

# Legends from Indian Accountancy Tradition

According to our ancient text the *Taittirīya Samhitā*, we are born with three debts, i.e. we are indebted to our sages, gods and forefathers (ancestors), respectively. According to another text *Śatpath Brāhmaṇa*, there is one more to this list, i.e. the debt to our contemporaries or surroundings. This adds to the aims and objectives in our life, a responsibility that we should try to pay back all such debts in our lifetime. Remembering our past often comes with an act of introspection, and this makes us all the more responsible. We often wish either to continue and grow, or, to change and stop, if we find something meritable, or, unacceptable in our past respectively. History connects us to our past and gives a perspective and sense of direction to our present. It comes with a pinch of responsibility—a responsibility to pass on somewhat stronger heritage to the generation next, than what we enjoyed in our life. This article presents the stories of some of the accounting legends who contributed in strengthening the foundation of accountancy as an academic discipline in India. Read on...

The *Taittirīya Samhitā*<sup>1</sup> informs that we are born with three debts—*ṛṣi-ṛṇa*, *deva-ṛṇa* and *pitṛ-ṛṇa*, i.e. we are indebted to our sages, gods and forefathers (ancestors), respectively. *Śatpath Brāhmaṇa*<sup>2</sup> adds one more to this list of debts, i.e. debt to our contemporaries or surroundings. In principle, therefore, this could be inferred from the explanations that we should basically intend and endeavour to pay back our *sages* first by learning, to *gods* by doing charity with our family members, and to *forefathers* by creating a responsible generation.

Debt to our sages, i.e. *ṛṣi-ṛṇa*, and our forefathers and ancestors, i.e. *pitṛ-ṛṇa*, essentially indicate at our social and academic responsibility. First, we have to learn and, therefore, don't let the chain of learning break at any point of time. Once we learn something from our fathers or ancestors, we have to pass this on to the young, i.e. our next generation, so that the

knowledge continues to grow. As we do this, we pass on a sense of responsibility to the young, and, thereby, get closer to creating a responsible and intellectually-rich generation. We get closer to repaying our debt to our forefathers and ancestors.

When we read history, we can see the link between the past and the present. We can see the meeting ground and the curve of change and development. It is therefore important to know our history. According to an art collector Vithal Kamath, the role of history is to bridge *the gap between grandparents and grandchildren*, and to let the children know that their *ancestors were intelligent and artistic*. Children should understand and know the *rich culture* of their past. Knowing history also helps in understanding how and why we are where we are. Spreading knowledge about the people responsible for providing the backbone to the accountancy profession in India, will help further in creating a contemporary lot of inspired and responsible professionals. Knowledge about the professional intricacies is being transferred to the suitable members of our academic community. Now, all we need after that is to connect them to the past and give a perspective to their knowledge, their vision and objectives in life professionally. The idea is to prepare them to take on the same role of creating a responsible generation next. With time, knowledge of accountancy is getting refined and developed.

If we are responsible professionals, we would be able to see our forefathers and ancestors *vis-à-vis* their realities. It is strange that some of us at times do not

(Contributed by Accountancy Museum of India. Comments can be sent to [accountancy.museum@icai.in](mailto:accountancy.museum@icai.in).)

<sup>1</sup> It is a part of *Taittirīya Śākhā*, a revised version associated with the (*Kṛṣṇa*)*Yajurveda*. Vishnu Puraṇ has attributed the *Śākhā* to *Tittirī*, the student of Sanskrit Grammarian Yāska (5<sup>th</sup>-6<sup>th</sup> Century BC).

<sup>2</sup> It is a prose text about Vedic rituals and human code, associated with the (*Śhukla*) *Yajurveda*.



identify with our past, calling that irrational, negative and dark. But if we actually remove the history from us, we will find ourselves comparable to people of the Stone Age. It is time to express our gratitude to our forefathers and ancestors for what we are at the moment. It is time to be grateful to them and present an example before the young professionals on how to connect to the past, understand the present and set out for a responsible future. And this understanding has to be imbibed by the present and future accountancy professionals to serve twofold purposes: first, the new professionals will never lose track of the vision of accountancy profession and, second, they would not break the chain of repaying their *r̥ṣi-r̥ṇa* and *pitr-r̥ṇa*, i.e. we will always have one or the other generation of responsible professionals ready to work in the professional interests.

