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ICSI-NIRC

NEWSLETTER

Insight



**“OPPORTUNITIES FOR PROFESSIONALS
IN MSME, STARTUPS AND
ENVIRONMENTAL LAWS”**

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Motto

सत्यं वद। धर्मं चर।
इष्टञ्च कुरु तृप्तये। श्रेयं चैव कुरु।

Vision

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

Mission

"To develop high calibre professionals
facilitating good corporate governance"

Published by :

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NIRC-ICSI NEWSLETTER

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- ◆ Articles on subjects of interest to Company Secretaries are welcome.
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“Positive thinking sees the invisible, feels the intangible, and can achieve the impossible.”

Dear Professional Brothers and Sisters,

With passage of time we have all started learning the innovative ways of doing the things, be it participating in Online meetings, attending to official works, Knowledge enhancement through Online Master Classes/ Webinars, Online Coaching's and facing the Online Interviews. I can say that we have learnt the art of leveraging technology as well as deriving benefits from Social Distancing at the same time.

The month of June, 2020 witnesses many important Days be it World Environment Day on 5th June, 2020, PCS Day on 15th June, 2020, International Yoga Day on 21st June, 2020 and International MSME Day on 27th June, 2020. As I said earlier, we were able to overcome the barrier of Physical Distances and we commemorated these days with full enthusiasm, zeal & vigour by organizing Master Classes, Seminars, Professional Development Programs, Planting of Sapling, Practicing Yoga and motivating each other through our interactions.

Let me congratulate my fellow NIRC Team Members, Chapter Chairpersons, Managing Committee Members of Chapters and Officials of Northern Region and Chapters for the efforts put in by them for growth of the Profession.

To commemorate the PCS Day and International MSME Day the June, 2020 Newsletter of NIRC of ICSI has come up with the theme of – “Opportunities for professionals in MSME, Start-up and Environmental Laws”, the sectors which play a vital role in Indian economy and contribute in employment generation at low costs and alleviate poverty.

The sector has grown rapidly with government support and has proven to be the golden opportunity for the bold and inspired youth of the country whose focus and talents can be well drawn towards Start-ups or MSMEs which are blessed with numerous relaxations and privileges like easy sanctions of bank loans, lower rates of interest, tax exemptions, recognitions, etc.

I truly believe that not only the MSMEs, Start-up Sectors have potential

in raising persistent entrepreneurs but these sectors have also expanded work profile of professionals like Company Secretaries who can step up in the vision of the emerging Entrepreneurs and serve them the pre-eminent guidance about the Project.

A Company Secretary can nurture the Start-ups /MSMEs by playing a role of One-Stop of Professional Services in the areas of compliance check-ups, taxation, fund raising, advisory services and many more...

It is with this view and an overwhelming support of our Government of India that CS profession has left its footprint in the list of one of the most important resources responsible for the growth of the Indian Economy.

Taking the initiatives towards the growth of the Profession to further level, we at NIRC-ICSI made an attempt to conduct 1st Online Campus Placement that provides opportunity to young members and fresher CS to give interview through the weblink. This provides benefit to both recruiters and candidates, as it's convenient to interact without getting into the hassle of commuting and still getting the insight of the Organizations and Candidates.

Let us come together to cherish the segments this monthly newsletter has come up with this time!

Happy reading!

I look forward to your valuable suggestions and feedback. Feel free to interact with me at chairman.nirc@icsi.edu

With warm regards

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4 DAYS ONLINE MASTER CLASS ON FEMA

