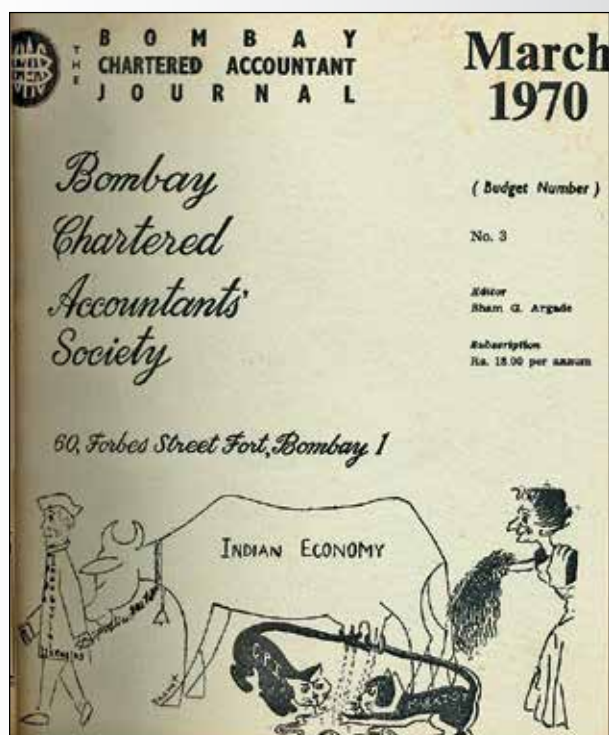


## BLAST FROM THE PAST

*Here is a compilation of material published in Journals of the last fifty years, things that will give the reader a glimpse of richness from the past. Some of it is historical; some prophetic; some display reactions to important events; some insightful; some humorous; but all are inspiring. Reading what was written in the past today tells us a lot about how relevant much of it still is ... a variety of authors, a variety of views, still ring true*

### STARTED IN JANUARY, 1969

The first issue of the BCAJ in its present form was published in January, 1969, the year in which P.N. Shah was the President of the BCAS. That issue consisted of 40 pages and was available for an annual subscription of Rs. 18. Shri Sham G. Argade was the first Editor of the Journal and Chairman of the Journal Committee, with B.C. Parikh as the convener of the Committee, the other members of the



Committee being Haren B. Jokhakar, Homi M. Damania and A.N. Lilani. Given its origins, this first issue of the Journal was devoted entirely to direct taxes.

**Gautam Nayak, "BCAJ – History and Origins," July, 2009**

### JOURNAL TAKEN TO COURT!

I have pleasant as well as not-so-pleasant memories as the Editor. Myself as the Editor and the late Ambalal Thakkar as the Publisher had to face prosecution, as the approval of the name was not there and the necessary declaration was not made as required.

We both had to appear in the First Class Magistrate's Court and plead that this printed issue was strictly for circulation amongst the Members of the Bombay Chartered Accountants' Society and not for public circulation. The Magistrate exonerated us and directed us to make the necessary declaration, after getting the name approved, before the next issue was published.

**Sham Argade, Editor, Flash Back, April, 1993.**

### WHO IS LESS DANGEROUS?

Today, "profit", like "property", has become a dirty word. (Liberty is not yet a dirty word, but it may one day become so.) Most men work for profit, but the profit may be in monetary or non-monetary form. The mistake lies in thinking that those who work for political profit, or for profit in the form of power, are less dangerous to society than those who work for monetary profit.

**Nani Palkhivala, quoted in BCAJ, April, 1970**

### FAVOURITE WHIPPING BOYS...

How many of us are aware that the rulers of this country are proposing to nationalise or semi-nationalise our profession? How many of us are aware that under the garb of rotation of auditors we are being... roped into a permit raj?... Is it a natural thing for the politicians and government to treat us as favourite whipping boys and sniping targets?

We claim ourselves as equal to other professions like lawyers and doctors. But does the public at large take us to be so? On the contrary they consider us as conspirators, allies and fellow-travellers of black marketeers, tax-dodgers, etc.

**Sham Argade, Editorial, July, 1970**

### CHANAKYA'S LIST OF TAX SOURCES

Chanakya devised a taxation system in 300 B.C. with a *Samaha-harta* placed in charge as the administrator of revenue. Chanakya also indicated seven sources of revenue.

