



# Dhanbad Branch of CIRC of The Institute of Chartered Accountants of India (Set up by an Act of Parliament)

"The silence of nature is very real. It surrounds you,  
you can feel it."



## E-Newsletter



### April 2023



भारत 2023 INDIA

वसुधैव कुटुम्बकम्

ONE EARTH • ONE FAMILY • ONE FUTURE



405, 4th Floor, New Market, Bank More,  
Dhanbad - 826001, Jharkhand  
Phone: 0326 - 2306336, 9852176644,  
E-mail: [dhanbad@icai.org](mailto:dhanbad@icai.org),  
[www.icaidhanbad.org](http://www.icaidhanbad.org)

# INDEX

<b>SL. NO</b>	<b>CONTENTS</b>	<b>PAGE NO</b>
<b>01</b>	<b>Past Committee Members List</b>	<b>03-05</b>
<b>02</b>	<b>Managing Committee Members 2022-23</b>	<b>06</b>
<b>03</b>	<b>CPE Committee 2022-23</b>	<b>07</b>
<b>04</b>	<b>E-Newsletter Committee 2022-23</b>	<b>08</b>
<b>05</b>	<b>Message From Branch Treasurer Desk</b>	<b>09</b>
<b>06</b>	<b>Article on Cyber Crime: An emerging Challenge to Indian Banking Industry</b>	<b>10-15</b>
<b>07</b>	<b>Article on Impact of AI in Auditing</b>	<b>16</b>
<b>08</b>	<b>Article on An entity that emerges as a result of customary Law</b>	<b>17-19</b>
<b>09</b>	<b>Photo Gallery</b>	<b>20</b>
<b>10</b>	<b>Request for Members Participation</b>	<b>21</b>

## **Disclaimer:**

The opinions and views expressed in the e-newsletter are sole responsibility of authors/writers and Dhanbad branch committee has no responsibility on emergence of any dispute and difference in opinion and facts of the laws referred therein.



## Past Committee Members of Dhanbad Branch of CIRC of ICAI

<i>TERM</i>	<i>CHAIRMAN</i>	<i>VICE-CHAIRMAN</i>	<i>SECRETARY</i>	<i>TREASURER</i>
<i>1990-92</i>	 <i>H.P.LALA</i>	 <i>S.P.AGARWAL</i>	 <i>P.S.KESHRI</i>	 <i>R.K.PATNIA</i>
<i>1992-93</i>	 <i>S.P.AGARWAL</i>	 <i>D.N.SINHA</i>	 <i>P.S.KESHRI</i>	 <i>R.K.PATNIA</i>
<i>1993-95</i>	 <i>S.P.AGARWAL</i>	 <i>R.K.P.SHAH</i>	 <i>P.S.KESHRI</i>	 <i>R.K.PATNIA</i>
<i>1995-98</i>	 <i>D.N.SINHA</i>	 <i>S.K.GUPTA</i>	 <i>K.K.HARODIA</i>	 <i>P.K.GUTGUTIA</i>
<i>1998-00</i>	 <i>P.S.KESHRI</i>	 <i>I.M.MEHTA</i>	 <i>R.J.MATALIA</i>	 <i>S.K.PASARI</i>
<i>2000-01</i>	 <i>I.M.MEHTA</i>	 <i>S.K.GUPTA</i>	 <i>R.J.MATALIA</i>	 <i>S.K.PASARI</i>
<i>2001-02</i>	 <i>R.K.PATNIA</i>	 <i>S.P.KESHRI</i>	 <i>A.K.MOOKIM</i>	 <i>N.K.SINGH</i>
<i>2002-03</i>	 <i>P.K.GUTGUTIA</i>	 <i>S.P.KESHRI</i>	 <i>N.K.SINGH</i>	 <i>M.K.BALUKA</i>



## Past Committee Members of Dhanbad Branch of CIRC of ICAI

<i>TERM</i>	<i>CHAIRMAN</i>	<i>VICE-CHAIRMAN</i>	<i>SECRETARY</i>	<i>TREASURER</i>
<i>2003-04</i>	 <i>K.K.HARODIA</i>	 <i>A.K.MOOKIM</i>	 <i>N.K.SINGH</i>	 <i>M.K.BALUKA</i>
<i>2004-05</i>	 <i>R.J.MATALIA</i>	 <i>S.K.PASARI</i>	 <i>SHYAM PASARI</i>	 <i>R.K.AGARWAL</i>
<i>2005-06</i>	 <i>S.K.PASARI</i>	 <i>N.K.SINGH</i>	 <i>SHYAM PASARI</i>	 <i>R.K.AGARWAL</i>
<i>2006-07</i>	 <i>A.K.MOOKIM</i>	 <i>L.K.JHUNJHUNWALA</i>	 <i>R.B.GOEL</i>	 <i>SHYAM PASARI</i>
<i>2007-08</i>	 <i>R.B.GOEL</i>	 <i>ARUN KUMAR</i>	 <i>L.K.JHUNJHUNWALA</i>	 <i>DEEPAK VERMA</i>
<i>2008-09</i>	 <i>L.K.JHUNJHUNWALA</i>	 <i>DEEPAK VERMA</i>	 <i>ARUN KUMAR</i>	 <i>AMIT DALMIA</i>
<i>2009-10</i>	 <i>ARUN KUMAR</i>	 <i>DEEPAK VERMA</i>	 <i>SHYAM PASARI</i>	 <i>AMIT DALMIA</i>
<i>2010-11</i>	 <i>GOPAL AGARWAL</i>	 <i>SUNIL KUMAR MEHTA</i>	 <i>RAJESH KUMAR SINGHAL</i>	 <i>DEEPAK VERMA</i>



