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Hon'ble Prime Minister of India

Date: 31.03.2018

New Delhi

Subject: Suggestions to have effective control over Financial Frauds and Proper utilization of funds by business community.

With respect to the above referred subject, please note the following:-

- 1) A business is exposed to a number of risks and many times it fails for the reasons beyond the control of the businessmen, inspite of his best efforts, acumen and efficiency.

Beyond the above generality, unfortunately some businesses face failure due to the wrong doings and lack of discipline on the part of the businessmen.

- 2) Normally, the reasons leading to mismanagement of funds are losses in the business, diversion of funds for personal purposes and uses of funds for unintended purposes like unreasonable expansions/ diversifications etc.
- 3) If the businessmen come across any of the reasons explained in Para 1) above, he/ she starts manipulating the accounts mainly by overvaluing stocks, booking false expenses, showing unreal income, creating artificial deposits/advances etc.
- 4) The mismanagement of funds becomes easily possible because the physical funds, the discretion to use them as well as the presentation of accounts are within the domain of such businessmen.
- 5) Now, the moot point is how to effectively monitor and control the discretion of the businessmen, so that the chances of his misusing the funds are minimised?
- 6) One of the effective solution can be appointment of 'Chartered Accountants' as regular financial controller to watch and ensure that efficient '*Checks and Balances*' system is established in such businesses and regular reporting of any such behaviour is made to the concerned appointing authorities like Banks and other financial institutions and/or regulatory authorities like government/RBI/SEBI etc.

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Needless to say, that CA's with their large number of over 2.5 lakhs, with the mission of 'Nation Building', working under the control of ICAI and the Government of India and having excellence in the field of accounting, financial monitoring and control, can do the job effectively and efficiently.

- 7) It is my earnest belief that if the system suggested here is religiously implemented, then no doubt it will not only help to grow businesses and CA Profession but also protect the public money and ultimately resulting into the national growth.

Yours Faithfully

CA. Rajendra Goyal