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Institute of Chartered Accountants of India (ICAI)

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Institute of Chartered Accountants of India (ICAI)

ICAI is the body set up by law that decides who may call themselves a Chartered Accountant in India. The name stands for Institute of Chartered Accountants of India. It runs the route to becoming a CA.

1 What is the ICAI?

ICAI stands for the Institute of Chartered Accountants of India. It is a statutory body set up by the Chartered Accountants Act, 1949. It works under the administrative control of the Ministry of Corporate Affairs.



A Chartered Accountants' Day event of ICAI in Jammu. The day marks 1 July 1949. Photo: Ministry of Personnel, Public Grievances and Pensions, GODL-India, via Wikimedia Commons.

When did it begin?

- The Chartered Accountants Act came into force on 1 July 1949.
- ICAI was created under that Act.
- Each year, 1 July is marked as CA Day.
- Before 1949, the profession was loosely regulated.

What does it do?

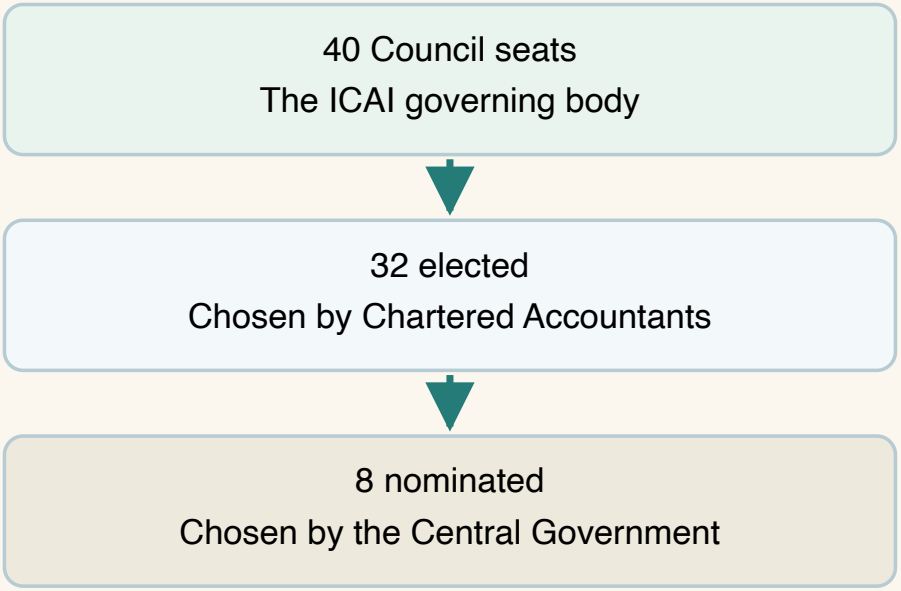
- It regulates and develops the profession of Chartered Accountants.
- It runs the CA course and its exams.
- It keeps the register of members and disciplines them.
- ICAI describes itself as the largest professional body of Chartered Accountants in the world.

> **Quick check 1.** ICAI is a statutory body set up by the Chartered Accountants Act, 1949. *(True or False?)* See answer ↓

Sources: icai.org; cleartax.in; taxscan.in

2 Who runs ICAI?

A Council runs it. The Council has 40 members.



How the 40 seats of the ICAI Council are filled. Original explanatory diagram.

How is the Council made up?

- 32 members are Chartered Accountants, chosen by election.
- 8 members are nominated by the Central Government.
- The nominees usually come from bodies such as the CAG, SEBI, the Ministry of Corporate Affairs and the Ministry of Finance.

What was the latest election?

The most recent Central Council election was held on 6 and 7 December 2024. A total of 81 candidates stood for the 32 seats across five regions. The new Council's term began on 12 February 2025.

Why does the mix matter?

