



Central India CA Students Association  
Indore Branch of CIRC of ICAI

**NEWSLETTER**

**JUNE 2024 | Digital Edition**

# Chairman Message



*Dear CA Students,*

*Warm greetings to all of you!*

*The month of June is a time for reflection and anticipation. As the examinations conclude, take a moment to acknowledge the effort and dedication you have invested over the past months. The path you are on is challenging, yet immensely rewarding, and every step you take is a testament to your resilience and determination.*

*While you await the results, use this time productively. Engage in skill-building activities, expand your knowledge, and explore areas of interest that can enhance your professional competence. This is also an excellent time to reconnect with your hobbies and interests, which play a vital role in maintaining a healthy work-life balance.*

*As you continue your journey, remember that learning is a continuous process. The experiences and lessons you gain from every phase will prepare you for the dynamic and evolving world of accountancy.*

*Stay positive, and be proud of the efforts you've put forth. The ICAI is always here to support and guide you toward achieving your dreams.*

*Wishing you the very best for the results and all your future endeavors!*

**CA. Atishay Khasgiwala**

*Chairman,*

*CICASA Indore.*





# MSMES IN FOCUS NAVIGATING SUCCESS



**“A part of our efforts to strengthen the MSME, which is a key pillars of India's economic growth”-PM Narendra Modi**

Micro, Small, and Medium Enterprises (MSMEs) are entities involved in producing, manufacturing, and processing goods and commodities. These are governed by the MSME Act, 2006.

The MSME sector is considered the backbone of the Indian economy and has contributed substantially to the nation's economic development. It generates employment opportunities and works in developing backward and rural areas. India has approximately 6.3 crore MSMEs. They contribute to approximately 29% of India's GDP, employ over 120 million people, and have an enormous share of more than 40% in the export market and more than 45% in the manufacturing sector. Hence, they are of paramount importance for the overall economic development of India.

In an effort to enhance the financial well-being of Micro and Small enterprises (MSEs), the Finance Bill 2023 has introduced a new clause (h) within Section 43B of Income Tax Act, 1961. This strategic amendment is designed as a Socio-Economic Welfare Measure and aims to incentivize and accelerate early payments to MSEs, aligning with the broader objective of strengthening their economic resilience.

Section 43B of the Income Tax Act, 1961, related to 'Income from business and profession', Provides certain specific expenses for which a deduction is allowed only in the year of actual payment, irrespective of when they are incurred. The amendment 43B(h) says that any sum payable to Micro and Small Enterprise will be allowed for deduction only when it is paid within the time limit specified in Section 15. Any sum paid or payable beyond the time limit will be disallowed for the computation of income of the previous year and shall be allowed in the year in which it is actually paid.

As per Section 15 of MSME Act, 2016 Payment shall be made before the date agreed which shall not exceed 45 days from the date of acceptance or deemed acceptance of any goods or any services by a buyer from a supplier

**KHUSHI DHANUKA**  
CRO 0718518



(Agreed date or 45 days whichever is earlier). Where there is no agreement between the buyer and the supplier, Payment shall be made within 15 days from the day of acceptance or the day of deemed acceptance of any goods or any services by a buyer from a supplier. If payment is not made within the time limit specified under section 15, then the interest payable shall be three times of the bank rate notified by the RBI. This interest payable for delayed payment to MSME is not allowed for deduction in computation of income.

Hence, any amount payable to Micro or Small enterprise as on 31st March of Previous year will be allowed for deduction from income of previous year only if it is paid within the time limit specified in section 15. Otherwise, it will be allowed under section 43B in the year in which payment is actually made. Any Interest on delay of payment to MSME is not allowed for deduction for the computation of Income. Section 43B(h) will be effective from 1st April, 2024

It is advisable to the business entities to take an Annual Declaration from their supplier indicating that they are micro or small enterprises registered under the Micro, Small and Medium Enterprises Development Act, 2006 along with certificate under MSME Development Act, 2006 which will facilitate the buyer to identify the enterprise and to ensure the due compliances. Further, the micro and small enterprises are also advised to mention a note on the invoice issued by them indicating that they are registered as micro or small enterprise under MSME Development Act, 2006 to facilitate the buyer about the compliance requirements (Udyam Registration No.). This Amendment will surely promote timely payments to micro and small enterprises and reduce the number of cases of non-payment.