## Past Committee Members of Dhanbad Branch of CIRC of ICAI

TERM	CHAIRMAN	VICE-CHAIRMAN	SECRETARY	TREASURER
2011-12	 SUNIL KUMAR MEHTA	 SHYAM PASARI	 RAJESH KUMAR SINGHAL	 AMIT DALMIA
2012-13	 SHYAM PASARI	 RAJESH KR SINGHAL	 AMIT DALMIA	 VINAY KR. AGARWAL
2013-14	 AMIT RAJ GUPTA	 ANANT BHARTIA	 SHYAM S. SAH	 NAMAN KR. DOKANIA
2014-15	 ANANT BHARTIA	 SHYAM S. SAH	 RAHUL AGARWALLA	 SUNIL KR. DAS
2015-16	 SHYAM S. SAH	 RAHUL AGARWALLA	 SUNIL KR. DAS	 NAMAN KR. DOKANIA
2016-17	 RINKEY THACKER	 LUCKY PAL SINGH	 PRATIK GANERIWAL	 MOHIT KR. BANSAL
2017-18	 MOHIT KR. BANSAL	 ANUP AGARWAL	 VISHAL KR AGARWAL	 RAHUL .KR SINGHANIA
2018-19	 VISHAL KR AGARWAL	 ANUP AGARWAL	 RAHUL .KR SINGHANIA	 MOHIT KR. BANSAL
2019-20	 RAHUL .KR SINGHANIA	 CHARANJEET S. CHAWLA	 SHIWAM AGARWAL	 RAHUL KR. AGARWAL
2020-21	 CHARANJEET S. CHAWLA	 PRATIK GANERIWAL	 SHIWAMAGARWAL	 RAHUL .KR SINGHANIA
2021-22	 PRATIK GANERIWAL	 SHIWAM AGARWAL	 RAHUL KR AGARWAL	 CHARANJEET S. CHAWLA
2022-23	 CA SANDEEP PANWAR	 SAURAV AGARWAL	 RAHUL SUREKA	 SUBHAM KHANDLWAL

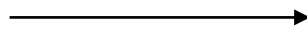


# Managing Committee 2023-24

## Dhanbad Branch of CIRC of ICAI



**CA SAURAV AGARWAL**



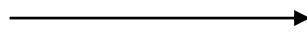
**CHAIRMAN**

**CA RAHUL SUREKA**



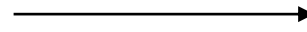
**VICE-CHAIRMAN**

**CA SUBHAM KHANDELWAL**



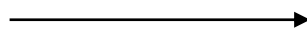
**SECRETARY**

**CA NAND KISHORE TULSYAN**



**TRESURER**

**CA S. S JAISWAL**



**CICASA CHAIRMAN**

**CA SANDEEP PANWAR**



**EXECUTIVE MEMBER**



# CPE- Sub Committee Dhanbad Branch of CIRC of ICAI



CA R K PATNIA – Chairman

CA L K JHUNJHUNWALLA - Secretary

CA P K GUTGUTIA - Executive Member

CA SHYAM PASARI – Executive Member

CA ROHIT KR. PRASAD – Executive Member

CA RAHUL KR. SINGHANIA -Executive Member

CA EKJOT SINGH – Executive Member



# **E-Newsletter Sub Committee** **Dhanbad Branch of CIRC of ICAI**



CA PRATIK GANERIWAL – Chief Editor

CA SUNNY KATESARIA -Editor

CA RICHA KUMARI – Editor

CA MRINALINI VERMA -Editor

CA ALISHA KUMARI - Editor





**Dhanbad Branch of Central India Regional Council  
The Institute of Chartered Accountants of India**  
(Set up by an Act of Parliament)

**Message from the of the Trasurer desk**

**Respected Fraternity Members,**

Namaste...

At the outset, I wish all the CA fraternity and Students a Very Happy Financial Year, 2022. I extend my heartiest gratitude and sincere thanks to the Branch Chairman CA Saurav Agarwal, and his entire E-Newsletter Team for giving me a nice opportunity to communicate with all my friends of the branch through this E-Newsletter.

The only constant and certain thing in life is “Changes”, so we have to keep learning and analyzing beforehand, keep ourselves updated to serve the society and meet the expectation of the society in the best possible way.



Yours' in Professional Service  
CA Nand Kishore Tuslyan  
Treasurer  
Dhanbad Branch of CIRC of ICAI

## Cyber Crime: An emerging Challenge to Indian Banking Industry

**Increased use of e-products :-** On the recommendation of the Committee on Financial System (Narasimham Committee) 1991-1998 when founding stones of information and technology were laid in Indian banking sector nobody knew that later on this will be proved a turning stone & not a mile stone and will changed completely the face of banking industry . In changing scenario system of receipt/payment has changed remarkably – swiping of debit cards or credit cards, payments through wallets (using QR codes) and e payments through net & mobiles have become our habits.

