

# CSEET

## COMMUNIQUE

(e-bulletin)

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**THE INSTITUTE OF  
Company Secretaries of India**

**भारतीय कम्पनी सचिव संस्थान**

**IN PURSUIT OF PROFESSIONAL EXCELLENCE**

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***“Exams and grades are temporary, but education is permanent.”***

**Dear Students,**

The anticipation prior to any exam and the sudden lull succeeding the same can in no way be brought to comparison. While the time preceding comes with enthusiasm and exhilaration, the satisfaction having been through is with equal suddenness overcome with the anxious wait for results. As I see you all smile for having clearly guessed your thoughts, I myself taken down the memory lane, where each day between the date of examination and that of the declaration of results was a test of patience - a test seemingly much arduous than the actual one.

And while I fully and explicably might share your line of thought, as your friend and as the President of this Institute, I have my own set of expectations from you all - the professionals in making.

Friends, while each and every communication of mine, through the pages of this newsletter has been focussed upon bringing to you the real facets of professionalism, what precedes all other traits is the desire to succeed as well as the zeal to put in the right efforts while holding on to your own set of values and ethics.

While it may seem a bit too soon as to the deliberation on this aspect of professionalism, to me this is the area which shall gain permanence in your life. Any professional, irrespective of their field and arena of activity is expected to be a person of integrity and dependability. The factor of trust, undeniably takes precedence over everything else.

Yet, as the quote above says, as you hone yourself, your value system, commit to your ethics - do keep moving forward on your journey of attaining knowledge, education, new skills and learnings which may bring you closer to your ultimate goals, your ultimate dreams...

*Keep learning, Keep Growing !!!*

Warm regards,

**(CS Devendra V. Deshpande)**

*President*

The Institute of Company Secretaries of India

## An Overview of Indian MSME Sector\*

### Introduction

The Micro, Small and Medium Enterprises (MSME) sector has emerged as a highly vibrant and dynamic sector of the Indian economy over the last five decades. It contributes significantly in the economic and social development of the country by fostering entrepreneurship and generating large employment opportunities at comparatively lower capital cost, next only to agriculture.

MSMEs are complementary to large industries as ancillary units and this sector contributes significantly in the inclusive industrial development of the country. The MSMEs are widening their domain across sectors of the economy, producing diverse range of products and services to meet demands of domestic as well as global markets.

The MSME sector is poised to be the key to unlocking India's economic development and rightfully so. The Ministry of MSME's annual report 2020-21 said that India has approximately 6.33 crore MSMEs that contribute significantly to the country's productivity and employment. Despite its significance and reach, the struggle to acquire credit has hampered the sector's growth.

A report by the IFC (International Finance Corporation) stated that 85% of MSMEs remain underserved in terms of credit, and only one-fifth of these financing gaps were fulfilled by formal credit. The contributing factors to this issue are access, cost, and underwriting.

Traditional lenders require MSME borrowers to provide credit history, formal records, business vintage, etc., which may exclude many small businesses from the formal lending ecosystem. Moreover, their dispersal brings up a problem of reach and penetration for larger lending institutions.

### Definition of Micro, Small and Medium enterprises

In accordance with the provision of Micro, Small & Medium Enterprises Development (MSMED) Act, 2006 the Micro, Small and Medium Enterprises (MSME) are classified as below:

- (i) a micro enterprise, where the investment in plant and machinery or equipment does not exceed one crore rupees and turnover does not exceed five crore rupees;
- (ii) a small enterprise, where the investment in plant and machinery or equipment does not exceed ten crore rupees and turnover does not exceed fifty crore rupees; and
- (iii) a medium enterprise, where the investment in plant and machinery or equipment does not exceed fifty crore rupees and turnover does not exceed two hundred and fifty crore rupees.

*\*Dr. Akinchan Buddhudev Sinha, Deputy Director, The ICSI.*

*Views expressed in the Article are the sole expression of the Author and may not express the views of the Institute.*

The new classification has come into effect from 1st July, 2020. The earlier criteria of classification of MSMEs under MSMED Act, 2006 were based on investment in plant and machinery / equipment. It was different for manufacturing and service units. It was also very low in terms of financial limits. Since then, the economy has undergone significant changes. A revision in MSME criteria of classification was announced under Aatma Nirbhar Bharat package on 13th May, 2020. This has been done in order to be realistic with time and to establish an objective system of classification and to provide ease of doing business.

