



# **PUNE BRANCH OF WICASA OF ICAI**

**The Institute of Chartered Accountants of India**

**(Set up by an Act of Parliament)**

## **NEWSLETTER**

**Issue No. 2 - February 2021**

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## **CA. Sameer Ladda**

**Vice Chairman, Pune Branch of WIRC of ICAI (2020-21)  
Chairman, Pune Branch of WICASA of ICAI**

**Dear students,**

**A warm wishes to all of you.**

What a wonderful year of Pune WICASA 2020-21 was indeed. It was full of energy, enthusiasm and creativity. In spite of Covid-19 pandemic situations throughout the year. Pune WICASA has done very great work and that is due to energy, enthusiasm and creativity of all of young, brilliant, handsome and beautiful students. I was a captain but you people played collectively as a team and as a result we got testy fruits.

**In the month of January 2021, we successfully organized Students National Conference.** We lived in real sense our theme of National Conference i.e. **"ASPIRE to INSPIRE"**. All the subjects of the conference were non routine and very useful in the career of each and every young dynamic student.

**CA (Dr.) S. B. Zaware sir had given special congratulations to us and said that "This is one of the best national conferences of students. It included all different and vibrant subjects. In this conference we received guidance from by politician, singer, actor, spiritual guru, industrialist, teachers and very eminent speakers in the profession. So we were having galaxy of speakers from different fields in the society."**

In spite of lot of obstacles you people made 850 and above registrations. Lot of hard work you have done .Hats of you students. I salute all of you.

**After a great success of National Conference, we organized wonderful Youth Festival for all of you.** Different indoor and outdoor games, cultural evening all was just amazing. And one the best part of Youth Festival was **Inter Firm Box Cricket League** for students. **Our WICASA team became Pioneer**

**of this Inter Firm Box Cricket League** and it will be continued in years to come. WICASA team 2020-21 will always remembered as a pioneer of Inter Firm Students Box Cricket. **I will give my sincere thanks to CA Sarvesh Joshi for exclusive sponsorship** for Inter Firm Students Box Cricket.

Pune Branch of WICASA of ICAI has won the first prize at national level and regional level in Mega category in previous years and I am very much confident that this year also we will achieve that bench mark. I am eagerly waiting for the results.

Throughout the year our beloved CA Abhishek Dhamne-Chairman, CA. Kashinath Pathare- Secretary & Treasurer, CA. Ruta Chitale-MCM, CA. Rajesh Agrawal-MCM, CA. Amruta Kulkarni-MCM and CA. Abhishek Zaware-MCM given continues support to us. I give my sincere thanks to all of them. I also give thanks from bottom of heart to our WICASA team Mr Manmath Shewalkar, Mss Monika Trivedi, Mr Shravan Ladda, Mr Rohan Kasat, Mr Pranav Kotalwar, Mss Anuja Toshniwal and coopted members Mr. Lokesh Agrawal, Mr. Sandhya G Gattani, Mr. Akash Pawar, Mr. Sanket S Gujalwar, Mr. Tushar Toshniwal for dedicated support and help throughout the year. Without it was not possible to take Pune WICASA at such a height. This is my last communiqué as a WICASA Chairman. From next month someone will take my charge. With tears in eyes I am concluding this communiqué as I will be missing WICASA hence forth. But this is truth of life 'everyone has to step down from his or her post'. Though as a WICASA Chairman I will not be there, I will be always there to help each and every student. Thanks to all the WICASA team, co-opted members, volunteers and staff members. All of you will always remain in my heart.

At the end I will conclude by saying to every student that

“खुदी को कर बुलंद इतना कि हर तकदीर से पहले खुदा बंदेसे खुद पुछे बता तेरी रजा क्या है।”

Regards,

CA Sameer Ladda

Chairman –Pune WICASA



**Mr. Akshat Goyal**

**CRO0622827**

### **Personal Data Protection Bill, 2019**

Data is the new oil, and corporations and government alike are trying to collect the most of it. The huge amounts of personal data collected by corporations has its own benefits — advertisements focused on what you actually want to buy, wearable devices that can monitor your health and notify your doctor if something is going wrong— but it can also lead to big privacy problems. People generate thousands of data points every day — where they go, what they read and write, what they buy, what they eat and more — and such detailed information, in the hands of marketers, financial institutions, employers and government, can affect everything from relationships to getting a job, and from qualifying for a loan to even getting on a plane.

It is an open secret now that most tech players sell user data to third party aggregators. All of our smartphones have a record of our data and most Android apps gain access to the phone and store our data. Using this data, anything ranging from behaviour manipulation to influencing consumer behaviours, voting patterns, surveillance or even something downright nefarious, can be done.

Currently in India, the usage and transfer of personal data of citizens is regulated by the Information Technology (IT) Act, 2000 and the IT Rules, 2011. Under them, a body corporate is liable for compensation if it is negligent in implementing and maintaining reasonable security practices resulting in wrongful loss or wrongful gain to any person. Disclosure of information without the consent of the person concerned is punishable with imprisonment and fine.

While this was a novel attempt at data protection at the time it was introduced, the pace of development of digital economy has shown its shortcomings. The IT Act was not enacted with the primary intent of

providing data protection and has a very narrow scope with regard to data protection. Moreover, it does not apply to government but only to body corporates.

Public data leaks have been quite common in India — from government websites enabling the download of Aadhaar numbers to electoral data rolls being downloaded in bulk, among others. A report in February 2020 by a German cybersecurity firm, Greenbone Sustainable Resilience that medical details of 120 million Indian patients were leaked and are freely available for sale on the Internet is worrying and exposes the ineffectiveness of the current system and an urgency and importance of the upcoming comprehensive Data Protection Law.

In August 2017, a nine-judge bench of the Supreme Court in the case of *Puttuswamy v. Union of India* has declared that the right to privacy is a fundamental right protected under the Constitution of India. The Court also observed that privacy of personal data and facts is an essential aspect of the right to privacy. In July 2017, a Committee of Experts, chaired by Justice

B. N. Srikrishna, was set up to examine various issues related to data protection in India. The Committee submitted its report, along with a Draft Bill in July 2018. The Personal Data Protection Bill, 2019 (hereinafter referred to as “the Bill”) is based on the recommendations of the report and the suggestion received from various stakeholders and was tabled in the Lok Sabha in December 2019. It is currently being analysed by a Joint Parliamentary Committee.

