



THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA
(SET UP BY AN ACT OF PARLIAMENT)

— PUNE BRANCH OF WICASA OF ICAI —

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"Your Gateway to the Inspired Minds of
Tomorrow's Chartered Accountants!!"

Where Creativity Meets Commerce

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**"Your Gateway to the Inspired Minds of
Tomorrow's Chartered Accountants!!"**

PUNE BRANCH OF WICASA OF ICAI

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CHAIPERSON'S COMMUNIQUE

**CA. Pranav Apte,
Chairman,
Pune Branch of WICASA of ICAI**



Dear CA Students,
Greetings!!
Wishing you all a very Happy Diwali !!

I hope this message finds you in good health and high spirits. It gives me immense pleasure to address you through our esteemed CA Students Newsletter. You can achieve all your dreams through dedication, commitment, discipline and by believing yourself.

I take this opportunity to apprise you about a few seminars held during the last month. We celebrated Swachh Bharat Diwas on the 2nd October 2024 under the guidance of Head Office. We also organised Yoga Therapy session to guide students on how to manage the Stress. We also conducted Workshop on "Artificial Intelligence in Accounting".

We are planning to organise full day programme on GST audit wherein we will be discussing Recent Developments & Amendments in GST, how to draft Reply to the GST Return Scrutiny Notices and Show Cause Notices etc.

So, I encourage each one of you to actively and enthusiastically participate and contribute in the activities of Pune WICASA.

I wish all the students the success in upcoming exams and all their future endeavours.

Best Wishes,
CA. Pranav Apte
Chairperson, Pune Branch of WICASA

EDITOR'S COMMUNIQUE

Mr. Omkar Phapal
Editor Head,
Pune Branch of WICASA of ICAI



Dear CA Students,
Greetings!!

Wishing you all a very Happy and Prosperous Diwali!

I hope this message finds you in good health and high spirits. As we step into a new month, I would like to take a moment to reflect on the recent activities and share some exciting updates.

In October, we celebrated Swachh Bharat Diwas on 2nd October, encouraging everyone to actively participate in maintaining cleanliness and responsibility towards our environment. Additionally, we held a yoga Therapy sessions to help students manage stress and maintain balance during their exam preparations.

We also organized a highly engaging workshop on Artificial Intelligence in Accounting, where students gained insights into the growing role of AI in the profession.

Looking ahead, we are excited to announce a Full-day GST Audit Programme that will cover recent developments and amendments in GST, as well as practical tips on drafting replies to GST scrutiny notices.

I encourage you all to participate actively in the upcoming sessions and continue to engage with Pune WICASA's initiatives. I wish you all the best in your upcoming exams and future endeavours!

Best Wishes,
Omkar Phapal
Editor Head,
Pune branch of WICASA of ICAI



ROLE OF DIPLOMACY IN SHAPING AN ECONOMY

Diplomacy is like the art of making friends and maintaining relationships between countries. It's how nations talk, negotiate, and solve problems without getting into fights. Imagine it as countries having conversations to avoid conflict, work together, and make sure everyone benefits in some way.

Let's say two neighbours, India and Sri Lanka, both love cricket. India has a lot of cricket gear, while Sri Lanka needs some new bats and balls. Through diplomacy, the two countries talk and agree that India will send cricket gear, and in return, Sri Lanka will share its famous tea with India. Now, both countries are happy, no one fought, and they both got what they wanted—gear for matches and tea for relaxation!

The Modi-Jaishankar Power Combo: India's Dynamic Diplomatic Duo

Jaishankar and Prime Minister Narendra Modi's Role are like the Sholay duo Jaishankar's the calm, calculated Jai, while Modi's the energetic, action-driven Veeru.

Together, they've transformed India's foreign policy into an economic growth engine.



Madhvik Shah
WRO0714150

Modi's Role:

Modi's charm offensive on international stages is designed to build strong personal ties with global leaders. From his "Howdy Modi" event in the U.S. to speaking at global summits, Modi knows how to grab attention. And it's not just showmanship—India's economic diplomacy is front and center.

Introduction: Why Diplomacy Matters in Economics- Diplomacy is like a chess game played by countries, but instead of kings and queens, we have heads of state, ambassadors, and trade ministers. And trust me, nobody wants to be the pawn! At its core, diplomacy helps countries make friends, which in turn helps their economies grow, avoid trade wars, and grab better deals.