## Recent Initiatives for MSMEs

1. As of March 2022, the number of loans sanctioned under the Pradhan Mantri MUDRA Yojana (PMMY) scheme was 48.92 million and the amount disbursed was Rs. 3,02,948.49 crore (US\$ 39.90 billion).
2. In the Union Budget of 2022-23 MSMEs sector was allocated an Emergency Credit Line Guarantee Scheme (ECLGS) of Rs. 50,000 crore (US\$ 6.55 billion).
3. On March 30 2022, the Indian government allocated Rs. 6,062.45 crore (US\$ 808 million) for the scheme Raising and Accelerating MSME Performance (RAMP). The programme aims to improve market and credit access, strengthen institutions and governance at the centre and state levels, improve centre-state connections and partnerships, resolve late payment difficulties, and green MSMEs.
4. With an initiative to introduce seamless access to government data on registration and formation of MSMEs and the availability of skilled and unskilled workforce, Budget 2022 has proposed interlinking the data on MSMEs and compliance platforms. Four portals, i.e., Udyam, e-Sharm, National Career Service (NCS) and Aatmanirbhar Skilled Employee-Employer Mapping (ASEEM) are proposed to be interlinked.
5. In November 2021, the Indian government launched the Special Credit Linked Capital Subsidy Scheme (SCLCSS) for the services sector. This scheme aims to assist enterprises in the services sector meet various technology requirements.
6. In November 2021, the Ministry of Micro, Small and Medium Enterprises launched SAMBHAV, a national-level awareness programme to push economic growth by promoting entrepreneurship and domestic manufacturing.
7. In September 2021, Union Minister for MSMEs introduced 'India Export Initiative' and 'IndiaXports 2021 Portal'. This initiative will help exports reach its Rs. 2,928,000 crore (US\$ 400 billion) target by the end of FY22 and further push it to Rs. 7,320,000 crore (US\$ 1 trillion) by FY27.
8. In September 2021, Khadi and Village Industries Commission (KVIC) established the first 'Silk Yarn Production Centre' in Odisha to boost the local silk industry and generate employment.
9. In September 2021, Khadi and Village Industries Commission (KVIC) launched SPIN (Strengthening the Potential of India) scheme and built a pottery cluster under SFURTI Scheme in Varanasi to support >1,100 individuals of the marginalised potters' community. This move aims to widen their scope and enable these portals to have live organic databases, providing G2C, B2C, and B2B services. Finance Minister specifically mentioned that these services would relate to credit facilitation, skilling and recruitment to formalise the economy further and enhance entrepreneurial opportunities for all.
10. Union Budget 2022 provides relief to the Gems and Jewellery sector by reducing customs duty on cut and polished diamonds and gemstones to 5% from 7.5%.

However, there is an increase in duties levied on imitation jewellery to disincentivise imports.

11. A noteworthy move towards providing the much-needed impetus to MSMEs is extension of the custom duty exemption on steel scrap by another year. Budget 2022 has announced duty concessions on parts of the transformer of mobile phone chargers and camera lens of mobile camera and other electronic items to enable domestic manufacturing in India.
12. The Union Budget 2022 by removing exemptions on items that can be manufactured in India and awarding concessions on import of raw material used in manufacturing intermediate products reinforced the Government's intention to incentivise 'Make in India' towards building Aatmanirbhar Bharat.

### Conclusion

Small and medium-sized enterprises (SMEs) are the growth engines of the global economy, making up around 90 per cent of all businesses globally, comprising roughly 70 per cent of employment and, by some estimates, contributing up to 90 per cent of global GDP. In the Indian context, the micro sector with 63.05 million estimated enterprises accounts for more than 99 per cent of the total estimated number of MSMEs.

Increasing MSMEs' contribution to India's gross domestic product (GDP) from nearly 30 per cent to 40 per cent by 2025 is a herculean task for which government, institutions, and banks have to provide big support to MSMEs.