# The Role of Chartered Accountants in **STARTUPS and MSMEs**



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The startup ecosystem in India has witnessed tremendous growth in recent years, with many entrepreneurs turning their innovative ideas into successful businesses. Micro, Small, and Medium Enterprises (MSMEs) are also a crucial part of the Indian economy, contributing significantly to the country's GDP. However, these businesses often face challenges in managing their finances, complying with regulatory requirements, and making strategic decisions. This is where Chartered Accountants (CAs) play a vital role. CAs are not just limited to auditing and taxation; they can offer a wide range of services that can help startups and MSMEs achieve their goals.

## **Services Offered by CAs to Startups and MSMEs**

1. **Financial Planning and Budgeting:** CAs can help startups and MSMEs create a comprehensive financial plan, including budgeting, forecasting, and cash flow management.
2. **Tax Planning and Compliance:** CAs can assist startups and MSMEs in understanding and complying with various tax laws, including income tax, GST, and other indirect taxes.
3. **Auditing and Assurance:** CAs can provide auditing and assurance services to startups and MSMEs, helping them maintain accurate financial records and ensure compliance with regulatory requirements.
4. **Financial Reporting and Analysis:** CAs can help startups and MSMEs prepare financial reports, analyze financial data, and provide insights to inform business decisions.
5. **Fundraising and Investor Relations:** CAs can assist startups and MSMEs in preparing financial projections, business plans, and other documents required to raise funds from investors.
6. **Risk Management and Internal Controls:** CAs can help startups and MSMEs identify and mitigate financial risks, implement internal controls, and ensure compliance with regulatory requirements.

## **Benefits of Engaging a CA for Startups and MSMEs**

1. **Expertise and Specialization:** CAs possess specialized knowledge and expertise in accounting, taxation, and finance, which can help startups and MSMEs make informed decisions.
2. **Time and Cost Savings:** By outsourcing financial tasks to a CA, startups and MSMEs can save time and reduce costs associated with hiring and training in-house staff.
3. **Improved Financial Management:** CAs can help startups and MSMEs improve their financial management, including budgeting, forecasting, and cash flow management.
4. **Enhanced Credibility:** Engaging a CA can enhance the credibility of startups and MSMEs, particularly when dealing with investors, lenders, and other stakeholders.
5. **Access to Network and Resources:** CAs often have an extensive network of contacts and resources, which can be beneficial for startups and MSMEs looking to raise funds, find new customers, or explore new markets.

## **Conclusion**

In conclusion, Chartered Accountants play a vital role in supporting the growth and success of startups and MSMEs. By providing a range of services, including financial planning, tax planning, auditing, and financial reporting, CAs can help these businesses overcome financial challenges, make informed decisions, and achieve their goals. If you're a startup or MSME looking to take your business to the next level, consider engaging a CA to help you achieve success.



**SANSKAR YADAV**  
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# What is CSR ? Basics of CSR!

**“Business need to go Beyond the Interest of their Companies to the Communities they Serve – Sir Ratan Tata.”**

As the name suggests Corporate Social Responsibility means Responsibilities of private corporate entities towards society at large.

It is a concept of trying to repay the world for whatever it has given to us.

When corporate entities spend their resources for the betterment of this society and not for their business interest.

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

## **Inception to INDIA**

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

As per the said Amendment of any Company which Has:1

**Net Worth of 500 Cr. or more,  
OR Turnover of 1000 Cr. Or more,  
OR Net Profit of 5 Cr. Or more,**

In the preceding Financial Year.

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

## **How to do CSR ?**

Some examples of activities that can be considered as CSR:

- Reducing Carbon footprints.
- Improving labour policies.
- Diversity, equity and inclusion.
- Corporate policies that benefit the environment.
- Socially and environmentally conscious investment.

Some activities which are not considered as CSR activities:

- Any direct or indirect contribution to Political Party.
- Activities benefitting employees of the company.

- Activities for fulfilling statutory obligation under any law in INDIA.
- Activities undertaken for generating marketing benefits for Company or its product or services.
- One-time events like marathons/awards/advertisement/sponsorship of TV programmes.

Some life size examples of CSR.

## **• ITC (India Tobacco Company):**

ITC has already educated about 2,52,329 children through its 2,334 Supplementary Learning Centres. Not only this but ITC has also supported woman empowerment through various Self – help groups and supported 15378 women.

## **• AMUL (Anand Milk Union Limited):**

Over the year Amul has contributed to rural health and wellbeing through Tribhuvandas Foundation. This foundation has also successfully run Tree plantation drive, Blood donation camps, Rural sanitation programme.

## **• CCD (Café Coffee Day):**

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

## **• P&G (Procter & Gamble):**

The Sikhsha initiative with tag line of “Sikhsha – Padhega India, Badega India” has already helped about 2,80,000 underprivileged children to get there right to education. They have also helped to built and manage 140 schools across the country.

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

## Editorial Board



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