



Central India CA Students Association
Indore Branch of CIRC of ICAI

NEWSLETTER

OCTOBER - 2023 | Digital Edition



Dear CA Students,

As we dive into another edition of our cherished newsletter, I am delighted to reconnect with each of you. As Chairman, this platform serves as a beacon of our collective journey, and it is heartening to witness the continuous exchange of ideas and insights within our student community.

One of the distinctive features that make our newsletter truly special is the fact that its articles have always been crafted by fellow students. The richness of perspectives, experiences, and knowledge that you, as students, bring to these pages is truly inspiring. It is a testament to the intellectual vibrancy of our community, where each voice contributes to the diverse tapestry of our shared exploration.

Within these pages, you will discover a mosaic of student perspectives, technical updates, and the latest developments in the dynamic world of finance. Our commitment to showcasing the talents and insights of our student body remains unwavering, and I am continually impressed by the caliber of articles contributed by you, my esteemed peers.

I encourage you to immerse yourselves in the content, engage in discussions, and appreciate the depth of understanding that emerges when students share their unique viewpoints. This newsletter is not just a publication; it is a living document that mirrors our growth, learning, and the collective expertise that defines our academic community.

As we navigate through the articles written by our fellow students, remember that each piece is a reflection of the dedication, curiosity, and passion that defines our pursuit of excellence. Your contributions make this newsletter a true representation of the holistic journey we undertake as aspiring Chartered Accountants.

Here's to another month of exploration, shared knowledge, and the boundless potential that lies within each of you. Thank you for making our newsletter a vibrant tapestry of student voices.

Best regards,

CA Rajat Dhanuka

Chairman, CICASA Indore



Harshit Butani
CRO 0746422

BLOCKCHAIN : A DEEP DELVE IN MYSTERY DIMENSION



Sometimes when we go for understanding anything there is always a space or possibility of not finding the main or critical aspect of that thing.

Blockchain and its dynamics are one such thing. We already know that this has been the most debated topic in recent times and now it is the right time to unleash it by going a step ahead.

Finland has the record of most satisfied political refugee settlement system, while most countries suffer from this refugee settlement problem, this country has a robust way through in these times.

Now, how is this possible ?

When a refugee comes in a new country, he starts almost from nothing.

Facing this side of the situation, the government of Finland enabled smart contracts using the blockchain technology dimension.

Now let us have a brief and apt understanding of this segment...

When a refugee borrows or lends money to any other person using the smart contracts system, the system embedded in the blockchain automatically records this transaction and revises the credit score of the refugee individual.

This way the refugee in near future can borrow loans from the financial institution for his/her work as now he has a credit score which earlier was not the case as there was no past history or track record of the refugee in that country domain.

Thus, Smart Contracts are basically self-executing contracts with discrete terms of agreement between two parties.

This feature of these contracts automatically sends the transaction to the main servers and the blockchain stores the vital elements of a key transaction that is being executed.

Now the main thing regarding this is that the information is written in direct lines of codes and renders the transaction system traceable this way.

Now how this mechanism works exactly ?

A company in Finland launched a 'prepaid mastercard' for the only purpose of refugee problems. Blockchain already has a unique identity stored on it and this card is linked to this identity.

This is also in sync with the Finnish Immigration Services,

thus making it possible to have a more concrete record of refugee activities.

'Zero Interest and Without Extra Charges'

This card system does not charge any fees which puts the cherry on the cake for the refugees as it is specially designed for them.

Further, local government subsidy access is also granted to the refugees through the medium of these cards.

When a refugee individual purchases grocery in the first year of his/her tenure, an automatic 30% discount is granted to his/her status as a direct benefit transfer (DBT) without the involvement of any bank account as there was a 'mastercard system' in between.

And when the individual goes for fuel filling the card is automatically debited with 97% of the original amount and this way the subsidies which are directly meant for the refugees are also directed to them in this pattern. Now this also has a benefit to the government as all this information is getting stored in the blockchain nodes so the local government can figure out that if the income status of an individual is getting better then the subsidy transfer automatically stops. And if the individual is in the second year or third year of his/her tenure then the revised rates of subsidies automatically get updated in the mastercard itself of the individual.

In this way there is no intermediary involved, so there is no scope of corruption in the value chain and the system is secured due to the 'DBT Mechanism' as it is traceable. Henceforth, the benefits can be pointed out as below :-

- Government Subsidy Access
- Credit Scores
- Loans and Salary Disbursements

Thus we saw how blockchain technology is productively worked upon and how the fruits of it can be enjoyed by the society and the system gets more robust. Likewise, it is my personal opinion, that our government can use this for proportionate transfer of food grains that are wasted every year so that every grain that is being harvested on our lands reaches the starving people who are sleeping without food. Many more doors and views will get highlighted on this mechanism as this technology gets an upscale or a high rise.

