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Why CA Firms and Sole Proprietors are Increasingly Moving Towards Collaboration

As aptly stated by the late Mr. Ratan Tata, *"If you want to walk fast, walk alone. But if you want to walk far, walk together."*

This philosophy holds particular relevance for the Chartered Accountancy profession in today's rapidly evolving economic and technological environment. In an era dominated by social media influence, instant outcomes, and technology-driven impatience, professional quality and ethical standards often

face erosion. Against this backdrop, Chartered Accountants must introspect on a fundamental question: Is our professional growth driven solely by individual economic gains, or by collective ethical responsibility and long-term institutional strength?

Moving from a sole proprietorship to a collaborative firm is like a solo musician joining a symphony orchestra. While the solo musician has total control over their instrument, they can never produce the volume, complexity, or "impact" of a full orchestra. By agreeing to a shared "conductor" (leader) and "sheet music" (MoUs and documentation), the individual's talent is amplified rather than lost, allowing them to perform on much larger stages.

Beyond Sole Proprietorship: A Broader Professional Perspective

Chartered Accountants today are no longer confined to local geographies or limited clientele. With strong ethical foundations, deep technical knowledge, and access to advanced technologies such as AI and digital platforms, CAs now possess the capability to operate at national and global levels.

However, sole proprietors, particularly in smaller cities, often face inherent limitations: restricted resources, limited manpower, difficulty in handling complex matters before government authorities, tribunals, and courts, and challenges in scaling operations. While independence has its merits, professional isolation can restrict growth, confidence, and impact.

Collaboration through partnerships, networks, alliances, LLPs, or structured MoUs enables pooling of diverse

skill sets, risk-sharing, and stronger institutional credibility, qualities increasingly demanded by regulators, corporates, and government bodies.

The First Step Towards Collaboration

Collaboration need not begin with an immediate merger or formal partnership. A practical and low-risk approach is the formation of a task force of like-minded Chartered Accountants working on specific assignments under a well-drafted Memorandum of Understanding (MOU). Such arrangements help build trust, establish transparent fee-sharing mechanisms, leverage technology, and test long-term compatibility before moving towards deeper institutional integration.

Strategic Roadmap for Collaboration

The shift from a "small shopkeeper" mentality to a global practitioner requires a phased approach.

- **Phase 1: Project-Based Synergy:** Form a task force of like-minded CAs to work on specific projects, testing trust and fee-sharing through MOUs before committing to full mergers.
- **Phase 2: Skill-Based Integration:** Combine subject matter experts with those possessing leadership, marketing, and fee recovery skills.
- **Phase 3: Multi-Disciplinary Expansion:** Form Networking, Mergers, or LLPs to build the capacity required to handle MNCs and large government institutions.

Practical Challenges Faced by Sole Proprietors in Smaller Cities

In practice, sole proprietors and small firms often face:

- Pressure from clients to compromise on compliance

- Delayed or disputed fee recoveries
- Limited bargaining power even with mid-sized businesses
- Lack of respect for professional independence

Unifying ethical and quality-conscious professionals allows them to command dignity, ensure compliance discipline, and eliminate under-pricing pressures, particularly in semi-urban and rural markets.

Professionalism over Mere Brotherhood

Building larger firms should be rooted in professionalism rather than fraternity alone. True collaboration requires commitment, accountability, and active participation. While ICAI has consistently promoted capacity building through seminars and continuing professional education, collaboration flourishes only when professionals engage beyond formal attendance.

Handling Large Corporates, MNCs, and Government Assignments

It is increasingly impractical for a sole proprietor to independently service large corporations, multinational entities, or government institutions. Such engagements demand:

- Multidisciplinary Expertise
- Strong Internal Controls
- Robust Reporting Mechanisms
- Scalability and Continuity



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Collaborative and multi-disciplinary firms are better positioned to meet these expectations, thereby contributing to national GDP, reducing corporate fraud, and improving governance standards.

Changing the Mindset: From Individual Survival to Collective Impact

When we expand our thinking beyond individual gain and view our actions through the lens of national and global governance, what is truly right and sustainable, we may initially face resistance. As independent professionals, our intent can be misunderstood, and standing by principles may appear costly in the short term. However, history shows that integrity-led choices compound over time.