As of now India is the fourth largest internet user country in the world. The reach of internet banking has also increased due to the increased internet usage.

Data for e banking services in India are as follows:-

**Volume of e-banking  
(Numbers)**

Particulars of E Service	31.03.2013	31.03.2014	31.03.2015	31.03.2016	31.03.2017	31.03.2018
Automated Teller Machines	116378	162543	182480	199954	207813	207920
Debit Cards	336866879	399652017	564707913	671187187	780795417	903656781
Credit Cards	19553677	19226475	21288891	24860730	30374102	37782876
NEFT (Millions)	394.13	661.01	927.55	1252.88	1622.1	1946.36
RTGS (Millions)	68.52	81.11	92.78	98.34	107.86	124.46
Mobile Banking (Millions)	53.30	94.71	171.92	389.49	976.85	1872.26

The Reserve Bank of India constituted a working group on Internet Banking. The group divided the internet banking products in India into 3 types based on the levels.

Ø. **Information Only System:** General purpose information like interest rates, branch location, bank products and their features, loan and deposit calculations are provided in the banks website. There exist facilities for downloading various types of application forms. The

communication is normally done through e-mail. There is no interaction between the customer and bank's application system. No identification of the customer is done. In this system, there is no possibility of any unauthorized person getting into production systems of the bank through internet.

Ø **Electronic Information Transfer System:** The system provides customer- specific information in the form of account balances, transaction details, and statement of accounts. The information is still largely of the 'read only' format. Identification and authentication of the customer is through password. The information is fetched from the bank's application system either in batch mode or off-line. The application systems cannot directly access through the internet.

Ø **Fully Electronic Transactional System:** This system allows bi-directional capabilities. Transactions can be submitted by the customer for online update. This system requires high degree of security and control. In this environment, web server and application systems are linked over secure infrastructure. It comprises technology covering computerization, networking and security, inter-bank payment gateway and legal infrastructure.

**Risk Assumption due to increased e transactions:-**On one hand, technology has created advantage for banks and financial institutions but on the other hand, there have been risks involved in it as well. Apparently banks assume operational risks due to Technology advancements but implicitly it can also exacerbate other risks like credit risks and market risks. Given the increasing reliance of customers on electronic delivery channels to conduct transactions, any security related issues have the potential to undermine public confidence in the use of e-banking channels and lead to reputation risks to the banks. Inadequate technology implementation can also induce strategic risk in terms of strategic decision making based on inaccurate data/information. **As a whole we have assumed risk in almost all the areas of banking due to increased use of technology.**

**Cyber wrongdoings (crimes) and their types:-** Broadly speaking following type of wrong doings (crimes) are associated with cyber world **DDoS Attacks** These are used to make an online service unavailable and take the network down by overwhelming the site with traffic from a variety of sources. Large networks of infected devices known as Botnets are created by depositing malware on users' computers. The hacker then hacks into the system once the network is down.

**Botnets** Botnets are networks from compromised computers that are controlled externally by remote hackers. The remote hackers then send spam or attack other computers through these botnets. Botnets can also be used to act as malware and perform malicious tasks.

**Identity Theft** This cybercrime occurs when a criminal gains access to a user's personal information to steal funds, access confidential information, or participate in tax or health insurance fraud. They can also open a phone/internet account in your name, use your name to plan a criminal activity and claim government benefits in your name. They may do this by finding out user's passwords through hacking, retrieving personal information from social media, or sending phishing emails.

**Cyberstalking** This kind of cybercrime involves online harassment where the user is subjected to a plethora of online messages and emails. Typically cyberstalkers use social media, websites and search engines to intimidate a user and instill fear. Usually, the cyberstalker knows their victim and makes the person feel afraid or concerned for their safety.

**Social Engineering** Social engineering involves criminals making direct contact with you usually by phone or email. They want to gain your confidence and usually pose as a customer service agent so you'll give the necessary information needed. This is typically a password, the company you work for, or bank information. Cybercriminals will find out what they can about you on the internet and then attempt to add you as a friend on social accounts. Once they gain access to an account, they can sell your information or secure accounts in your name.

**PUPs** PUPS or Potentially Unwanted Programs are less threatening than other cybercrimes, but are a type of malware. They uninstall necessary software in your system including search engines and pre-downloaded apps. They can include spyware or adware, so it's a good idea to install an antivirus software to avoid the malicious download.

**Phishing** This type of attack involves hackers sending malicious email attachments or URLs to users to gain access to their accounts or computer. Cybercriminals are becoming more established and many of these emails are not flagged as spam. Users are tricked into emails claiming they need to change their password or update their billing information, giving criminals access.

**Prohibited/Illegal Content** This cybercrime involves criminals sharing and distributing inappropriate content that can be considered highly distressing and offensive. Offensive content can include, but is not limited to, sexual activity between adults, videos with intense violent and videos of criminal activity. Illegal content includes materials advocating terrorism-related acts and child exploitation material. This type of content exists both on the everyday internet and on the dark web, an anonymous network.