### **Key Provisions of the Bill**

Types of Data

**Personal Data** means data about a natural person who is directly or indirectly identifiable, having regard to any characteristic, trait, attribute or any other feature

**Sensitive Personal Data** includes financial data, health data, official identifier, biometric data, genetic data, transgender status, caste or tribe, religious or political beliefs

#### **I. Applicability**

The Bill governs the processing of personal data by both government and companies incorporated in India. It also governs foreign companies, if they deal with personal data of individuals in India. The Bill shall not apply to the processing of anonymised data.

#### **II. Obligations of Data Fiduciary:**

The entity or individual who decides the means and purposes of data

processing is known as **data fiduciary**. A **data principal** is an individual whose personal data is being processed.

The processing of Personal Data will be subject to certain purpose, collection and storage limitations such as:

- a) For a Specific, clear and lawful purpose
- b) For the purpose consented to by the data principal or incidental/connected purpose
- c) Collection of Personal Data shall be limited to what is necessary for processing
- d) Notice to be given to the data principal for collection or processing of personal data
- e) Retention only for the purpose for which it is processed and deletion at the end of the processing
- f) Verification of age and obtaining parental consent when processing any personal data of children
- g) Consent to be taken from data principal at the commencement of the data processing

Consent has been given specific importance in the Bill (subject to certain exceptions such as legal proceedings, medical emergency etc.), where consent, in order to be valid, must be:

- a) free
- b) informed
- c) specific
- d) clear and through an affirmative action
- e) capable of being withdrawn as easily as it was given

The provision/quality of any goods or services shall not be made conditional on the consent to the processing of any personal data not necessary for that purpose.

Following are examples of notices displayed by websites to inform users about the use of cookies:



In the first example, consent is not even sought and cookies are placed by default - the user is just informed of it. While the second example expressly asks for consent through an affirmative action, and the user has the right to not give consent.

In addition, the data fiduciaries must undertake certain transparency and accountability measures such as:

- a) Prepare privacy by design policy and publish it, implying that the fiduciary needs to be proactive in ensuring data security.
- b) implement security safeguards such as data encryption and de-identification
- c) inform the Authority by notice about breach of any personal data
- d) institute grievance redressal mechanisms to address complaints of individuals

### III. Significant Data Fiduciary

Any data fiduciary can be notified as a significant data fiduciary based on volume and sensitivity of personal data processed, turnover, use of technologies etc. Social media intermediaries that can have a significant impact on electoral democracy, security and sovereignty of the nation, have been specifically included in the definition, implying that the government has taken seriously the risks of Facebook and Twitter influencing elections in India.

A significant Data Fiduciary is further required to:

- a) have its policies and the conduct of its processing of personal data audited annually by an independent data auditor
- b) undertake data impact assessment where data processing involves new technologies or sensitive personal data
- c) appoint a data protection officer for the purpose of advising and monitoring its activities



#### **IV. Rights of Data Principal**

The Bill sets out certain rights of the individual (or data principal) which includes the right to:

- a) obtain confirmation from the fiduciary on whether their personal data has been processed,
- b) obtain a summary of the personal data of the data principal being processed and the processing activities undertaken,
- c) seek correction of inaccurate, incomplete, or update personal data,
- d) be forgotten: restrict continuing disclosure of their personal data by a fiduciary, if it is no longer necessary or consent is withdrawn.

#### **V. Restrictions on Transfer of data outside India**

Sensitive personal data may be transferred outside India for processing if explicit consent is given by the individual, and pursuant to a scheme approved by the Authority, or approval of Central Government. However, such sensitive personal data should continue to be stored in India. Certain personal data notified as critical personal data by the government can only be processed in India.

#### **VI. Data Protection Authority**

The Bill proposes a Data Protection Authority of India (DPA) which shall take steps to protect interests of individuals, prevent misuse of personal data, ensure compliance with the Bill and promote awareness about data protection. Orders of the Authority can be appealed to an Appellate Tribunal. Appeals against the order of the Tribunal can be filed at the Supreme Court. The Authority shall, for the purposes of encouraging innovation in artificial intelligence, machine-learning or any other emerging technology in public interest, create a Sandbox.

#### **VII. Exemptions:**

Under Section 35, the central government has the power to exempt any agency of the Government from applicability of the Act if it is necessary for the interest of sovereignty and integrity of India, the security of the State, friendly relations with foreign states, and public order, or for preventing incitement to commission of any cognisable offence relating to the above matters.

Processing of personal data is also exempted from provisions of the Bill for certain other purposes such as prevention, investigation, or prosecution of any offence, for personal, domestic, or journalistic purposes, and for research archiving or statistical purpose.

## **VIII. Non-compliance with the Bill:**

Processing data in violation of the provisions of the Bill is punishable with a fine upto 15 crores or 4% of the annual worldwide turnover of the data fiduciary, whichever is higher.

In addition, any data principal who has suffered harm as a result of any violation of any provision by a data fiduciary or a data processor shall have the right to seek compensation from the data fiduciary or the data processor.

## **Objections to the Bill**

The proposed legislation is not without its critics. The major concerns raised by stakeholders are as follows:

### **Unrestrained access to personal data by government agencies**

The bill empowers the central government, in Section 35, to allow any government agency to bypass the bill on such grounds as discussed above subject to only a written order from the central government specifying the reasons for breaching privacy. Experts say that the chances of abuse of power under Section 35 are immense, with no checks and balances. It runs the risk of turning India into an Orwellian surveillance state.

#### **1. Data localization**

Restrictions on the flow of critical personal data and sensitive personal data amount to localisation, which will have a major economic impact on the country.

#### **2. Government demanding anonymised data**

Section 91 talks about government demanding companies to provide anonymised personal or non-personal data for planning purposes. This will open the door for access without checks and balances and might discourage investment if companies are asked to reveal their insights in the name of planning.

#### **3. The primacy of 'harm' in the Bill ought to be reconsidered**

The data principal is required to demonstrate that he suffered harm, in order to claim damages. The Bill does not provide any guidance on the interpretation of the term 'harm', which makes it open to varied interpretations. This ambiguity in the definition will make it difficult for the data principal to demonstrate harm and for the DPA to take necessary

action.

