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**THE INSTITUTE OF
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President

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- **CS Dwarakanath C.**

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Anita Gupta
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Executive Academics

Directorate of Academics & Research

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"Perseverance is not a long race, it is many short races one after another."

— Walter Elliot

Dear Students,

April arrives not merely as the first month of a new financial year, but of a new zodiac year as well and with that the onset of harvest season. The celebration of *Vaisakhi* in Punjab and *Vishu* in Kerala, *Bohag Bihu* in Assam, *Poila Baisakh* in Bengal, and *Puthandu* in Tamil Nadu marks the beginning of many regional new years and hence new beginnings.

The month in itself is a call to action; a call to begin afresh, to reaffirm our purpose, and to align our energies with the goals we have set for ourselves. As India embarks on its next year of extraordinary growth journey, each one of you, our future Company Secretaries stand as an architect of this nation's corporate and governance legacy.

And such legacy is founded, quite significantly, on the backbone of the right knowledge, skill and acumen. And to accord you with another learning avenue besides the Study Material and Online Classes, the ICSI has created space for learning at the 'Knowledge on Demand' portal for Students.

Be it Office Skills or Behavioural ones, AI tools or Basic Accounting – we have it all for you – at the comfort of a single click. These recorded lectures are being facilitated to you, to explore contemporary topics and to help you hone your existing skills – for there is nothing such as 'Too much learning'...!

At the same time, as we prepare and plan for the next session of Examinations, online classes have been rolled out for you and I am sure you are utilizing this opportunity to the fullest.

For those appearing in the CSEET examination under the new pattern, you are only two months away from stepping onto your first milestone in this remarkable journey. Prepare with curiosity knowing that everything you study today will one day affect the real world. For those appearing in the Executive and Professional Programme Examinations, this is your moment. The hours you invest now, the chapters you master, and the discipline you bring to this season will define your next chapter.

I would like to leave you with a thought from the Bhagavad Gita, which is as relevant today as it was thousands of years ago:

उद्धरेदात्मनात्मानं नात्मानमवसादयेत् ।
आत्मैव ह्यात्मनो बन्धुरात्मैव रिपुरात्मनः

*(Elevate yourself through the power of your own mind, and let not the mind degrade you.)
— Bhagavad Gita, Chapter 6, Verse 5*

Study with sincerity. Prepare with confidence. When the examination pressure feels overwhelming, recall that every page you have turned, every concept you have wrestled with, and every late night you have invested is quietly building the professional you are destined to become.

Let's cultivate knowledge, harvest success, and deliver excellence together...!!!

Warm Regards,

(CS Pawan G. Chandak)

President

The Institute of Company Secretaries of India

PAPER 1 - BUSINESS COMMUNICATION

Difference between Office Order, Office Circular and Office Notes*

<i>Feature</i>	<i>Office Order</i>	<i>Office Circular</i>	<i>Office Note</i>
Purpose	Used to announce official decisions and assignments.	Used to convey general information to employees at large.	Used to Communicate updates, decisions, or instructions between departments.
Nature	Disciplinary or mandatory in nature	Informative in nature	Facilitates decision making process.
Addressed to	Individual, Groups	Employees/department	Managers, Seniors, decision makers
Scope	Narrow	Broad	Narrow
Mainly Used for	Promotions, Transfers, Discipline	Holiday Notices, Policy Changes	Approval/Sanction of decisions

* CS Bhakti Harindra Chawhan, Executive (Academics), ICSI.

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PAPER 2 - FUNDAMENTALS OF ACCOUNTING

Receipts and Payments Account *

The Receipts and Payments Account is prepared at the end of the accounting year based on the cash receipts and cash payments recorded in the Cash Book. It serves as a summary of all cash and bank transactions during the year, classified under appropriate heads. For example, subscriptions received from members on various dates, recorded individually on the debit side of the Cash Book, are presented in total on the receipts side of this account. Similarly, recurring expenses such as salaries, rent, and electricity charges, recorded separately on the credit side of the Cash Book, are shown as aggregated totals on the payments side.

