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# ***How ICAI can become 'Vishwa Guru' for the Accountancy Profession ?***

By,

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Views are Personal



# Objective of this presentation is to show

- How the community of Practicing Chartered Accountants stands on the verge of a profound and potentially irreversible crisis, leading to substantial stress and pressure from all sectors of society;
- How minor interventions and the provision of a few tools to solve some problem sets are grossly inadequate to address the significant pain points faced by Practicing Chartered Accountants;
- How it is critically important for the ICAI to formulate a long-term policy and actively participate in developing technological capabilities that can offer transformational benefits to its members;
- How ICAI can draw inspiration from the bold tech initiatives of Government of India, that has transformed the entire public service delivery system and become a global role model;
- How ICAI can play a pivotal role in not only addressing the pain points of its members but also in transforming the way SMBs operate by building a connected bookkeeping ecosystem that can greatly enhance efficiency, transparency, and compliance while empowering SMBs to digital transformation;
- How such a daring initiative is ONLY possible with an active participation of ICAI thereby registering its contribution to nation building at an unprecedented scale during this Amrit Kaal era

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# STATE OF THE COUNTRY



# State of the Country in 2014

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Slowing Economic growth rate and rising unemployment

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Financial Sector issues – Zooming NPAs

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Lack of proper infrastructure for public service delivery

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Corruption and governance issues

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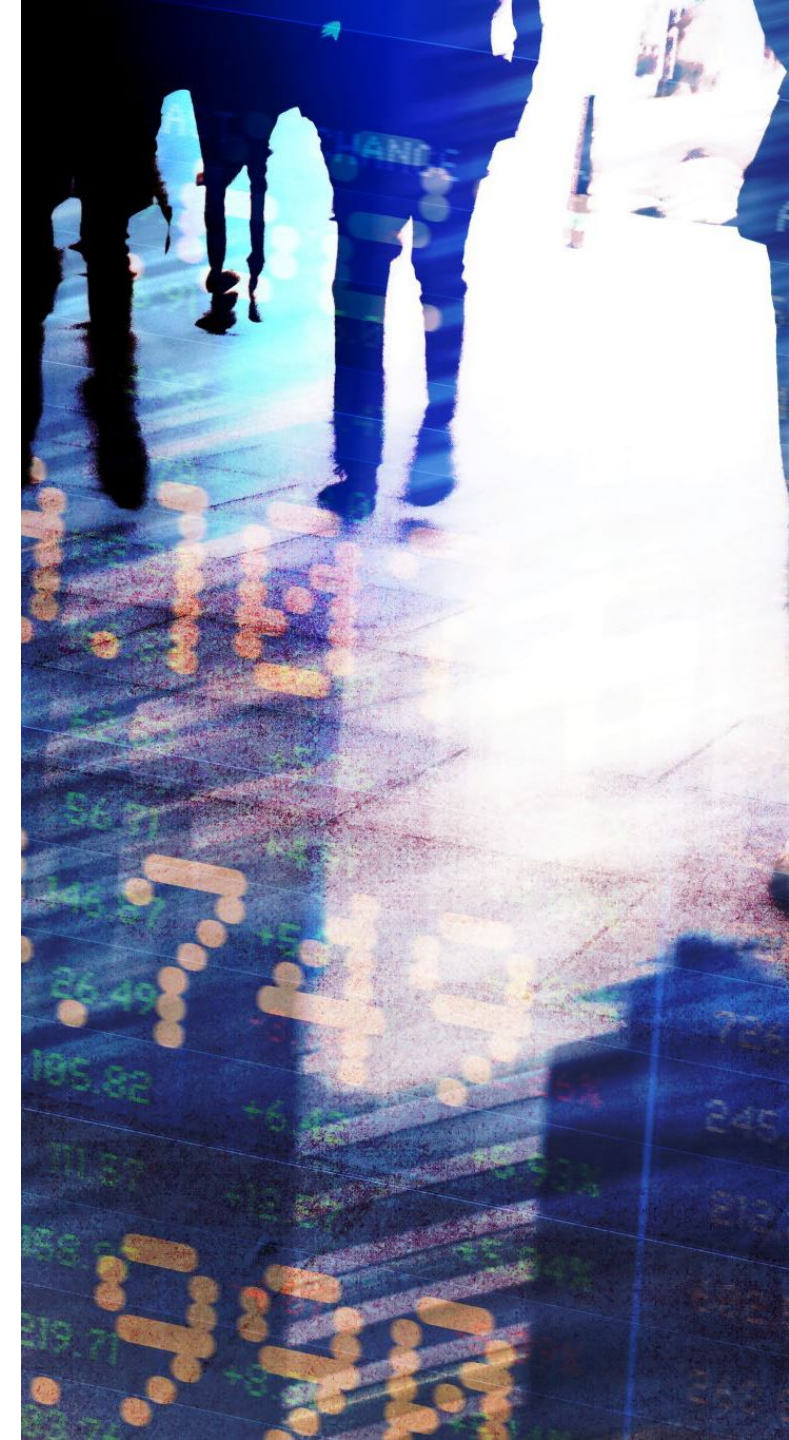
Ambiguous foreign policy and national security challenges

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Languishing as 11<sup>th</sup> largest economy in the globe