Only five Indian firms (K. S. Aiyar & Co., S. B. Billimoria & Co., Batliboi & Batliboi, Basant Ram & Sons, and Cornforth & Mistri) existed at the time of enactment of the Indian Companies Act, 1913, which made it essential for the companies to have persons as auditors as per the requirements of a statutory audit. The number of Indian accountants recognised with full practice was 14. They were K. S. Aiyar, S. B. Billimoria, J. R. Batliboi, N. R. Mistry, S. R. Batliboi, Sorab S. Engineer, A. S. Madon, B. P. Wadia, Vidya Sagar Pandya, Balak Ram Pandya, Babu Madan Gopal, Babu Manmathnath Chatterjee, Babu Debendranath Ganguli and Arni Krishnaswami.

It is important to acknowledge here that no list could be a conclusive one when it comes to name the people responsible for change and growth in a system. While it is difficult to name everybody responsible for growth, the process of extending our sincere regards and accept the indebtedness to, at least, some of them could be initiated. Brief stories of some legends from the accounting tradition of India are presented below, which are actually abridged versions of the detailed stories published earlier in 2010.

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### Shri K. S. Aiyar (1859-1940)

A pioneer of commercial and accountancy education and profession in India in his times, Shri Kalyan Subramani Aiyar, better known as K.S. Aiyar, is worthy of being called the *Father of Accountancy Profession* in India. History of the Accountancy Profession in India acknowledges: *Shri K.S. Aiyar, founder of K.S. Aiyar & Co., one of the oldest firms, is acknowledged on all hands to be a pioneer of Commercial Education in India and his contribution in this field has been significant.* Shri Aiyar served as the headmaster of the first commercial School in India started by the Pachaiyappa College Charities at Madras from 1886-89. He got elected as an Associate of the Society of Incorporated Accountants & Auditors (SIAA) of the UK in 1890. Same year, he published *The Principles and Practices of Book-Keeping*, a textbook on bookkeeping. He set up his own firm in 1900, probably the oldest accountants' firm in India established by an Indian. Starting his practice in Calicut in 1897, Shri Aiyar started a College of Commerce in 1900 preparing students for the London Chamber of Commerce Examinations. Then, he started the first Night School of Commerce in Bombay. In 1912, Shri Aiyar instituted the first Bachelor of Commerce degree in the Bombay University. He established an important education centre of commerce, *Sydenham College of Commerce* in Bombay in 1913 and acted as its first honorary principal too.

Shri Aiyar procured the permission in 1905 from the London Council of the SIAA, to train apprentices of the Incorporated Accountant's education in India for their London examinations. Shri Sorab S. Engineer, the Guru of the ICAI's first President, was the first to serve such apprenticeship in India from K.S. Aiyar & Co. from 1905 to 1908. Shri Aiyar wrote the scheme of the *Government Diploma in Accountancy (GDA)* for the Government of Bombay on the recommendations of the Accountancy Diploma Board to provide the



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eligibility to accountants with *Unrestricted Certificate* to practise accountancy in India, which required a three-year article training under an approved accountant in practice. Holders of GDA were eligible for the award of a permanent *Unrestricted Auditor's Certificate* under the Indian Companies Act, 1913 entitling them to practise throughout the British India.

Shri Aiyar was an elected Fellow and a Senate member of the University of Madras and University of Bombay. He regarded his firm as an educational institution and a medium to further the cause of commercial education and to shape the young and bright mind. He believed in integrity of profession and principle-based services.