DAY 1: 20.05.2020



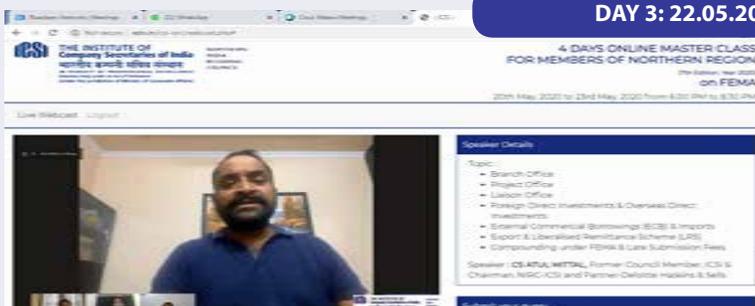
Dr. Vijesh Jain, Professor - IB Area, Dean (MDPs) & Head of Corporate Interface, Institute of Management Studies, Ghaziabad addressing the participants. Screen View: Dr. Vijesh Jain, CS Suresh Pandey, Chairman, NIRC-ICSI, CS G S Sarin, Immediate Past Chairman, NIRC-ICSI and CS Arpit Suri, Chairperson, Agra Chapter of NIRC-ICSI.

DAY 2: 21.05.2020



CS Atul Mittal, Former Council Member, ICSI & Past Chairman, NIRC-ICSI and Partner-Deloitte Haskins & Sells addressing the participants. Screen View: CS Atul Mittal, CS Akansha Modi, Chairperson, Alwar Chapter of NIRC-ICSI, CS Suresh Pandey and CS Himanshu Harbola, Regional Council Member, NIRC-ICSI.

DAY 3: 22.05.2020



CS Atul Mittal addressing the participants. Screen View: CS Atul Mittal, CS Suresh Pandey, CS Devender Suhag, Treasurer, NIRC-ICSI and CS Ragini Gupta, Chairperson, Gorakhpur Chapter of NIRC-ICSI.

DAY 4: 23.05.2020



CS Atul Mittal addressing the participants. Screen View: CS Yogita Manchanda, Chairperson, Patiala Chapter of NIRC-ICSI, CS Saurabh Kalia, Regional Council Member, NIRC-ICSI, CS Suresh Pandey and CS Atul Mittal.

4 DAYS ONLINE MASTER CLASS ON DRAFTING, PLEADINGS, APPEARANCES AND CORPORATE COMMUNICATION

DAY 1: 27.05.2020



CS Venkita Subramoniam T.R., Advocate-on-Record, Supreme Court addressing the participants. Screen View: CS Anil Kumar, Chairperson, Chandigarh Chapter of NIRC-ICSI, CS Suresh Pandey, CS Venkita Subramoniam T.R. and CS Surykant Gupta, Regional Council Member, NIRC-ICSI.

DAY 2: 28.05.2020



Dr. Rajesh Sharma, Senior Lecturer, RMIT University, Australia addressing the participants. Screen View: CS Suresh Pandey, CS G S Sarin, Dr. Rajesh Sharma and CS Bharat, Chairperson, Udaipur Chapter of NIRC-ICSI.

DAY 3: 29.05.2020



CS (Dr.) U. K. Chaudhary, Past President, ICSI & Senior Advocate addressing the participants. Screen View: CS (Dr.) U. K. Chaudhary, CS Suresh Pandey and CS Lavkush Yadav, Chairperson, Prayagraj Chapter of NIRC-ICSI.

DAY 4: 30.05.2020



Mr. Shiv Ram Bairwa, Registrar NCLT addressing the participants. Screen View: CS Suresh Pandey, Mr. Shiv Ram Bairwa and CS Sumit Grover, Chairperson, Panipat Chapter of NIRC-ICSI.

GLIMPSES OF WEBINARS OF NORTHERN REGION



Screen View of Webinar by Gorakhpur Chapter: CS Ashish Garg, President, ICSI, CS Ranjeet Pandey, Immediate Past President and Council Member, ICSI, CS Suresh Pandey and CS Ragini Gupta.



Screen View of Webinar by Gurugram Chapter: CS Suresh Pandey, CS Nitin Grover, Chairperson, Gurugram Chapter of NIRC-ICSI & CS P K Mittal, Past Council Member, ICSI.