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Low public morale



# State of the Country in 2024

- Fastest growing large economy on the planet
- Banking sector at its strongest
- 5<sup>th</sup> largest global economy – poised to become 3<sup>rd</sup> largest before 2027
- Foreign Investment at its peak
- Globally No. 1 in data consumption – lowest in terms of per GB Data cost
- Incredible Startup ecosystem – 3<sup>rd</sup> largest in terms of number of Unicorns
- Significant strides in Education and Skill Development



# What made this possible ?

- Single important reason for such a remarkable transformation is the 'digital initiatives' of GOI;
- Investment by the government in setting up digital infrastructure for public service delivery is seen as the predominant root cause for the social transformation of the country over the past ten years
- Few Incredibly successful digital projects of GOI are JAM framework (Jan Dhan – Aadhaar – Mobile), UPI Payment stack, COWIN, My.Gov, Digi Locker, Digital tax compliance ecosystem, Etc., etc.,
- All these achievements significantly enhanced the stature of India in the World – at least five 'Nation Heads' uttered the word 'Vishwa Guru' over the past year – acknowledging India's stature in the dynamic geopolitics of the world



A close-up, artistic view of a camera lens aperture. The lens is centered, showing the curved blades and the central opening. The background is a soft, out-of-focus bokeh with warm orange and yellow tones on the left, transitioning to cool blue and teal tones on the right. The text 'PURPOSE AND AUTHOR' is overlaid in white, bold, sans-serif font on the left side of the image.

# PURPOSE AND AUTHOR

# Purpose

The Purpose of this presentation is to throw some thoughts as to how ICAI can take a leaf out of this remarkable journey of Government of India, invest in building digital tools that solve the problems of its members as well as the SMBs of the country thereby playing a 'Pivotal role' in India Growth Story to become a 'Vikshit Bharat' by 2047





# About the Author

- The author of this presentation CA S Dhananjayan is a Practicing Chartered Accountant from a mofussil town called Tiruppur in the state of Tamil Nadu
- Qualified in the year 1998 and a partner in a traditional audit practice firm MSS and Co, having extensive experience and understanding of the pain points of SME Entrepreneurs;
- Got a rare opportunity to support the initiative by an incredible tech team of startup founders in their effort at providing automation solutions to the problems of Chartered Accountants,
- The product [www.assureai.in](http://www.assureai.in) is an audit automation tool presently used by over 125+ CA firms across the country – The Committee of Members in Practice @ ICAI has listed this product in the CMP benefits page of ICAI portal;
- Building upon insights gained from this initiative, the author is presenting some of his thoughts as to how ICAI can mirror the 'Digital India' initiatives of the GOI, aiming to emerge as a pivotal problem-solving institution not only for its members but also for the SMEs of the nation, thus offering a Tangible contribution to the Great India Growth Story!

