



Central India CA Students Association  
Indore Branch of CIRC of ICAI

**NEWSLETTER**

**NOVEMBER - 2023 | Digital Edition**



*Dear CA Students,*

*It is with great pleasure and enthusiasm that I extend a warm welcome to each of you through the pages of our newsletter. As Chairman, I am honored to connect with you in this space that encapsulates the vibrancy of our community.*

*This newsletter is more than just a compilation of updates; it is a reflection of the shared commitment, collective achievements, and the dynamic spirit that defines our Institute. It serves as a channel through which we communicate, celebrate successes, and stay informed about the diverse activities within our fold.*

*In this edition, you will find a diverse array of articles that underscore the multifaceted nature of our institution. Whether you are a seasoned member or a newcomer, I encourage you to explore the content, engage with the stories, and actively participate in the conversations that shape our community.*

*Our Institute thrives on the strength of its members, each contributing a unique perspective and skill set. As we navigate through the pages of this newsletter, let it be a reminder of the rich tapestry of talent and expertise that defines our collective identity.*

*I extend my gratitude to all those who have contributed to this edition, sharing their knowledge and experiences. Your voices add depth and richness to our shared narrative.*

*As we embark on the journey ahead, I encourage you to stay connected, be engaged, and actively participate in the various initiatives that our Institute has to offer. Together, let us continue to foster a community that not only excels in its pursuits but also supports and uplifts one another.*

*Thank you for being an integral part of our community. I look forward to the continued growth and success of our community.*

*Best regards,*

*Best regards,*

**CA Rajat Dhanuka**

*Chairman, CICASA Indore*





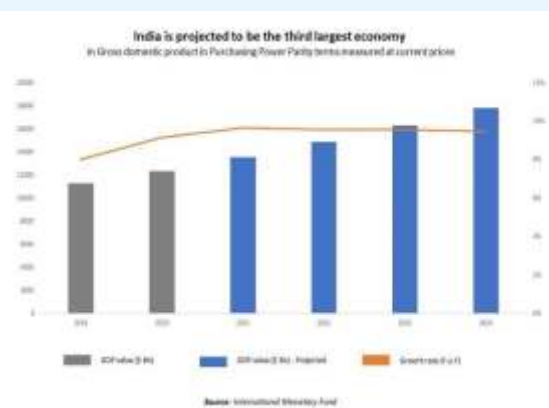
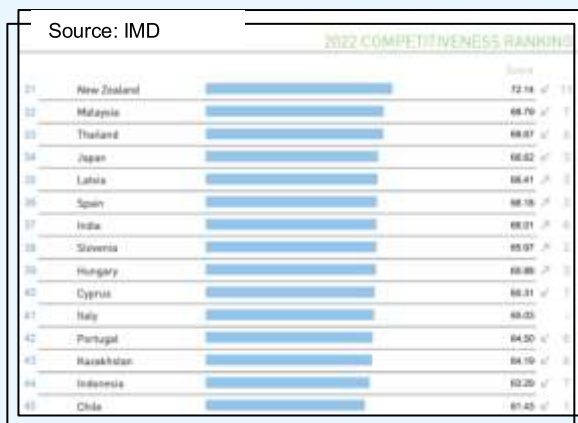
# FOREIGN FLOWS- India's FDI and FPI



**Taanisha Murarka**  
NRO 0522727

## BACKGROUND: WHY INVEST IN INDIA??

As one of the world's fastest-growing economies, the country with the largest youth population<sup>1</sup> in the world, the Indian infrastructure story has come a long way with Hon'ble Finance Minister Smt Nirmala Sitharaman announcing the National Infrastructure Pipeline, a first-of-its-kind initiative to provide world-class infrastructure across the nation, including an equity infusion of INR 6,000 crores<sup>2</sup> in the National Investment and Infrastructure Fund (NIIIF) Infrastructure Debt Financing Platform to attract debt and equity investments in infrastructure, bringing India to a level playing field of rising global competitiveness, witnessing a jump of 6 places, the sharpest rise among the Asian economies to 37th rank on IMD's World Competitiveness Index; further ranking #1 in the Central & Southern Asia Region of the Global Innovation Index 2022, with India and China blooming as the largest manufacturing hubs of the world by 2030, as established by Glasgow.