These were:

- (1) "Durg" (customs duties were levied on articles and people coming from outside the state; shulka or customs duties were levied on liquor, slaughter houses, oil, ghee, salts, bazaars, prostitutes and their houses, buildings, carpenters, artisans and so on);
- (2) "Rashtra" (levied on income from agriculture, "nazarana", donations and receipts from traders, income from ferry wharves, boats, ships, ports, docks, octroi, land survey fees, detection of robber charges);
- (3) "Khani" (income from mines, gold, silver, gems, precious stones, pearls, metals, salts and other solid or liquid things from the earth);
- (4) "Setu" (earnings from flowers, fruits, vegetable gardens or seed cultivation by wet farming);
- (5) "Van" (forest income including from wild animals like lions, elephants, tigers, deer and other raw products from the forest);
- (6) "Vraja" (income from cows, buffaloes, sheep, asses, camels, horses, mules);
- (7) "Vanikpath" (the income from roadways, waterways).

**Sham Argade, Editorial, February, 1970**

### IS HONEST PAYMENT OF TAXES POSSIBLE?

Lord Sumner has said: "The ways of tax payers is hard and the Legislature does not go out of its way to make it any easier." This pronouncement of his Lordship clearly indicates that there is always a struggle between the tax payers and the Legislature. While a tax payer tries to reduce his tax liabilities, the Legislature always tries to rope in the profits of an assessee and this struggle finally results in new Legislation and new devices. It is only a court that comes to the rescue of the harassed tax payer.

It is in this context that the memorable words of Lord Maugham may be referred to:

"There is always a possibility of finding in the twists and turns of the income tax maze some relief or refuge for the harassed tax payer..."

**D.D. Shah, January, 1969**

### MANGLED, MARRED AND AMENDED

We often hear a complaint that in our country taxation laws are continuously and incessantly being mangled, marred and amended by the legislators. This complaint is largely true and I agree with those who believe that experimentation in taxation laws should not be so frequent, so short-sighted and so short-lived as to rob the law of that modicum of stability which is essential to its healthy growth; but by their very nature the taxation laws cannot stand still.

**Address of the Hon'ble Shri P.N. Bhagwati, the Chief Justice, at the inaugural function of the Gujarat bench of the Income-tax Appellate Tribunal, January, 1969**

### A LOVELY TAX ON BEAUTY!

A Minister from the island nation of Ceylon (now Sri Lanka) had a very bright idea for taxation which was highlighted by the BCAJ. He suggested that money for the benefit of the poor could be raised by taxing women's beauty – and the women themselves should be asked to assess their beauty and decide the tax accordingly.

(However, the Editor of BCAJ had an even better idea. He said that the best way to collect beauty tax would be to ask every man to assess his wife's beauty, in which case he would gladly pay handsomely. And if he did not consider his wife to be the most beautiful of all... then Shakespeare's words would come into play: "Hell hath no fury like a woman scorned!"

(Going out on a limb, the Editor felt that if there was a tax on the intelligence of men, "it would not yield a single copper, at least not in India, considering the way the world is being run!")

**Quoted in BCAJ, January, 1969**

### SCEPTRE OF CORRUPTION

One disturbing feeling, particularly amongst juniors in the profession (is) that the streams of justice are not as clear and unmuddled as heretofore. The highest in the land have spoken about the overhanging sceptre of corruption in the administration of justice. But still, on a personal level, the *joie de vivre* and desire to see new places, climb hills, swim in the ocean and have new experiences remains.

**Sohrab E. Dastur, Senior Advocate, "Now... Is Life Still Worth Living?", Namaskaar, October, 2008**

### TRUE PROFITS OF ENRON ET AL

Fair valuation has brought to the notice of an investor the true profits in companies like Enron, WorldCom and Waste Management in the past, and a host of financial services companies in the current credit market meltdown. This is mainly because over the years, the masters of business have been under acute pressure to show results and the masters of finance have helped them achieve it at any cost.

**Abizer Diwanji, "Fair Value Accounting", November, 2008**



## REMAINING SUCCESSFUL IS TOUGH

It has become more difficult for successful organisations to remain successful. The corporate world is full of examples of companies such as Nissan Automobiles of Japan and IBM of the USA taking a knock... *Arthashastra*, a treatise on economic administration by Kautilya in the 4<sup>th</sup> century B.C., identifies managerial effectiveness as the key element for continuous prosperity and growth of any kingdom. Kautilya identified eight elements for managerial effectiveness: Leadership; Strategy; Structure; Execution; Culture; Talent, Temperament and Technique; Innovation; and Strategic Alliance. Interestingly, these eight elements have also been identified by a study made by the MIT Sloan School of Management of successful corporations in the decade of 1991-2000.

**Dr. Anil M. Nayak, Management Consultant, "Governance – Arthashastra: The guide for managerial effectiveness", November, 2008**

## RE-COVER CONFIDENCE

With a full-day discussion at Lonavala, the Journal Committee has come out with an elaborate plan to give you more and more information. When we think of more and more information, the computer comes in our mind and the computer switches on to Japan.