Screen View of Webinar by Agra Chapter: CS Manish Gupta, Council Member, ICSI, CS Chirag Garg, Secretary, Agra Chapter of NIRC-ICSI CS Suresh Pandey and CS Arpit Suri.



Screen View of Webinar by Bareilly Chapter: CS Manoj Kumar Purbey, Guest Speaker, CS Ankit Agarwal, Past Chairman, Bareilly Chapter of NIRC-ICSI, CS Priya Agarwal, Secretary, Bareilly Chapter of NIRC-ICSI and CS Suresh Pandey.

GLIMPSES OF ONLINE CAMPUS PLACEMENT



CS Suresh Pandey address during Online Campus Placement interview and Feedback Session organized for Shortlisted Candidates.



Recent Initiatives taken by NIRC

Dear Professional Colleagues,

I am pleased to enlist the recent initiatives for your kind information and ready reference:-

4 DAYS ONLINE MASTER CLASSE ON FEMA (7TH EDITION, YEAR 2020)

4 Days Online Master Class on FEMA was organized by ICSI-NIRC from 20th May, 2020 to 23rd May, 2020. Dr. Vijesh Jain, Professor - IB Area, Dean (MDPs) & Head of Corporate Interface, Institute of Management Studies, Ghaziabad and CS Atul Mittal, Former Council Member, ICSI & Past Chairman, NIRC-ICSI and Partner-Deloitte Haskins & Sells were the Guest Speakers at Master Class. The Master Class was attended by around 800 members. The Master Class extensively covered the Introduction, Concept and Background on FEMA, Understanding Residential Status in FEMA with examples / mini cases, Understanding Capital and Current Account transactions with examples and cases, Understanding the Current Liberalized Remittance Scheme and Types of accounts which can be opened by residents and non-residents in foreign exchange, Branch Office, Project Office, Liaison Office, Foreign Direct Investments & Overseas Direct Investments, External Commercial Borrowings (ECB) & Imports, Export & Liberalised Remittance Scheme (LRS) and Compounding under FEMA & Late Submission Fees.

4 DAYS ONLINE MASTER CLASSE ON DRAFTING, PLEADINGS, APPEARANCES AND CORPORATE COMMUNICATION (8TH EDITION, YEAR 2020)

4 Days Online Master Class on Drafting, Pleadings, Appearances and Corporate Communication was organized by ICSI-NIRC from 27th May, 2020 to 30th May, 2020. CS Venkita Subramoniam T.R., Advocate-on-Record, Supreme Court, Dr. Rajesh Sharma, Senior Lecturer, RMIT University, Australia, CS (Dr.) U. K. Chaudhary, Past President, ICSI & Senior Advocate and Mr. Shiv Ram Bairwa, Registrar NCLT were the Guest Speakers at Master Class. The Master Class was attended by around 800 members. The Master Class extensively covered the Drafting including Petition, Drafting and Contract & in-house drafting, Corporate Communications, Art of Advocacy, Pleadings & Appearances and Overview of NCLT including its administration, functioning, online filing and online hearing.

NIRC-ICSI 1ST ONLINE CAMPUS PLACEMENT

We have started the 1st Online Campus Placement for young members & fresher CS members in June, 2020 through Weblink. We requested the Prospective Recruiters and Senior Members of ICSI to create new Job Opportunities for young members. 22 recruiters having 36 vacancies registered with us for the Online Campus Placement. We shared the information of the vacancies through email to all the members of Northern Region. The same information is also available on child Portal of NIRC-ICSI. We shared the details of interested candidates with the recruiters for their shortlisting the candidates. The organizations shortlisted the candidates and we arranged the Online Platform for both Recruiters and Candidates. Many organizations have taken online interviews of shortlisted candidates and few of them have selected the members as well.

ONLINE ANNUAL GENERAL MEETING OF CHAPTERS

Online Annual General Meeting of Chapters are scheduled in the month of June, 2020. This is the first time that links are shared with the members to conduct the Online AGM. This is good opportunity for the members as they can attend the same without much hassles. Notice, Annual Report, Accounts and details of Auditors are shared for ready reference of members.