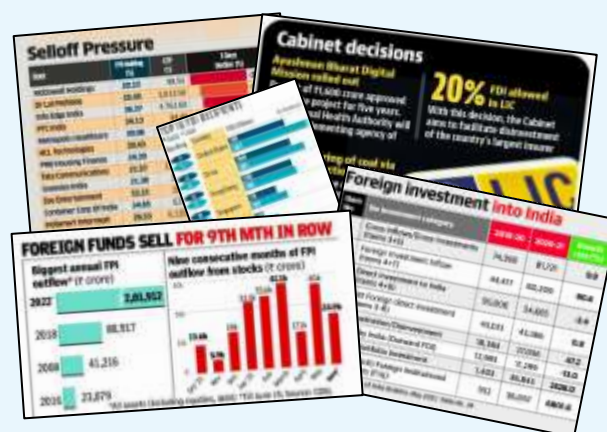


## REVIEW: INDIA'S EXPERIENCE:

In addition to being a key driver of economic growth, foreign investment, both through FDI and FPI, has been a significant non-debt financial resource for national economic development. Foreign corporations invest in India to benefit from the country's particular investment privileges such as tax breaks and comparatively lower salaries. A trained workforce, cost competitiveness, economic dynamism, a high educational level, and open and positive attitudes are the top five aspects that make the economy appealing to businesses.

### FDI: Foreign Direct Investment

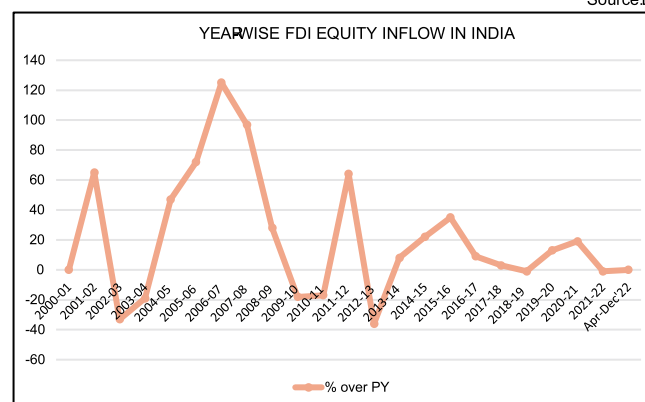
To attract higher levels of FDI, the Department for Promotion of Industry and Internal Trade (DPIIT), the nodal department for formulation of the policy of government on FDI, put forward a liberal policy, under which, FDI up to 100%, has been permitted, under the automatic route, in most sectors/activities. Further, India continued to open up its sectors to global investors by raising FDI limits, removing regulatory barriers for attracting increased investment, in addition to developing infrastructure and improving the business environment.



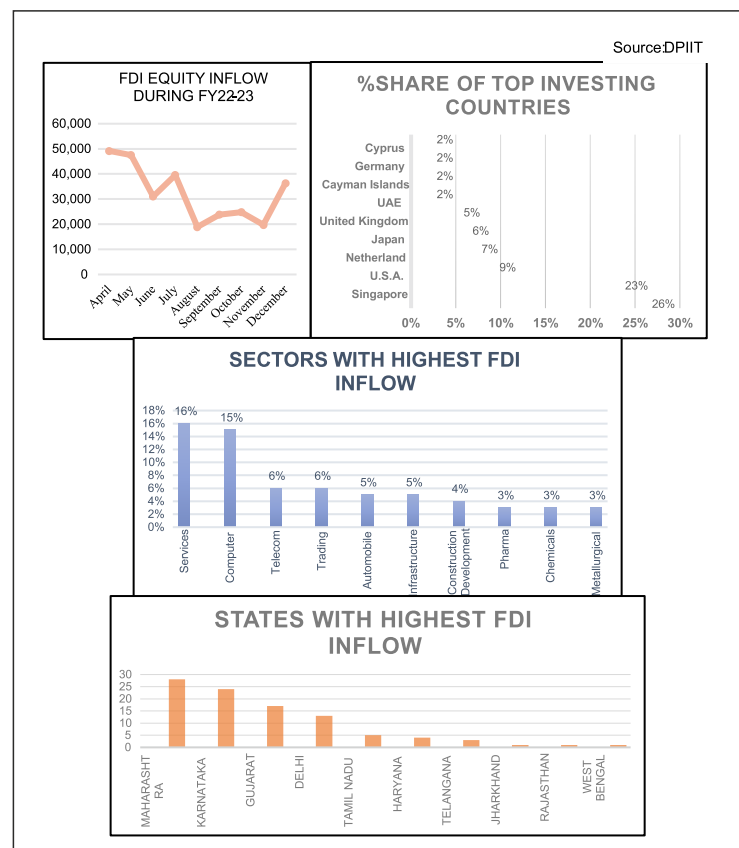
Becoming an attractive destination for FDI in recent years, influenced by various factors, India's FDI inflows have increased 20 times from 2000-01 to 2021-22. According to the DPIIT, India's cumulative FDI inflow stood at US\$ 871.01 billion between April 2000-June 2022; this was mainly due to the government's efforts to improve the ease of doing business and relax FDI norms. The total FDI inflow into India from January to March 2022 stood at US\$ 22.03 billion, while the FDI equity inflow for the same period was US\$ 15.59 billion.