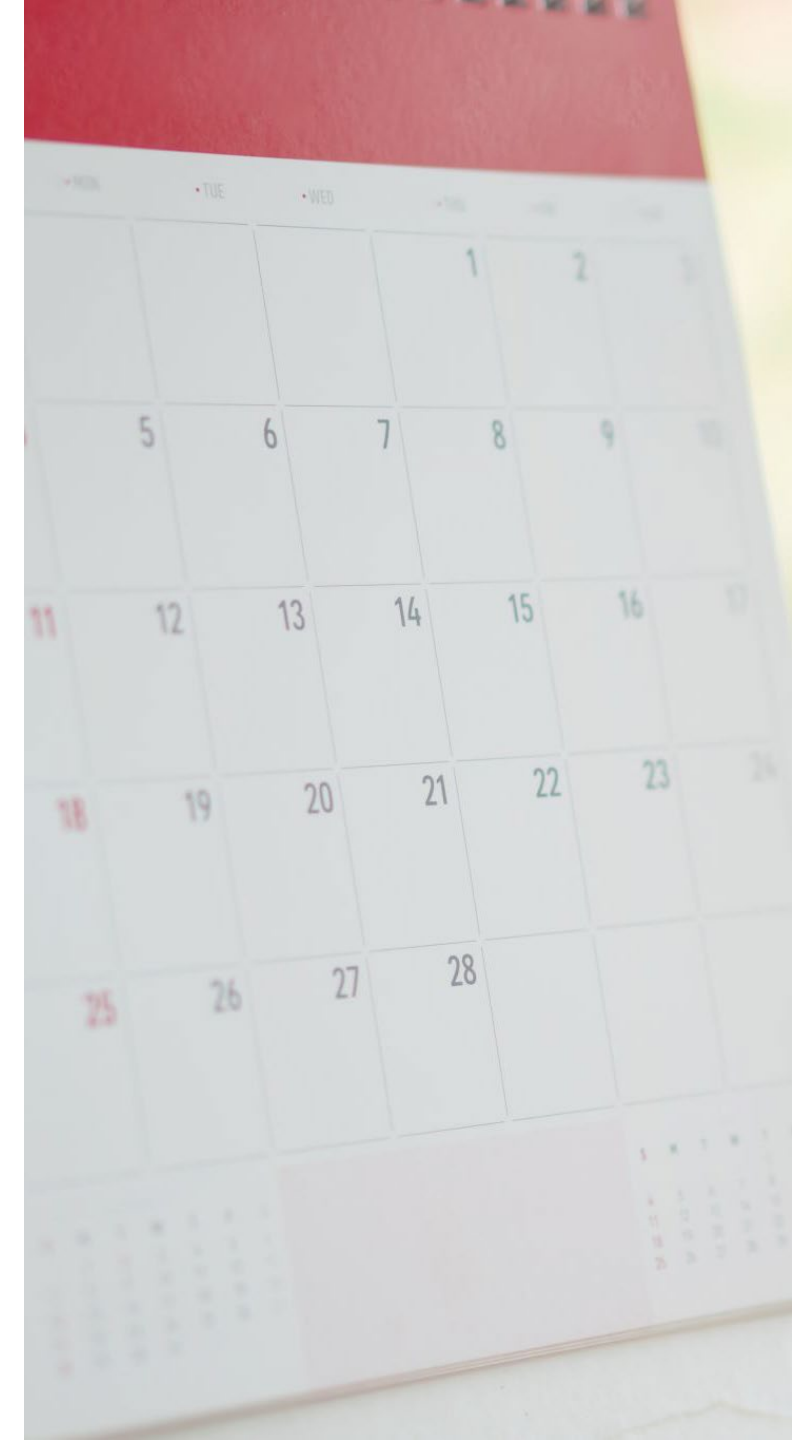


A pair of hands is shown from a top-down perspective, with red string wrapped around the tips of the fingers. The string is intricately woven between the fingers of both hands, creating a complex geometric pattern of overlapping lines and triangles. The background is a soft, out-of-focus grey. In the upper left corner, there is a white horizontal line followed by the text 'CURRENT POSITION OF CA PRACTICE' in a bold, white, sans-serif font.

# CURRENT POSITION OF CA PRACTICE

# State of the Profession in 2024

- There was an incredible presentation by our past president CA. Shri. Nilesh Vikamsey during a WIRC conference in May 2021
- The presentation has succinctly captured the state of the profession in just four slides – with full of data and figures;
- Though the presentation was made in 2021 – the points captured therein are valid even today as hardly anything changed since then;
- With due acknowledgement and respect, we reproduce these four slides which are very much relevant for the current presentation as well;

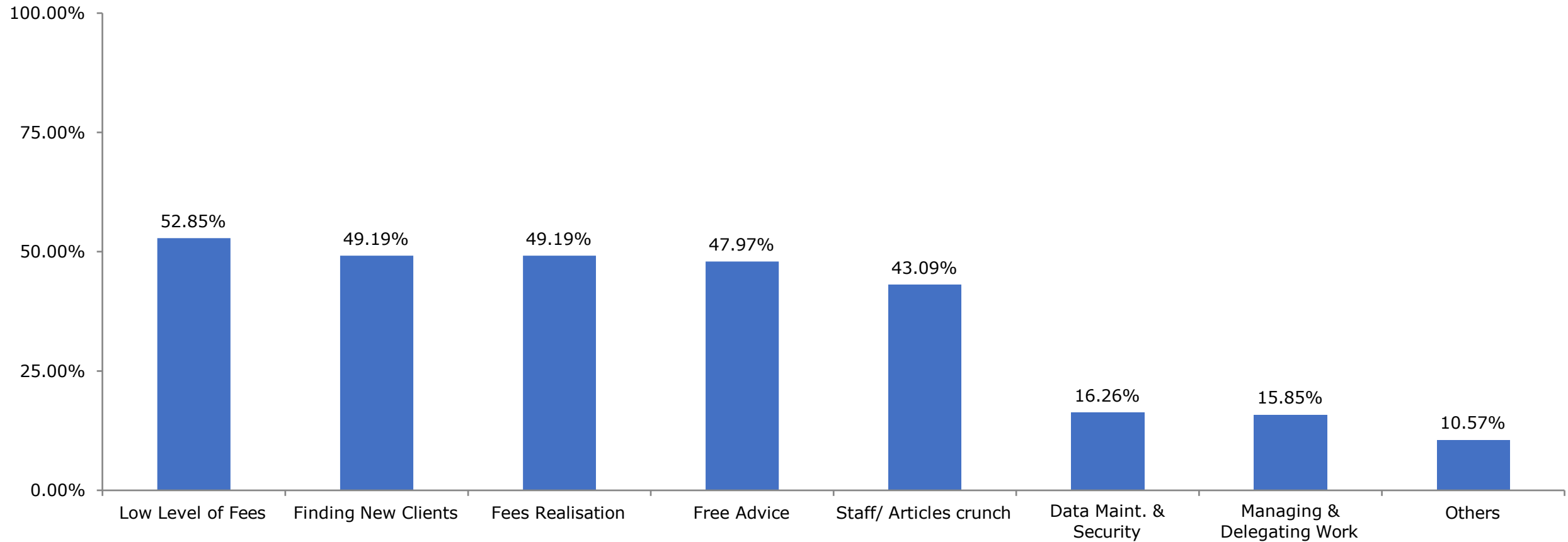


# Current Position of CA Practice

- Risk has gone up substantially
- Several scams have surfaced where CAs are found involved or presumed to be involved
- Increased expectations of Regulators / Stakeholders / Society
- NFRA is set up
- Stiff penalties / regulatory action against CAs
- E-governance in almost all government administration
- Increasing impact of technology
- Constant amendments in GST, Companies Act, Ind AS, Bankruptcy code, Valuations
- Constant changes in practice due to introduction of Rotation of Auditors, UDIN, Valuation rules, Technology etc.
- General Practice vs Specialization