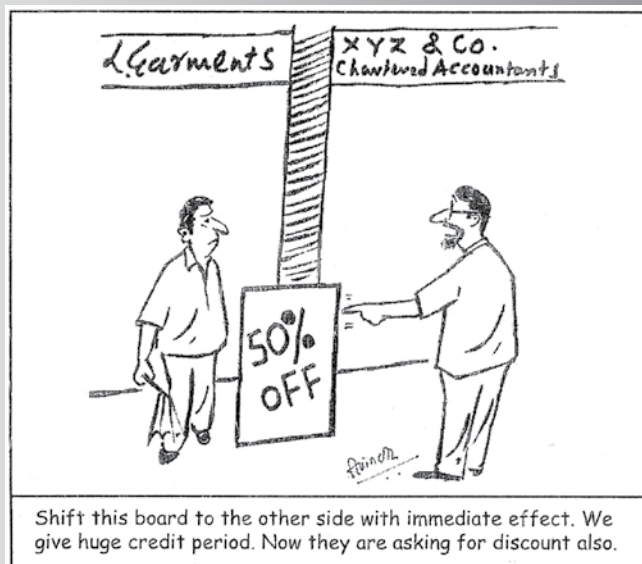
The fifth-generation computer being produced in Japan could compose poems and do many other things which man can do but without any passions and/or prejudices. One way good for a country like India, where passions and/or prejudices take precedence in every matter. The Japanese have taken for granted that knowledge alone would be the real wealth in the coming century. The advanced people will be those who would know a lot. They would not value much the material wealth, in the century to come the real value would be for the knowledge.

**Sham Argade, Editorial, January, 1984**

## FIRST MODERN CORPORATION

The first modern corporation established 500 years ago was the East India Company. No Companies Act existed in those days and any corporate entity could come into existence only by obtaining a Charter from the King. Charles II issued a Charter imbuing life into the East India Company. This company became the first juridical person ever. The Charter contained those provisions that today one finds in a memorandum and articles of association and in the Companies Act.

**Nawshir Mirza, "Corporate Governance – What is wrong with it?", November, 2008**



**Avinash Rajopadhye, May, 2016**

## CAs DON'T RETIRE, THEY FADE AWAY

I heard this one decades ago at one of our conferences: There was a chartered accountant. He was totally committed to his work. He would leave early morning and come back late at night. One day someone told him that while he was sweating away at office, things were going on behind his back in his home... indicating that someone was visiting his house and a clandestine affair was going on behind his back. He was enraged. He decided to put an end to the matter. Next day after leaving home at 8 am, instead of going to the office he climbed a tree in front of his house with a gun in his hand, waiting for 'that' person to come: 9 o'clock, no one; 10 o'clock, no one; but he waited patiently. However, at 12 noon he suddenly realised that he was not even married!"

**Pradeep A. Shah, "Retirement – Chartered Accountants don't retire, they fade away", November, 2008**

## JUST WHAT IS CORRUPTION?

The World Bank defines corruption as 'the use of public office for private gain'. In this sense, only the holders of public office can be corrupt. The Prevention of Corruption Act, 1983 also defines corruption only in the context of cases of public servants who hold public office. Corruption in the private sector is legally considered to be cheating u/s. 420 IPC or criminal breach of trust. Corruption exists in the private sector and the public sector. It is the root and cause of suffering in practically all spheres of our life today. Corruption is therefore a scourge of India.

**N. Vittal, Former Central Vigilance Commissioner, Government of India, "Corruption – the scourge of India," November, 2008**

### HEALTHY TRADITION AT THE BCAS

The more notable feature of the Society was that the President was selected by the Committee of Past Presidents taking into account the erudition and leadership qualities of the person and was respected by the members except on one or two occasions. This healthy tradition is continued till today. There was scope for aspiring members of the Society to work in an honorary capacity as Committee members, Secretary and Treasurer, and also without being members of the Committee.

**Arvind H. Dalal, "Reminiscences of the profession in the Society", November, 2008**

### WHY DO WE COMPLAIN?

Government without treasury is unknown in history. Government raises revenue mainly through taxation or borrowing. Taxes matter both for the government and the governed. We all know we need to pay taxes for public services, but still most of us complain about taxes and avoid them, if possible.

**R. Sekar, Commissioner of Customs, Pune, "GST – Issues and Policies", December, 2008**

### MONEY IS A PROBLEM

We were more than amused after reading articles on "Money" in one investment magazine. The budget fair has now subsidised. Cricket fever come to an end. The after-effects of war on "Money" are going to be significant and it is time to think very seriously about money. We remember our Professor of Economics in a singing mood when he would state in a poetic manner:

*Money is the matter of functions four  
Medium, measure, standard and store.*

It was a good poetic expression to write in an undergraduate examination hall, but in real life, there are plenty of other problems associated with money, and faced by many. These problems are faced by those who have tons of money, and by those whose pockets are empty.