**Online Scams** These are usually in the form of ads or spam emails that include promises of rewards or offers of unrealistic amounts of money. Online scams include enticing offers that are "too good to be true" and when clicked on can cause malware to interfere and compromise information. **Exploit Kits** They are readymade tools criminals can buy online and use against anyone with a computer. The exploit kits are upgraded regularly similar to normal software and are available on dark web hacking forums.

**ATM Cloning and Skimming :** Cloning is also called skimming and requires copying information at a credit card terminal using an electronic device or software, then transferring the information from the stolen card to a new card or to rewrite an existing card with the information. **Dark Web** The dark web refers to encrypted online content that is not indexed by conventional search engines. Sometimes, the dark web is also called the [dark net](#). The dark web is a part of the [deep web](#), which just refers to websites that do not appear on search engines. It is a platform of illegal business on net, here information is traded – stolen card numbers, web based managing account, medical records and access to servers.

**Indian Legal system and punish ability of Cyber Crimes :-** Cyber Crime is not defined officially in IT Act or in any other legislation. Hence, the concept of cyber crime is just a “combination of crime and computer”. Following provisions of information Technology act are relevant to us as banker. It has been tried to make them understandable through case laws:-

Section	Offence	Applicability in some	Penalty
43	Penalty and Compensation for damage to computer, computer system,	<p><b>Mphasis BPO Fraud: 2005</b>In December 2004, four call centre employees, working at an outsourcing facility operated by Mphasis in India, obtained PIN codes from four customers of Mphasis’ client, Citi Group. These employees were not authorized to obtain the PINs. In association with others, the call centre employees opened new accounts at Indian banks using false identities. Within two months, they used the PINs and account information gleaned during their employment at Mphasis to transfer money from the bank accounts of CitiGroup customers to the new accounts at Indian banks. By April 2005, the Indian police had tipped off to the scam by a U.S. bank, and quickly identified the individuals involved in the scam. Arrests were made when those individuals attempted to withdraw cash from the falsified accounts, \$426,000 was stolen; the amount recovered was \$230,000.</p> <p><b>Verdict:</b><i>Court held that Section 43(a) was applicable here due to the nature of unauthorized access involved to commit transactions.</i></p> <p><b>Introducing Viruses, Worms, Backdoors, Rootkits, Trojans, Bugs</b>All of the above are some sort of malicious programs which are used to destroy or gain access to some electronic information.<i>Provisions Applicable:- Sections 43, 66, 66A of IT Act and Section 426 of Indian Penal Code.</i></p>	Will be liable to pay damages to the affected person and also penalty up to Rs. 500000 and imprisonment up to 3 years
65	Tampering with computer <a href="#">source documents</a>	<p><b>Syed Asifuddin and Ors. Vs. The State of Andhra Pradesh</b>In this case, Tata Indicom employees were arrested for manipulation of the electronic 32- bit number (ESN) programmed into cell phones theft were exclusively franchised to Reliance Infocomm.</p> <p><b>Verdict:</b><i>Court held that tampering with source code invokes Section 65 of the Information Technology</i></p>	Imprisonment up to three years, or/and with fine up to ₹200,000

66	<a href="#">Hacking</a> with computer system	<p><b>Kumar v/s Whiteley</b> In this case the accused gained unauthorized access to the Joint Academic Network (JANET) and deleted, added files and changed the passwords to deny access to the authorized users. Investigations had revealed that Kumar was logging on to the BSNL broadband Internet connection as if he was the authorized genuine user and ‘made alteration in the computer database pertaining to broadband Internet user accounts’ of the subscribers. The CBI had registered a cyber crime case against Kumar and carried out investigations on the basis of a complaint by the Press Information Bureau, Chennai, which detected the</p>	Imprisonment up to three years, or/and with fine up to ₹500,000
----	--	--	---

		unauthorised use of broadband Internet. The complaint also stated that the subscribers had incurred a loss of Rs 38,248 due to Kumar's wrongful act. He used to 'hack' sites from Bangalore, Chennai and other cities too, they said. <i>Verdict: The Additional Chief Metropolitan Magistrate, Egmore, Chennai, sentenced N G Arun Kumar, the techie from Bangalore to undergo a rigorous imprisonment for one year with a fine of Rs 5,000 under section 420 IPC (cheating) and Section 66 of IT Act (Computer related Offense).</i>	
66B	Receiving stolen computer or communication device	A person receives or retains a computer resource or communication device which is known to be stolen or the person has reason to believe is stolen. <b>New mobile phones are covered under the definition of computer</b>	Imprisonment up to three years, or/and with fine up to ₹100,000
66C	<a href="#">Using password of another person</a>	A person fraudulently uses the password, digital signature or other unique identification of another person.	Imprisonment up to three years, or/and with fine up to ₹100,000
66D	<a href="#">Cheating using computer resource</a>	If a person cheats someone using a computer resource or communication. <b>Online Share Trading Fraud</b> It has become mandatory for investors to have their demat accounts linked with their online banking accounts which are generally accessed unauthorized, thereby leading to share trading frauds. <i>Provisions Applicable: Sections 43, 66, 66C, 66D of IT Act and Section 420 of IPC</i>	Imprisonment up to three years, or/and with fine up to ₹100,000

### National Level Institutions dealing Cyber Crimes in India

A. **National Investigation Act 2008 (NIA)** : An Act to constitute an investigation agency at the national level to investigate and prosecute offences affecting the sovereignty, security and integrity of India, security of State, friendly relations with foreign States and offences under Acts enacted to implement international treaties, agreements, conventions and resolutions of the United Nations, its agencies and other international organisations and for matters connected therewith or incidental thereto.