Collaboration ultimately reinforces the dignity and value of the Chartered Accountant designation earned through years of rigorous effort.

Overcoming Liaisoning and Communication Barriers through the Power of Complementary Skill Sets

Many professionals face limitations in liaising, communicating, and executing Government contracts and audits when operating individually or as small firms. Structured collaboration among Chartered Accountants through MOUs, networking arrangements, or mergers enables collective capability

building, allowing firms to overcome scale, access, and operational constraints.

When domain experts are integrated with professionals possessing leadership maturity, those skilled in people management, process design, marketing, and fee recovery, the combined entity becomes capable of executing large and complex assignments for both the government and corporate sectors. Such collaboration transforms individual competence into institutional strength.

A collaborative model also fosters an accountability-driven culture, where roles are clearly defined, responsibilities are shared, and outcomes are owned collectively. This minimizes dependency on individuals, strengthens governance, and builds credibility with Government authorities and large organizations.

The combination of technical experts with professionals skilled in leadership, people management, marketing, and fee recovery creates a balanced and resilient firm structure. Such synergy enables handling complex assignments across corporate and government sectors without compromising quality or ethics.

Role of Government and National Leadership

The vision of building globally competitive Indian CA firms articulated even at the highest levels of national leadership requires policy-level support. Fear of loss of individuality, confidentiality, and ethical dilution must be addressed through robust legal frameworks, governance structures, and institutional safeguards.

Documentation, Leadership, and Ethical Safeguards

- **Integrity before expansion** – A large firm without moral unity risks collapse due to the actions of even one individual.

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- **Collective accountability** – Reputation is fragile; professionals are deeply conscious of ethical failure and public trust.
- **Purpose over manipulation** – Organizations founded on tax evasion or legal misuse cannot contribute to national growth.
- **Reputation as a shared asset** – Safeguarding credibility must be embedded in the organizational framework.
- **Holistic development** – Along with work-life balance, spiritual and ethical grounding is essential to build responsibility, sensitivity, and long-term trust within members.

While documentation is essential, the true challenge lies in preserving integrity, unity, and accountability. Hence, leadership with vision, ethical strength, and holistic understanding is indispensable.

Spiritual and ethical sensitization alongside technical training must form an integral part of institutional development to safeguard reputational capital.

Strengthening Communication Within the Profession

Professional rivalry in small cities, similar qualifications causing reluctance to share, fear of client data leakage, and ethical limits on case discussions. It needs to create secure peer forums and mentorship networks; promote recognition for transparent, ethical work; and adopt encrypted digital platforms and clear confidentiality protocols.

CAs advise and report, but cannot enforce tax payments, client misunderstandings, and pressure from authorities during economic downturns. However, transparent communication and mutual respect are essential to break professional silos. Government support at departmental and ministerial levels is crucial to uphold the dignity and independence of the profession.

Centralized Remuneration and Sustainable Growth

As Dr. A.P.J. Abdul Kalam rightly observed, *“Chartered Accountants are partners in nation-building.”* Chartered Accountants are trained to apply professional scepticism and analytical rigor, which makes it difficult to conceal material information when engagements are conducted properly. The profession has the capability to identify inconsistencies and address risks, including potential fraud. However, the effectiveness of this role is closely linked to appropriate fee structures and institutional support.

Experience shows that arrangements such as centralized payment of audit fees, as seen in bank branch statutory audits, help ensure independence, consistency, and timely remuneration. In practice, especially in smaller towns, payment certainty often determines prioritization of work. While authorities cannot regulate every business interaction, they can strengthen the professional framework by ensuring clear engagement terms, adequate remuneration, and operational support. This would eliminate undue pressure, reduce early-career struggles, and discourage unethical compromises.

Learning from Established Collaborative Models Where Collaboration Works Beautifully

Several large public sector audits are conducted jointly by multiple Chartered Accountant firms. A review of such audit reports indicates that a



significant number of Government Public Sector Undertakings (PSUs) are audited by Indian accounting firms. These entities are substantial in scale and complexity, requiring the combined capacity, expertise, and infrastructure of more than one firm. Joint audits facilitate effective distribution of work, sectoral specialization, risk sharing, and collective responsibility, thereby strengthening the overall audit process.