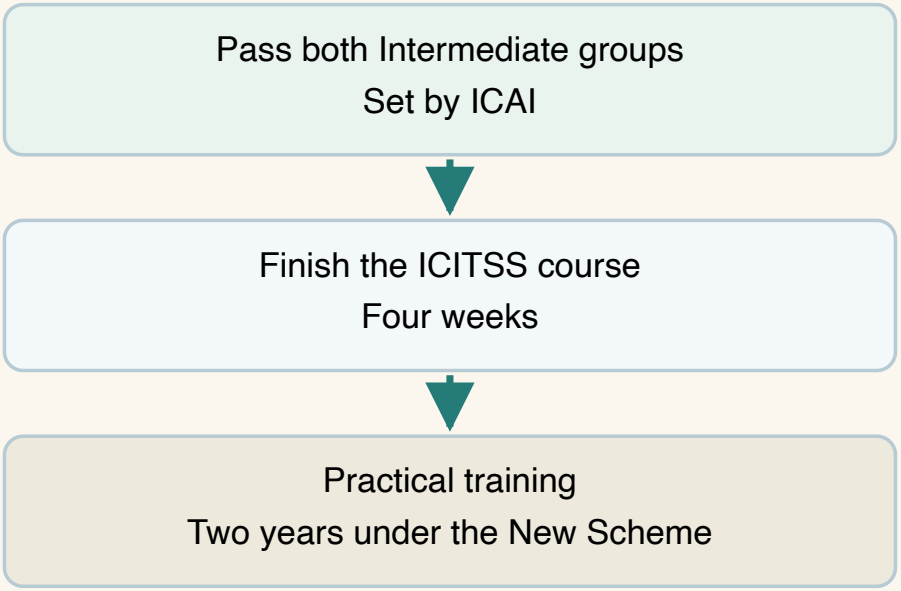
The 32 elected members keep the profession in charge of itself. The 8 nominees bring in a public view. The nominees are one-fifth of the Council.

> **Quick check 2.** The ICAI Council has 40 members, all of them elected by Chartered Accountants. *(True or False?)* See answer ↓

Sources: icai.org

3 How does a person become a Chartered Accountant?

The person must pass ICAI's exams and finish practical training. Both are run by ICAI.



The steps before practical training and what follows. Original explanatory diagram.

What is the training today?

- ICAI's New Scheme of Education and Training was notified on 22 June 2023.
- It took effect on 1 July 2023.
- Practical training, also called articleship, is now two years.
- A student must first pass both Intermediate groups and finish a four-week ICITSS course.

Did the three-year rule vanish?

Not for everyone. A candidate who registered as an articled assistant on or before 30 June 2023 still serves three years. Newer students serve two.

Why does this matter for exams?

Old study guides still say three years. That is now wrong for new students. If a question asks about the current rule, the answer is two years.

> **Quick check 3.** Under ICAI's New Scheme, practical training is two years for students who started on or after 1 July 2023. *(True or False?)* See answer ↓

Sources: icai.org; icai-call-sahayata.icai.org

4 Did NFRA replace ICAI?

No. NFRA narrowed ICAI's self-regulation. It did not end it.

How do the two bodies compare?

Feature	ICAI	NFRA
Type	Professional body set up by the 1949 Act	Government regulator under Section 132 of the Companies Act
Started	1 July 1949	1 October 2018
Reach	All members	Audits of the large companies in its rules
Role	Course, exams, register, discipline	Standards, quality review, investigation

What can NFRA do that is notable?

NFRA has fined an audit firm. In its order of 19 August 2024, it fined BSR & Associates LLP ₹10 crore. It also debarred two partners. Read the NFRA lesson for the full case.

How do you keep them straight?

ICAI is the broad professional layer. NFRA is the narrow, tough layer for the biggest companies.

> **Quick check 4.** NFRA ended ICAI's role as regulator of Chartered Accountants. *(True or False?)* See answer ↓

Sources: nfra.gov.in; taxscan.in; icai.org

5 What did the 2022 amendment do for audit firms?

Parliament passed an amendment in April 2022. It brings audit firms into the rule book.

What does the amendment provide?

- The Bill passed the Lok Sabha on 30 March 2022 and the Rajya Sabha on 5 April 2022.
- It received the President's assent on 18 April 2022.
- It says every CA firm must register with ICAI.
- It opens a route to proceed against a firm for misconduct, not only a person.

Is it fully in force?

The Act says it comes into force on dates the Government notifies. In July 2024 the Delhi High Court said the amendments should be notified quickly, as they had not been. This lesson could not confirm a later notification. Check the Gazette before treating the firm rules as live.

What is the exam trap?

Do not say "ICAI can never act against a firm". The 2022 Act provides for it. Do not say it is certain either. The commencement is the open point.

> **Quick check 5.** The 2022 Amendment Act provides for proceedings against CA firms, but its commencement depends on Government notification. *(True or False?)* See answer ↓

Sources: prsindia.org; livelaw.in

6 What is the cap of 60 tax audits?

ICAI limited how many tax audits one CA can sign. The limit is 60 a year.

