



NEWS LETTER | ISSUE NO.25 | MAY 2024

TIRUPUR BRANCH OF SICASA

The Institute
of Chartered
Accountants
of India
(Setup by an
Act of Parliament)





TIRUPUR BRANCH OF SICASA

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Dear Future CA Aspirants,

As you embark on your journey towards higher studies and future goals, I want to extend my heartfelt encouragement to you. Whether you're pursuing further education in accounting or exploring other fields, the principles of dedication, integrity, and professionalism remain paramount.



The path ahead may be challenging, with rigorous academic pursuits and the demands of balancing life's responsibilities. Yet, within these challenges lie opportunities for immense personal and professional growth. Embrace each obstacle as a chance to learn and evolve, knowing that every step forward brings you closer to your aspirations.

While it's essential to stay focused on your studies, don't forget to cultivate a balanced lifestyle. Avoiding distractions and making the most of your time are crucial habits to develop. Consider allocating dedicated study periods and utilizing breaks for activities that recharge your mind and spirit.

As you envision your future career, strive to stay informed about industry trends and advancements in your chosen field. Engage in seminars, workshops, and networking opportunities to expand your knowledge and stay ahead of the curve. Remember, continuous learning is key to success in any endeavor.

Above all, uphold the highest standards of ethics and integrity in everything you do.

Your reputation and credibility will be invaluable assets as you pursue your goals and contribute to society. Stay true to your values, and let them guide your actions as you navigate the complexities of your chosen path.

In closing, I have full confidence in your abilities to achieve your dreams. With determination, perseverance, and a commitment to excellence, there's no limit to what you can accomplish. Stay focused on your goals, believe in yourself, and never lose sight of the incredible potential within you. Your future is bright, and I'm excited to see where your journey takes you.

Thanks and Regards

CA Saravana Raja K,

Chairman,

Tirupur Branch of SICASA

FUTURE AND OPTIONS MARKET

INTRODUCTION:

The stock market is a familiar concept - buying and selling slices of ownership (shares) in companies. But what if you could deal not just in the companies themselves, but in their future potential? Enter the world of **derivative markets**, where options and futures contracts offer exciting possibilities and calculated risks.

We'll explore the world of options, where you gain the right, but not the obligation, to buy or sell a stock at a specific price by a certain time. We'll also unveil futures contracts, where you essentially lock in a buying or selling price for a stock or commodity like oil or wheat on a predetermined future date.

FUTURE MARKET:

MEANING:

A futures market is a financial marketplace where traders enter into contracts agreeing to buy or sell a specific asset at a predetermined price on a specific future date. Here's a breakdown of what it means:

Contracts, Not Ownership:

- Unlike the stock market where you buy and own shares of companies, in a futures market, you're trading contracts, not the underlying asset itself.

Locking in a Price:

- The key feature of a futures contract is that it allows you to lock in a price for an asset (like a stock, commodity, or currency) today, for delivery and settlement at a specific date in the future (expiry date).

Obligation to Buy or Sell:

It's important to remember that a futures contract is a binding agreement. You are obligated to either buy or sell the underlying asset at the predetermined price on the expiry date.

Not like Buying and Holding:

This differs from the stock market where you can buy a stock and hold it indefinitely. In futures markets, you have to fulfill the contract by the expiry date.

Uses of Futures Markets:

- **Hedging:** Producers and businesses can use futures contracts to hedge against price fluctuations. For example, the farmer can lock in a selling price for their crops to avoid losses if the market price falls. It helps him in removing price uncertainty.
- **Speculation:** Investors can use futures contracts to speculate on the future price movements of an asset. If they believe the price will go up, they can buy a futures contract and potentially profit if the price rises by the expiry date.

OPTION MARKET:

MEANING:

An option contract gives you the right, but not the obligation, to buy (call option) or sell (put option) the underlying asset at a predetermined price (strike price) by a specific date (expiry date). It's more flexible – you have the option to exercise the right or let it expire.

PREMIUM PAYMENT:

an option contract gives you the flexibility to buy or sell the stock at a predetermined price in the future. This flexibility and potential for profit come at a cost, which is the premium.