Trade Agreements: The BFF Deals

Diplomacy helps nations sign trade agreements, making them BFFs in the world of exports and imports. These agreements decide who sells what to whom, and at what rate. It's like negotiating the best deal in a marketplace, but on a global level

Take India's Free Trade Agreement (FTA) with Australia in 2022, which opened up a plethora of opportunities for Indian businesses to export products like textiles and medicines. It's like a "buy one, get one free" offer – except it's between two countries!

It's like giving your neighbour a delicious samosa and getting a big piece of cake in return—minus the calories, of course!

Foreign Investments

Diplomatic relations also decide how much foreign investment flows into a country. Strong ties mean more trust, and when investors trust a country, they send their money (FDI) that boosts the local economy.

Example- When India's diplomatic ties with Japan got stronger, India became a major recipient of Japanese investments. Japan's investments in India's Delhi-Mumbai Industrial Corridor have turbocharged infrastructure development.

Plus, who can forget Suzuki setting up shop in India, giving us the beloved Maruti Suzuki? Getting foreign investments is like marrying into a rich family—suddenly your house has a pool, a tennis court, and faster Wi-Fi!

Technology Transfer

Diplomacy is key to technological advancement, as countries often sign agreements to share their technological innovations. India's space diplomacy, especially after the success of Chandrayaan-3 in 2023, is a perfect example. The world is now looking to collaborate with ISRO for space missions, especially in countries with developing space programs.

The Russia-Ukraine Crisis: India's Stance-During the Russia-Ukraine war, India took a neutral stance, focusing on its economic interests. While Western nations imposed sanctions, India used its diplomatic ties with Russia to negotiate discounted oil purchases. This clever diplomacy ensured energy security and reduced inflationary pressures back home, saving billions in oil import costs. Ukraine is rich in minerals such as lithium and rare earth metals essential for renewable energy and tech industries, and India's stance has facilitated potential partnerships in resource sharing. It's like India pulled off a perfect Chak De India move, balancing both sides like a pro!

Immigration and Talent Flow: Brain Drain or Brain Gain?

Diplomacy also helps in regulating the flow of people, which directly impacts an economy. Talent migration, facilitated by diplomatic agreements, means skilled professionals can contribute to the growth of economies abroad and back home. For instance, in 2023, India and the UK signed agreements to ease visa restrictions, allowing more Indian professionals to work in the UK. While some might call it brain drain, it's actually a win-win situation – India gets remittances and stronger ties, while the UK gets brilliant minds.

It's like your friend borrowing your padhaku brother for group studies. They get all the right answers, but your household gets the bragging rights!

Geopolitical Relations: It's All About Who You Know

In the world of diplomacy, sometimes it's less about 'what' you know and more about 'who' you know. Good relations with powerful countries can provide economic benefits through military aid, development funds, and strategic partnerships. India's neutral yet strategic stance in the Russia-Ukraine war has allowed it to maintain good relations with both the US and Russia, benefitting from discounted oil from the latter.

It's like staying friends with both Mumbai and Chennai people in IPL season– you get free tickets to both matches!

India's Digital Diplomacy: From 'Jugaad' to 'Global Leader'

India's digital diplomacy has been a game-changer. By leveraging technology, India has reached out to the world with initiatives like the Digital India program and platforms like CoWIN for COVID-19 vaccinations.

Example- India's CoWIN platform was praised globally for managing the world's largest vaccination drive.

Conclusion

As rightly quoted by Isaac Goldberg- 'Diplomacy is to do and say the nastiest things in the nicest way.'

Diplomacy is not just about shaking hands and smiling for photos. It's a strategic tool for shaping an economy, building international partnerships, and making sure your country is set up for growth. India, with its mix of strong leadership, clever negotiating, and a touch of Bollywood charm, has used diplomacy to carve out a powerful position on the global stage. So, next time you see a diplomat shaking hands on TV, just remember – it's not just a handshake; it might just be the next bullet train or a billion-dollar investment coming your way.



ENRON'S SPECTACULAR COLLAPSE

Enron was founded in 1985 by Kenneth Lay in the merger of two natural-gas-transmission companies, Houston Natural Gas Corporation and Inter-North, Inc.; the merged company, HNG Inter-North, was renamed Enron in 1986. After the U.S. Congress adopted a series of laws to deregulate the sale of natural gas in the early 1990s, the company lost its exclusive right to operate its pipelines.

