 students who appeared for both groups, 7,122 have cleared, with a qualified percentage of 19.88%.

In the Intermediate level, 31,978 students have cleared Group I out of 117,764 students who appeared, resulting in a pass rate of 27.15%. For Group II, 13,008 students qualified out of 71,145 appeared, achieving a pass rate of 18.28%. For both groups combined, 11,041 students cleared out of 59,956 appeared, resulting in a pass rate of 18.42%.

In the Foundation level, 13,749 students have cleared, out of 91,900, with a passing rate of 14.96%. Out of the total students passed 5,983 students i.e. 43.5% are female, an encouraging trend of increasing interest of girls in the profession.

I extend my heartfelt congratulations to all the Final students who have qualified and to the Intermediate and foundation students who are now on path of realizing their dreams.

As Albert Einstein once said, "Failure is Success in progress." No one is a failure in this world. Your determination, vision, and hard work determine your success. Nurturing this philosophy, we have for the 1st time changed the nomenclature of PASS/FAIL to SUCCESSFUL/ UNSUCCESSFUL in the CA marksheet. You may be unsuccessful this time, but with more hard work, you will be successful in the times to come. This is a very positive thought which will motivate the students. The word fail brings negativity, whereas the word unsuccessful brings confidence and determination.

My Best wishes to students for their September examinations for Foundation and Intermediate levels.

Conclusion

At this moment, India is experiencing a significant shift from a developing to a developed nation, with every citizen taking on the responsibility and actively participating in this transformation. Let us operate with conscience, embracing accountability and integrity in all our endeavours to achieve this goal and powerful vision for the future. As the nation strides toward the vision of "Viksit Bharat," ICAI is dedicated to empowering future generations of Chartered Accountants to drive economic growth and innovation, ensuring a prosperous and developed India.

As our ICAI is celebrating its 75 years of Trust & Service to the nation, our nation will Celebrate its 77th Independence Day on 15th August 2024. On this Independence Day, let us be inspired by the words of Mahatma Gandhi 'The best way to find yourself is to lose yourself in the service of others.' Friends, our profession continues to shine and soar high like the mighty Garuda, signifying our very values of Trust, Independence Integrity, and Excellence, to support the ascent of India as Vishwa guru on the global landscape led by the CA Profession. Let us all pledge to continue to build the legacy of our profession and achieve the vision of Viksit Bharat.

Wishing everyone a proud and happy Independence Day.

Jai Hind, Jai ICAI !!

CA. Ranjeet Kumar Agarwal
President, ICAI
New Delhi, 30th July, 2024