**Ashok Dhere, Editorial, April, 2003**

### OFFSPRING OF THREE PARENTS

If we look at the very genesis of it (corruption), we find that it lies in the needs of our society in general. Corruption is a product of convenience, speed and greed. And probably because it has these three parents, it is accepted at various different levels with every suitable permutation and combination of the three.

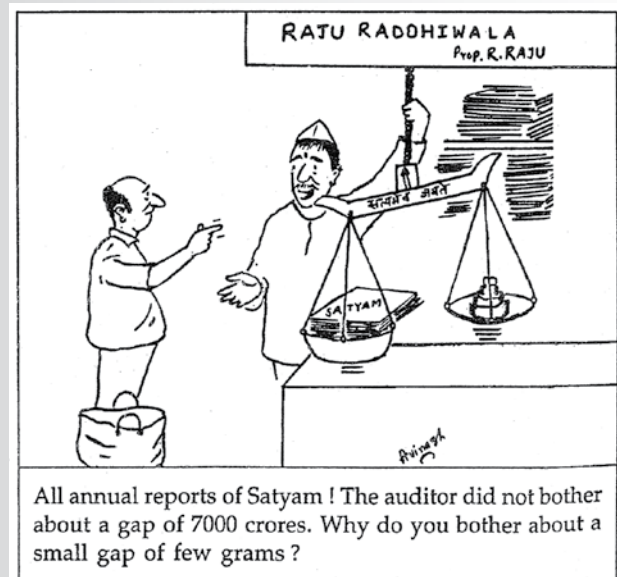
**Readers' Views: Madhav Kanitkar, G.D. Art (Ptg.), Bombay, December, 2008 (Mr. Kanitkar and his Vijay**

**Mudran were the Printers of the BCAJ for several decades)**

### WHEN TRUST IS BROKEN

Recently, I had a powerful experience of broken trust. The people I trusted most broke a commitment. They spoke about a self-created rule on which their actions were based. The same people represented an institution that taught right living, but in action they were not walking their talk. Former US Fed Chief Greenspan wrote: "Rules cannot take the place of character." How true!

**Raman Jokhakar, "The substance our world is built of", Namaskaar, January, 2009**



**Avinash Rajopadhye, February, 2009**

### PRESUMED TO BE GUILTY

There is certainly an overdose of reports, articles, blogs, even Twitter messages, covering the latest buzz or views on the Satyam episode... However, the fact remains that at least at the time of writing this article, which is many days after Mr. Ramalinga Raju's "confession letter", that, except this very letter, there are very little other facts brought out. Even the veracity of the contents of this letter is being questioned by some. However, as is usually the case in Trial-by-Media, many parties have been already presumed to be guilty.

**Jayant Thakur, "Satyam – Is pledging of shares insider trading?", Securities Laws, February, 2009**

### MAKING AUDITORS PROUD

The year 2011 also saw reports of the Comptroller and Auditor-General making news. One must compliment Mr. Vinod Rai, the Comptroller and Auditor-General, for



the excellent work done by him. He exposed major scams, inefficiencies, favouritism and faulty decision-making. In spite of tremendous pressure and criticism, he went about doing his duty. He makes the profession of auditors proud. Recently, he has been appointed by the United Nations as the chairman of the panel of external auditors that audits and reports on the accounts and management operations of the United Nations and its agencies.

**Sanjeev Pandit, "The year gone by", Editorial, January, 2012**

## WE MUST VOTE

If we wish to maintain or improve our lifestyles and those of future generations, if we cherish our freedom, we cannot function in isolation from the society that we live in. We have to contribute to ensuring that the principles that we cherish are protected. We cannot just be passive bystanders. As educated professionals, we owe it to ourselves and to our society to act as a catalyst for change. One of the essential action-points for this is ensuring that we vote in elections.

**Gautam Nayak, "Vote we must!", Editorial, April, 2009**

## WHY HE SOLD HIS FERRARI

This book begins with the story of Julian Mantle, a successful lawyer who quite simply suffers a burnout. He survives a heart attack, drops out of the rat race, sells his possessions – including his Ferrari – and sets off on a journey (albeit to India) to find out life's true meaning. Years later, when he returns and meets his former associate, another advocate, he is a changed man – both physically and mentally. He has learned some valuable lessons from mythical Himalayan sages which he shares with his former associate (and the readers).

