

# Why does India require CPA's

CPAs are Certified Public Accountant who after having passed a four part exam administered by AICPA (American Institute of Certified Public Accountants) and met work experience requirement, earn their title and license to practice from one of the 50 states of United States of America. CPA are accountants and trusted financial advisers for individuals and businesses who help them plan and achieve their financial goals. Additionally one of the primary functions of a CPA is to provide assurance services, such as financial audit services whereby a CPA would attest that the financials adhere to US GAAP and are reasonably free from material misstatements.

While functioning or role of CPA is the same as an Indian CA, CPA is a profession that is recognized on a global platform. Initially when companies from the US and other global economies were established in India, they hired Indian CAs to meet the compliance requirements of SEC (Securities Exchange Commission of US) and security regulations of other countries. Even Indian companies with a global presence depended on the Indian CAs to meet their global compliance requirements. Even though the Indian CAs received on the job training to produce financials as per US GAAP and IFRS standards, it was challenging for them to meet and keep up with the complex and changing requirements set by SEC.

Additionally any financial reports or SEC documents in US GAAP prepared by them lacked credibility which only delayed proceedings and caused a lot of frustration among companies. This is where CPAs came into the picture. Qualified CPAs not only had the knowledge of US GAAP and IFRS but also have the ability to lend credibility to the prepared financial statements and in meeting the requirements set by SEC. With the increase in F&A outsourcing (Finance and Accounting) to India in the recent times, the need for qualified CPAs has increased multi-fold. Currently CPAs are required in US Consulting firms that have set-ups in India (called the big 4: Deloitte, WC, E&Y and KPMG). CPAs are also required in product and service industries outsourced by multi-nationals such as Amazon. Last but not the least Indian companies with US presence such as Wipro, Infosys and Reliance also need CPAs to prepare financials and provide assurance services according to US GAAP and SEC requirements.

The above trend is an opportunity for Indian accounting graduates to pursue a certification that gives global recognition and with it a lucrative salary base. Indian CAs

are at a unique advantageous position to pursue CPA because they already have the knowledge that a CPA has and all they require is the credibility which they can achieve by writing the 4 part exam and getting the license.