This approach demonstrates that when firms collaborate or combine their professional strengths, PSUs can provide substantial and sustained professional engagements. Such collaborative models enhance institutional capacity, promote knowledge sharing, and enable Indian firms to successfully manage large-scale and technically complex assignments. They also reflect the growing capability of the profession to deliver high-quality assurance services for significant public sector entities. Overall, these arrangements underscore how strategic cooperation among firms can support efficient execution, maintain audit quality, and build confidence in the governance and financial reporting framework of major public sector organizations.

The large Indian audit firms, either individually or jointly, are engaged in the statutory audit of major corporate entities. Such entities typically have extensive domestic and international operations, and their annual reports highlight the role of prominent accounting firms in statutory audits and financial reporting processes.

These instances provide a factual perspective on the involvement of large audit firms in overseeing the financial reporting and compliance functions of significant Indian corporates. They reflect the established practice of engaging experienced firms for complex and large-scale assignments, thereby reinforcing the importance of professional expertise, capacity, and structured audit mechanisms in maintaining transparency and accountability within major business organizations.

It is also observed that several accounting firms that have established over the past 10–15 years may have limited public visibility or online recognition. Despite this, many such firms are engaged in substantial and technically demanding assignments. They operate at deeper functional levels and address matters through a skill-based and domain-driven approach within government bodies, public sector undertakings, and large corporate organizations.

Alongside these engagements, these firms also cater to small and medium-sized enterprises, institutions, and salaried individuals. Their services are delivered through structured methodologies, sound technical expertise, and strict adherence to professional and regulatory standards. Fee arrangements are typically

commensurate with the scope and quality of work, without compromising on ethical or professional requirements.

This underscores the diversity and depth of the profession, where both established and relatively less visible firms contribute effectively across multiple sectors of the economy.

Several homegrown firms have also demonstrated that ethical, skill-based collaboration can build strong national institutions without excessive branding.

Conclusion

The evolution of the Chartered Accountancy profession demands a transition from fragmented individual practices to strong, collaborative institutions. By combining resources, expertise, and ethical values, Indian CA firms can confidently compete with global players and make a meaningful contribution to national development. The growing presence of large, well-structured Indian accounting firms shows that meaningful competition with global networks is increasingly possible even without historically dominant brand names. This evolution quietly underscores an important insight for small Chartered Accountant firms, sole proprietors, and individual professionals: in a changing professional landscape, collaboration is no longer optional; it is strategic. By coming together with shared intent, complementary strengths, and long-term vision, Indian CAs can build platforms that are resilient, relevant, and capable of creating impact at every level of the economy. The future of the profession belongs to those who choose to grow collectively rather than individually.

References

- Companies Act, 2013 (Section 139 and 141) (<https://www.mca.gov.in/content/mca/global/en/acts-rules/companies-act/companies-act-2013.html>) : This section governs the appointment of auditors and specifically allows for Joint Audits, a concept reflected in the multi-firm audits of NTPC and IOC mentioned in the sources.



- ICAI Networking Guidelines (<https://www.icai.org/post/council-guidelines>) : The Guidelines for Networking of Indian CA Firms, 2021, these provide the regulatory framework for Networking, Mergers, and Demergers, enabling firms to combine resources while maintaining professional ethics.
- The Limited Liability Partnership (Amendment) Act (LLP) Act, 2021 (<https://www.mca.gov.in/content/mca/global/en/acts-rules/llp-act-2008.html>) : Cited in the sources as a primary vehicle for collaboration, allowing for a corporate structure with the flexibility of a partnership.
- ICAI Code of Ethics 2019, 2020 and Revised Edition 2025 (<https://www.icai.org/post/icai-publications-ethical-standards-board>) : This governs the professional conduct, confidentiality, and "secrecy of information" mentioned in the sources as a barrier to communication.
- Chartered Accountants (Amendment) Regulations, 2021 on Multi-Disciplinary Firms (MDFs) (<https://www.icai.org/post/chartered-accountants-amendment-regulations-2021-dated-july8-2021>) : Referenced in the sources, these are supported by recent regulatory shifts allowing CAs to partner with other professionals (like CS or CMA) under specific ICAI guidelines.



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