ONLINE PROGRAMS BY CHAPTERS OF NORTHERN REGION

Many chapters of NIRC of ICSI are organizing Online Programs/Webinars for members and It is observed that the attendance in Online Programs are quite healthy. Request you to kindly attend these programs in huge number and take advantage of the faculties who are addressing on various topics of relevance for us. Further, we commemorated World Environment Day on 5th June, 2020, PCS Day on 15th June, 2020 and Yoga Day on 21st June, 2020 and Webinars were organized.

ONLINE CAREER AWARENESS PROGRAMS IN SCHOOLS/COLLEGES

Few days back we all were in dilemma about the way we are going manage things. Now with passage of time, most of us are managing work much better than initially believed. Same is the case with Career Awareness Programs. Many schools came forward and requested the Institute to organize the Online Career Awareness Programs on Career as a Company Secretary for thier students of Class XI & XII. If you know schools/colleges who are willing to organize Online Career Awareness Programs on Career as a Company Secretary for their students, please write us with details of schools/colleges at himanshu.sharma@icsi.edu.

ONLINE OTC CLASSES & CRASH COURSE FOR STUDENTS

Students are the backbone of our profession and to facilitate the students we are organizing Online Classes for the students of OTC at NIRC for Foundation & Executive Programme. Further, Online Crash Course are also arranged for Executive & Professional Level students.

Friends, let me assure you that your feedback and participation is always welcome and is truly valued, as it is only your feedback that will help us to improve further and emerge as ICSI brand. I look forward for your valuable suggestions and feedback. Feel free to interact with me at chairman.nirc@icsi.edu

Looking forward for your invaluable support.

I am just a phone call away!

Yours own,
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ARTICLES ON THEME

**OPPORTUNITIES FOR PROFESSIONALS
IN MSME, STARTUPS AND
ENVIRONMENTAL LAWS**

MSME : OPENING NEW DOORS FOR THE PROFESSIONALS



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MSME seems to be an omnipresent word today. In almost all that you read, hear, discuss upon & irrespective of whoever you interact with, the central theme converges on MSME. One is often left wondering, what is MSME ?

Let me help demystifying MSME by first giving you the full form of MSME as : **Micro, Small & Medium Enterprise**. Typically any enterprise, at the starting stage is a Micro unit or in case the investment in the unit is larger then it is a Small enterprise or in case of further larger investment it may be recognised as a Medium enterprise.

But the above has surely confused you further as to why MSME suddenly is such an important issue in our lives & suddenly seems to be the centre of attraction for all concerned - from Govt to Promoters & from Lendors to Investors. This is because Covid has brought to centre stage the challenges of MSME & attracted Gol's attention like never before.

To set the right perspective, let me bring certain facts about MSME to your attention. MSME employs more than 11 Cr. Indian population. They contribute almost half of Indian export & around 29% of the India's GDP. More than 6 Cr. MSMEs actually contribute to this base of the India's economic pyramid. Gol recognises MSMEs as the "**small economic engines**" of the Indian economy.

Gol's Covid combat by a nation wide lockdown has definitely impacted the Indian economy more than any other recent crisis. To kick start the



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Indian economy the small economic engines (viz. MSME) must fire their energy full blast. Gol has also announced an extraordinary relief package for MSMEs including through PSUs bank & others. Investors are naturally attracted to the sector & further exploring options for investment & growth in the MSME sector.

Now this is not just the recognition. It is actually a factual position where MSMEs have clearly built great values for Indian economy. This further came to the centre stage when Covid stroked the Indian economy.