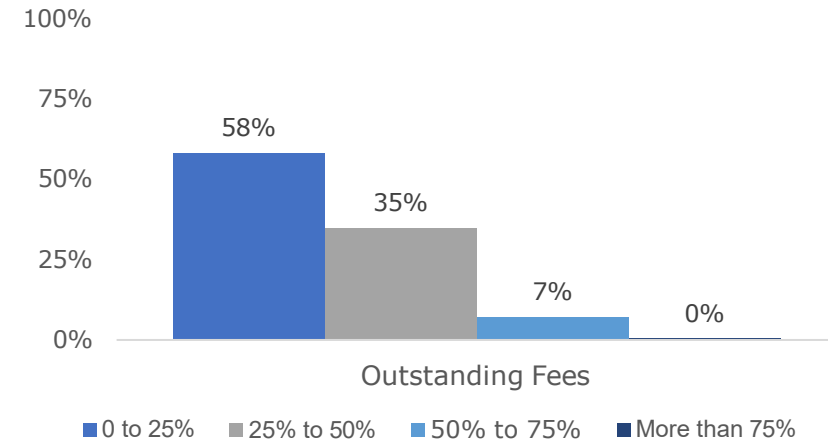
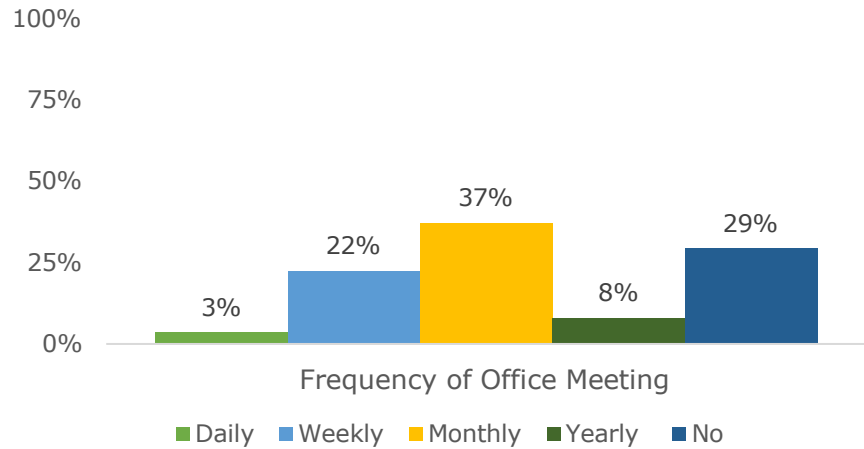
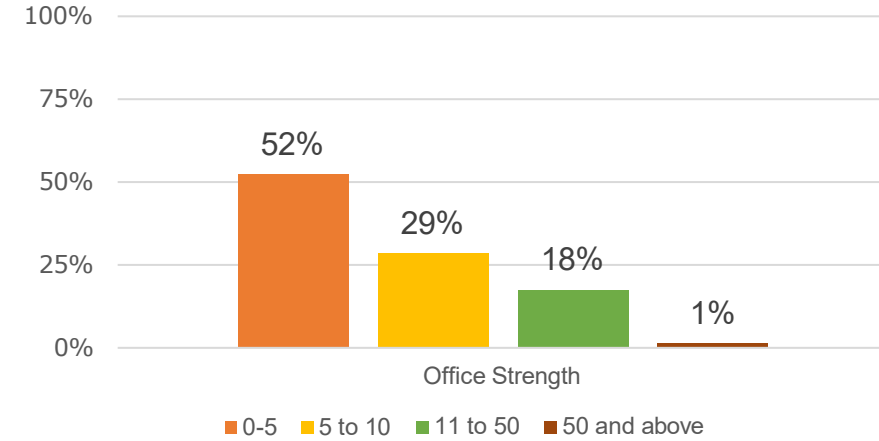
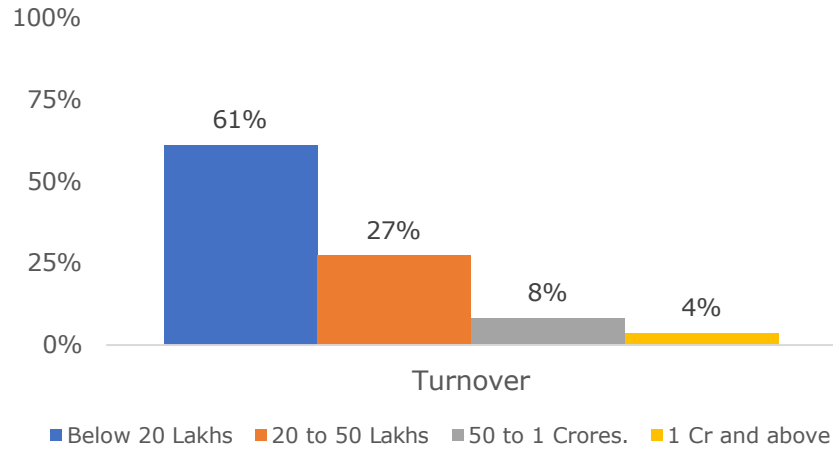
# Current Position of CA Practice