How is the Premium Determined?

The option premium is not a fixed price. It's constantly fluctuating based on several factors, including:

Underlying Asset Price:

As the stock price moves, the intrinsic value of the option changes, which affects the premium.

Volatility:

Options are more expensive when the underlying asset's price is expected to be more volatile (fluctuate more). Higher volatility suggests a greater chance of the stock price moving significantly in your favour (for call options) or against you (for put options) before expiry, making the option more valuable.

Time to Expiry:

The time value of an option decays as the expiry date approaches. So, options with longer expiry dates tend to be more expensive than those with shorter expiry dates.

Uses of Options Markets:**Speculation:**

Investors can use options to speculate on the future price movements of stocks. They can buy call options if they believe the price will go up, or put options if they believe the price will fall.

Hedging:

Options can also be used for hedging existing stock positions to protect against potential losses.

KEY DIFFERENCE BETWEEN OPTION AND FUTURE MARKET:

FEATURE	FUTURE	OPTION
Contract type	Obligation to buy/sell	Right, but not obligation
Exercise	Mandatory	Optional
Risk	Higher	Lower (but has premium cost)
Profit/loss	Profit/ loss comes from the movement of underlying asset's price	Maximum loss is premium

EXAMPLE TO DIFFERENTIATE OPTION AND FUTURE MARKET:

Imagine that a contract is framed whereby it is agreed to sell 1kg of corn at ₹1000 on July 1,2024. Let's assume premium price is ₹100.

On July 1,2024:

	FUTURE MARKET	OPTION MARKET
MARKET VALUE 1200	Seller will face loss of ₹200 Buyer earns profit of ₹200	Total payment made by the buyer : 1000 (for corn) + 100 (as premium). So, in this case buyer will have a profit of ₹100. Seller will a loss of only ₹100.
MARKET VALUE 800	Seller earns profit of ₹200 Buyer will face loss of ₹200	Buyer will not at all exercise this option as he can buy at a cheaper price from the market. In this case, buyer faces a loss of ₹100 (premium payment) and seller earns a profit of ₹100 (premium payment made by the buyer).

- **S.Saumya**

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ARTICLE on GIFT City

GIFT City, an acronym for Gujarat International Finance Tec-City, is a project initiated by the Indian government to transform India into a global financial and technological hub. It is a central business district with an area of 15.5km² under construction in Gandhinagar district in Gujarat, India. It is India's first operational Greenfield Smart City and an International Financial Services Centre (IFSC) under Special Economic Zone Act, 2005 ("SEZ Act 2005").

GIFT City aims to provide a world-class infrastructure and a conducive ecosystem for businesses to flourish. With its state-of-the-art facilities, regulatory framework, and sustainable development, GIFT City has the potential to propel India's growth in the financial and technological sectors. This essay delves into the key features, advantages, and potential impact of it on India's economic landscape.

For reference, a Greenfield Smart City is an area that usually connects eco-friendly elements to modern infrastructure with the hopes of achieving the goals of sustainable development. As imaginable, structurally maintaining such a kind of project comes up with its own set of challenges such as huge assembling of framework and finding suitable land.

To understand GIFT City better, also refer to SGX Singapore model, the reason for tremendous growth in Singapore.

Further, an IFSC, governed by the authority that goes by 'IFSCA', is a center that aims to cater to customers outside the jurisdiction of the domestic economy (in this case, India). Such centers deal with flows of finance, financial products, and services across borders. Examples being Fund-raising services, Asset and Wealth Management, Global tax and Regional Corporate Treasury Management, etc.

Key Features and Infrastructure

GIFT City has several key features and a robust infrastructure that should distinguish it as a premier business destination. First, it offers a special economic zone (SEZ) with various tax incentives and exemptions to attract domestic and foreign companies. This not only provides a competitive advantage for businesses, enabling them to operate with reduced costs but also increases their efficiency. Second, GIFT incorporates a modern and sustainable urban planning approach – i.e., techniques such as: predicting population growth, zoning, geographic mapping

and analysis, analysing park space, surveying the water supply, identifying transportation patterns, recognizing food supply demands, allocating healthcare and social services, and analysing the impact of land use., featuring green buildings, ample green spaces, and eco-friendly initiatives. This not only enhances the quality of life for residents and employees but also emphasizes India's commitment to sustainable development.