Gol has announced on 1st June, 2020 the revised definition of MSME:

Criteria (both)	Capital	Turnover
Micro	Rs. 1 Crore	Rs. 5 Crore
Small	Rs. 10 Crore	Rs. 50 Crore
Medium	Rs. 50 Crore	Rs. 250 Crore

It may be important for you to know that this definition has been revised after 14 years of the existence of previous definition of MSME (which came into effect through the MSME Act 2006 of Gol).

MSME : AN ILLUSTRATION

Any enterprise starts typically as a Micro, Small or Medium Enterprise. Say, an enterprise which started some years ago as let's say a small, manufacturing unit with some investment of Rs. 5 to 10 Lakh. As it grows, it keeps investing more & more and gradually evolves into a very large enterprises & also a larger investment in the plant & machinery. Finally the enterprise may even get listed. Thus creating a tradable value for the equity & almost providing a pseudo currency to the Promoters. So this is generally a journey of corporate which typically starts a MSME.

BUT, STILL WHAT HAS BEEN THE IMPACT OF COVID ON MSME? & WHAT IS THE MSME'S IMPORTANCE IN POST COVID GROWTH PLAN FOR INDIA?

Post Covid the Hon'ble Prime Minister announced a relief package of Rs. 20 Lac Cr. - almost 10 % of India's GDP along with a unique mission viz. Atmanirbhar Bharat Abhiyan for building a self reliant Indian economy.

Article

Followed immediately after this on 13th May, 2020 the Hon'ble Finance Minister – Mrs. Nirmala Sitharaman announced a package of Rs. 3.70 Lac Cr. for MSMEs. This possibly remains the largest relief package given to any industry & has brought MSMEs into the centre stage of India's future growth focus.

Additionally, to further explain the focus on MSME, let me explain the breakup of the above MSME relief package as below :

1. Rs. 3 Lac Cr. : **Collateral free automatic loan** for businesses
2. Rs. 50,000 Cr. : equity infusion for MSME through **Fund of Funds (FoF)**
3. Rs. 20,000 Cr. : **Subordinate Debt** for **stressed** MSMEs Besides, other include :
4. Extension of credit linked subsidy scheme till 31st March 2020
5. Government & CPSUs have been advised to release all MSMEs pending dues within 45 days.
6. Furthermore, extension of ITRs for FY 19-20 has been extended up to 30th November 2020
7. But the most important is the new business opportunities through the notification that there shall not be any global tender for procurement up to Rs. 200 Cr. Thus, tenders up to a size of Rs. 200 Cr. shall be exclusively for domestic companies. This is expected to create voluminous opportunities for domestic companies without the threat of foreign companies coming into this segment.

All of you as my professional colleagues may agree with me that, more professional opportunities besides the money flow, future businesses, growth & obviously prosperity starts moving towards the pocket where the Govt. starts putting its money.

Gol has not only committed its money but also set its deep focus on creating MSMEs as the **"winning core"** of its future plans. Gol targets to achieve and create future leaders typically called the global CHAMPIONS. Under the Atmanirbhar Bharat Abhiyan, Gol is expected to do this by creating new business opportunities, helping, handholding & providing MSMEs opportunities to grow in long run and become national & international champions. To manage all this a robust ICT based system called **"Champions"** has also been launched by Ministry of MSME & this portal is going to help & handhold MSMEs not only in the present situation but also in future in creating true champions out



of the MSMEs.

MSMEs can be the new centre of attraction for all the professionals due to the following main reasons :

1. **Enlarged Definition :**

Many more enterprises are now included in the definition of MSMEs, with the revised definition including enterprises with **investment** in Plant & Machinery ranging from upto Rs. 1 Cr. - upto Rs. 20 Cr. & **turn over** from upto Rs. 5 Cr. upto Rs. 100 Cr. This allows much more number of Company Secretaries & other professionals to be required by the MSMEs.