**Main problems and issues you face in your office**



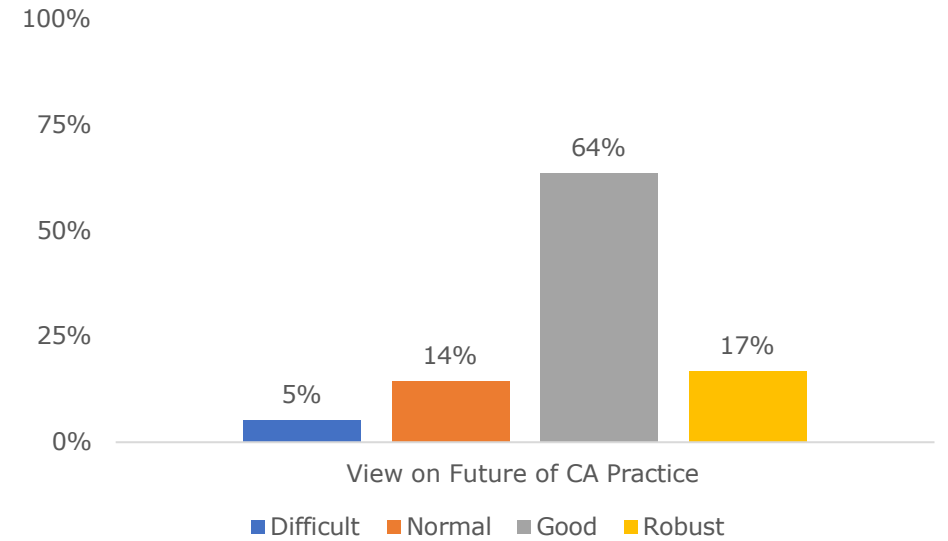
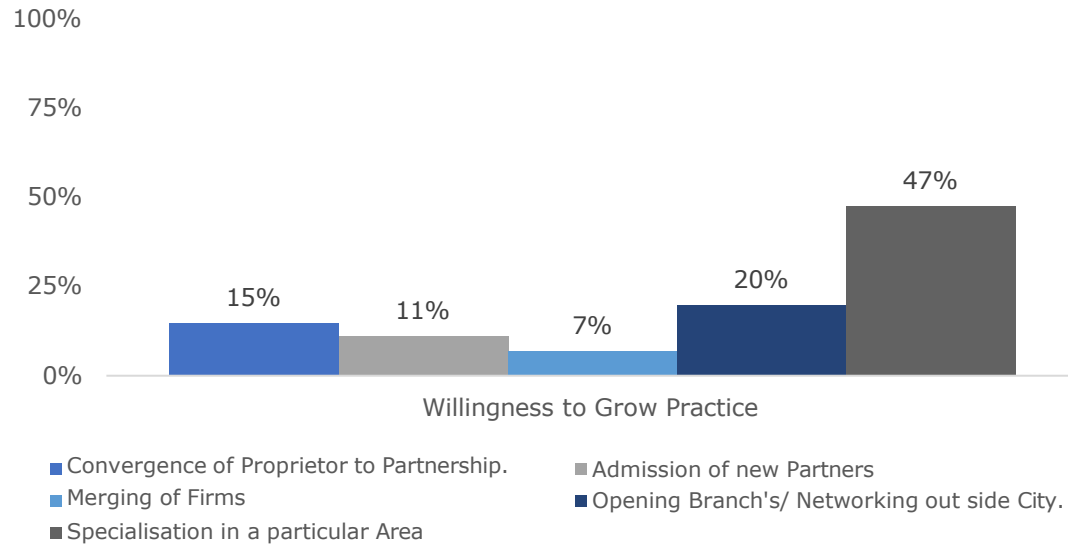
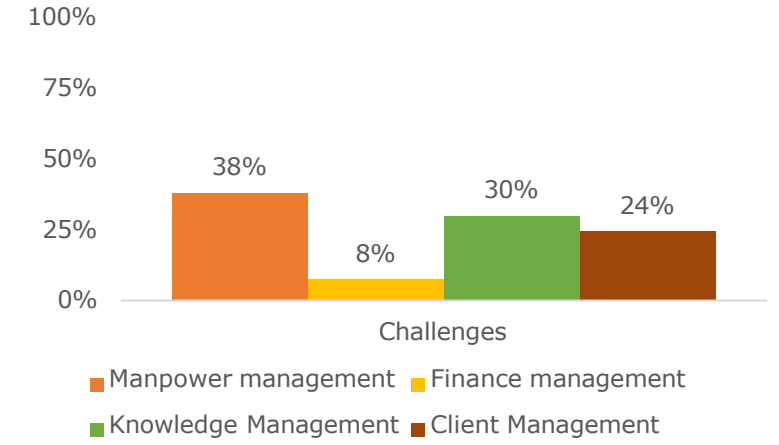
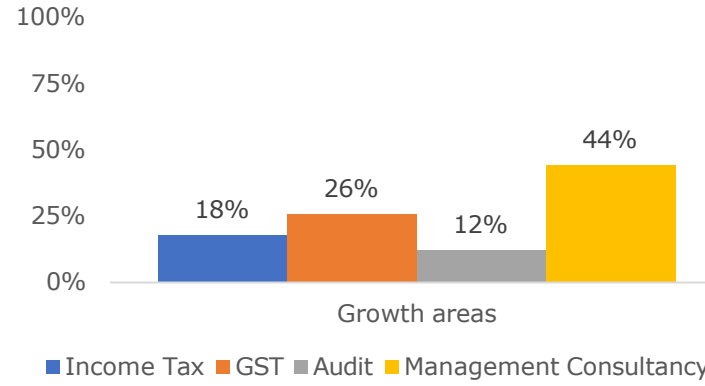
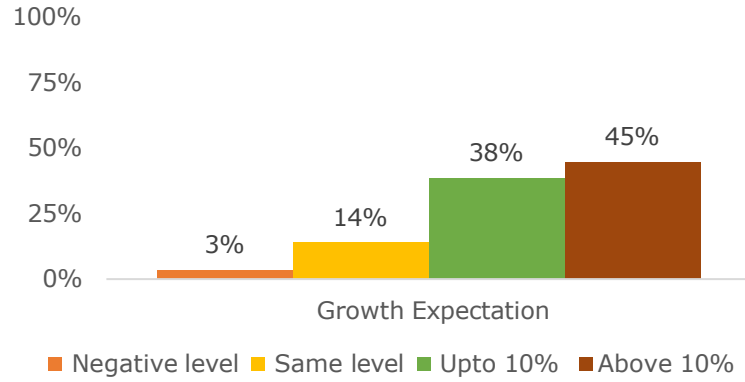
# Current Position of CA Practice