Enron transformed itself into a trader of energy derivative contracts, acting as an intermediary between natural-gas producers and their customers. The trades allowed the producers to mitigate the risk of energy-price fluctuations by fixing the selling price of their products through a contract negotiated by Enron for a fee. Enron soon dominated the market for natural-gas contracts, and the company started to generate huge profits on its trades

The bull market of the 1990s helped to fuel Enron's ambitions and contributed to its rapid growth. There were deals to be made everywhere, and the company was ready to create a market for anything that anyone was willing to trade.



Rahul Mali
WRO0731598

It thus traded derivative contracts for a wide variety of commodities—including electricity, coal, paper, and steel—and even for the weather. An online trading division, Enron Online, was launched during the dot-com boom, and by 2001 it was executing online trades worth about \$2.5 billion a day. Enron also invested in building a broadband telecommunications network to facilitate high-speed trading.

Enron's stock price skyrocketed to \$90 per share in August 2000.

Due to adoption to changing environment in the Industry Enron was named "America's Most Innovative Company" by Fortune for six consecutive years, from 1996 to 2001.

Enron became that Sharma ji ka ladka, who every parent wanted to have.

Behind the Veil

Jeffrey Skilling, who was initially a consultant and later became the company's chief operating officer gradually changed the culture of the company to emphasize aggressive trading. He hired top candidates from MBA programs around the country and created an intensely competitive environment within the company, in which the focus was increasingly on closing as many cash-generating trades as possible in the shortest amount of time. One of his brightest recruits was Andrew Fastow, who quickly rose through the ranks to become Enron's chief financial officer. Fastow oversaw the financing of the company through investments in increasingly complex instruments, while Skilling oversaw the building of its vast trading operation.

Though the entity did achieve operational success during the 1990s later, Enron faced increased competition in the energy-trading business due to deregulation, the company's profits shrank rapidly. Under pressure from shareholders, company executives began to rely on dubious accounting practices, including a technique known as "mark-to-market accounting," to hide the troubles. Mark-to-market accounting allowed the company to write unrealized future gains from some trading contracts into current income statements, thus giving the illusion of higher current profits. Furthermore, the troubled operations of the company were transferred to so-called special purpose entities (SPEs), which are essentially limited partnerships created with outside parties. Although many companies distributed assets to SPEs, Enron abused the practice by using SPEs as dump sites for its troubled assets. Transferring those assets to SPEs meant that they were kept off Enron's books, making its losses look less severe than they really were. Ironically, some of those SPEs were run by Fastow, CFO of Enron himself. The question here is where was the auditor???

THE AUDITOR- Arthur Andersen

Enron's long-time auditing & accounting firm, Arthur Andersen, which was one of the TOP-5 accounting firms at that time. Throughout these years, Arthur Andersen served not only as Enron's auditor but also as a consultant for the company. During the last decade of the partnership's life, auditors at several regional offices failed to detect, ignored, or approved accounting frauds for large clients paying lucrative consulting fees, including Enron Corp. and WorldCom Inc. Clearly, Arthur Andersen deliberately acted as they failed to report the true financial condition of Enron. Somewhere, the accounting & auditing laws were also lacking power to depict truth (say mark- to-market reporting)

Tickling bomb Exploded

By the passing time, Enron Broadband reported massive losses. In the company's Q2 2001 earnings report, Lay revealed "in contrast to our extremely strong energy results, this was a difficult quarter in our broadband businesses." In this quarter, the Broadband Services department reported a financial loss of \$102 million. Also around this time, Lay sold 93,000 shares of Enron stock for roughly \$2 million while still telling employees via e-mail to continue buying the stock and predicting significantly higher stock prices. The severity of the situation began to become apparent in mid-2001 as a number of analysts began to dig into the details of Enron's publicly released financial statements. Then, Enron announced it would need to restate its financials from 1997 to 2000 to correct accounting violations. In Nov 2001, credit rating agencies reduced Enron's credit rating to junk status, effectively solidifying the company's path to bankruptcy.

Enron's \$63.4 billion bankruptcy was the biggest on record at the time. By the end of the day, Enron's stock price had dropped to \$0.61 (Once highest \$90 per share). Early the following year, Enron dismissed Arthur Andersen as its auditor, citing that the auditor had yielded advice to shred evidence and destroy documents. Enron Europe was the first domino, filing for bankruptcy after close of business on November 30th. The rest of Enron followed suit on December 2. This has impacted the ordinary people adversely.

