

# Role of Accountancy in 'Sustainable Development in SAARC Region'

R. Bandyopadhyay

## INTRODUCTION

A common financial market in the SAARC region will be a powerful mechanism to foster economic development and enhance quality of life of the people in our respective countries. Financial markets encompass institutions, financial products, market mechanism and services, which can be convenient tools to build common economic market. The private sector needs to be prepared to benefit and adjust from these developments. The glorified presence of the accounting profession will also be catalytic in taking this regional concept deeper to the corporate sector and financial market within domestic jurisdictions.

## IMPACT OF CLIMATE CHANGE IN SOUTH ASIA

South Asia is one of the most climate impacted regions in the world. Many studies are now available to support that fact. For instance, the World Bank has identified three unique factors that make South Asia vulnerable to the impacts of climate change:

- Poverty and population increase;
- Threats to water supply and agriculture; and
- Vulnerability to natural disasters.

**First**, South Asia has the highest density of poverty in the world. With an estimated 600 million South Asians subsisting on less than \$1.25 a day, even small climate shocks can cause irreversible losses and tip a large number of people into destitution.

**Second**, South Asia is endowed with great rivers, which are the lifelines of the regional economy. The ice mass covering the

Himalayan-Hindu Kush mountain range is the source of the nine largest rivers of Asia, including the Ganges, Brahmaputra, and Indus. Glacial melt coupled with more variable precipitation could severely compromise livelihoods and the future prospects of agriculture.

**Third**, South Asia suffers an exceptionally high number of natural disasters. Between 1990 and 2008, more than 750 million people - 50% of the region's population - were affected by a natural disaster, leaving almost 60,000 dead and resulting in about \$45 billion in damages. As climate-related risks intensify, there will be a need to respond proactively to build resilience through prevention and preparedness rather than through relief and response.

Our leaders issued a Statement on Climate Change at their meeting in April 2010, at Thimpu. They recognise that the Member States of SAARC as developing countries face the dual challenge of addressing the negative impacts of climate change and pursuing socio-economic development. The Statement emphasises the overriding importance of socio-economic development and poverty eradication in our region, and that reducing dependence on carbon in economic growth and promoting climate resilience will promote both development and poverty eradication in a sustainable manner.

These points to the imminence of development strategy that is both sustainable and inclusive. Our governments have to work together to share knowledge, technology, and finance. Work on this is already underway within the

rubric of SAARC as well as various bilateral agreements. This will have to be followed-up with speed and sincerity.

## PRIVATE SECTOR TO EXPLORE SUSTAINABILITY AS A RESERVOIR OF OPPORTUNITIES

Our private sector will have to be engaged, because it is they who seek new opportunities to work on. Sustainability is reservoir of opportunities which needs to be dwelled upon by the private sector. It is important for business to realize that they are held back by the same factors that keep individuals and communities in poverty, which is environmental deterioration, and the absence of adequate infrastructure.

Business can play a crucial role in solving these challenges, and with the right policy frameworks, develop new technologies and business models to meet human needs, drive up efficiency, create jobs and enable broader access to solutions. Business has a critical role to play as an engine of economic growth and employment, and a driver of innovation and technology development.

To achieve all of this it is important for business to move away from business as usual approach. The new way of thinking and doing business is urgent and call of the hour. The new approach should integrate economic, social and environment issues in strategic planning for long-term sustenance.

## FOCUS ON NEW COMPETENCIES NEEDED

India is one of the fastest growing economies of the world and I am

sure that we will be much more integrated with the global economy and will play a major and leading role in terms of trade, technology and investment in the time to come. At the same time the demands of value addition and creative contribution rise as the complexity of corporate affairs grows with International integration. Competencies that are in demand today will become obsolete tomorrow. Therefore, the professionals need to dexterously calibrate their competencies and acquire new ones by being futuristic in their approach because the new emerging world with the high paced growth in Industrial and Corporate Sector would require a large number of experts in Law, Commerce, Finance, Medical, and Space and Energy etc. by 2020.