The limited presence of Indian micro, small and medium enterprises (MSMEs) in the GVCs (Global Value Chains) is a consequence of the negligible share of internationalised MSMEs, which is primarily due to a weak innovation base, owing to weak networks of MSMEs. The integration of Indian MSMEs with GVCs is the need of the hour for MSMEs. India needs to create a hub for MSMEs as a market with linkages to various countries by building and strengthening regional innovation systems and by establishing a multipurpose science and technology commission in the clusters of SMEs.

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## Current Affairs\*

### Increase in Repo Rate by 40 basis points (May 04, 2022)

On the basis of an assessment of the current and evolving macroeconomic situation, the Monetary Policy Committee (MPC) at its meeting held on May 4, 2022 decided to:

- Increase the policy repo rate under the liquidity adjustment facility (LAF) by 40 basis points to 4.40 per cent with immediate effect.

Consequently, the standing deposit facility (SDF) rate stands adjusted to 4.15 per cent and the marginal standing facility (MSF) rate and the Bank Rate to 4.65 per cent.

- The MPC also decided to remain accommodative while focusing on withdrawal of accommodation to ensure that inflation remains within the target going forward, while supporting growth.

These decisions are in consonance with the objective of achieving the medium-term target for consumer price index (CPI) inflation of 4 per cent within a band of +/- 2 per cent, while supporting growth.

*For details:*

[https://www.rbi.org.in/Scripts/BS\\_PressReleaseDisplay.aspx?prid=53652#:~:text=On%20the%20basis%20of%20an,per%20cent%20with%20immediate%20effect.](https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=53652#:~:text=On%20the%20basis%20of%20an,per%20cent%20with%20immediate%20effect.)

### Appointment of 25th Chief Election Commissioner of India (May 15, 2022)

Shri Rajiv Kumar on May 15, 2022 assumed charge as the 25th Chief Election Commissioner of India at Election Commission of India, Nirvachan Sadan, New Delhi in pursuance of the Ministry of Law & Justice, Government of India's Gazette Notification dated May 12, 2022.

Shri Rajiv Kumar has been serving in ECI as Election Commissioner since September 1, 2020. During his tenure as Election Commissioner, elections have been held for State Assemblies of Bihar in 2020, Assam, Kerala, Puducherry, Tamil Nadu, West Bengal amidst Covid concerns in March-April 2021 and also elections to Goa, Manipur, Punjab, Uttarakhand, Uttar Pradesh recently in early 2022.

*For details:*

<https://pib.gov.in/PressReleasePage.aspx?PRID=1825504#:~:text=Shri%20Rajiv%20Kumar%20today%20assumed,Notification%20dated%20May%2012%2C%202022.>

*\*Mahesh Airan, Assistant Director, The ICSI.*

*Views expressed in the Article are the sole expression of the Author and may not express the views of the Institute.*



**Appointment of Suman Bery as Vice Chairman of NITI Aayog (May 01, 2022)**

NITI Aayog welcomes Shri Suman Bery as NITI Aayog's Vice Chairman with effect from May 01, 2022. An experienced policy economist and research administrator, Shri Bery took over from Dr. Rajiv Kumar as the head of the premier think tank of the Government of India.

*For details:*

<https://pib.gov.in/PressReleaseIframePage.aspx?PRID=1821686>

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## Sample Questions

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### ***Paper 1 : Business Communication***

1. A/An \_\_\_\_\_ is a word that describes the traits, qualities, or number of a noun. \_\_\_\_\_
  - a. Preposition
  - b. Noun
  - c. Adjective
  - d. Adverb
2. \_\_\_\_\_ are prefixes that are opposed to the action denoted by the root word.
  - a. Supportive Prefixes
  - b. Opposing Prefixes
  - c. Place Prefixes
  - d. Number Prefixes
3. Which of the following is not the correct tip for choosing right words?
  - a. Simplicity
  - b. Avoid using superfluous words/Verbosity
  - c. Use Gender-neutral words.
  - d. Use Jargons
4. Which of the following is / are the components of effective communication?
  - a. Clarity
  - b. Completeness
  - c. Conciseness
  - d. All of the above
5. Graphs are covered under which form of communication?
  - a. Visual communication
  - b. Oral communication
  - c. Written communication
  - d. Audio-visual communication