**Lubna Kably, Book Review of "The Monk Who Sold His Ferrari" (Author Robin Sharma), June, 2009**

## JUST WHO IS A BRAHMANA?

The Bhagavad Geeta classifies castes (not communities) on the basis of different qualities and actions of a person. According to this classification, a Brahmana, in whatever community the person is born, is one whose wisdom and knowledge is in his nature. Self-restraint, purity, uprightness and wisdom are the qualities of a Brahmana. It is for this reason that in the Indian society all professionals such as CAs, lawyers, doctors, etc. are considered as Brahmana. A CA professional does not own a business or industry, but he does act as adviser of a businessman because of his study and knowledge. For this purpose, he has to keep himself updated in his knowledge as he is in constant touch with his client during his audit, tax and other assignments year

after year. In other words, he has to be a student throughout his life.

**P.N. Shah, "Life of a professional", July, 2009**

## POWERLESS INTELLECTUALS

Today, independent intellectuals are faced either with a kind of despondent sense of powerlessness at their marginality or with the choice of joining the ranks. There is an inherent discrepancy between the powers of the government, public institutions, large corporations and the relative weakness of individuals and all human beings considered to have subaltern status. In this canvas, the professional must represent the unrepresented. His critical sense should not accept easy formulas or readymade clichés or ever-so-accommodating confirmations of what the powerful or conventional have to say. He must not be just passively unwilling, but actively willing to state his case in public.

**Ajay Thakkar, Editorial, July, 2009**

## ITD'S GREAT COMMITMENT

Many years ago, I had stated that while the object of the Income-Tax Act is to levy tax on income and provide for its systematic, fair and timely collection, one of the significant objects of the Income-Tax Department administration is to provide service to tax-payers. This declaration (the "Citizens' Charter" issued by the Income-Tax Department in November, 1998) accepts that proposition. The "Citizens' Charter" states that the Income-Tax Department shall seek to be fair, to be helpful and to be efficient. It is a great commitment.

**Narayan Varma, Editorial, July, 2009**

## CAN TAX ADMINISTRATION NOT BE FAIR?

The new Income-tax Act is likely to be introduced in the next year as per the newspaper and other reports. We sincerely believe that a debate should start as to whether there is any need to have a totally new Income-tax Act, especially considering the standard of drafting we have witnessed in the last more than one decade. We should start this debate before it becomes too late in the day with, of course, some hope that the government will be prepared to consider this very basic issue with an open mind.

**Kishor Karia, Editorial, January, 2006**

## NO FEES, NO RECORDS!

Is it fair that the Charity Commissioner's office does not have a practice of updating the trusts' records? There is just no system for automatic updating of trusts' records at the Charity Commissioner's office. This is peculiar to this office and causes enormous hardship to the honest

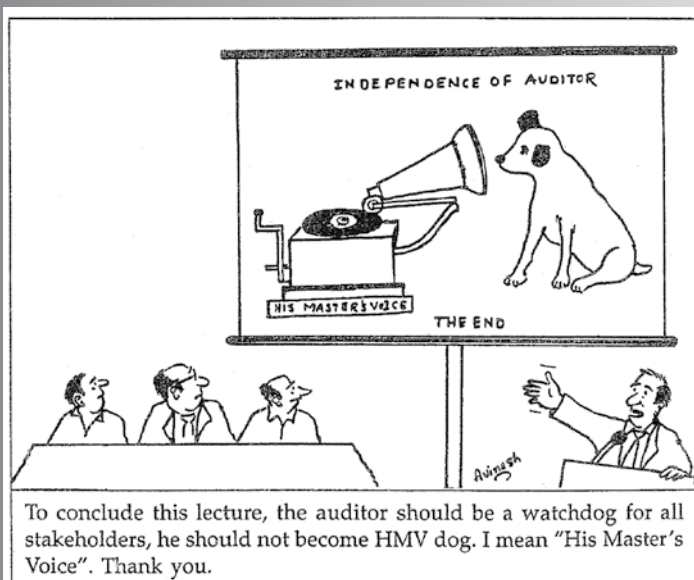
social organisations. Almost all other bodies dealing with registrations of various types of organisations levy a small fee and (although they may take some time) update the changes in details submitted to them in their respective records. The Charity Commissioner's office does not levy a fee – and nor does it update the records on its own.

**Chandrashekhar Vaze, IS IT FAIR?, September, 2009**

### FROM LAPDOG TO WATCHDOG

I had occasion to deliver a lecture in Madras in memory of a great chartered accountant. The chartered accountants in Madras had an annual lecture in the name of Vaidyanathan Iyer. There I pleaded powerfully for the independence and accountability of chartered accountants. It is as important as the independence and accountability of the judiciary. We always talk in terms of the independence of judiciary, but far more strategic is the independence of the chartered accountants. You are inside a machine – the corporate power. And the corporate power governs us all and the integrity of the corporate power can be taken care of only by the watchdog perching inside the whole process and the chartered accountants are therefore the watchdogs. Unfortunately, by some perversion of *dependansia* (sic), some of them assume that you can be made lapdogs. So the change from lapdog chartered accountants to watchdog chartered accountants is a long haul where the law must be used with certain autonomy and is as important as in the case of the judiciary.