Most of the companies throughout the world had accepted that business is not just for making money and this is evident through their involvement in various community developmental activities. Many Business firms had realized the importance of using business ethics as a tool for retaining customers and increasing its market share by highlighting the initiatives it has taken for providing a clean environment for the society. Also some companies started using the CSR as a strategy which aims at mutual development of company and the community simultaneously.

#### GOVERNMENT INITIATIVES IN INDIA

In India corporations in past have done a lot on Corporate Social Responsibility front, in the form of philanthropy. However, I believe that CSR is not about charity. It is about inclusive and sustainable growth, taking into consideration the triple bottom line and how businesses can benefit the three pillars, in turn creating value for the nation. To recognise this, Ministry of Corporate Affairs, Government of India has come out with a set of

voluntary guidelines in the year of 2009 for responsible business which will add value to the operations and contribute towards the long term sustainability of the business.

The Ministry has also designed an e-Form enabling the corporate to file their CSR report on the portal of the Ministry. The availability of these reports at a single place will enable the Ministry to take policy decisions on this front and also to showcase the responsible business practices of Indian corporate sector to the whole world.

It is very clear that regulations alone will not yield the desired results. Companies, governments, academia, action groups, think-tanks, all must play a role in helping the business community, which in turn should be more accountable for its conduct and responsible to its stakeholders. We all can do more to improve the business ethics, corporate governance, and social responsibility of the global business community.

Indian industries have realised that other than enhancing shareholder value they also need to contribute to large purpose of societal value. Many people in the business community are beginning to tackle issues of climate change, as a part of sustainable development, head-on as a business issue. Many more are beginning to look to the future and invest in clean energy, energy conservation and efficiency, smart buildings, and green products. Leading companies are appreciating the fact that mitigating climate change risks are also opening doors for climate opportunities. They are realising that the market is changing and the time to act is now.

The common theme about these initiatives is that they not only

enhance the livelihoods of those not included in the formal structure, they also make business sense. They are also illustrations of how business can move towards sustainable future for themselves, of the people and of the nation. It is also important to take a look at the driving force for such initiatives. The guiding force comes from institutions, steering businesses on well mowed path.

#### ROLE OF ACCOUNTANTS

Chartered Accountants and other finance professionals are partners to the nation building and they play a significant role in the economic development of the country. They are the indispensable members who frame the economic policies of the country. That is why the factors affecting the economic policies are included in the curriculum of their courses worldwide generally. They are trained to take appropriate policy decisions according to the changing national and international scenario.

The Accountancy profession occupies key-place in the concept of accountability and transparency in the public and private undertakings and hence this profession of ours plays a vital role in the economic development of the SAARC countries. Therefore, the role of professional accountants from the premier accounting bodies of the SAARC region should be seen in the above context. Bodies like SAFA can play a major role instead of a subdued existence as an ornamental body. SAFA for example can play a major role in coming up with solution framework to issues of addressing the sustainable pricing of infrastructure in SAARC region. This would not be a necessity in other parts of the world.

Basically due to the WTO commitments and the opening up of the Accountancy sector the accountants of the region will face competition from accountancy

firms emerging in the region from other parts of the world. There is a basic challenge in terms of capacity building not only in terms of scale or size but also in terms of competencies and ability to handle global issues. Though by training and exposure we are aware that the accountants of the region are in a world class, they need to become the thought leaders in various areas. We should aim at setting the standards for the globe. Best practices should be picked up

from our region to be followed by the world by bodies like IFAC or IASB or IAASB instead we becoming the followers. This should be the vision of bodies like SAFA.

#### CONCLUSION

Finally, I would like to sum up that **developing a vision** and an **understanding of your organisation's competitive edge, understanding the world you're in now, and planning to**

**implement your vision within that changing world, are three steps of strategy development** capable to be translated into sustainable development equally applicable to our respective jurisdictions. CSR issues are changing the way that managers are using business strategy tools in each of those steps and surely such events shall contribute the world society to achieve the targets.