2. **Government's increased focus :**

Extreme Gol focus has provided MSME with :

- a. Relief Package
- b. Financial outlay / Reliefs
- c. Enhance Business Opportunities

This allows more Professionals including Secretarial, Legal, Commercial, Financial Accounting & Auditing to remain to be required increasingly by MSMEs

3. **Increased business opportunities for domestic enterprises**

Reservation for domestic player in procurement up to Rs. 200 Cr. Provide more business opportunities for the domestic companies. This implies more professionals being required for the Tender & business growth related applications

4. **New sources of Equity including Gol Fund of Funds (FoF)**

Preparing MSMEs for the raising of equity, attracting Domestic & International Investors, Valuation, Deal Structuring, Legal Documentation & Deal Closure : shall provide increasing opportunities for Professionals.

With all of the above you may agree that, your future with MSMEs is growing to be ever shining. Most of the UNICORNS have started at MSMEs only. Professionals have not only well compensated but also well rewarded through ESOPs & others.

I close by wishing you good luck, in riding in the most luxurious boggie of this MSME train ...

... But let me assure you that, even if you are not so lucky, just by riding the MSME train, you are expected to reach **the destination of Success !**

ROLE OF COMPANY SECRETARY IN NURTURING A START-UP



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WHAT IS A START-UP

Startups have been the flavor for the last many years. No field has been left untouched by the startup revolution with successful startups popping regularly over the horizon. A startup is a venture that is initiated by its founders around an idea or a problem with a potential for significant business opportunity and impact. Often the actual development starts even before that with a search of an idea or a meaningful problem worth solving and building a committed founding team aligned with shared vision to make that vision into reality. Aim of the initial founder(s) is to establish a committed co-founder team with necessary skills and abilities to be able to validate the initial problem/solution fit and product/market fit, before scaling it to significant company and self sustained business. So in addition to innovation process itself from idea to value generating product and business model, startups also need to have a strong and committed founding team and develop both of these together into a real growing business and organization that captures the value being created as a great company.

WHY START UPS NEED PROFESSIONAL SUPPORT

Many successful entrepreneurs won't admit this secret. But we will let you in on it. There is no such thing as a solo entrepreneur. Nobody who's ever scaled a business from the ground up did it alone. The people you choose to work with have the ability to make or break your business. Professionals are growing in popularity in recent years due to the many benefits that they provide to startups and businesses with a growth mindset. Whether you just don't currently have the proper resources or are unsure of how to effectively grow your business, professionals often provide you with everything you require at a much lower cost than you would typically need to spend figuring it out on your own. One of the key professional resource for a start up is the Company Secretary.

HOW DOES A COMPANY SECRETARY HELP TO THESE START-UPS?

One of the key professional resource for a start up is the Company Secretary. He has a critical role right from creating and formalizing an initial/ appropriate legal structure and then providing the much needed professional support in creating proper legal documents required to operate the startup and keep it duly protected. The professional support provided by the company secretary can be summarized as under:

(A) Getting the Start-up Status in India

The Startup India Action Plan from the Government of India helps startup companies in India. The definition of a start up business in India for this purpose is any private limited company, registered partnership or a limited liability partnership, which is not more than seven years old (ten years for biotech ventures) with annual turnover not exceeding Rs. 25 crore. Various initiatives have been launched to help startups. Company Secretary will apply for the start up India registration, called the Certificate of Recognition for Startups, by visiting the Startup India Portal and filling in the

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application form and uploading the necessary documents. Once the application is complete, it will be examined and the start up India registration certificate will be provided to the entity.

(B) Creating Essential legal documents for Startups

Here are the top 10 essential legal documents startups should possess to stay away from legal troubles down the road in which Company Secretary has a key role to play:

- **Trademark**

While it is not mandatory by law, it is a good idea to register the name of your business as a trademark. A trademarked name marks all of your products and services as yours and no one else's and can also protect you from counterfeit products. Trademarks provide protection for both businesses and consumers, making them an important part of running a successful company. Trademarking also gives you legal ownership in specific locations, be they local, state, or nationwide.