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Source:DPIIT

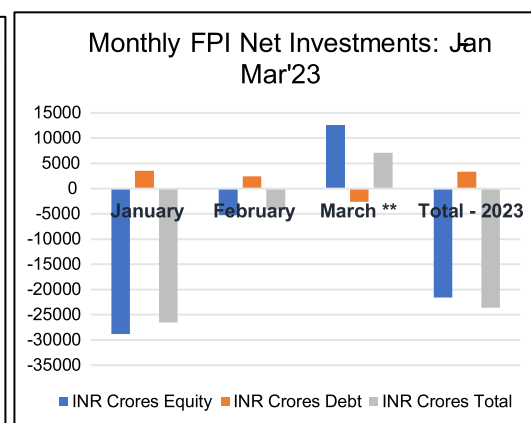
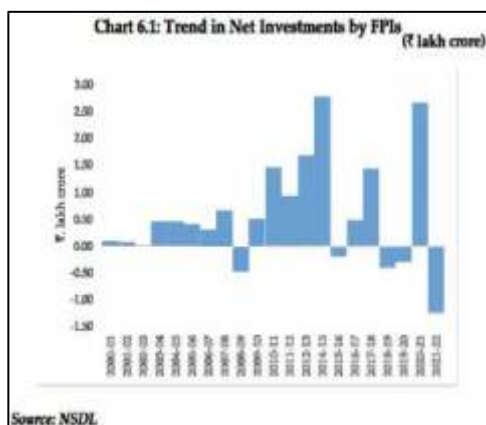


From April 2021-March 2022, India's computer software and hardware industry attracted the highest FDI equity inflow amounting to US\$ 14.46 billion, followed by the automobile industry at US\$ 6.99 billion, trading at US\$ 4.53 billion and construction activities at US\$ 3.37 billion. India also had major FDI flows coming from Singapore at US\$ 15.87 billion, followed by the US (US\$ 10.54 billion), Mauritius (US\$ 9.39 billion) and the Netherlands (US\$ 4.62 billion). The state that received the highest FDI during this period was Karnataka at US\$ 22.07 billion, followed by Maharashtra (US\$ 15.43 billion), Delhi (US\$ 8.18 billion), Gujarat (US\$ 2.70 billion) and Haryana (US\$ 2.79 billion). In 2022 (until August 2022) India received 811 Industrial Investment Proposals which were valued at Rs. 352,697 crores (US\$ 42.78 billion). This is all easily illustrated through the following:

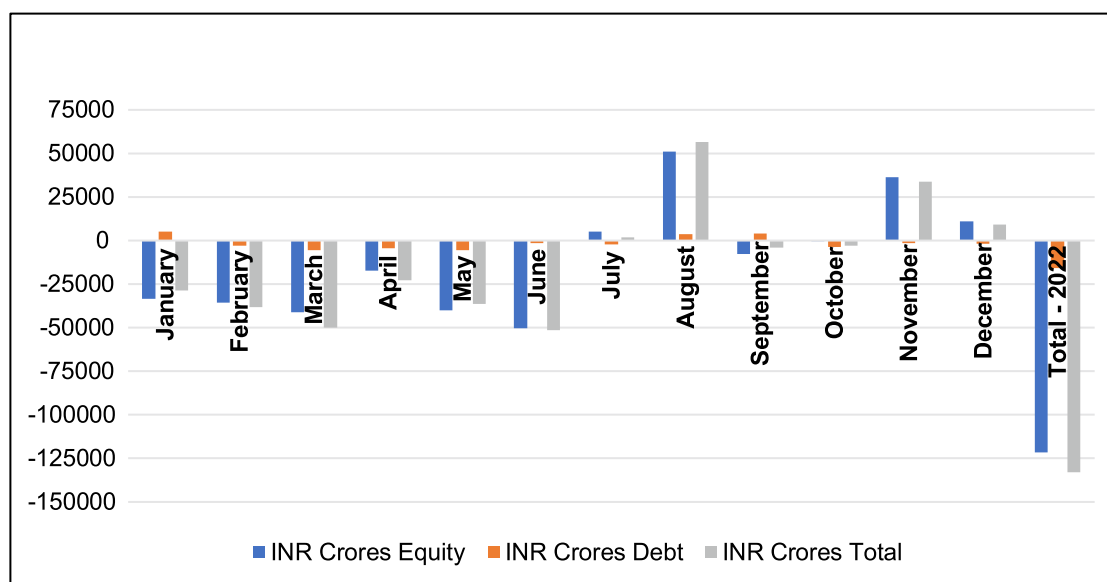


## FPI: Foreign Portfolio Investment

An integral part of the institutional investor framework, regulated by SEBI, the FPI regime is a route for foreign investment in India, which came to harmonise, merging the two existing modes of investment, that is, Foreign Institutional Investor ('FII') and Qualified Foreign Investor ('QFI'), effectively providing liquidity to domestic capital markets and imparting market efficiency. With permitted instruments consisting of shares of listed Indian companies, non-convertible debentures, units of domestic mutual funds, government securities, security receipts, pass through certificates, and derivatives like the exchange-traded futures and options, FX forwards and interest rate swaps,



Being the highest-ever sell-off by FPIs for a financial year, this was far more than the FPI sell-off witnessed even during the global financial crisis in 2008-09 when the outflow was Rs0.5 lakh crore. This FPI pull-out was triggered by the anticipated policy normalisation by the Federal Reserve and other central banks in the wake of mounting inflationary pressures. Nonetheless, the Russia - Ukraine crisis had deteriorated the geopolitical environment and had led to foreign investors' flight to safety. In spite of this historic FPI outflows, the domestic markets, however, were not much impacted as a result of the effective counterbalance provided by domestic inv



<sup>3</sup> NSDL





# UNDERSTANDING INFLATION



**Madhur Malpani**  
WRO 0744798

## UNDERSTANDING INFLATION

No one would like to hear about the topic, and I hope you have guessed it, and yes that is Inflation ("Mehengai" in Hindi). Inflation is, increase in prices of goods and services. So, to say as, what cost me Rs.100 a year before, now it's costing me Rs.110 i.e., an Inflation of 10% p.a. So, obviously no one would like it. But my dear friends, having Zero or Negative inflation also hurts. Let's say, if I am a producer and the thing which I am selling has the same price which it was 1 year ago, it would lower my motive to produce more and same will be in the case of other producers. So, it would in turn result into less Economic Growth, and also Deflation (reduction in general prices of Goods and services). It is said that in a developing country, there should be Inflation, the target of which is set by the Central bank of that country (in our case its RBI). Our Inflation target is around 4% (+/-2%), which is between 2% - 6%. Also, in developed countries such as US, Inflation is low but it still exists.

So, this was just a brief overview of what we are going to explore. We will now have a deep dive into the most important metric to keep an eye on, while dealing with Inflation numbers. So, let's start. Before starting, just a short piece of information that, in every Index there is weight assigned to different products. I will also attach a link of PDF file for better understanding of yours.