**Justice Krishna Iyer, Interview, July, 1993**



**Avinash Rajopadhye, February, 2009**

### AN AUDITOR IS REALLY A JUDGE

A famous Lord Chancellor of England was asked what were the qualities which he looked for in a person before appointing him as a judge. He replied that the man must have three virtues. First of all, he said, the prospective appointee must be independent. Secondly, he continued after pausing for a moment, he must be independent. And finally, he went on, he must be independent. Then, almost as an afterthought, he added: "Of course, the fellow also has a little knowledge of law, that may not be altogether a bad thing!" The above apocryphal anecdote could apply equally to an auditor. This is because a person acting as an auditor, is really a judge.

**Jal E. Dastur, "Philosophy of Audit", July, 1993**



*Accountants never die, they just lose their balance.*

**-July, 1993**

### DOMESTICATED WATCHDOG?

Nearly a century ago, a British judge had said that an auditor is a "watchdog and not a bloodhound". The auditing profession has used that assertion as a shield, while not realising that a domesticated watchdog may gradually forget his true role. What is expected by the public is a guarantee that the accounting statements are true and correct, while what the auditors express is an opinion on the accounts with significant caveats which are not understood by the reader at all. While one fully understands that it is virtually impossible to give a guarantee of accuracy of accounts, given the gamut of complex accounting rules and standards, it is extremely difficult for the user to understand the true import of the "opinion" expressed. This expectation gap must be bridged urgently...

**Anil Sathe, "Auditing profession at the crossroads", Editorial, January, 2015**



## CONTEMPT FOR THE CAG – IN 1954!

**T**he first Prime Minister of Independent India, Jawaharlal Nehru, invited Dr. Paul Appleby, an American who was an internationally recognised authority on public administration, to visit India and review the working of its government.

Dr. Appleby considered the Indian administrator inefficient and lacking in initiative and, in his opinion, the blame for the transformation had, to a considerable extent, to be laid at the door of the Comptroller and Auditor-General of India and the manner in which the audit of governmental activities was carried out by his Department.

According to Dr. Appleby, the fear of audit objections made long after an executive decision was taken in an area of uncertainty, and what was worse, even allegations of improper motivation for such executive decisions, which subsequent events showed to have been incorrect, had the effect of altogether stifling the decision-making processes of the government at the administrative level to a very considerable extent. Dr. Appleby was quite outspoken about his contempt for the role of audit. In fact, he referred to it as “a pedestrian function”.

**H.B. Dhondy, “Is auditing a ‘dirty word’?”, July, 1993**

## WE WILL DELIVER EXPERIENCES

**T**he way forward for the profession to improve financial reporting involves increased awareness of the need for change, experimentation with the new statement and refinement of the proposals in the light of ongoing research. Today’s technology is transforming choice and choice is transforming the market place. The professional of tomorrow will have to be information-literate. Now that knowledge is taking the place of capital as the driving force in economic activity worldwide, it is too early to confuse data with knowledge, and information technology with information. The professional of the future will have to take responsibility for information, because it will be his main tool; he will have to begin with learning what he needs to know in order to be information-literate. The best in the profession by the year 2000 will deliver not just services, but experiences.

**Ajay Thakkar, Editorial, July, 1993**

## PLATO AND HIS ‘REPUBLIC’

**I**t was Plato who said in his “Republic” that philosophers should be kings, and kings philosophers. Drawing on that, it would not make a bad mix if auditors are philosophers and vice versa! Actually, there is no reason why this should not be so, because there is a subtle thread linking the two. A philosopher is always thinking. In fact, if one drops the first

syllable of this word, one would obviously be left with ‘king’ – which, for all we know, may have inspired Plato to formulate the equation between philosopher and king!

**Jal E. Dastur, “Philosophy of Audit”, July, 1993**

## BECOMING SELF-CENTRED

**I** was articled to the late K.M. Vartak, a well-known chartered accountant of his time and I became a full-fledged professional in the year 1955. I have not done too badly as a professional. When I say this, I am reminded of some words of William Hazlitt who, no doubt, uttered them in a different context. He said, “I have wanted only one thing to make me happy, but wanting that, have wanted everything.”

It seems to me his words suggest that a man may think that his needs are limited but, when he labours to see that they are satisfied, his needs expand further and he perseveres to fulfil them and a chain reaction sets in and he becomes more and more self-centred.

**B.K. Khare, “Reminiscences as a professional”, July, 1993**

## DO FACTS REFLECT TRUTH?

- ♦ Do facts always reflect the truth?
- ♦ Do figures always reveal the true state of accounts?
- ♦ Do statistics always offer genuine insight into a problem?
- ♦ But most important: Is it possible to remain a successful professional in an environment that is beset by injustice and corruption, where values are at a discount?