This account presents a consolidated view of all receipts and payments whether related to the current, previous, or future accounting periods and includes both capital and revenue transactions. It does not record non-cash items such as depreciation. The opening balance represents cash in hand and/or cash at bank at the beginning of the year and is shown on the receipts side, while the closing balance representing the year end cash and bank balance, is shown on the payments side.

Features of Receipts and Payments Account

It is an Account which contains all Cash and Bank transactions made by a non-profit organization during a particular financial period

It starts with the opening balances of Cash and Bank. All Cash Receipts both capital & revenue during the period are debited

All Cash Payments both capital & revenue during the period are credited to this Account

While recording the Cash and Bank transactions all entries are made on Cash Basis

It is a summary of Cash Book

It ends with the closing Cash and Bank Balances

* CA Govind Krishna Agarwal, Deputy Director, ICSI.

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PAPER 3 - ECONOMIC AND BUSINESS ENVIRONMENT

Concept of Elasticity of Demand*

Elasticity of Demand

In economics, the demand elasticity (elasticity of demand) refers to how sensitive the demand for a good is to changes in other economic variables, such as prices and consumer income. Demand elasticity is calculated as the percent change in the quantity demanded divided by a percent change in another economic variable. A higher demand elasticity for an economic variable means that consumers are more responsive to changes in this variable. "Elasticity of demand is the responsiveness of the quantity demanded of a commodity to changes in one of the variables on which demand depends. In other words, it is the percentage change in quantity demanded divided by the percentage in one of the variables on which demand depends." The variables on which demand can depend are:



There are three major types of elasticity of demand, i.e., Price elasticity; Income elasticity and Cross elasticity. However, this lesson focuses only on price elasticity of demand.

i) Price Elasticity of Demand

The price elasticity of demand is the response of the quantity demanded to change in the price of a commodity. It is assumed that the consumer's income, tastes, and prices of all other goods are steady. It is measured as a percentage change in the quantity demanded divided by the percentage change in price. Therefore, price elasticity of demand is:

$$E_p = \frac{\text{Percentage Change in Quantity Demanded}}{\text{Percentage Change in Price}}$$

$$\text{Or, } E_p = \frac{\text{Change in Quantity}}{\text{Original Quantity}} \times \frac{\text{Original Price}}{\text{Change in Price}}$$

ii) Income Elasticity of Demand

Income elasticity of demand is the degree of responsiveness of demand to the change in income. Prof. Watson defines it as: "Income elasticity of demand is the rate of change of quantity with respect to changes in the income, other determinants remaining constant." The income elasticity of demand can be measured by the following formula:

$$E_y = \frac{\text{Percentage change in quantity demanded}}{\text{Percentage change in income}}$$

* Dr. Lunghar Jajo, Executive (Academics), ICSI

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$$\text{Percentage change in quantity demanded} = \frac{\text{New quantity demanded } (\Delta Q)}{\text{Original quantity demanded } (Q)}$$

$$\text{Percentage change in income} = \frac{\text{New income } (\Delta Y)}{\text{Original income } (Y)}$$

Symbolically,

$$E_y = \Delta Q/Q \times \Delta Y/Y$$

Income elasticity of demand, thus explains the responsiveness of demand to a change in income. Ordinarily, demand for most goods increases with an increase in household's level of income. Demand for inferior goods, however, shows a negative relation to change in income.

iii) Cross Elasticity of Demand

The responsiveness of demand to changes in prices of related commodities is called cross elasticity of demand. Prof. Watson defines it as, "Cross elasticity of demand is the rate of change in quantity associated with a change in the price of related goods." Thus, cross elasticity of demand is the responsiveness of demand for commodity X to change in price of commodity Y and is represented as follows:

Symbolically:

$$E_c = \frac{\text{Percentage increase in quantity demanded of A}}{\text{Percentage increase in price of product B}}$$

The relationship between X and Y commodities may be substitutive as in case of tea and coffee or complementary as in the case of ball pens and refills. Main measures of cross elasticity with description are as follows:

- Cross elasticity = Infinity (Commodity X is nearly a perfect substitute for commodity Y)
- Cross elasticity = Zero (Commodity X and Y are not related)
- Cross elasticity = Negative (Commodities X and Y are complementary)

Thus, if E_c approaches infinity, it means that commodity X is nearly a perfect substitute for commodity Y. On the other hand, if E_c approaches Zero it would mean that the two commodities in question are not related at all. E_c shall be negative when commodity Y is complementary to commodity X.

PAPER 4 – BUSINESS LAWS & MANAGEMENT

Status of a Minor in a Partnership Firm*

A partnership is, at its core, a contract. Under Section 11 of the Indian Contract Act, 1872, a minor is not competent to enter into a contract. The Privy Council in *Mohri Bibi v. Dharmo Das Ghose (1903)* held that “a minor's agreement is void”. Section 5 of the Indian Partnership Act itself states that “the relation of partnership arises from a contract”, it is obvious that a minor cannot be a party to a partnership agreement.

This means a new firm cannot be formed with a minor as one of the partners. However, according to Section 30 of the Indian Partnership Act, 1932, a minor may not be a partner in a firm, but, with the consent of all the partners for the time being, he may be admitted to the benefits of partnership meaning they can receive a share of profits.

Rights of a minor partner	Liabilities of a minor partner
<ul style="list-style-type: none"> • Entitled to an agreed share of profits • Can inspect the books of accounts • May file a suit for accounts when severing connection • Not personally liable for debts of the firm • Private property cannot be used to pay firm debts 	<ul style="list-style-type: none"> • Share in the firm is liable for firm's acts • Cannot participate in management • Cannot bind the firm by any act • Liability is limited only to their share not personal assets • On attaining majority, full liability arises if they choose to stay

Election by Minor

A minor who was admitted to the benefits during his minority within six months of his attaining the age of majority or when he comes to know of his being so admitted (whichever date is later), he has to elect whether he wants to become a partner, or sever his connection with the firm. He may give public notice of his election to continue or repudiate, but if he fails to give any public notice within the period stated above, he will be deemed to have elected to become a partner in the firm. [Section 30(5)] of Indian Partnership Act, 1932.

When he elects to become a partner, his position will be as under:

- His rights and liabilities will be similar to those of a full-fledged partner.
- He will be personally liable for all the acts of the firm, done since he was first admitted to the benefits of the partnership.

* Anushi Agrawal, Consultant, ICSI.

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- iii. His share of profits and property remains the same as was before, unless altered by agreement. If he elects not to become a partner, then:
 - a) His rights and liabilities shall continue to be those of a minor upto the date of his giving public notice.
 - b) His share shall not be liable for any acts of the firm done after the date of the public notice.
 - c) He is entitled to sue the partners for his share of the property and profits in the firm.

Where he elects not to become a partner:

- i. his rights and liabilities shall continue to be those of a minor under this section up to the date on which he gives public notice,
- ii. his share shall not be liable for any acts of the firm done after the date of the notice, and
- iii. he shall be entitled to sue the partners for his share of the property and profits.

Thus, section 30 of the Indian Partnership Act, 1932 is designed to safeguard the best interest of the minor.

Motto

सत्यं वद | धर्मं चर ।

इष्यते तेह त्वाते, पाइए गेहोतःठुपइतइइ

Vision

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

Mission

"To develop high calibre professionals facilitating good corporate governance"



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ICSI House, 22, Institutional Area, Lodi Road, New Delhi 110 003

tel 011-4534 1000 email info@icsi.edu website www.icsi.edu