### Shri S. B. Billimoria (1877-1958)



Shri S. B. Billimoria

A staunch believer in high ethics and integrity, Shri Shapoorjee Bomanji Billimoria, known to our generation as S. B. Billimoria, was *the first and foremost and the only one of his times who was implicitly trusted, highly respected by the eminent judges of High Courts and was ardently sought for and demanded by those in charge of banking, insurance, industrial,*

*public utility*, Shri Sorabji Engineer recorded. After passing the London Chamber of Commerce examination with distinction in 1899, Shri Billimoria soon established The Commercial Training Institute for Accountancy to provide training in accountancy and commerce. He established his own firm *SB Billimoria & Co.* in 1902. He as an appointed investigator brilliantly exposed the fraud in the notorious failure

of Dwarkadas Dharamsey, an industrialist and one-time sheriff of Bombay, and recommended that audit of companies should be entrusted to management-independent auditors with expert technical knowledge, experience and integrity. His recommendations inspired the Companies Act, 1913 to provide licensing of auditors. Shri Billimoria was appointed the auditor of the *Presidency Bank of Bombay* in 1911, ignoring the presence of professionals like Mr. A. F. Ferguson; this bank was later known as the *Imperial Bank of India* and, then, much later as the *State Bank of India*.

Sir George Rainy, who introduced the Amendment Bill in the Indian Companies Act, 1913 in 1930 to centralise the procedures for granting certificates to the auditors, commented that the Government of Bombay nominated Shri Billimoria as its obvious choice to the Indian Accountancy Board. It kept on nominating him on the Board till its conclusion in 1948. He got elected as a member of the Corporation of Accountants, London, in 1905 and a fellow of the Institute of Certified Public Accountants, London, in 1906. In 1910, he founded the Society of Professional Accountants in Bombay as Honorary Secretary and Treasurer, with Mr. Turner Green as President. In 1914, he became a member of the Central Association of Accountants of London. He was awarded the British Empire Order, MBE (*Member*) and later knighted by the British Government in 1928; he was the only Indian accountant to be knighted.

During 1913-49, ICAI past-President CA. Y. H. Malegam says, *there was hardly any aspect of the development of the profession in which he (Shri Billimoria) was not consulted and in which he did not actively participate.* Shri G. P. Kapadia also records: *...without the mention of Sir Shapoorjee B. Billimoria and of his activities, the history of the profession of Accountants and Auditors would be missing its very soul.*

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### Shri Sorabji S. Engineer (1883-1973)

*Inherent sincerity and nobility* made Shri Sorabji Shapurji Engineer a tower of inspiration to a generation of accountants of his time. ICAI first President Shri G. P. Kapadia recalls him as *a source of inspiration to scores and scores of articled clerks*, since he moulded the careers of hundreds of members. Shri Kapadia considers Shri Engineer his *Guru*. Shri Engineer, after passing the B. A. examination in December 1904, got his three-year (1905-1908) articleship under Shri K. S. Aiyar, and was first article to serve in India under an approved Incorporated Accountant. This provision to serve an articleship in India had become a reality only in 1905. Then Shri Engineer went to London to appear at his Intermediate and Final examinations of the SIAA. He completed the course in 1909 and joined Shri Aiyar's firm and served the same for five years from 1909 to 1914. Shri Engineer founded his own firm in March 1914 in Bombay as well as in Ahmedabad.



Shri Sorabji S. Engineer

In 1910, Shri Engineer had founded the *Association of Auditors and Accountants* in India with other prominent Indian accountant-auditors of his time, which included Shri K. S. Aiyar and Sir S. B. Billimoria. Shri Engineer was contemporaneous with the profession of accountants/auditors enjoying a high status, especially during 1913, i.e. year of enactment of the Indian Companies Act. In 1913, he was appointed the first Professor of Accounting & Auditing in the Sydenham College of Commerce and Economics, Bombay. His job was to prepare the students for the

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Shri Engineer assisted his student Shri G. P. Kapadia in drafting of the *History of the Accountancy Profession in India*, and helped him with many authentic anecdotes and narratives about prominent and towering accountants of the formative era of the accountancy profession in India.