What are the rules?

- The guidelines are the Chartered Accountants (Limit on Number of Tax Audits) Guidelines, 2025.
- The cap of 60 starts from 1 April 2026.
- It applies in every role. It covers a CA acting alone or as a partner.
- For a firm, each partner has their own 60.
- Partners cannot pool or transfer unused quota.
- Revised tax audit reports and presumptive-scheme audits are not counted.

Why was the cap made?

It aims to protect audit quality. One signer cannot do good work on hundreds of reports.

> **Quick check 6.** The cap of 60 tax audits can be pooled among the partners of a firm. *(True or False?)* See answer ↓

Sources: theweek.in; deccanherald.com

7 What does the Corporate Laws (Amendment) Bill, 2026 mean for ICAI?

The Bill was introduced in the Lok Sabha on 23 March 2026. It is mainly about NFRA's powers.

What does it add?

- Auditors of prescribed classes of companies must tell NFRA their registration details.
- NFRA may issue advisories, censures and warnings.

- A penalty for false information in these filings can range from ₹25,000 to ₹50 lakh.

What is the status?

The Joint Parliamentary Committee presented its report on 3 August 2026. The Bill had not become law as of 9 October 2026. Details can still change.

> **Quick check 7.** The Corporate Laws (Amendment) Bill, 2026 had become law by 9 October 2026. *(True or False?)* See answer ↓

Sources: sarafpartners.com; prsindia.org

Practice MCQs

1. The Institute of Chartered Accountants of India (ICAI) was established on 1 July 1949, under which Act?

A. Companies Act, 1913

B. Chartered Accountants Act, 1949

C. Auditors Act, 1956

D. Institute of Chartered Accountants Act, 1961

See answer ↓

2. How many members sit on the ICAI Council, and how many of them are directly elected by the profession's own members?

A. 25 members, 15 elected

B. 60 members, 40 elected

C. 32 members, 20 elected

D. 40 members, 32 elected

See answer ↓

3. Under ICAI's New Scheme, effective 1 July 2023, how long is articleship for a student who registers after 30 June 2023?

A. 3 years

B. 2 years

C. 4 years

D. 1 year

See answer ↓

4. In which year was the National Financial Reporting Authority (NFRA) created, ending ICAI's exclusive self-regulation of large-company audits?

A. 2013

B. 2006

C. 2018

D. 2021

See answer ↓

5. From 1 April 2026, what is the maximum number of tax audits that one Chartered Accountant may sign in a financial year under ICAI's guidelines?

A. 30

B. 120

C. 60

D. 100

See answer ↓

Answer Key

1. **B.** ICAI was set up under the Chartered Accountants Act, 1949. The Act came into force on 1 July 1949, which is now marked as CA Day. ICAI works under the administrative control of the Ministry of Corporate Affairs. The other Acts named in the options are not its source. ↑ Q1
2. **D.** The ICAI Council has 40 members. Chartered Accountants elect 32 of them. The Central Government nominates the other 8. The other options give wrong totals or wrong elected shares. ↑ Q2
3. **B.** Under the New Scheme, effective 1 July 2023, practical training is two years. Students who registered as articled assistants on or before 30 June 2023 still serve three years. Older study guides that say three years are out of date for new students. ↑ Q3
4. **C.** NFRA was constituted on 1 October 2018, after the Cabinet approved it on 1 March 2018. It took over oversight of large-company audits. ICAI still regulates its members more widely. The Companies Act of 2013 provided for NFRA, but the body itself began in 2018. ↑ Q4
5. **C.** ICAI's Chartered Accountants (Limit on Number of Tax Audits) Guidelines, 2025 cap the number at 60 a year. The cap applies from 1 April 2026. It applies to each CA in every role, and partners in a firm cannot pool unused quota. ↑ Q5

Quick-check answers

1. **True.** The 1949 Act created ICAI. ↑ 1
2. **False.** it is false. 32 are elected and 8 are nominated by the Central Government. ↑ 2
3. **True.** Those who registered by 30 June 2023 still serve three years. ↑ 3
4. **False.** it is false. NFRA narrowed ICAI's role for large-company audits only. ↑ 4
5. **True.** The Act comes into force on notified dates. ↑ 5
6. **False.** it is false. Partners cannot pool or transfer unused quota. ↑ 6
7. **False.** it is false. The JPC reported on 3 August 2026, but the Bill had not been passed. ↑ 7

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