This Institution is also related with Interstate and International offences. Related to terrorism and other offences. In 93 cases charge sheet was filed and out of that 13 were decided.

B. **National Technical Research Organization (NTRO)**: The organization was founded in 2004. The main thrust is Development of Technology and Technological Development. This covers areas like aviation, remote sensing, cryptography and cyber security. The NTRO acts as the primary advisor on security issues to the Prime Minister and the Union Council of Ministers of India. It also provides technical intelligence to other Indian agencies. NTRO's activities include satellite and terrestrial monitoring.

C. **National Critical Information Infrastructure Protection Centre** : It is an organisation of the [Government of India](#) created under the Section 70A of the [Information Technology Act, 2000](#) (amended 2008), through a gazette notification on 16 January 2014. Based in New Delhi, India, it is designated as the National Nodal Agency in terms of Critical Information Infrastructure Protection. It is a unit of the [National Technical Research Organisation](#) (NTRO) and therefore comes under the Prime Minister's Office (PMO). NCIIP has identified i. Power & Energy, ii. Banking, Financial Services & Insurance, iii. Telecom, iv. Transport, v. Government and vi. Strategic & Public Enterprises as critical sectors. Aim of the organization is to protect critical information

infrastructure in the country. It is decided by the policy that all government websites are to be hosted on infrastructure of National Informatics Center. National Cyber Security policy was formed on 02.07.2013.

- D. **Indian Cyber Crime Coordination Centre (I4C)** : Home Ministry prepared a road map for tackling cyber crime. Press notification of December 2015 announced creation of I4C to fight against cyber crime. Creation was accepted in principle in May 2013 itself and finalized in September 2014 but nothing remarkable happened till recently in this respect.
- E. **National Association of Software and Services Companies (NASSCOM)** : This is a not for profit trade association of Information Technology and BPO companies which was established in 1988. As today there are 1850 companies are registered. This association represent vital Information Technology and allied industries like BPO and KPO. NASSCOM is dedicated to expanding India's role in the global IT order by creating a conducive business environment, simplifying policies and procedures, promoting intellectual capital and strengthening the talent pool. Objective of this organization is setting strategic direction, Policy Advocacy and collaboration of best practices.
- F. **Data Security Council of India** : is a premier industry body on data protection in India, setup by NASSCOM, committed to making cyberspace safe, secure and trusted by establishing best practices, standards and initiatives in cyber security and privacy. DSCI brings together national governments, their agencies, industry sectors including IT-BPM, BFSI, Telecom, industry associations, data protection authorities and think tanks for public advocacy, thought leadership, capacity building and outreach initiatives. Tagline is “Promoting Data Protection”. This organization coordinate with government and industry. Organization was founded in August 2008. Initiatives of this organization includes Data Security, Data Privacy and Cyber Crime Awareness. In April 2015 it launched “Cyber Crime Material Level 2” – This enables police personnel to investigate online offence.
- G. **Indian Computing Emergency Response Team (CERT In)** : This institution comes with in Department of Electronics and Information Technology (DeITY) and founded in 2004. It has been declared as nodal agency in India under section 70B of the Information Technology Act 2000. It has legal authority to issue direction for blocking public access to information. It is Authorized to monitor and collect traffic data or information. Main Functions of organization are – a. Collection, Analysis and Dissemination of Information on cyber incidents, b. Forecast and alert of cyber security incidents, c. Emergency measures for cyber security, d. Coordination of cyber incidents, e. Issue Guidelines on Information security and f. Other prescribed functions. After IT amendment Act which made effective in 2009 Section 69 was challenged as an enactment against freedom of expression. Information Bureau notification dated 25.04.2011 clarified that “Occurrence of public emergency and interest of public safety is sin qua non for the application of the section.
- H. **Central Bureau of Investigation (CBI)** : This organization function under Department of Personnel, Ministry of Personnel, Pension and Public services under Government of India. It has been entrusted with the task of “Preservation of values in public life and ensure health of economy”. This organization is a nodal police agency of Interpol. CBI succeeded Delhi Special Police Establishment (DSPE) with enlarged functions, vide resolution of ministry of Home affairs, GOI April, 1963. It has specialized structure to with cyber crime : a. Cyber crime research and development unit, b. Cyber crime Lab, c. Cyber crime Investigation cell and d. Network Monitoring Centre.
- I. **Investigation Bureau (IB)**: This is the oldest investigation agency which was founded in the end of 19<sup>th</sup> century. It comes under the ministry of Home Affairs, it was earlier used by British for gathering intelligence about external invasions and confidential information. Top posts under this organization are held by officers of Police, Revenue services and Army.
- J. **Research and Analysis Wing (RAW)**: It is a Foreign Intelligence\_Agency of India, it is not under any department but a separate outfit – work as a wing of cabinet secretariat. It was started in early 1960s after Chinese aggression in India.