Ref: CA Umesh Sharma Seminar consisting of 10 cities with attendees more than 1000 members



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# Findings

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There are many more insightful information available in this extensive presentation by our Past President – [Click here](#) to download the full ppt;

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As per the dataset presented, 61% of the members got revenue below 20 Lakhs and another 21 % between 20 – 50 Lakhs;

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Apparently, this is a survey done at the aegis of WIRC comprising of members in the Western region - imagine the plight of a CA in some Tier 3 or Tier 4 mofussil center in say eastern or southern part of India;

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81% of the member firms have staff strength less than 10;

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53% says one of the main problem as 'Low level of fees'

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49% says fees realisation is yet another important problem;

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43% says staff / article crunch as a serious problem;

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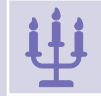
Silver lining – 81% of the members have either a 'good' or 'robust' view on the future of the CA Profession – the 'aspirational class'.





# SOLUTION

# Solution - Technology



Technology is the only possible savior for the professionals in these extraordinary challenging times;



Like how GOI has harnessed the tech capabilities of India to build capacities and solve everyday problems at scale, it's time for a concerted effort to build technology solutions that can solve the problems of the members and their clients;



As Chartered Accountants, we deal with structured data – don't for a moment imagine the quality of bookkeeping of your SME client – the fact that it is in double entry format itself is good enough to call the data structured;



Given this, computers can do magic, if tuned properly, and solve MOST of the problems and produce results and reports at a fraction of the time we generally take through manual 'excel sheet' based methods;



We need not have to talk about AI, ML, Bigdata and all – merely through some basic elementary automation, we can save time of our members and their team as much as 90-95% from mundane repeatable tasks;

# Learnings from experience

- As mentioned earlier, I had the opportunity to work closely with the tech team that has built an audit automation tool.
- The following table will capture the time savings in few of the routine tasks generally performed in an SMP CA firm – as compared to excel / word-based methods

S No.	Description of the task	Estimated time taken using traditional methods (Excel/word)	Actual time taken using automation
1	Opening Balance Verification	30 - 60 Minutes	2 Seconds
2	Grouping / Mapping of Ledgers	2 - 4 Hours	5 - 15 Minutes
3	Fixed Asset Schedule Compilation	15 - 30 Minutes	2 Seconds
4	Ageing Analysis for Revised Schedule III	30 Minutes - 5 Hours	10 - 20 Seconds
5	Financial Statement Preparation	2 - 6 Hours	15 - 30 Minutes
6	Ledger Scrutiny	1 - 4 Hours	20 - 40 Seconds

# Observation



The team @ AssureAI has hardly scratched the surface – but even then, some very good and practical results are being enjoyed by the users of the tool;



There are scores of such use-cases where incredible results could be achieved if only some concerted effort at developing automation solutions is put in place;



It is absolutely possible that, with automation, an annual stat audit assignment which currently takes 30 days for a typical client – could be completed in just **THREE** to **FIVE** days – with a much better quality of work and documentation;



The table in the next slide will list out some of the possible use-cases where tech intervention could result in a substantial savings for the members;

# Possible Use Cases for Automation

S No.	Description of the task	Estimated time taken using traditional methods (Excel/word)	Estimated time after automation
1	Total TDS Compliance Check with Clause 34 of 3CD	3 - 6 Hours	10-15 Minutes
2	GSTR 2A Reconciliation	60 – 90 Minutes	5 - 10 Minutes
3	Total GST Recon - Portal versus Books with Cl. 44 of 3CD	2 - 4 Hours	20 - 30 Minutes
4	Identifying Outliers in a population of financial data	Unknown	20 Seconds
5	Drafting of Partnership Deed	30 - 45 Minutes	3 - 5 Minutes
6	Drafting of MOA / AOA	1 - 2 Hours	3 - 5 Minutes
7	GST Monthly Return Automation	2 - 3 Hours	15 - 30 Minutes
8	Company Law Depreciation	2 - 3 Hours	10 - 15 Minutes
9	Income Tax Depreciation and Asset Addition List	45 - 90 Minutes	5 - 10 Minutes
10	Compilation of Audit Documentation	10 - 15 Hours	1 - 2 Hours