Karma Backfired

The next year, the company changed its name to Enron Creditors Recovery Corporation with the intention of repaying back the remaining creditors and open liabilities. After emerging from bankruptcy in 2004, the new board of directors sued 11 financial institutions involved in helping conceal the fraudulent business practices of Enron executives. Kenneth Lay was convicted of six counts of securities and wire fraud and was subject to a maximum of 45 years in prison. However, Lay died even before sentencing was to occur. Jeffrey Skilling (COO at the time) counts of securities fraud he was charged with in addition to other charges on insider trading.

In addition, hundreds of civil suits were filed by shareholders against both Enron and Andersen, the auditor. Arthur Andersen was found guilty of shredding evidence and lost its license to engage in public accounting.

Peeping Back

The Enron scandal stands as a stark testament to the far-reaching consequences of corporate dishonesty, avarice, and feeble regulation. It propelled the dawn of a new era in corporate accountability, highlighting the paramount importance of transparency, ethics, and effective corporate governance. Enron's spectacular failure had far-reaching implications, leading to regulatory reforms and a renewed focus on corporate responsibility in the post-Enron era. At last, parents (shareholders) need to think of own child rather than Sharma ji ka Ladka (Enron) without unrealistic expectations of returns.



TAX TALE OF INDIA : POEM & EXPLANATION

In the land where rivers blessed the soil,
Kings once ruled with subjects' toil.
From grain to gold, the levies rose,
A kingdom's strength in what they chose.

The Mauryas called for farmers' share,
Ashoka's hand both just and fair.
With Bali came the ancient call,
To give the state a portion small.

The Gupta age with trade did shine,
Tax on goods and crafts refined.
From artisans to markets wide,
The wealth of India's ancient pride.

Then came the sultans, Mughals too,
Who taxed the land and empire grew.
Zamindars and their dues would ring,
A portion claimed for every king.

The British dawn, with foreign reign,
Brought taxes harsh, a nation strained.
From salt to cloth, the burden spread,
Till freedom's call was boldly said.

And in this land, reborn anew,
A modern tax began to brew.
Income taxed and wealth assessed,
To build the nation, do its best.

Then GST, the final stage,
A unified tax in a digital age.
From goods to services, all aligned,
A single levy redefined.

From ancient kings to modern day,
India's tax has paved the way.
A story rich, both old and new,
Of giving back, as nations do.



Ishika Patil
WR00730923

Explanation of the Poem

1. Ancient Taxation:

The poem begins with India's ancient period, where taxes were primarily agricultural. The Maurya Empire (322–185 BCE), especially under Ashoka, implemented a fair tax system where farmers contributed a portion of their produce to the state. The term "Bali" refers to one of the earliest forms of taxation in India, where people offered a part of their earnings or produce to the rulers.

2. Gupta Empire and Trade Taxes:

During the Gupta Empire (circa 320–550 CE), India experienced significant economic growth. Taxes on trade, goods, and crafts became prevalent. The wealth generated through trade routes, such as the Silk Road, was taxed, contributing to the prosperity of the empire.

3. Medieval Period – Sultanates and Mughals:

The poem then transitions to the medieval period, focusing on the Sultanates and Mughal Empire. During these times, land revenue became the central source of tax, with zamindars acting as intermediaries collecting taxes from peasants. The Mughals perfected this system under rulers like Akbar, who introduced zabt, a system of measuring and taxing land productivity.

4. British Colonial Era:

The British colonial period brought new taxes that were often seen as burdensome by Indians. From the infamous Salt Tax to duties on goods like textiles, these taxes contributed to widespread discontent. The line "Till freedom's call was boldly said" alludes to India's struggle for independence, where unfair taxation was a rallying point, particularly during movements like the Salt March led by Mahatma Gandhi.

5. Post-Independence Modern Taxation:

- After India gained independence in 1947, it adopted a modern tax system with income tax, wealth tax, and other forms of direct and indirect taxes. These taxes were essential for building the newly independent nation's infrastructure and economy.

6. Goods and Services Tax (GST):

- Finally, the poem concludes with the introduction of the Goods and Services Tax (GST) in 2017, which unified various state and central taxes into one. This reform simplified India's tax system, making it easier for businesses to comply and for the government to collect revenue. GST marked a major milestone in India's tax evolution, symbolizing a shift towards a more organized and digital economy.