This is where I think we should pause and ponder.

**Prithvi Nandy, “Professionalism,” September, 1993**

## WHAT INTERESTS INVESTORS

**I**n India, shares have typically been valued on the basis of book values, formula-based capitalisation rates and profit estimates. All these methods are largely biased in favour of historical measures and values, the forte of accountants. Each of these methods ignores or understates the fact that the value of a share essentially depends upon the future expected profits, whether by way of dividend yield or capital appreciation. The future is what interests investors and security analysts. Therefore, the value that was determined was almost always at variance with the market prices.

**Vallabh Bhansali, “Valuation of shares,” July, 1993**

## KEEPING OUR HEADS ABOVE WATER

**A**rguably, the biggest problem facing housing finance institutions is the excessively high real rates of interest. For most people, housing is the biggest investment they

will ever make. Even a small change in the rate of interest charges on a loan would mean a large difference in the total amount to be repaid. Housing loans in India are disbursed at fixed rates of interest, for long periods, typically fifteen to twenty years. It is not easy for housing finance institutions to produce funds at reasonable rates of interest for such long periods of time. With the increasing cost of funds, spreads are getting smaller and smaller. Profits are getting eroded. Smaller institutions are finding it increasingly difficult to keep their heads above water.

**Deepak Parekh, "Problems of housing finance", July, 1993**



*"But we are completely satisfied with your money."*

**Vikas Sabnis, July, 1993**

### **'PENNY WISE, POUND WISE'**

The Japanese have altered the well-known proverb, "Penny wise, pound foolish," to read "Penny wise, pound wise," meaning that if you look after the pennies, the pounds will look after themselves. The Japanese management practices, particularly in the accounting field, are believed to be a major factor responsible for their economic "miracle". Unfortunately, these have not received the attention they deserve, yet they hold valuable lessons if only we listen and learn. Paradoxically, there are very few accountants in Japan, a mere 0.05 per million population, against 1.2 per million population in India and USA, and 2.0 per million population in Britain.

**S. Kharbanda and Dr. O.P. Kharbanda, "Penny wise, pound wise!" August, 1993**

### **LIKE LOSING A CHILD**

Here is how Shri J.R.D. Tata poured out his anguish: "It (the nationalisation of Air India which he had founded in the early '50s) was the biggest moral and mental setback I had ever to suffer. I remember saying somewhere that I felt like a parent who had lost his favourite child. I was not feeling upset so much for no longer being the chief executive, as I was sad to see the quality of Air India's service, which I had

assiduously built up over the years to a high standard, slide rapidly downhill."

His anguish over the ruthless bureaucratic suffocation of our controlled economy had abated somewhat when the era of liberalisation was brought about by the present Rao government. He told an interviewer: "I am happy it has happened in my lifetime. Perhaps, I should feel vindicated. I always knew that the socialism which we had adopted, which was based on the British Fabian Philosophy, would eventually fail. But its suddenness surprised me."

The Parsi community has gifted to India many a precious gem – he was truly a Bharat Ratna.

**B.V. Dalal, "Shri JRD Tata... A legend," Editorial, December, 1993**

### **PROFESSION IS A MISSION**

A professional is supposed to have integrity – financial as well as intellectual. If it were only for financial integrity, all our members from the traditional business community would easily fit the bill. However, it is something beyond that – something more, i.e., intellectual integrity. One has to have the courage to swim against the current, to be in the minority, or to stand up and be counted in support of a view which is not popular.

**Vardhaman L. Jain, "Profession is a mission," January, 1994**

### **TAXES ARE THE PRICE WE PAY**

Taxes are a must and must be paid. Taxes are the price we pay for law and order and presumed good governance. The question is – should there be multiplicity of taxes? To some extent, multiplicity cannot be avoided and is embedded in our Constitution. However, is multiplicity to the extent it exists, necessary?

Some of the taxes to which citizens, both corporate and non-corporate, are subjected to are: income tax, wealth tax, fringe benefit tax, securities transaction tax, banking cash transaction tax, VAT, excise duty, customs duty, central sales tax, service tax, property tax, technology cess, land revenue, education cess, repair cess, road tax, road cess, factories licence fees, shops and establishment fees, stamp duty, octroi, registration, luxury...