# ICAI'S ROLE



# But who will do all these ?

- It will be puerile to assume that some Infosys or TCS will invest and create a product which will solve the problems for our members – because 100000 CA firms is a miniscule TAM for them to even look at the proposal, let alone spend time and effort
- Also, equally it will be impractical to believe and wait that some startups will provide solution in a platter to solve all the problems of the practitioners – as the pain points of the fraternity are numerous and complex ;
- The days when ICAI can simply refer some tools in its portal or organize some ‘ABCD on technology’ seminars are long gone;
- Also, if we believe things will happen naturally if we will role out some tender document and pay a few crores – then we will only end up with something like our ssp portal.
- It’s high time ICAI should directly play an anchoring role in building digital solutions for the members
- To build this kind of cutting-edge solutions is NOT EASY – it requires concerted effort on the part of multiple stakeholders over a long period of time to achieve the desired results;
- But if done, it can provide the much-needed transformational comfort not only for the members of ICAI but also the industry at large ;
- Members can use the time saved through automation and their niche domain expertise to go and solve real life pressing pain points for their clients;

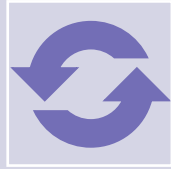
# How can ICAI do this ?

- Given below are some of the ways in which ICAI can directly contribute to the development of digital solutions for the benefits of its membership :
  - Convert Accounting Research Division into a product development wing of ICAI by recruiting tech talent; and/or
  - Invite proposals and develop tech solutions through PPP model (apparently this has been tried before but with little success) ; and/or
  - Create a venture fund and do commercial investment in startups pioneering in providing accounting and audit solutions to CAs and SMEs of the country;

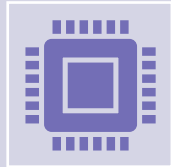




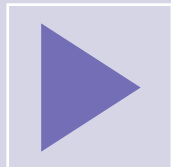
# Critical Starting Point



Let's once again go back to GOI digital initiatives – the fundamental fulcrum for the success of several digital initiatives, especially the QR code-based payment system – is the fact that GOI has established a 'UPI Payment Stack' connecting all the bank servers and created a platform – which the payment apps like Google Pay, Phone Pe and Paytm's of the world could leverage - and unleashed their magic;



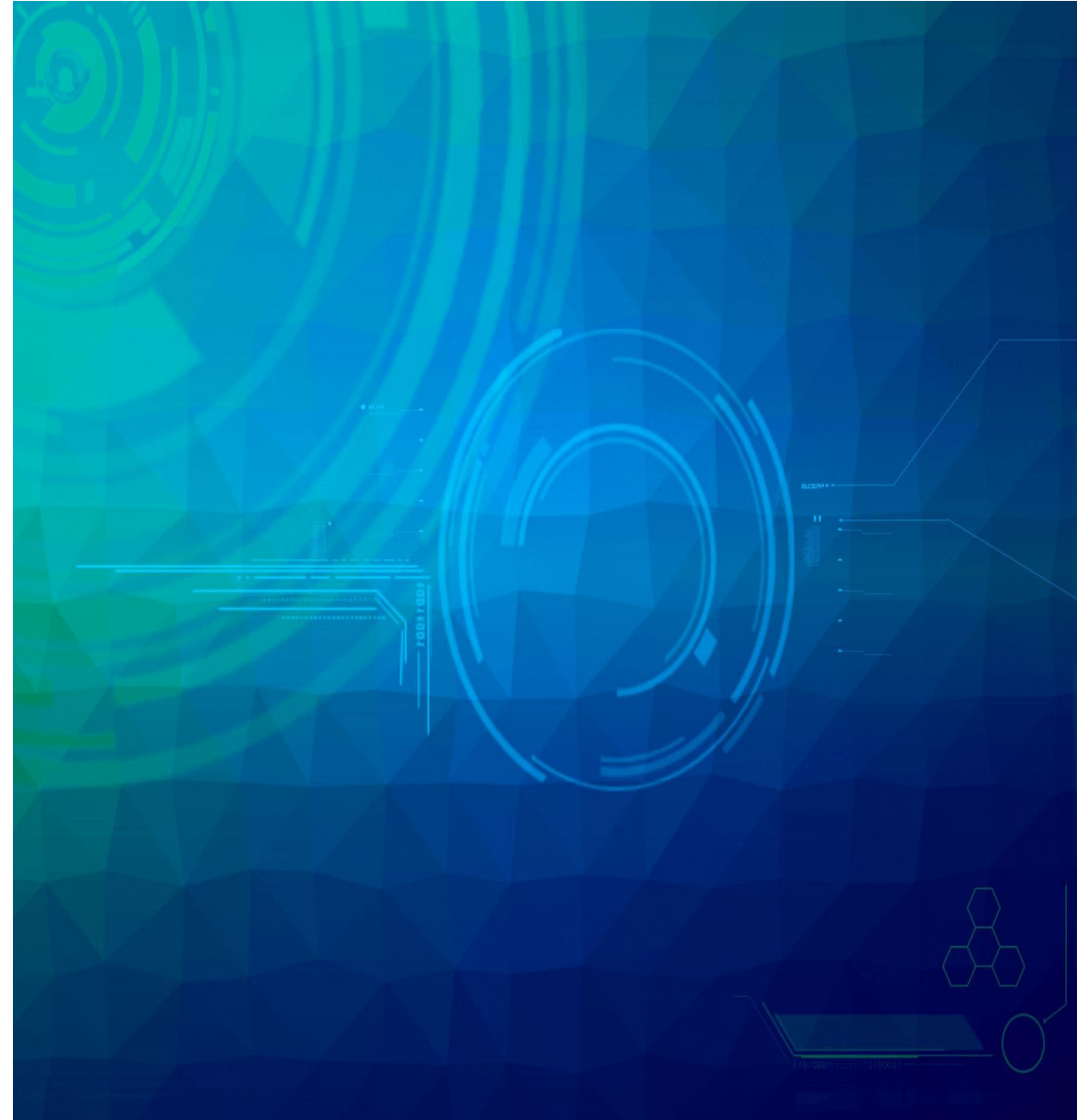
A similar 'critical starting point' for ICAI to activate its digital initiatives is to create 'Data import engines' for various accounting and ERP systems – whereby in a single click, the entire data should be converted into any machine readable format like JSON or XML or the like;



Here, the experience with AssureAI is that they were able to create truly 'Single Click' export engines for both Tally and Zoho Books – where in a single click the entire books of accounts gets exported into a JSON File – which is easily importable into the cloud.