#### 4. **Lack of interoperability**

In its current form, a number of the provisions in the Bill which are different from legislations across the globe will make it difficult for India's framework to be interoperable with other frameworks globally and in the region. Although the Bill is based on the same principles as Europe's landmark General Data Protection Regulations (GDPR), some key differences exist such as different definitions for personal data, more stringent data localisation requirements than GDPR, the requirement of Data Audit and registration with DPA, and the wide exemptions granted to government agencies under the Bill.

### **Going Forward**

Pursuant to the Bill being enacted into an Act, there are several compliances to be followed by organizations processing personal data in order to ensure protection of privacy of individuals relating to their Personal Data. Based on the type of personal data being processed, organizations will have to review and update data protection policies and codes to ensure these are consistent with the revised principles, appoint Data Protection Officers and institute grievance redressal mechanisms. A period of at least 2 years on the lines of GDPR can be expected to be given to comply with these requirements.

Going by the experience of GDPR in Europe where millions of euros have been spent by companies on compliance, and even in 2020, only a handful of companies believe they are fully compliant, implementing the Bill is going to be a rather difficult task in India as well. India needs to learn from the experience of Europe, and not repeat the mistakes made by them. Government will need to provide clear rules and guidelines, run awareness campaigns and implement the bill in a step wise fashion, and not all at once, lest it cause havoc in the economy. Companies will need to get serious and start implementing early, and not wait for the deadline. Individuals need to be educated about their rights under the new regime.

The Bill when enacted will usher in a new era of Digital India, where individuals will be equal stakeholders and will control how their data is used. Tech Giants will be brought to account for their unethical activities for which no punishment existed till now. Although certain business models may be rendered unfeasible under the new regime, fresh opportunities shall open up for data professionals. Data Security and innovation will work hand in hand towards a brighter and safer Internet.



**Sai Charan**  
**SRO0608856**

## **ARTIFICIAL INTELLIGENCE AUDIT**

**“Robots are not going to replace humans; they are going to make their jobs much more humane. Difficult, demeaning, demanding, dangerous, dull – these are the jobs robots will be taking”. - Sabine Hauert, Co-founder of Robohub.org**

### **INTRODUCTION**

During the World War II, the first computer was invented that cracked the German communication code. The father behind this unprecedented machine, Alan Turing, wrote the paper- Computing Machinery and Intelligence in 1950 and the paper opens with the words-

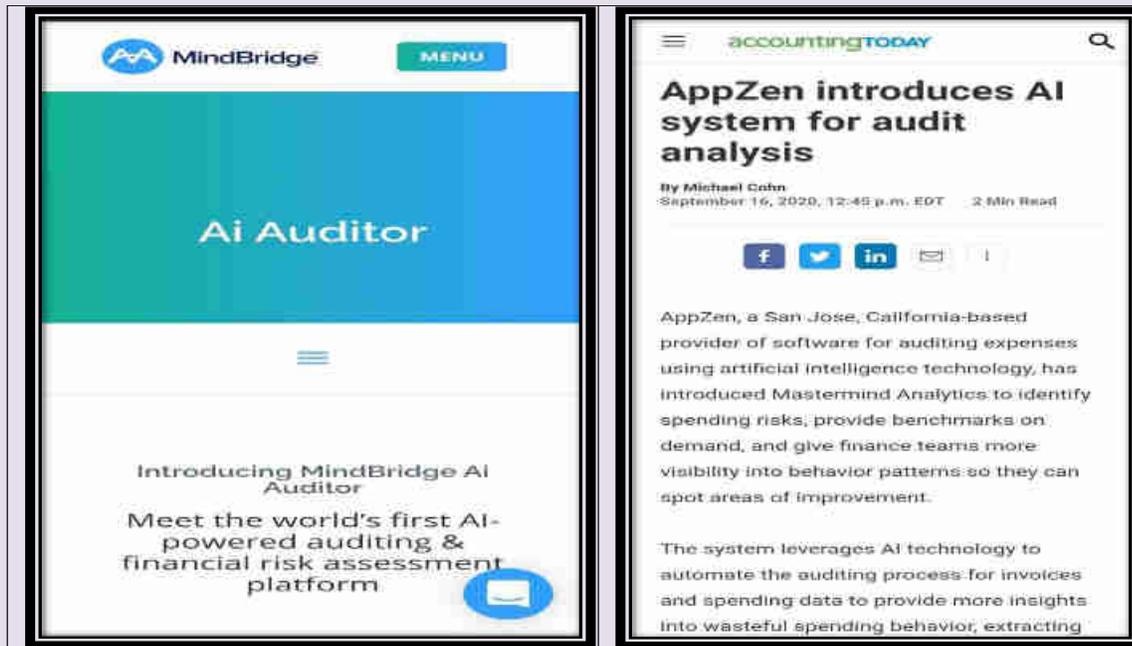
**“I propose to consider the question, Can machines think?”**

This was the inspiration behind the idea of **Artificial Intelligence**.

### **OBJECTIVE OF THE PAPER**

The paper takes the application of artificial intelligence in the auditing industry as the research object. It aims to analyze the impact of artificial intelligence on the development of auditing industry, their benefits, limitations & real life scenarios.

With the rapid development of information technology and the needs of economic society, Artificial Intelligence (AI) has ushered in the golden age. The technology is already able to handle many accounting functions such as tax preparations, payroll, and audits. Many of the leading auditing software providers including **Appzen & Mind Bridge** have incorporated AI technology into their software to handle basic auditing tasks which can enhance understanding of the entity and risk assessment. The question that arises is **“What is the future of audit in such an environment?”**



**Firstly, we shall know about Artificial Intelligence.**

## **WHAT IS ARTIFICIAL INTELLIGENCE?**

It is a science of teaching programs and machines to complete tasks that normally require human intelligence. Best examples are:

- a) Google map navigations
- b) Smart cars & drones
- c) Social media feeds which have algorithms
- d) Music apps which play music according to our taste
- e) Video games
- f) Online advertisements

From accurately predicting traffic patterns to determine the fastest route to a destination, to employing face recognition to unlock smart phones, to using natural language processing (NLP) to allow humans to talk to virtual assistants in plain English

....artificial intelligence (AI)-enabled programs are transforming our daily personal and professional lives.

AI is an evolving technology that promises to be a game-changer for various industries. AI is already being applied in areas as varied as driverless cars, home energy systems and investment portfolio management. Accounting and auditing will also be affected.