K. **Directorate of Enforcement** : This is Financial Investigation Agency under Department of Revenue, ministry of Finance. This organization has been given specific task of implementation of Foreign Exchange Management Act (FEMA) 1999 and Prevention of Money Laundering Act (PMLA)

**Data Security : Some Issues** : Data has certain value due to which it needs to be protected. This value is there due to - a. Confidentiality Value : Some Data/Information are so confidential that their leakage may cause threat even to the sovereignty of a nation, b. Financial Value : Some Data/Information may have monetary value like CVV number, ATM card PIN, Credit Card number and details as to Date of Birth etc., c. Copy Right Value : Some Data/Information may be so valuable that their copy may also have worth e.g. Music CD, Movie DVD etc.

**Security Should be at right time and place** : At the point of **Storage** of data sufficient security has to place – sufficiency of security measures depends on volume and nature of data stored & Vulnerability associated with data. Security should also be deployed **in Transit** of Data/Information – Such security is very important because data is most vulnerable in transit. Most frauds related with cyber world are committed when data remained in transit. Security at the **time of retrieval** is also very important – since data may be accessed by some one who may not supposed to do the same.

**Pillars of Cyber Security** :- Some Cyber experts concludes that Cyber security has 4 pillars (First Four enumerated below), while some others are of the opinion that there are more than 4 pillars of data security. Some other cyber professional discuss only first 3 which are called CIA in short.

1. **Confidentiality** :--Quality of confidentiality has to be maintained. Security system which address confidentiality of data is a good security system. If a security system cannot maintain confidentiality of information it is futile.
2. **Integrity** : Integrity of data means data should remain in same form and should not be allowed to be tempered and manipulation. This concept should be respected the most when data is in transit.
3. **Availability** : This concept says that data should be made available at all times as envisaged from system. Non availability of data at the time of need of it makes entire system vulnerable. DOS – Denial of System and DDOS – Distributed Denial of System are among most common bugs in our computer systems.
4. **Non Repudiation**: this pillar says that all stake holders of data should be made responsible and should not be permitted to deny their responsibility. A. Creator owns the responsibility of data entry, B. Sender owns the responsibility of sending data, C. Receiver owns the responsibility of receiving data and finally D. Network provider owns the responsibility of carrying data. No one of them should be allowed to step back and every one of them should be made responsible for their job.
5. **Authorization** : Process of confirming whether the user has authority to access and issue commands which he is accessing and issuing.
6. **Authentication** : This is a process which confirms that he is the actual person or entity who has accessed the system. **One factor Authentication** this authentication is exercised through possession of device or card. e.g. Id cards or debit cards etc. Two Factor Authentication: In addition of card or device if a person is required to enter PIN or password then it will be called two factor authentication.
7. **Reliability** : Dependability is a subset of integrity. If one can rely upon in times of crisis or disaster data will be called reliable.

**Simple Mail Transfer Protocol (SMTP)** : Emails are not authentic communication unless specific technology are deployed. **A. Digital signature** : Authentic electronic communication results because of digital signatures. These are digital code called a hash value generated and authenticated by a process (Public key encryption). **B. Electronic Signature** : Authenticates that person claiming to send has actually sent it and person receiving authenticates and confirm receiving it by user id and password. It is as security measure on both the ends.



**Contributed by:**

**Name-CA Rahul Sharma**

**Mem. No. 402506**

## Impact of AI in Auditing

One of the latest technological advancements making waves in our profession is Artificial Intelligence (AI). AI has brought a new level of efficiency and accuracy to the auditing process, allowing CAs to provide better insights and analysis for their clients. In this post, I will share the impact of AI in the auditing process and how it is changing the landscape of our CA profession.

### **Impact of AI in Auditing of Clients:**

As the field of artificial intelligence (AI) continues to evolve, it is increasingly making an impact in the auditing process in our CA profession. With the ability to analyze large amounts of data quickly and accurately, AI is transforming the way auditors work and helping to increase efficiency and accuracy in the auditing process.

AI is being used to identify patterns and anomalies in financial data, which can help us as auditors to identify potential fraud or errors. This not only saves time but also reduces the risk of errors and improves the quality of audits.

In addition, AI is helping auditors to automate routine tasks such as data entry and report generation, freeing up time for more complex analysis and interpretation. This is allowing auditors to focus on providing higher-value services to their clients, such as identifying opportunities for cost savings and improving business processes.

However, the use of AI in auditing also raises some important ethical and privacy concerns. Chartered Accountants must ensure that they are using AI in a responsible and transparent manner and that they are protecting the confidentiality of their clients' data.

Overall, the impact of AI on auditing in the CA profession is significant and growing. As technology continues to evolve, it is likely that AI will play an increasingly important role in the auditing process, helping auditors to provide more efficient and effective services to their clients.

CA Amit Agarwal  
Membership no. 458658  
Email Id : [caamitarwal96@gmail.com](mailto:caamitarwal96@gmail.com)



## **HINDU UNDIVIDEDE FAMILY (HUF):** **An entity that emerges as a result of customary Law**

There are different entities which have separate legal existence some of them emerges naturally (like Humans), some of them emerges as a result of incorporation or in simple words registration under any statue (like Companies and Registered Firms) but there is one entity (HUF) which has separate existence and which emerges as a result of custom or social practice of a particular community (religion). Law can never be stay aloof of Rules which are pursued by a society. Written law always take care of practices and customs of society and changes there in. In fact there is branch of law which do this.

