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Ref: CAAS/Representations/2018-19/05

Date: 20/11/2018

To,

Shri Jay Chhaira,

Central Council Member,

The Institute of Chartered Accountants of India,

New Delhi.

Respected Sir,

**Subject: Re: Exemplary Penalty for persons representing as CAs**

Greetings from Chartered Accountants Association, Surat...! As a part of its objectives, Chartered Accountant's Association, Surat, a non-profit organization, works for the betterment of Chartered Accountancy profession, more specifically with respect to softer issues like better working conditions and standards for members of Chartered Accountancy profession and overall improvement in the ethical standards of practice, through representation like this.

The present representation is about the persons, who not being Chartered Accountants, represents by one or the other way as Chartered Accountants and who clearly fall under the ambit of Section 24 of the Chartered Accountants Act, 1949, which reads as follows:

***"Sec 24. Penalty for falsely claiming to be a member, etc.***

*Any person who –*

- (i) not being a member of the Institute –*
  - (a) represents that he is a member of the Institute; or*
  - (b) uses the designation Chartered Accountant; or*

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(ii) *being a member of the Institute, but not having a certificate of practice, represents that he is in practice or practises as a chartered accountant,*

*shall be punishable on first conviction with fine which may extend to **one thousand rupees**, and on any subsequent conviction with imprisonment which may extend to **six months or with fine which may extend to five thousand rupees**, or with both*

Hence, as can be seen, the only penalty on being convicted of an offence for first time is merely Rs.1000, whereas for subsequent convictions, the penalty is merely Rs.5000 with 6 months imprisonment. Now, it is not really easy for any person to be convicted by the Court, unless sufficient proof is brought on record, which takes substantial pain and effort. However, on finally convicting after employing much effort, the offender is free to go on a very petty penalty amount as above. Proving that the offence was for second time is an even arduous task. This discourages any person bringing the facts to notice, that any person is practicing in name of CA, from bringing it in a legal way. It is even more discouraging for members of the Institute, since offenders and repeated offenders roam freely with no fear of law and is detrimental to the seriousness of the profession.

4 years ago some of our alert CA members from Surat, had compiled a list of persons who were not members of ICAI, yet used logo of CA and/or used words CA(F), CA(I), CA(Final), CA(Inter), CA(International), and the same was brought to the notice of the Secretary, ICAI. Legal notices were sent to the offenders by the lawyers of ICAI. Finally, all settled down and yet again the offenders have started using same old techniques as above, to defraud the general public and impersonate themselves as CAs, thereby tarnishing the image of CA Profession. At that time, Chartered Accountants Association, Surat was not formed, and we through the menace was only found in some areas of Surat only from where samples were consciously collected. But, when

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we came into contact with various CAs across the City, State and whole of India and even through the use of social media platform, we had visited places across India, which confirms that the sample of Surat is only a small finding. It was the efforts of Active and Alert CA members of Surat that brought things into light, but we found that CA Members across India are still sleeping in ignorance, and fail to report any such findings, even when found, with a sense of discouragement due to law without dent.

The problem as described above, may look petty and futile on its first sight, but it is rotting and tarnishing the image of CA profession slowly and gradually. Persons who are not CAs, solicit work from clients falsely and fraudulently representing themselves as CAs through the use of suffixes (I), (F), (Final) or (Inter), in their professional stationery, sign boards, hoardings, social media accounts, pamphlets and other places. Since not being CAs, they had never gone under the rigorous CA Course. The CA course is designed to combine theoretical study with practical training. The Chartered Accountancy course is considered to be one of the toughest professional courses both in India and Worldwide. As a result, certain unscrupulous individuals intending to adopt shortcut methods of earning handsome fees resort to the illegal use of logos and / or words CA as their qualifications to fetch more professional fees which otherwise would not be available to them for the same work. But finally they fail in delivering their work and also in providing quality of work. This not only creates false impression in the minds of general public of CAs being unprofessional and not delivering work of upto the standards. A pseudo-environment is created in the whole of the accountancy profession thus degrading and discouraging honest CA members. The common most response heard from clients is “Other CAs are doing it.. Why don’t you do..!!!”. CAAS condemns such awkward and compromising situations.

We are not here to complain and/or to follow up the cases of Non-CAs reported to ICAI, but we are seeking remedial action on a macro scale. Whereas, reforms at Macro level are also important, the Institute should also focus on micro-reforms like the one suggested by us. Thus, we hereby represent to increase the levels of penalties for falsely representing oneself as CA by

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amendment of Sec.24 of the Chartered Accountants Act, 1949, through proper mode, channel and due follow-ups from your side. **To set a model, an example we recommend an exemplary penalty u/s 24 of CA Act, 1949 (Penalty for falsely claiming to be a member, etc.) as follows so that no one should ever think of falsely claiming / representing as CA:**

- **First Time Offence: Rs.2,00,000/- to Rs.5,00,000/- (Rupees Two Lacs to Rupees Five Lacs)**
- **Second Time Offence: Rs.1000000/- to Rs.20,00,000/- (Rupee Ten Lacs to Rupees Twenty Lacs) and Imprisonment upto 1 Year**

We hope, our representation would have appraised you in bringing appropriate reforms but across India and bring a sense of strictness in usage of words CA, which are the two words of integrity and independence.

Thanks & Regards,

For Chartered Accountants Association, Surat.

SHAH  
RASESH B

Digitally signed by  
SHAH RASESH B  
Date: 2018.11.21  
16:47:04 +05'30'

President

Digitally signed by HARDIK JIVRAJBHAI KAKDIYA  
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HARDIK  
JIVRAJBHAI  
KAKDIYA

Secretary

**Copy to: -**

(1) The President,

The Institute of Chartered Accountants of India,  
ICAI Bhawan, Indraprastha Marg, Post Box No.7100, New Delhi - 110002

(2) The Chairman, Ethical Standards Board, ICAI,

The Institute of Chartered Accountants of India,  
A-29, Sector-62, ICAI Bhawan, Noida (U.P)

CAAS