## **Where it started?**

Over 60 years ago, the first AI projects focused on tasks such as language

translation. At the height of the Cold War, the US government funded a project to determine whether a machine could translate between English and Russian, but progress was limited due to the available computing power of the day.

More recently, many advances have been done but they have not reached the point where **human nuance and inspiration are replaceable**.

AI is transforming the accounting industry by processing vast amounts of client data to report on behavior, trends and anomalies. For auditing, AI offers advanced methods for understanding ledgers, detecting material misstatements, and reporting on risk to clients.

### **What is driving AI?**

Before we jump into AI, we need to understand what is driving Fourth Industrial Revolution?

- a) Explosion of Data
- b) Complexity in Managing trust in an environment. Ex: Cyber-attacks, Social media.

To achieve the above two problems, increase in use of AI is being observed.

### **Statistics which show the future of AI Audit**

- a) As an example, two years ago, an EY survey showed that 74% of CEOs were saying that they had no strategic plans on Artificial Intelligence. One year after, exactly the same survey results demonstrated that 73% of CEOs are already adopting AI or plan to adopt in the next 2 years.
- b) A second statistic, provided by the World Economic Forum, shows that 30% of every corporate audit will be performed by AI by 2025.
- c) Finally, the OECD has counted more than 200 block chain initiatives on-going in the public sector across 46 countries.

These show the importance to be prepared for this changing environment.

### **How AI Helps Auditors?**

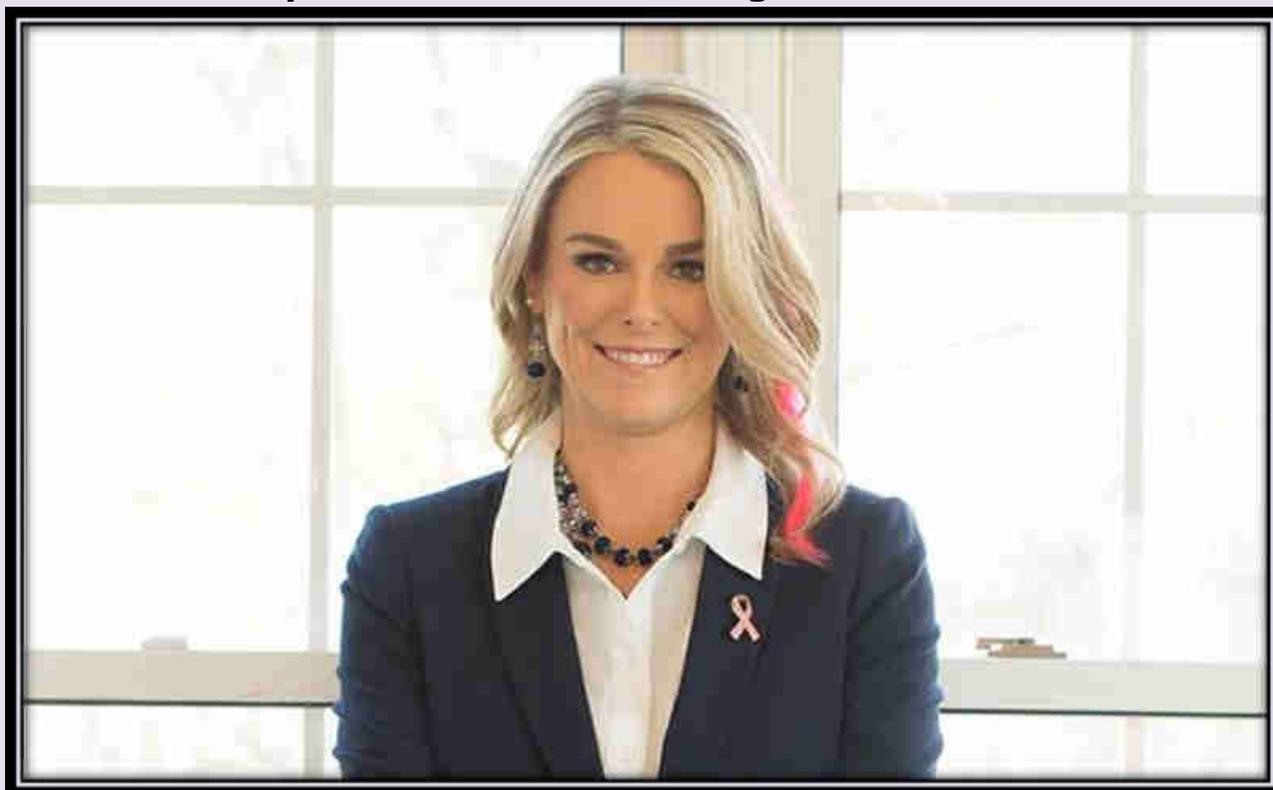
Artificial intelligence automates many tasks that were previously done manually, such as ingesting data, and it analyzes 100% of the dataset without requiring a human to create tests, write scripts, or remember all the rules. Key to the future of audit is that AI is changing the definition of reasonable assurance, by understanding the entirety of the ledger and identifying anomalies based on risk, rather than rules.

With risk-based assurance, transactions are flagged for investigation based on how they deviate from the data set, such as unusual payments or activities that would not normally be caught by traditional testing practices. While humans rely on judgment and random sampling, which can be time consuming and prone to missing items, AI rapidly parses information to reveal risks never thought of before.

AI also reduces the amount of work on both the firm side and client side. By having complete ledgers ingested and analyzed, with little manual effort, the need to go back- and-forth asking questions of the client is minimized. Auditors are free to explore and dive into details as they wish, providing a **richer financial picture** than ever before.

**Will AI replace auditors?** The answer is definitively “no.” It cannot replace the experience and judgment of auditors, nor can it understand and manage the relationships between firms and clients.

**Now, we shall examine a real life case study of AI Auditing on how a firm implemented AI in Auditing.**



**Samantha Bowling – who is a partner at Garbelman Winslow CPA’s shares her experience on how she implemented AI in Auditing.**

- All of their 15 employees have desktop and laptop computers,

- monitors, and virtual work-from-home access.
- They are paperless.
- They had everything on the cloud which is available 24\*7 and has remote access.