Artificial Intelligence: The new page in the Audit domain' book



Abhishek Choubey
ERO 0261838

**"Artificial Intelligence and Robotic Process Automation are transforming the future of auditing"-
Abhishek Choubey**

THE PRELUDE:

Artificial Intelligence (AI) and Robotic Process Automation (RPA) are no longer concepts confined to science fiction; they have become pivotal components of modern businesses. AI involves the simulation of human intelligence processes by machines, whereas RPA is the use of software robots to automate repetitive tasks. Both these technologies are now making their presence felt in the field of auditing.

HOW IS AI BENEFICIAL IN THE FIELD OF AUDITING ?

• Efficiency and Accuracy:.

Traditional audit processes involve manual data collection, entry, and analysis, which are time-consuming and prone to human errors. AI driven tools and automation can save a lot of time thus letting us invest it in the most pivotal sectors of utmost importance.

Data Analysis and Insights: AI-powered algorithms can swiftly analyse large datasets, identifying patterns, anomalies, and trends that might be overlooked by human auditors. This data-driven approach enables auditors to extract valuable insights from financial records, leading to more informed decision-making by organizations.

Risk Assessment and Fraud Detection: AI and RPA offer auditors the ability to conduct in-depth risk assessments and detect potential fraud with greater accuracy. This proactive approach can safeguard businesses from financial losses and reputational damage.

Continuous Auditing and Monitoring: Traditionally, audits were performed periodically, often after financial statements were already published. Automated processes can monitor transactions and financial data in real-time, alerting auditors to potential issues as they arise. This shift from retrospective to proactive auditing ensures better

control over financial operations.

HOW CAN THE INTEGRATION OF AI & AUDITING BE A DISASTER ?

- **Loss of Human Judgment:** AI and RPA might streamline certain tasks, but they lack the human intuition that's essential for interpreting complex financial transactions and identifying potential irregularities.

Complexity and Cost: Implementing AI and RPA systems require significant financial investment and technical expertise. Small and medium-sized audit firms might struggle to afford these systems, leading to an uneven playing field where larger firms have a competitive advantage.

Ethical Concerns: Auditing requires a deep understanding of ethical considerations and the ability to identify potential conflicts of interest. AI & RPA might inadvertently overlook ethical concerns or fail to recognize instances where judgment is required to determine the appropriateness of financial practices.

Data Privacy and Security: Auditing involves dealing with sensitive financial information and personal data. Integrating AI and RPA systems increases the risk of data breaches and cyberattacks, potentially exposing confidential information to unauthorized parties.

CONCLUSION:

We are witnessing a profound transformation in the field of auditing. The integration of Artificial Intelligence and Robotic Process Automation is revolutionizing the way audits are conducted. From improving efficiency and accuracy to enabling continuous monitoring and facilitating risk assessment, these technologies are reshaping the future of auditing for the better. While the benefits are undeniable, the adoption of AI and RPA in auditing also presents challenges. Auditors need to ensure that the algorithms and processes used are transparent, explainable, and compliant with regulatory standards.



Pioneering Profits: The Synergy of Algorithmic Trading and Artificial Intelligence in Modern Markets



Anushka Goyal
CRO 0610287

In this technological zeitgeist, a topic which spares no one has to be undoubtedly, Artificial Intelligence. From coffee to conferences to boardrooms, it stands undisputed as this era's "hot topic". From "Siri, call mummy" to sunroof of my car" we are engulfed by artificial intelligence. When AI is transforming every walk of our lives, how did we expect it to spare the financial sector?

AI has penetrated the trading sphere of our lives as well. From physical trading, we moved on to online trading, and now towards algorithm trading. What exactly is algorithm trading? Merriam-Webster defined Algorithm trading (automated trading, black-box trading or algo trading) as the trading strategy built using computer codes to buy or sell shares. Well, in simpler terms, algo trading helps execute any transaction as per the code we designed. Say, we design a code, "Buy 10 shares of stock when the stock price rises above its 3-day moving average". Using these simple instructions, computer programs will watch over the stock prices and place buy orders when the conditions are met.

With the world advancing at a great pace, we can now see the dynamic integration of AI and algo trading but the main question encountered by us is, "Can we rely completely on AI for trading? And if not, how dependable and accurate is it?" Well, to answer this question, we have to look at both sides of the topic, as every rose has its thorns.

The fusion of AI and algorithm trading is not merely a technological advancement, but a paradigm shift in helping users to make financial decisions. Amidst various other advantages of integration of AI and algo trading, the one that stands out is real-time data analysis. Its ability to detect and analyse various hidden patterns that are not noticeable to the naked human eye is astounding. Just imagine the amount of profits that investors can now accrue when the sole factor diminishing their

profits, namely the inability to track the trends, is addressed by AI. Investors using AI with algo trading have an edge over other investors as they can predict with more accuracy and well let's face it, analysing trends was one of the prime concerns of any investor. Another subject matter that generally gets overlooked by the researchers is that human beings use a lot of emotions and greed while trading which isn't the case with machines. People indulging in Rio- trading to recover their previous losses is nothing out of the ordinary.