**K. C. Narang, Editorial, March, 2006**

### **INDIA IS MADDENING**

Our country makes me mad. The oldest civilization in the world and we are still a developing nation! 5,000 years



of history that we are proud of, but a shameful present and a stumbling future! 30 crore Indians are illiterate. That is the entire population of the United States of America! 15 crore are poor. That is more than Japan's entire population. And by the way, the international poverty line is Rs. 90 per day. Which means that when I sponsor dinner to my friends, I spend more in one hour than my poor brother earns in a month! It is 2014, and India has not been able to feed, clothe and house all her citizens. In a completely unrelated story, India has the 6<sup>th</sup> highest number of billionaires!

**Pranav Vaidya, "Reinventing India: A youth perspective," July, 2014**

### BRICKBATS WELCOME

**W**e, at the editorial board, have always welcomed feedback whatever its nature. We welcome the bouquets but are prepared to receive the brickbats as well. We hope this will encourage readers to respond to the journal.

**Anil Sathe, Editor, Narayan Varma, Publisher: Readers' Views: July, 2014**

### RELATED PARTY TRANSACTIONS

**G**enerally, related party transactions are not regarded as mechanisms for fraud and their presence need not indicate fraudulent financial reporting. It is important for the auditor to understand the benign nature of most related party transactions, the differentiating features between benign and fraudulent transactions, and the importance of evaluating a company's related party transactions in light of its broader corporate governance structure. However, at the same time, the auditor should not discount the fact that related party relationships may present a greater opportunity for collusion, concealment or manipulation.

**Bhavesh Dhupelia, Shabbir Readymadewala, "Related party transactions – a potential for abuse?", "Auditing Standards", May, 2014**

### IS IT AN ISLAND OR A BAY?

**A**spate of recent decisions of the Bombay High Court has held that parts of the island city are actually bays. While this distinction may seem semantic at first, it has a great repercussion for the city's developer community. What it does is to open up a goldmine for developers, that too on the waterfront. The Coastal Regulation Zone or CRZ restriction in bays is substantially lower as compared to other places. Let us examine this decision and why environmentalists consider it to be a real bolt from the blue.

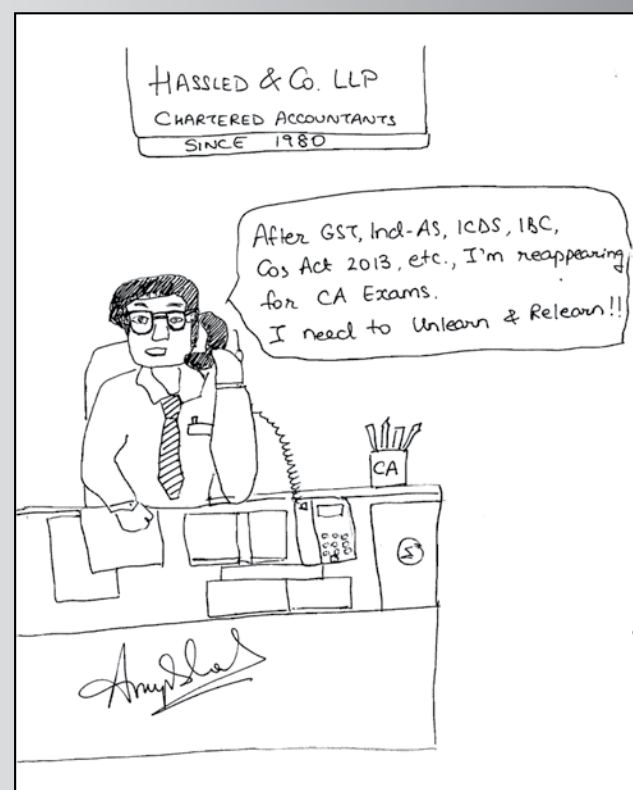
**Anup P. Shah, "Is Bombay a bay?", Laws and Business, February, 2015**

### PRE-PACKED BANKRUPTCIES

**B**ankruptcy got a bad name as a management tool during the 1980s. It was used by many otherwise sound businesses to avoid court-awarded damages or to break unions. Now a popular new variant, pre-packed bankruptcy, looks like making bad worse. Managers who overburdened their companies with debt in the 1980s, but whose firms retain healthy underlying businesses, see it as a cheap and easy way to dump creditors. And in 'pre-packs', managers have an even better chance of holding on to their jobs.

Pre-packs reverse the order of play of traditional bankruptcies. Usually a troubled company dives for protection from its creditors under Chapter 11 of America's bankruptcy law. Then managers and creditors spend enormous amounts of time – and huge sums of money on fees to lawyers, investment bankers and accountants – squabbling about who among shareholders, bankers, bondholders and trade creditors will suffer the most. Pre-packs avoid that squabble: They typically cost a tenth as much as conventional chapter 11 filings.

**"Pre-packaged bankruptcies: Bust today, back tomorrow", Source: The Economist, 15<sup>th</sup> February, 1992; BCAJ, April, 1992. ■**



**Dr. Anup Shah - October, 2017**