The AI they used is machine learning where the machine has built-in algorithms that help it learn based on transactions it is fed. This software platform uses AI and various control points (benchmarks) to analyze the transactions in the general ledger and then puts those transactions into buckets:

- a) High risk
- b) Medium risk
- c) Low risk

Previously, they would manually sample at random to figure out which transactions to review, which was **less effective**. AI is absolutely more comprehensive; it alerts us when things don't look right and tells us where to start and where our risk is going to be. It shows the risk at the transaction level.

They used the **QuickBooks** to link their clients to the platform. Then it pulls in all the information.

**The advantage is that** – they are able to more accurately pick a relevant sample for my audits based on risks at the transactions level. This should help us grow our audit practice. This gives us a competitive advantage over firms that use the traditional statistical sampling. We are selecting our sample by using AI to review all transactions and pick the riskiest transactions for our sample.

### **Benefits of AI in Auditing**

#### **1. Optimization of Time:**

By making it possible for auditors to work better and smarter, AI will help them to **optimize their time**, enabling them to use their human judgment to analyze a broader and deeper set of data and documents.

#### **2. Adds value & quality:**

It also enables them to ask better questions and to interact more with CFOs, audit committees and company boards, adding value to the audit process. In this way, AI could contribute to providing better-quality audits – and an exciting future for auditors.

#### **3. Focus on High risk:**

The audit of the future is likely to have much less human-to-human interaction related to highly repetitive and rules-based tasks. Interface tools could be used to automatically share information in real time with the external auditor's AI tool(s), which in turn could analyze, test and flag anomalies or issues that require the auditor's attention. This would focus the human interaction on high-risk transactions as opposed to routine inquiries.

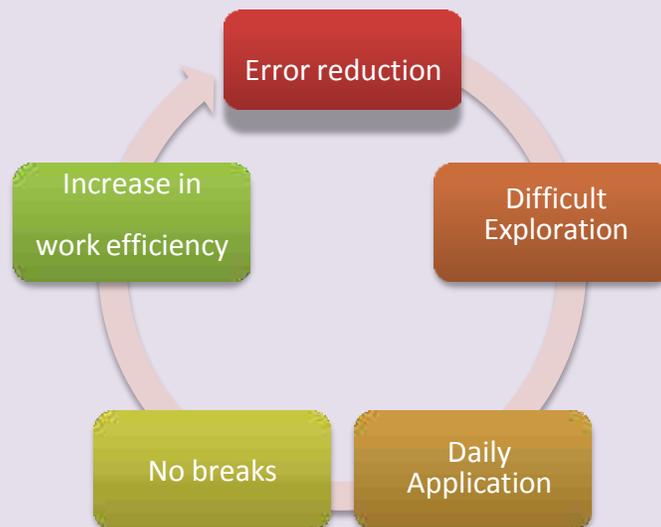
**4. Process large amounts of Data:**

This is all in addition to being able to process large amounts of data (such as reading bank statements and legal contracts) and reconcile accounts many times faster than a human auditor and with fewer errors.

**5. Real time audits:**

Currently, audit reports are typically released after the close of the audit period (usually 25 to 120 days after the period end); however, users are increasingly demanding more timely information. Many parts of the audit can already be automated or run in parallel and thus result in faster completion of individual audit steps (notwithstanding AI limitations identified above).

**Continuous (e.g., monthly, quarterly or other relevant timeline) or real-time auditing and reporting (e.g., as transactions occur) may become common.**

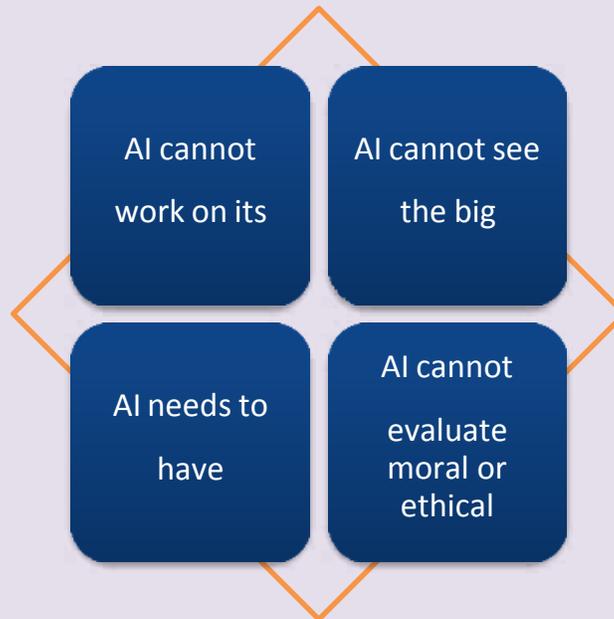


**Direct challenges:**



### Indirect challenges:

- Auditor's appropriate competency and capabilities to perform the audit engagement.



### Key drivers of AI adoption are:

- Working better and smarter;
- Optimizing time;
- Sharing data, knowledge and capabilities in an open and collaborative approach across departments;
- Reduction of business risks by secure and centralized collection of information, records and process logs;
- Elimination of human bias in the decision-making process;
- Easier approach and faster use of service;
- Large resource savings; Smart machines that minimize the environmental impact.

### Examples of AI in auditing profession:

1. **Machine learning can be used to automatically code accounting entries.** By creating sophisticated machine learning-based models, auditors can also improve fraud detection.
2. Machine learning tools allow humans to analyze a **larger number of contracts**, such as leases, in a much shorter timeframe than is possible with a traditional manual review. In a recent pilot, AI tools were able to accurately extract information from lease contracts using pre-selected criteria in the vast majority of cases – a higher level of precision than

the average human reviewer is capable of.

3. AI can be used to provide unique insights & a complete view on **financial health** for clients.
4. AI-based analysis can be used for materiality limits and extracting medium and high-risk items to run samples on during our planning stage.

## **CONCLUSION**

In the days ahead, AI is positioned to deliver an immense opportunity to auditing, and promises to bring a new standard of efficiency to their own specific set of decisions and tasks. In the grander scheme of auditing advancements, AI could radically change the profession in its entirety.

## **What we need to do?**

1. We have to invest in Education & Training.
2. The profession needs to change focus and concentrate on three main elements:
  - a) **Diagnose** – companies are still run by human beings and it often takes human emotional intelligence to understand the real (sometimes hidden) problem that needs to be solved.
  - b) **Design** – AI will only do what we ask it to do. Humans still have the key role to play in system design.
  - c) **Decide** – AI is very good at automated decisions but it is still fundamental to have a professional that can exercise skepticism and emotional intelligence. We all have examples of absurd AI decisions – professional judgment remains essential.