Context:

The poem captures the essence of India's rich and complex history of taxation. From the ancient systems of tribute and land revenue to the sophisticated GST framework, India's tax story reflects its broader political, economic, and social changes over millennia. Each stage of taxation represents a different era in India's development, and the poem highlights how taxation has evolved alongside the nation itself.



MODERN LESSONS FROM INDIA'S FREEDOM STRUGGLE.

INTRODUCTION:

Theodore Roosevelt once said, "The more you know about the past, the better prepared you are for the future." India's freedom struggle, spanning over a century, is more than just a historical event. It's a reservoir of wisdom and inspiration that continues to resonate in the modern era. The sacrifices made, the principles upheld, and the strategies employed by the leaders of the time offer valuable lessons that are relevant even today. This article delves into some of the lessons, that we can use to navigate the challenges of our contemporary world with a deeper sense of purpose and resilience.

Unity in Diversity - Strength in Collective Action.

One of the most profound lessons from India's freedom struggle is the power of unity in diversity. Despite the vast differences in language, culture, religion, and social status, people from all walks of life came together to fight for a common cause. Leaders like Mahatma Gandhi, Jawaharlal Nehru, and Sardar Vallabhbhai Patel understood that true strength lies in collective action.



Shannel Dsouza
SR00798373

In today's world, where societal divisions often seem to dominate, this lesson is particularly relevant. Whether in our workplaces, communities, or even on a global scale, embracing diversity and working together can lead to greater success. Just as the freedom fighters set aside their differences to achieve independence, we too must collaborate, respecting and leveraging our unique strengths to overcome challenges.

Non-Violence - The Power of Peaceful Protest.

"An eye for an eye only ends up making the whole world blind." Mahatma Gandhi's these words and philosophy of non-violence, was a cornerstone of India's freedom movement. He demonstrated that peaceful protest could be a powerful tool for enacting social and political change.

The Salt March, the Quit India Movement, and numerous other non-violent campaigns captured the world's attention and proved that justice could be achieved without resorting to violence.

In the modern era, where conflicts and wars continue to cause widespread suffering, the principle of non-violence remains as relevant as ever. From civil rights movements to environmental activism, peaceful protest has been an effective means of challenging injustice and advocating for change. Gandhi's legacy reminds us that patience, perseverance, and moral integrity can triumph over oppression.

Self-Reliance - The Spirit of Swadeshi

The Swadeshi Movement, which advocated for the use of Indian made goods and the boycott of British products, was not just an economic strategy but also a powerful assertion of self-reliance. It encouraged Indians to take pride in their heritage, support local artisans, and reduce dependency on foreign goods.

Today, in an era of globalization, the principle of self-reliance continues to hold importance. The COVID-19 pandemic, for instance, highlighted the need for countries to build resilient supply chains and support local industries. The modern interpretation of Swadeshi could be the promotion of sustainable practices, the support of local businesses, and the encouragement of innovation within the country. By doing so, we not only honour the spirit of the freedom struggle but also contribute to a more self-sufficient and sustainable future.

Resilience - Perseverance in the Face of Adversity

The freedom struggle was marked by numerous setbacks, but the perseverance of the leaders and the people never waned. Whether it was the brutal repression of protests or the failure of negotiations, the freedom fighters remained steadfast in their pursuit of independence. This resilience is a lesson in never giving up, even when the odds are against you.

In our personal and professional lives, we often encounter challenges that test our resolve. The story of India's independence teaches us that perseverance, coupled with a clear vision and strong values, can help us overcome even the most daunting obstacles. This resilience is not just about enduring hardships but also about learning, adapting, and emerging stronger.

CONCLUSION:

Peter Drucker once said, "The best way to predict the future is to create it." As we reflect on the lessons from India's freedom struggle, it is essential to recognize that these are not just relics of the past. They are timeless principles that continue to guide us in building a better, more equitable world. By embracing unity in diversity, practicing non-violence, fostering self-reliance, and demonstrating resilience, we can honour the legacy of the freedom fighters and apply their wisdom to the challenges of our modern era.



PLATFORM FOR CA STUDENTS TO SHOWCASE THEIR ARTWORK

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SESSION ON "AI IN ACCOUNTING : THE POWER OF TECHNOLOGY"

Speaker : CA Nikita Joshi

EDUCATION IS THE MANIFESTATION OF PERFECTION ALREADY IN.

- SWAMI VIVEKANANDA

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