**customary law** is law consisting of customs that are accepted as legal requirements or. obligatory rules of conduct; practices and beliefs that are so vital and intrinsic a part of a. social and economic system that they are treated as if they were laws. These customary Laws later becomes acquires force of law. The HUF found legal recognition in the late 19<sup>th</sup> century, but it was the Income Tax Act under colonial rule in 1922 that gave it the status of a separate and distinct tax entity. The legal category of the HUF has existed in the tax code since then. “HINDU UNDIVIDED FAMILY” is topic of practical relevance for all Indians, more specifically who are dealing with this entity. Absence of any code (written systematic Law) on this topic adds to confusion, courts have interpreted prevailing Social Practices and text available in best possible way.

**How Hindu Undivided Family is Created :-** The term “Hindu undivided family” has been defined in the Hindu law and legislature wanted the meaning of the “Hindu undivided family” remain the same as that of the Hindu Law (Rules prevailing in the Hindu Society). Hindu law defines “Hindu undivided family” as – **HUF consists of all persons lineally descended from a common ancestor and includes their wives and unmarried daughters.** Common ancestor is must. “Hindu undivided family” is purely a creature of law (Rules of Society) and cannot be created by an act of parties (except in case of adoption and reunion). A “Hindu undivided family” is a fluctuating body, its size increases with birth of a male member in the family and decreases on death of a member of the family. Females go and come into Hindu undivided family” on marriage. The daughters after the marriages cease to be a member of her father’s.

Hypothetically, In case of a sole male Hindu, a Hindu undivided family” comes to existence automatically upon his marriage. It has been held in Gowli Buddanna v/s. CIT that to constitute a joint Hindu family, it is not necessary that there has to be more than one coparcener in the family; a husband and wife can validly constitute a “Hindu undivided family.

**Coparcenary How formed :-** Coparceners are the male members of the family who can claim division of it. Now coming on to law of coparcenary property. In state Bank of India Vs Ghamandiram [AIR 1969 Sc 1330] Apex court laid down special features of Mitakshara coparcenary.

**Firstly** they are male descendants upto 3 generation from the common ancestor who acquire interest in joint property by birth. **Secondly** members of coparcenary can demand partition. **Thirdly** till partition all the coparceners have control over entire property along with others. **Fourthly** no HUF property can be transferred unless there is necessity for such transfer proved and all other members give their consent to this effect. **Fifthly** on death of coparcener his share devolves on other coparceners by survivorship and not by succession. **Lastly** Mitakshara coparcenary is created by law and not by agreement. Adoption is an act of parties yet this provides entry in coparcenary. [Ram avadh Vs. Kedar Nath (AIR 1976 All 283)]. This is an exception to general Rule. People who are not members of coparcenary by virtue of birth or adoption, cannot be made member of Joint Family.

**Mitakshara V/s Dayabhaga HUF :-** The **Dayabhaga** school is prevalent mainly in West Bengal and Assam whereas the Mitakshara school is prevalent in most of the other parts of India. Main difference between these two schools is as follows:-

**Firstly** Under Mitakshara school right to ancestral property arises by birth. Hence the son becomes the co-owner of the property sharing similar rights as of fathers. While in Dayabhaga school the right to ancestral property is only given

after the death of the last owner. It does not recognise the birth right of any individual over an ancestral property. **Secondly** Under the Mitakshara school the father does not possess the absolute right to alienate the property but in daya bhaga the father has absolute right of alienation of the ancestral property as he is the sole owner of that property during his lifetime. **Thirdly** Under Mitakshara school the son attains the right to become the co-owner of the property he can ask for the partition of the ancestral property even against the father and can demand for his share but in case of Dayabhaga school son has no right to ask for the partition of ancestral property against his father. **Fourthly** Under Mitakshara school the survivorship rule is prevalent. In case of the death of any member in the joint family, his interest shall pass to other members of the family. While in case of Dayabhaga school the interest of the member on their death shall pass on to their heirs like widow, son, daughters. **Lastly** Under the Mitakshara school the members can't dispose of their share of property while undivided while in daya bhaga the members of the family enjoys absolute right dispose off their property.

**What is property of HUF :-** Property in the hands of a HUF can emerge in following ways :-

**Firstly**, It can be ancestral property, property inherited by a male hindu from three immediate paternal ancestors. Any property inherited from maternal ancestor cannot be regarded as ancestral since one can not acquire interest in it by birth.

**Secondly**, It can be property jointly acquired by members of joint family, Property earned by joint labour with the aid of joint family property. This also become Family or coparcenary property. [Sidha Sahoo Jhuma Devi AIR 1977 Orissa 47]. Any acquisition in the name of all family members jointly does not constitute family property. Property acquired by brothers after severance in status cannot be clubbed as joint property.

**Thirdly**, It can be property thrown in common stock. This happen when any member of HUF transfer his self earned property to HUF. However for Tax purposes this throwing will not create HUF property and all the taxes will be calculated as if no such transfer has been made. This right of throwing is only available to Male members of the Family who are called Coparceners.