The best combination is to have humans and machines working together. It remains crucial that we remain involved in the use of AI and we don't surrender the ultimate decision-making to machines.

The future of auditing can be shaped by AI. The way forward is to create machines more intelligent than us. There is a common phrase-

**“The sky is the limit; but when it comes to intelligence when has ever the sky been the limit?”**



**Mr. Mohit Sunil Rohra**  
**WRO0572698**

## **Wealth Creation, Maintenance & Growth**

### **"How an economy grows and why it crashes" by Peter D Schiff:**

Once upon a time there were three men—Able, Baker, and Charlie—who lived alone on an island. Far from a tropical paradise, the island was a rough place with no luxuries. In particular, food options were extremely limited. The menu consisted of just one item: **FISH (consider wealth)**

This was an isolated place where none of mankind's many advancements in fish-catching technology had arrived. Using the inefficient technique i.e. by bare hands, each could catch one fish per day, which was just enough to survive to the next day. This activity amounted to the sum total of their island wealth. Everything that is produced is consumed! There is nothing saved for a rainy day, and there is nothing left to lend. **(NO SAVINGS, NO INVESTMENT, NO CREDIT)**

One night, looking up into the star-studded sky, Able began pondering the meaning of his life.... "Is this all there is? There must be more to life than this." He decided to create a device i.e. "THE NET," and he set about finding materials to build one. When asked by Baker & Charlie of why he was spending time on making the net rather than fishing he responded **"I have been inspired to create a device that will unlock oceans of fishing possibilities. When I'm finished, I'll spend less time fishing, and I'll never go hungry again."** By day's end Able had completed his net! **He had created capital through his self-sacrifice!**

The next day with the help of the net Able was able to easily fetch 2 fishes whereas his friends took the entire one day to fetch just one fish. For the moment, Able pondered his sudden boon. **"Since I can provide two days of food with only one day of fishing, I can use every other day to do something else. The possibilities are endless!"**

**To summarize, Able (and society) can do only five things with savings that could help him to create wealth:**

1. He can save what he has saved.
2. He can consume what he has saved.
3. He can lend out what he has saved.
4. He can invest what he has saved.
5. He can try a combination of the other four options.

Thus it could be concluded that by this way he could:

**Create Wealth**: By fetching 2 fishes that exceed his consumption requirements of 1 fish a day.

**Maintain Wealth**: He would dry and preserve the other fish for future use.

**Grow Wealth**: He could because of leisure of not to fish daily for survival could find new ways to create other devices that could help him to fetch more and more fishes without fearing of his daily consumption requirements.

### **Understanding WEALTH**

Wealth measures the value of all the assets of worth owned by a person, community, company, or country.

- Wealth is an accumulation of valuable economic resources that can be measured in terms of either real goods or money value.
- Net worth is the most common measure of wealth.
- The concept of wealth is usually applied only to scarce economic goods; goods that are abundant and free for everyone provide no basis for relative comparisons across individuals.

A person who's net income is positive over time will become increasingly wealthy over time. For countries, Gross Domestic Product can be thought of as a measure of income (a flow variable), though it is often erroneously referred to as a measure of wealth (a stock variable).

Anyone who has accumulated a large quantity of net worth can be considered wealthy, but most people think of this term in more of a **relative sense** (changes depending on what time in history and what part of the world we're dealing with) Research has consistently shown that people's perception of their own wellbeing and happiness depends much more on their estimates of wealth relative to other people than on **absolute wealth**.

At the most general level, economists may define wealth as "anything of value" that captures both the subjective nature of the idea and the idea that it is not a fixed or static concept.

### **What does it actually mean to be wealthy?**

Being wealthy goes much deeper than driving a BMW, owning a vacation home in the Bahamas and wearing designer clothes.

1. **Being Wealthy Allows You To Give:** By working hard and building wealth, you're giving yourself an opportunity to help others around you.
2. **Being Wealthy Helps You Leave A Legacy:** Building a legacy is about creating something that will outlive you and transform the lives of people you may never even meet.
3. **Being Wealthy Gives You Options:** When you're wealthy, you have more freedom to create a life you want to live, not a life you have to live. You can spend more time on hobbies or business ideas that you never could before because you've got a built-in safety net of wealth to catch you if you fall.

## **HOW TO CREATE WEALTH**

If you want to become wealthy, follow these four proven steps:

1. **Work And Earn An Income:** Your income is your greatest wealth-building tool. Work hard and increase your income whenever possible—get promoted at work, start a side hustle, cut back on your budget, and be intentional about your lifestyle. Income is further sub-classified into the following types:
  - **Active Income:** Income for which services have been performed. This includes wages, tips, salaries, commissions and income from businesses in which there is material participation. Active income means you are doing something in order to receive that income. Some kind of work. Some kind of effort. You are not hands-off. You have to exert some kind of energy and time towards earning that income.
  - **Passive Income:** Earnings an individual derives from a rental property, limited partnership or other enterprise in which he or she is not actively involved. Passive income means you are earning regular income with little to no effort required to keep it coming. You are for the most part hands-off.
  - **As per my opinion;** active income is underrated as compared to passive income as everyone wants to earn passive income to the maximum extent possible without understanding the fact that Active income acts as a base to lays a foundation towards the Tower of wealth one wants to create. Stronger the base, better the structure.
  - **In the entire process of accumulating wealth;** the proportionate contribution of active income and passive income varies based on time. In the initial stages active income plays a major role whereas the role of passive income is negligible. However if such passive income is managed properly over time may lead to passive income contributing to major of total contribution to the total wealth.
2. **Grow your money:** What do you mean by "grow your money?" Simply put, you must invest your money in order for it to experience **compound growth** and **outpace inflation**. But there's a right way and a wrong way to invest in the stock market. You should spread your money evenly across various type of investment modes such as stock market, money market, real estate, scarce commodities, etc. in order to diversify your portfolio and not take on too much risk in one category.

**3. Stay Allergic to Debt:** Debt isn't your friend—it's your enemy. It steals your number one wealth-building tool: your income. Interest that you pay (on debt) is a penalty, and interest that you earn (through investments) is a reward. Think like a millionaire and avoid debt like the plague. Approximately 86% of the general population believes that wealthy people use debt in their favour to make more money. But it was discovered just the opposite! Millionaires carefully avoid debt throughout their lives.