### Rai Bahadur Shri Balak Ram Pandya (1882-1966)



Rai Bahadur Shri Balak Ram Pandya

Rai Bahadur Shri Balak Ram Pandya represented Basant Ram & Sons from Lahore as its senior proprietor, which was *the pioneer and prominent firm of Indian auditors in the Northern India*, according to the History of Accountancy Profession in India. Shri Pandya joined that firm in 1903 and continued to work till

1966, which was established in 1895 by his father Shri Basant Ram Pandya, who was an accountant with the Railways Department of the Government of India. Shri Balak Ram Pandya's name was recommended for appointment on the *Indian Accountancy Board* from the Punjab Region. Shri Balak Ram Pandya also served on the Examination Committee headed by Mr. J. C. B. Drake who was the Chairman of the Informal Committee of the prospective members of the Indian Accountancy Board during its second meeting. Shri Pandya served on the Indian Accountancy Board in its first three constitutions, i.e. 1932, 1935 and 1939. In the first two, he was a nominated member, and in the third one, he served as an elected member. He was a notary public from 1925 to 1960. He was a fellow of the Punjab University (1927-42), and a member of the Managing Committee of Hailey College of Commerce (1927-47), under the University of Punjab, Lahore. He was a member of Panel of Cost Accountants from 1943 to 1947.

During the struggle for dignity by the Indian accountants, and their fight for a (common) designation of *Chartered Accountant*, Shri Pandya very strongly put forth his opinion in favour of the struggle of the



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Registered Accountants. He said that the word *Charter* was not a monopoly of any society or country. He reminded the Accountancy Board in 1939 that one of the goals with which the Board was formed was that the Registered Accountants would be given a Charter. While he showed his disgust at an opinion that *Registered Accountants were lower than Chartered Accountants*, he patiently advised the Board that, if that was true, the level of Registered Accountants must be raised. During his last days, Shri Pandya was the Chairman of the Northern Chamber of Commerce and the oldest chartered accountant in active service.

Having served the profession for 63 long years, Shri Pandya commanded great respect in the Indian Accountancy Board due to his words of wisdom expressed during the meetings. Sir Ernest Burdon, the Auditor General of India, regarded Pandya's statements as exceptionally intelligent and prophetic.

### **Shri G. P. Kapadia (1905-1983)**

Shri Gopaldas Padmasey Kapadia, first President of The Institute of Chartered Accountants of India, is fondly remembered as the father of chartered accountancy profession in India. He presided over the first Council as its elected President, a position that he held for three consecutive years throughout the term of that Council. He served his articleship under Shri Sorabji S. Engineer who he called his *Guru*. Shri Kapadia set up his firm *G. P. Kapadia & Co.* in 1929 in Mumbai. His name was recommended on the Indian Accountancy Board in 1944 and then again in 1947, by the Federation of Indian Chamber of Commerce &



*Shri G. P. Kapadia*

Industry in the non-official category, where he shared space with stalwarts like Shri S. B. Billimoria and Sir Bernard J. Whitby. In a Board meeting in 1946, he expressed his concerns over the automatic recognition of Registered Accountants (RAs) to train the articled clerks. He was appointed a member of *Direct Taxes Administration Enquiry Committee* (1958-59) under the chair of Shri Mahavir Tyagi, paving the way to the evolution of the Income-tax Act, 1961. Shri Kapadia was a member of Company Law Committee too, which recommended changes in the Company Law Act. In 1958, he became the President of Indian Merchants' Chamber of Bombay, which had Mahatma Gandhi as its unique honorary member.

With a vision to bring autonomy to accountancy profession and institution, Shri Kapadia played a key role in the constitution of Expert Committee, which recommended: *The Registered Accountants should in future be designated as 'Chartered Accountants'*. He informed the Committee that prohibition on the use of designation *Chartered Accountant* by people of other dominions was to be taken away. According to Commerce Secretary Shri C. C. Desai, Shri Kapadia *had rendered signal service to the profession and who commanded the unanimous support from the members of the Council and, without doubt, the unanimous support of the profession*. In recognition of his contribution in origin and development of the accountancy institute, two awards, *G. P. Kapadia (First President) Gold Medal* and *G. P. Kapadia (First President) Silver Medal*, were instituted to be given to toppers of the CA Final and First Examinations respectively of the Institute.

Shri Kapadia's authentic *History of Accountancy Profession in India* is still a landmark document in the history of accountancy, i.e. first published in 1973, in the history of Indian accountancy. Shri Desai had said: *...it was with your (Shri Kapadia's) personal cooperation, advice, and guidance that we could give the profession of accountancy a new personality and a dignity from which it was suffering in the past.* ■

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