GIFT City houses world-class financial institutions which provide a platform for international banking, insurance, and capital markets. The IFSC enables Indian businesses to seamlessly connect with global markets, attracting foreign investment and promoting financial integration. Additionally, GIFT boasts a state-of-the-art technology park, equipped with advanced infrastructure and connectivity, attracting IT (Internet Technology) and technology-based companies to set up their operations. The availability of modern amenities, such as high-speed internet, data centres, and research facilities fosters innovation and promotes India's digital economy.

GIFT City provides a one-of-its-kind fund for a single family or entities under the family's control to fifty percent of its net worth in, called the "Family Investment Fund (FIF)", which allows pooling of money from corporate entities holding indirectly or directly at least 90% substantial interest. Individual investors, however, are only allowed to invest up to \$2,50,000, subject to a TCS of 20%. It is a powerful tool for building a diversified portfolio, including varieties of international options, and having to amass a minimum corpus of \$10 million within 3 years of establishment. Additionally, it has access to banks situated in GIFT, giving it leverage if need be.

Its story

Although GIFT City is appealing on many fronts, it is not a master of any. Top leaders much prefer big names such as Mumbai, Bengaluru, Singapore and Dubai, meanwhile C-suite leaders are not offered nearly enough incentives to establish a way of earning their living within the city.

Further, there is a lack of a proper social ecosystem and corporate life. Even though GIFT City also now has a regulator, IFSCA and an international arbitration centre, and further proof that the tax leeway provided to the investors and companies in the IFSC is deemed to be on par with the other offshore centres, evident with how many banks, brokers, and other entities have operations set up, the entry and exit are not as warm and welcoming as one would hope, and certainly not enough to prompt foreign investors.

Activity in the GIFT city, especially in the stock exchanges have not yet livened up. To put it short, GIFT has established itself regarding all the prerequisites but need yet truly make these prerequisites its own and truly utilise them to the maximum potential. As of now, the only thing GIFT to require is time.

However, not all hope is lost. Given the recent fall of the Silicon Valley Bank, i.e., one of the self-acclaimed best banks in America, the resulting effect on India's IFSC is promising. The Asian PE/VC (Private Equity/Venture Capital) and start-up market have no choice but to look for an alternative from the after-effect of the fall alongside a global liquidity crunch and increasing interest rates.

One such alternative, would be none other than to rely on leading International Finance Centres across the globe for support. However, given that amongst the leading IFCs and their own situations that may view them in an unpreferable front, India's IFSC at GIFT City with its minimal interference from government authorities and less complex regulatory framework would naturally emerge as the best option to help navigate affected depositors.

Additionally, our central bank, the Reserve Bank of India, infused liquidity of Rs. 82,650 crores into the banking system, borrowed by Indian banks at a weighted average rate of 6.53% via VRR (Variable Rate Repo). This infusion by RBI truly comes at an opportune time. GIFT City houses the largest public and private sector banks, making it the perfect time for investment.

This might be what GIFT City needed to wait for all along, and if the opportunity is used well, it is sure to lead amongst the IFCs globally.

Conclusion

GIFT City stands as a shining example of India's vision to establish itself as a global financial and technological powerhouse. With its world-class infrastructure, regulatory framework, and sustainable practices, GIFT attracts domestic and international businesses, stimulating economic growth and development. By providing tax incentives, a supportive ecosystem, and a robust infrastructure that distinguishes it as a premier business destination, it not only provides a competitive advantage for businesses, enabling them to operate with reduced costs but also increases their efficiency. Furthermore, green buildings, ample green spaces, and eco-friendly

initiatives not only enhances the quality of life for residents and employees but also emphasizes India's commitment to sustainable development.

-Ayush A Paleja

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PHOTO GALLERY



CAREER COUNSELLING PROGRAM ON 03rd APRIL



STUDY CIRCLE MEETING ON 17th APRIL