## ***Paper : 2 Legal Aptitude and Logical Reasoning***

6. Article 13 of the Constitution of India gives teeth to the fundamental rights. This Article relates to the laws:
  - a. Laws already existing in force only
  - b. Future laws only
  - c. Both (a) and (b)
  - d. Neither (a) and (b)
7. Which of the given is not a requirement for applicability of section 204 of the Companies Act, 2013 relating to Secretarial Audit?
  - a. Every Listed Company
  - b. Every Public Limited Company
  - c. Every public company having a paid-up share capital of fifty crore rupees or more
  - d. Every public company having a turnover of two hundred fifty crore rupees or more
8. Which of the given is not a Distinction between Company and Partnership?
  - a. A company is a not a distinct legal person. A partnership firm is distinct from the several persons who compose it.
  - b. In a partnership, the property of the firm is the property of the individuals comprising it. In a company, it belongs to the company and not to the individuals comprising it.
  - c. A partner cannot contract with his firm, whereas a member of a company can.
  - d. A partner's liability is always unlimited whereas that of shareholder may be limited either by shares or a guarantee.
9. Which day of the week was on 29<sup>th</sup> December, 2015?
  - a. Tuesday
  - b. Wednesday
  - c. Thursday
  - d. Friday

10. In a certain code language 'JIGNESH' is written as 'LKIPGUJ', then how will 'MOBILE' be written in that language?
- a. OQDGKN
  - b. KKNGQD
  - c. OQDKNG
  - d. OQDKNG

### ***Paper 3 : Economic and Business Environment***

11. “No change in the state of technology”, is the assumption of which of the following laws of economics?
  - a. Law of Supply
  - b. Law of Demand
  - c. Law of Diminishing Marginal Utility
  - d. Law of Variable Proportions
12. When a small change in the price of a product causes a major change in its demand, it is said to be \_\_\_\_\_.
  - a. Relatively Inelastic Demand
  - b. Relatively Elastic Demand
  - c. Perfectly Inelastic Demand
  - d. Perfectly Elastic Demand
13. Problem of double counting may arise in which of the following methods of measuring national income?
  - a. Income Method
  - b. Expenditure Method
  - c. Product Method
  - d. Sales Method
14. Union Budget 2021 increased FDI limit in insurance from 49% to \_\_\_\_\_.
  - a. 85%
  - b. 95%
  - c. 74%
  - d. 64%
15. In which year, the Bank of Bengal was established?
  - a. 1820
  - b. 1809
  - c. 1831
  - d. 1896

## Paper 4 : Current Affairs

16. Which country has been elected as the new Chair of the Association of Asian Election Authorities (AAEA)?
  - a. Maldives
  - b. India
  - c. Bangladesh
  - d. Malaysia
17. Which Indian conglomerate has acquired a franchise in the upcoming UAE's T20 League?
  - a. Tata Group
  - b. Aditya Birla Group
  - c. Adani Group
  - d. Reliance Industries
18. Recently, the Reserve Bank of India has hiked the policy repo rate by how much basis points?
  - a. 30 basis points
  - b. 40 basis points
  - c. 50 basis points
  - d. 60 basis points
19. Who among the following is newly appointed Vice-Chairman of NITI Aayog?
  - a. Suman Berry
  - b. Nand Mulchandani
  - c. Jayati Ghosh
  - d. Amartya Sen
20. India has signed a joint declaration with \_\_\_\_\_ on agro-ecology and sustainable management of natural resources .
  - a. Denmark
  - b. Germany
  - c. Australia
  - d. Finland

**Answer Key:**

Q.NO.	ANS
1	c
2	b
3	d
4	d
5	a
6	c
7	b
8	a
9	a
10	d
11	a
12	d
13	c
14	c
15	b
16	b
17	c
18	b
19	a
20	b

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## Motto

सत्यं वद। धर्मं चर।

इष्टार्थे तेष्ट त्रुथे. ववेवेष्ट तेष्ट तेष्ट.

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"To be a global leader in promoting good corporate governance"

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