

**GOVERNMENT OF INDIA  
CORPORATE AFFAIRS  
LOK SABHA**

STARRED QUESTION NO:485  
ANSWERED ON:29.04.2010  
MULTINATIONAL ACCOUNTING FIRMS  
Gowda Shri D.B. Chandre;Vijayan Shri A.K.S.

**Will the Minister of CORPORATE AFFAIRS be pleased to state:**

- (a) whether a high powered body of the Institute of Chartered Accountants of India (ICAI) probing the Satyam scam has revealed that some multinational accounting firms are circumventing laws while providing auditing services in the country;
- (b) if so, the details thereof;
- (c) whether ICAI has sought details from some Chartered Accountant firms about their arrangement with the international accounting firms;
- (d) if so, the details thereof and the reasons therefor; and
- (e) the action taken by the Government in this regard?

**Answer**

THE MINISTER OF CORPORATE AFFAIRS (SHRI SALMAN KHURSHID)

(a) to (e): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN ANSWER TO PARTS (a) TO (e) OF LOK SABHA STARRED QUESTION NO. 485 FOR 29.4.2010 REGARDING MULTINATIONAL ACCOUNTING FIRMS

(a) & (b): The Institute of Chartered Accountants of India (ICAI) in terms of Section 17(2) of the Chartered Accountants Act, 1949 constituted a fact finding Committee called High Powered Committee to look into the entire gamut of financial reporting, accounting, auditing aspects with regard to Satyam fiasco and suggest changes wherever required for the purpose of making appropriate recommendations to Government, SEBI and other regulators. The fact finding process is on.

(c) & (d): Yes, Sir. ICAI has sought following details from around 150 firms of Chartered Accountants registered with it on the following:-

- i. Agreement/contract with the multinational entity.
- ii. Terms and conditions for usage of name of multinational entity.
- iii. Arrangement for sharing of fees/profit with other Indian CA firms with similar/ identical name and with the multinational entity.
- iv. Arrangement for sharing of human resources and infrastructure with other Indian CA firms with similar/identical name and with the multinational entity.
- v. Details of remittances made to and received from the multinational entity.
- vi. Copy of Partnership deed of the CA firms registered with ICAI with similar/ identical name, as in vogue in the last five years.
- vii. Income-tax assessment orders for the last 3 years in respect of the CA firms registered with ICAI with similar/identical name. If assessment orders have not been received, then to submit computation of income and copies of returns.
- viii. Copies of letterheads and visiting cards generally used.

At present, the aforementioned details are not available on the database of the ICAI, since these have not been called for in the past. These details have now been called for as the Committee has felt that the same would enable it to reach an appropriate conclusion.

(e) The ICAI is in the process of collecting information as mentioned in (c) & (d) above. Upon receipt of the report, the Government would initiate necessary action.