**4. Have A Long-Term Mindset:** Short termism never favours the ones who want to build wealth and sustain it over a long period of time. Have you ever heard the kids' story about the tortoise and the hare? Most people would put their money on the hare to win in a race against the tortoise. But the hare gets easily distracted and makes some impulsive decisions plus, he's a bit arrogant, thinking he's got the race in the bag. Before you know it, he's off course taking a nap. Meanwhile, the tortoise keeps plodding along deliberately, consistently, step after step.

When it comes to investing, be the tortoise. Be wise, patient and steady. Don't withdraw from your retirement accounts, no matter how tempting it is. Don't live above your means. Look for compound growth to work its magic over the long haul, and before you know it, you'll be enjoying the fruit of your wealth-building years!

## **HOW TO MAINTAIN WEALTH**

One may generate wealth but to sustain it over long term is another vital task in itself. Maintenance is often ignored and that is the most important factor that determines as to whether the wealth remains "At a point of time." OR "Over a point of time"

Making money is only half the battle -- keeping it is the other half. Yet if you read financial publications, far more than 50 per cent of the articles are about ways to make money. Saving money doesn't make for great headlines, but it's vital to your long-term success. With that in mind, I want to discuss a few important ways that can help maintain your wealth.

### **1. Diversify:**

Diversification helps you spread your money around over more and less risky ventures. So you'll want to have a percentage of your assets in the stock market, which should be diversified into several different products, such as fixed income, emerging markets, tech stocks, bonds, etc. You'll also want a percentage of your assets in cash so you have the liquidity to take advantage of any opportunities that present themselves. And you should have a percentage of your assets invested in real estate. Here, too, you can diversify in the different classes of real estate, such as industrial, office, retail strip malls, and apartments buildings.

### **2. Get Insured:**

This is probably one of the most important tips of all. Many businesspeople are under-insured, or not insured at all for certain catastrophes such as hurricanes, high winds,

hail, flooding, etc. Make sure you have an experienced, reputable insurance broker who can tailor policies that best suit you and your investments.

### **3. Stick to what has been working for you - don't go chasing the next hot investment:**

The newest trends tend to draw too many people all looking to cash in on the same opportunities. There's nothing wrong with dabbling in something new, but look for something that's not so oversaturated that it's impossible for everyone to profit. Many businesses have tried to expand outside of their fields, but few have succeeded.

### **4. Find a good CA and listen to them:**

A good tax adviser will stay on top of the latest changes in tax laws and find legal ways to minimize your tax bill to fit your specific situation. Just make sure whomever you're working with is credible and has a good reputation. Bad tax advice or trying to hide money from the government in offshore accounts isn't advisable.

### **5. Seek Good Legal advise:**

Good legal advice is essential in preserving your wealth. Face it, when you make it to the top, you can become a target, so you need to protect your assets against predators. Lawyers should also review all business contracts, even those among family and friends with whom you're doing business. And if there's a dispute, ask the lawyer for some advice before saying, or doing, something you may regret.

### **6. Set up an SPE(Special Purpose Entity) for each investment:**

Are you protected against liability? In our litigious society, it's quite easy for somebody to maliciously file a lawsuit against you. How you hold ownership in each of your assets is crucial; you don't want them all to be under your trust. I set up my businesses and properties as separate entities from my trust. I also have all the properties and businesses I own in their own separate SPE (single purpose entity). This means that the members of that LLC are in my trust, so it gives me another layer of protection. You should work with your estate planner and CA to determine what suits you the best.

## **7. HOW TO GROW WEALTH**

Following are the best Rules if followed in a disciplined way may help one grow its wealth- Over time:

### **1. You Have To Earn It (Your Money, Your Wealth)**

There's no way you're going to get to what you want and where you want to be if you're not trying to get there. With money, this is pretty damn straightforward. You want money? Get out there and start making it. Get a job. Get a second job. Get a third job. Start side hustling and doing side projects to make more money.

The bottom line is, if you want to grow wealth, you have to earn income. There are potentially thousands of ways to earn income, and you need to find the most that you can do and get to work. There is nobody stopping you. There's nothing in your life preventing you. The only roadblock to you earning more is yourself.

So, stop with the excuses and focus on rule #1 to get started – you have to earn your wealth.

## **2. You Need To Save Until It Hurts**

The real "rule" to get rich here is saving until it hurts. How much is that? Well, if you're not hurting yet, it's not enough. The truth is, following Rule 1 makes this rule easier. The more income you have, the easier it is to save more. But even on lower incomes, you can still save.

## **3. You Need To Optimize Your Spending**

The trick here is to simply spend wisely – especially on your biggest expenses. For most people, this could be cars, insurance, healthcare, and more. Too many people here just opt for "whatever" or don't think about what the choices really are. Wealthy people stop, think, and elect a choice that maximizes their benefits while minimizing their expenses.

So, if you're ready to grow wealth, start identifying and optimizing your spending.

## **4. You Must Put Your Money To Work For You**

It's all about making your money work for you, not against you. Earning it is your part of the heavy lifting. You need your money and the power of compound interest to work together over time to grow wealth for you.

You need your money to grow and earn you more money. You need to start building income streams with your money. The goal is that your hard work up front can help you build passive income streams for the future.

## **5. You Need To Marry Smart**

Why? Because a great spouse can be a huge force multiplier when it comes to building wealth, while at the same time the biggest destroyer of wealth is divorce. In fact, a recent study found that divorce destroys 75% of personal net worth.

Divorce has the potential to ruin financial lives if you didn't marry smart.

Example of none other than Jeff Bezos: His ex-wife, MacKenzie Bezos, is now the richest woman in America, with a \$62.3 billion fortune. An author and early employee at Amazon, MacKenzie Bezos walked away from her divorce with Jeff Bezos last July with 25% of his Amazon shares, then worth \$36 billion.

## **6. You Always Need To Minimize Your Taxes**

Taxes can prevent you realizing wealth over time because they consistently eat away at your income and investment returns. If you don't want to give up your wealth to the

government, then taxes should be near the top of your mind when making any money decision.

### **7. Insure Yourself And Protect Your Family**

You need to insure yourself to protect your wealth and your family. I'm not even talking about life insurance here – I'm talking about making sure that you have health insurance and disability insurance.