**Lastly**, Property acquired with the aid of joint family funds, this property shall be joint in nature.

**Rights of Karta to deal with HUF property:-**

**Firstly, Movable property**

Although sons acquire by birth rights equal to those of a father in ancestral property both movable and immovable, so far as movable ancestral property is concerned, a gift out of affection may be made to a wife, to a daughter and even to a son, provided the gift is within reasonable limits. At the same time, a gift, for example, of the whole or almost the whole of the ancestral movable property cannot be upheld as a gift through affection. If the gifts are of excessive amounts and are not given for love and affection, these may be termed as voidable and not void which could be challenged by the sons, but not by a third party. In CITv. Dwarka Das & Sons, a cash gift of Rs. 5,000 by the karta out of HUF property made to a stranger has been held not to be invalid as the same was within reasonable limit.

**Secondly, Immovable property**

So far as immovable ancestral property is concerned, the power of gift is much more circumscribed than in the case of movable ancestral property. A karta has power to make a gift within reasonable limits for "pious purposes", i. e., for charitable and/or religious purposes, or to a daughter in fulfillment of an antinuptial promise, etc. But the rule is firmly established that a karta has no power to make a gift of ancestral immovable property to his wife to the prejudice of his minor sons.

In CIT v. K.N. Shanmuga Sundaram, gifts of a reasonable portion of the joint family immovable properties to minor daughters by their father were held to be valid notwithstanding the fact that the gifts were made before their marriage. Even within the permissible limits, the power to make such gifts may be exercised by the karta. No other member of the family can do it

At the same time, a karta cannot make a gift to his minor sons or in favour of his daughter-in-law. Thus, a gift by a Jat Sikh (Karta) to his son of the ancestral property is not valid so as to attract the provisions of the gift-tax Act, 1958.

While a gift to a member of the family is merely voidable, a gift to a stranger is void. Similarly, where the gift is found to be not of a reasonable proportion and within the permissible limits, the same would be void ab initio, a gift of immovable property of the value of Rs. 4,00,000 by the karta to his wife has been held to be void and ineffective in law. In *Balchand Malaiya (HUF) v. CWT*, the Tribunal was held justified in holding that the gift of almost the entire assets of the HUF by the karta in favour of his five sons (two major and three minor) was void. In *R.C. Malpani v. CIT*, it has been held that gift of an immovable property belonging to the HUF by its karta to his wife is voidable and not void. Income from such property cannot be assessed in the hands of the HUF.

**Till when property is Joint in Nature :-** True intent of prevailing social circumstances could be drawn in *Binod Jena Vs. Abdul Hamid Khan [AIR 1976 Orissa 159]* where court could settle that in the absence of proof of division family is presumed to be joint in food, worship and estate. Creaser in commensality is no conclusive proof of separation. However for the limited purpose of section 171 partition has been defined under income tax Act, 1961 it self and general Hindu Law shall not apply. [ITOVs B.R.Talwar(Chd.)5SOT65]. In the state of Kerala HUF has been abolished by law in all other states this status is still prevailing. HUF property can be acquired through different sources.

### **Benefits of forming HUF :-**

- The members are also liable to pay taxes just like other individuals. If the turnover of the business of a member exceeds Rs. 25 lakh or Rs.1 crore then an individual needs to perform tax audit under the guidance of CA as mentioned in the section 44AB of the income tax act.
- The head of the HUF has all rights to sign the pertinent documents on behalf of other members.
- You can form different taxable units of HUF. Any asset or savings made or insurance premium disbursed by the HUF will be subtracted from the net Income for the tax purpose.
- One of the major reason most family forms HUF is because they can create two PAN cards and file taxes separately.
- A woman can be a co-partner in the HUF as her husband is a Karta. So, the additional income earned by the woman cannot be added to this.
- The official stature remains the same if the Karta or the last member of the family is passed. Therefore, the ancestral and the acquired assets of the HUF will stay in the hands of the widow and need not be partitioned.
- An adopted child can also become a member of HUF family.
- Women in the family can gift a property in her name which is owned by her or her family.
- Members of Hindu Undivided Family can easily avail loans.
- This act is recognised in pan India except Kerala.

### **Disadvantages of forming HUF:-**

- One of the greatest disadvantages of the HUF is that all members have equal rights on the property. The common property cannot be sold without the consent of all the members. In addition, by birth or by marriage a member gets equal rights.
- Closing a HUF is a tougher task as compared to opening a HUF. A partition of a family with a small group may lead to the partition of the HUF. Once the HUF is closed, then the asset needs to be distributed among all the members of HUF which can become a huge task.
- HUF is viewed as a separate tax entity by the income tax department. Nowadays, joint families are intensely losing their importance. Various cases have come out that HUF members are having a dispute over the property. In addition, divorce cases have augmented as a result, HUF is losing its amenity of a tax-saving tool



**Contributed by:**

**Name-CA Rahul Sharma  
Mem. No. 402506**

# PHOTO GALLERY

## CA Students Seminar 05/04/2023



## Request for Members Participation

Dhanbad branch of CIRC of ICAI requests the members to come forward & share the articles (Professional & Other) to be published in the upcoming e newsletter. The resource materials may be sent to [dhanbad@icai.org](mailto:dhanbad@icai.org) with the subject line "Article Newsletter" along with a passport size photo.