# Single Click Data import engines

- Similar data export engines can be created for major ERP solutions like SAP, Oracle, Navision, Busy and few other leading accounting / ERP Systems
- Structured data import is half the work done – if properly executed, this can open a pandora's box of innovation by our own member fraternity – many of whom are experts in Excel, Power BI and the like ;
- Besides, this can provide a structured input for application developers who can design cutting edge solutions to solve various pain points of the CAs;
- An initiative like this needs an anchor and a Trusted party without which it will not succeed – this is where ICAI can play its pivotal contribution to unleash innovation in the accounting and audit arena;





# **DIGITAL OPPORTUNITY AND PROFESSIONAL DEVELOPMENT**

# Digital Opportunity in the SMB Landscape

- SMBs of India are still wedded to age old solutions and tools to manage their business - Most entrepreneurs do not get the kind of information needed to take 'data driven decisions'
- Lack of wherewithal and inadequate skillset of the employees is the reason why SMBs unable to undertake any digital transformation initiative;
- However, adoption of digital technologies by SMBs can fundamentally change how businesses operate and deliver significant value at scale.
- If there is anyone who can anchor this transition of SMBs to cutting edge digital enterprises, it is the Chartered Accountant;
- With the kind of domain expertise and industry exposure that a CA acquires through practice, CAs are in a best position to help SMBs undergo the digital transformation initiative with confidence.



# Connected Bookkeeping Ecosystem

- But, to achieve this with the kind of tools that are available now will be a daunting task even for a CA;
- It is imperative to create a completely connected bookkeeping, compliance and audit platform – where every stakeholder stay connected, always.
- Once we build a solution like this, then given the kind of membership strength and domain expertise, CAs can play a pivotal role in the digital transformation exercise of Indian SMBs;
- The solution should have all the basic features available in any accounting tool plus :
  - Automatic Scan to entry – eliminate data entry by 90 %
  - Efficient migration framework – 30-minute data migration from any other platform/tool;
  - Framework for connectivity with every stakeholder including CA, bankers, regulators, tax authorities, etc., with custom made UI designed based on 'Need to Know' principle;
  - Useful business insights for the SMB entrepreneur in their Mobile App;



# Why now is the right time ?

- India's economic growth is on path to become an USD 5 Trillion economy by 2027 and a 26 trillion economy by 2047;
- With around 30% contribution to the GDP, MSMEs are on the forefront of this growth story;
- However, with increasing compliances and outdated technology solutions, the ecosystem (SMBs and Professionals) has been struggling to maximize their potential;
- It's time to reimagine the digital tools used by the professionals and the SMBs using latest technology and design a platform that is tailored for ecosystem;
- If only such a result-oriented initiative comes out of ICAI, the stature of the Institute for its contribution to nation building will be much appreciated by the entire country;
- Once such a comprehensive ecosystem is built and tested in India, this can be easily scaled up for the global audience;
- This way ICAI can potentially aspire to become the 'Vishwa Guru' for the Accounting Profession;



# Professional development

- Government of India is taking enormous efforts for improving the lives of MSMEs so as to boost investment in the micro and small segment ;
- Even the recent initiative of 43B(h) of the Income Tax Act is also one in this direction;
- This is because GOI has rightly recognized the pivotal importance of MSMEs in job-creation, especially for rural women and poor;
- Any proactive initiative on the part of reputed institution like ICAI that can potentially enable rapid scale up of SMBs will receive incredible support from the Government;
- Once such a tool is done and some basic training given to the fraternity, ICAI can approach MSME ministry to sponsor a project for 'Digital Transformation of MSMEs' with substantial fund allocation – similar schemes like 'Lean Management' etc., are already available with the ministry;
- This way, ICAI can enable significant professional opportunities to the fraternity – at the same time supporting the initiatives of Government in empowering MSMEs to scale up to the next level;





— TO SUM UP



# To Sum up

- The Chartered Accountancy Practice is currently at a critical juncture, encountering a multitude of challenges and pressures from various directions;
- ICAI can take a leaf out of GOI's digital initiatives and play a pivotal role in building digital solutions for its members;
- Besides, SMBs of the country are also at a cusp of a transition and, with a bit of handholding, capable of going out and conquer the world;
- For this, 'Digital Transformation of SMBs' is critical and CAs are in the best position to help SMBs undergo digital transformation with confidence
- A completely connected bookkeeping, compliance, and audit platform that facilitates connectivity between every stakeholder is the need of the hour;
- The ICAI stands as the only institution equipped to spearhead such a comprehensive and large-scale transformational initiative, thereby playing a pivotal role in the nation's growth and development





**THANK YOU**