### 1. Consumer Price Index (CPI)

CPI, which measures the percentage change in the price of a basket of goods and services consumed by households, is most relevant indicator. Base year for CPI calculation is 2012. The data of the same is released by National Statistical Office (NSO), Ministry of Statistics and Programme Implementation (MoSPI), 12th of every month, of previous month. Its more wanted figure for Central Bank to figure out status of economy. ([https://www.mospi.gov.in/sites/default/files/press\\_release/CPI\\_PR\\_12oct23.pdf](https://www.mospi.gov.in/sites/default/files/press_release/CPI_PR_12oct23.pdf))

### 2. Wholesale Price Index (WPI)

WPI measures change in the overall price of goods before they are sold at retail. Office of the Economic Adviser releases this data 14th of every month. Base year for 2011-12. One sample pdf file is ([https://eaindustry.nic.in/pdf\\_files/cmonthly.pdf](https://eaindustry.nic.in/pdf_files/cmonthly.pdf)).

### 3. Headline Inflation

Headline inflation is a measure of the total inflation within an economy, including commodities such as food and energy prices which tend to be much more volatile and prone to inflationary spikes. Headline Inflation is based on Consumer Price Index Combined (CPI-C).

### 4. Core Inflation

It is the change in the cost of goods and services, but it does not include those from the food and energy sectors from CPI. This measure of inflation excludes these items because their prices are much more volatile

So, these were the major rates to look at. Now, as the inflation is at its peak and so are the bond yields, and along with it Central Bank is also taking steps to counter the inflation, it would be exciting to see the coming numbers as well. Let's see what the future numbers say.

So, keep a watch.



Husasain Naiduniyawala  
CRO 0689196

# 'Diaries From the FUTURE'

## 30th May 2025

It was a sunny afternoon; I was sitting in the park and all around me were cheers of extol **as humans had finally started civilizing mars**. Private entrepreneurs gushing into the business of rocket fuels and space gadgets. It was a day of celebration indeed, and a new step for humanity towards a glimpse of the future. It wasn't long ago, even stepping on the moon was considered to be an 'inter galactic quest'. But after huge corporations privatized that too, moon was just like traveling to another country. You should really try the blueberry cake in the moonlight café on the Norwest dialect of the moon by the way. Although we haven't yet figured out the technology to totally replace the ecosystem on Mars with that of Earth's but the 'space race' will definitely lead to either some miracles or catastrophes.

## 19th March, 2035

Last week all the oil reserves were totally exhausted. But well, it's not a Major issue anymore as the new hydro-based fuels have taken over on Mars. Some recent innovations in fuel tech in eletopia (Mars) have led humanity to great heights.

The cost of this success isn't just monetary though, along with the technology, The human greed has also evolved to such extents that, the 'Human'; the 'Human' that prospered on earth, the 'Human' that was spiritual and humble, the 'Human' that labeled the Earth as 'The Mother Nature' has left behind leaving only the scraps of their success. Most of the effluent individuals have migrated to Mars and those who couldn't afford it are covered up in oxygen masks and anti-UV suits to

survive. The ozone is done for, this expedition of success has led the 'Human' to elope the arms of the Mother Nature behind. The materialistic desires of this specie never ends, they all want the best, and this race for the best has now turned this beautiful blue and green rock into a brown and corroded industrial hub. Nurseries and parks are rarely found, the animals are chocking on the toxic fumes but oh well maybe we will replace them too.

## 20th April, 2055

Alas! The 'land of the gods' is now nothing but a piece of rock with a handful of resources left. The Humans that protested to move are already dead as the life on mars prospers. Have you heard about the new rocket technology though? The one that will stray humanity even further from 'Humanity'? 90% of the ecosystems on earth have collapsed. No more animals, only life that thrives is the dead bodies in the soil. The earth, so inhabitable that only 2 hours of sunlight hits the ground, and the sunlight that hits doesn't provide a lot of life because of the high radiations. UV glasses are a must, plants are deformed, and the trees that once provided life are now replaced with artificial oxygen plants. The irony, guess where the word 'plants' come from? After virtualizing 'humanity' even animals are being designed and created in labs just to serve the petty desires of humans. I don't believe humans even have a tiny bit of decency and empathy left in them. Kids are only taught machines and gadgets; morals are nowhere to be found. After Humans moved to mars, The entrepreneurs that led them are on the brink of a war. But this time there are no protest because.....there are no hearts, no souls, just muscle and bones by Husasain Naiduniyawala







*Garba  
Night*





## Editorial Board



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