Don't watch all of the money you have accrued go away in a moment.

### **8. You Need To Take Care Of Yourself First**

When it comes to building wealth, you have to take care of yourself first – even when dealing with family. This can be really hard for some people, especially those that didn't have much, and now have something that they could share. And others may realize it and ask.

If you want to help others, make sure you've put yourself on solid ground first and have followed all the rules. I've seen it too many times where generosity leads to financial ruin.

### **9. Surround yourself with people better than you.**

Find people that will help you with that. You don't have to settle for the life you were born into if that's not what you want.

On the family front – if they are holding you back, distance yourself. Married upward. Don't let family be the reason you aren't achieving your dreams.

Friends? Find ones that are making you a better person. Drop the moochers. Drop the haters. Drop the lazy ones.

Work? Find a mentor that is doing what you want to do and is killing it. If they don't have the bandwidth to meet you, just watch them and see what they do. You can learn a lot from a distance.

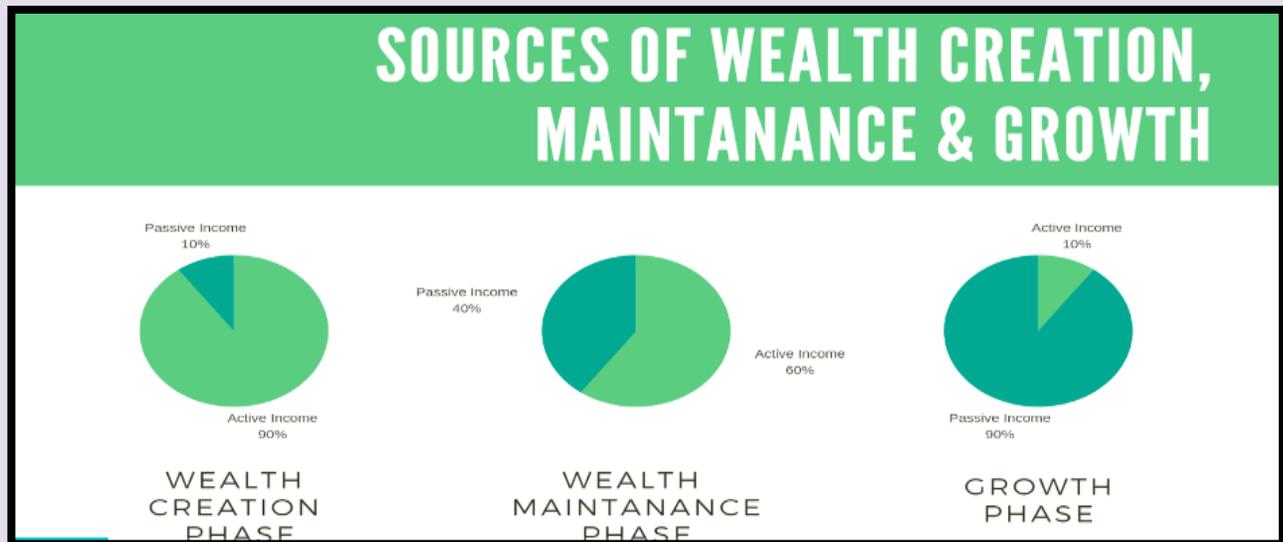
### **10. It's OK to Go Slow**

Remember it's okay to go slow. This is especially true for millennials.

I feel like everyone under 30 today wants the next thing, the next job, the next milestone, the next big pay checks. But they haven't even done this thing, learned this job, and achieved the current milestone. Building wealth takes time. It's about earning today, and leveraging time tomorrow.

Keep that in mind on your wealth building journey.

## Some Slides from the Presentation:



## WHY WEALTH CREATION IS IMPORTANT?

- Accomplish financial goals
- Beat Inflation
- Retirement corpus creation
- Tax Saving
- Higher returns

IN THE POINT OF VIEW OF  
MILLENNIALS

“

FINANCIAL INSPIRATION:

Do not save what is left after spending, but spend what is left after saving.

-WARREN BUFFET

# GLIMPSES OF PAST EVENTS

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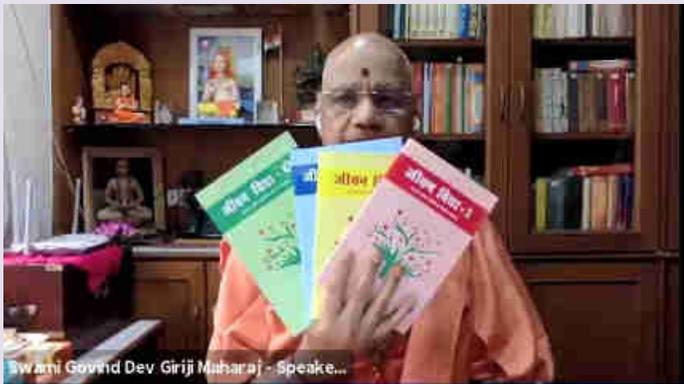




Dr. Sanjay Malpani - Speaker



Shri. Vikram Gokhale, Indian Film Actor



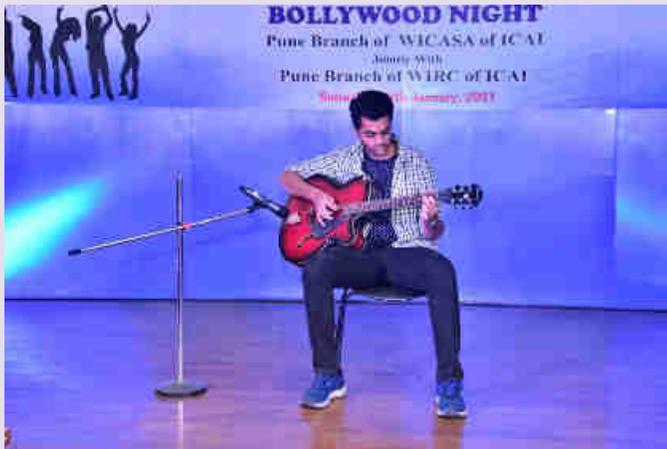
Swami Govind Dev Giriji Maharaj - Speake...



# YOUTH FESTIVAL – 2021



# JALLOSH – YOUTH FESTIVAL – 2021



# INTER FIRM BOX CRICKET LEAGUE – 2021