The statistics department from Wall Street suggests that algo trading accounts for more than 60% of total U.S. equity trading and is responsible for 92% of the forex trades. As we move towards answering the addressed question, it is pertinent to evaluate the other side of the coin as well. Trading algorithms generally provide reliable predictions however it remains impossible to foresee every possible change in trends (like COVID-19). For the new traders, solely depending on AI for trading is like walking on thin ice. One wrong code or direction to AI and you can see yourself incurring huge losses and cursing AI for its inefficiency. As it is said, the knife is meant to cut vegetables and fruits, but you cannot cut your nails with it and then complain about the advent of the knife. Therefore, over-reliance on AI and algo trading can be problematic, after all these are just machines and can never equate our human brain.

What is CSR ?

Basics of CSR! "Business need to go Beyond the Interest of their Companies to the Communities they Serve – Sir Ratan Tata."

As the name suggests Corporate Social Responsibility means Responsibilities of private corporate entities towards society at large. It is a concept of trying to repay the world for whatever it has given to us. When corporate entities spend

there resources for the betterment of this society and not for there business interest.

This term Corporate Social Responsibility was first Coined in 1953 by Howard Bowen who is also known as Father of CSR.Inception to INDIA.

India is the first country in the world to make Corporate Social Responsibility Mandatory by the amendment in the Companies Act 2013, in April 2014.

As per the said Amendment of any Company which Has:1 Net Worth of 500 Cr. or more,

OR

Turnover of 1000 Cr. Or more, OR

Net Profit of 5 Cr. Or more, In the preceding Financial Year. Then such Company has to Spend at least 2% of its Average Net Profit made during the immediately preceding 3 Financial Year.

How to do CSR

Some examples of activities that can be considered as CSR:

- Reducing Carbon footprints.
- Improving labour policies.
- Diversity, equity and inclusion.
- Corporate policies that benefit the environment.
- Socially and environmentally conscious investment. Some activities which are not considered as CSR activities:
- Any direct or indirect contribution to Political Party.
- Activities benefitting employees of the company.
- Activities for fulfilling statutory obligation under any law in INDIA.
- Activities undertaken for generating marketing benefits for Company or its product or services.
- One time events like marathons/awards/ advertisement/sponsorship of TV programmes.

Some life size examples of CSR.

ITC (India Tobacco Company):

ITC has already educated about 2,52,329 children through its 2,334 Supplementary Learning Centers. Not only this but ITC has also supported woman empowerment through various Self – help groups and supported 15378 women. • AMUL (Anand Milk Union Limited) : Over the year Amul has

contributed to rural health and well being through Tribhuvandas Foundation. This foundation has also successfully run Tree plantation drive, Blood donation camps, Rural sanitation programme.

• CCD (Café Coffee Day):

Café Coffee Day has employs 50 speech and hearing impaired people at their various outlets as staff. This is a move towards equal employment. This employees also get aspecial title as “Silent Brew-masters” and not only this CCD has also tie-ups with different NGO’s to empower differently abled people.

• P&G (Procter & Gamble):

The Sikhsha initiative with tag line of “Sikhsha – Padhega India, Badega India” has already helped about 2,80,000 underprivileged children to get there right to education.

They have also helped to built and manage 140 schools across the country.

To Conclude: “CSR can be a game changer for countries sustainable economic policy. Since its induction in India spending through CSR has shown multifold growth of Approx 300 percent, In the wildest dream CSR could replace some old class corporate taxes.”



Happy teacher's day Elocution Contest



Editorial Board



Shivam Chourasia



Ishwin Kaur



Shantam Pandya

Registered with the Registrar of Newspaper for India under No. MPBIL 01231/12/1/2008-TC

**Printed Book-Post
ICAI, Indore News Letter
To,**

Printed & Published by CA. Rajat Dhanuka Chairman, CICASA on behalf of the Indore Branch of Central India Regional Council of The Institute of Chartered Accountants of India, Plot No. 19-B, CA. Street Scheme No. 78, Part-II, Indore (M.P.) and designed at Profiles, 639, Sneha Nagar, Indore - 452 001 Ph.: 94250 64293, 0731-4061632 and published from Indore.

If undelivered please return to :
INDORE BRANCH OF CIRC OF ICAI
19-B, CA. Street, Scheme No. 78, Part-II,
Indore (M.P.) Tel. : 0731-2570052-53, 4298198
Mail : indore@icai.org www.indore-icai.org

Disclaimer - The views expressed in the articles or contents published in news letter do not necessarily represent the views of office bears the approval of the Council of the ICAI or any of its Committees or the concerned Regional office or its Committees or Branch Managing Committee or Committees.