- **Articles of Association/Incorporation**

A common mistake most startup founders make is failing to put the proper business structure in place. Setting up only a sole proprietorship can result in huge income tax and legal liabilities for which founders are personally responsible. Businesses that want fewer tax obligations and want to avoid heavier fees during early growth should consider forming a company. Start ups can create their legal entity structure as One Person Company, Private limited, Public limited or LLP.

- **A non-disclosure agreement (NDA)**

Non-Disclosure Agreement is the first piece of paper that you need to reach out for when dealing with any client or investor. This document ensures that the privacy of your organization, as well as that of the other party, remains protected. NDA papers are not limited just to potential customers or clients but are also a workable asset to keep the reign tight on your employees. NDAs protect your startup by safeguarding founder and employees' ideas and intellectual property rights.

An NDA should specify the following:

- Employee contracts and offer letters
- What constitutes confidential information
- How confidential information should be handled
- Who owns that information (the company)
- The time range that the information will be disclosed
- The time range of confidentiality will be maintained
- **Employee contracts and offer letters**

Building a core strong team for the startup is crucial for the startup to set up your business for success. Proper employee contracts go a long way in making employees understand their roles and expectations of the company from them as an asset.

They should clearly state the following:

- Terms and conditions of employment (e.g., compensation, role responsibilities, working hours and grounds for termination)
- Reporting structure
- IP ownership of work
- Expectations
- Required commitments
- Share vesting
- Company policies (e.g., vacation days, paid time off the structure, dress code)

▪ **Shareholder's Agreement**

Once the startup is ready to move ahead with private investments by individuals or corporate as the case may be, a Shareholder's Agreement needs to be put in place. It is one of the most crucial startup documents that helps to determine the rights and liabilities of these shareholders and their ability to exercise these rights. These contracts are very critical as they define the relationship between the shareholders of a particular company and are invaluable in case a co-founder decides to leave the organization.

▪ **Bylaws**

Every startup needs a definite set of working rules or principles. Bylaws act as those sets of rules. They ensure that every startup functions smoothly and gives voice to everyone involved in the startup's working. Bylaws can include but are not limited to voting rights to select leadership, the election of board members or taking approvals as well as other internal functioning of the organization.

▪ **Intellectual Property Assignment Agreements**

For most organizations, Intellectual Property and strong beliefs constitute the perfect recipe to success. However, many startups overlook to secure these Intellectual Property rights. An Intellectual Property Assignment Agreement could be one of the key legal startup documents that determine whether your startup can attract the investments it needs to grow because it's often the value of IP portfolio that investors and venture capital firms are evaluating.

▪ **Founder's agreement**

In case of startups with multiple founders or founding parties, it becomes necessary for them to sign an agreement that defines the working relationship of all parties and outline a basic communication and conflict-resolution clause that can help prevent disputes. It is to prevent any conflicts in the future and to avoid any dispute among the founding parties of a startup, all co-founders should sign a comprehensive operating agreement.

▪ **Web Site Terms of Use Agreement**

Most growing businesses establish a Web site to market their startup and their products. Essential to these Web sites is a Terms of Use Agreement, which is intended to be an agreement between the Web site owner and the users of the site and any buyers of goods or services from the site. A well-drafted contract includes limitations on how the site can be used, disclaimers, liability limitations, disclosure on the site's privacy policy in dealing with customer information, copyright protection warnings, the jurisdiction where any disputes must be brought.

▪ **Non-Compete Agreement**

A non-compete agreement is a restrictive agreement wherein one party agrees not to enter into/engage/commence any activity, trade or profession which is in direct competition with the other party.

(C) **Ensuring legal / statutory compliances**

The company secretary is responsible for ensuring compliance with statutory and regulatory requirements under various laws such as Companies Act, SEBI Act, FEMA, Labour laws, etc. Company secretaries are the company's named representative on legal documents, and it is their responsibility to ensure that the company and its directors operate within the law.

(D) **CS as a Business Benefactor**

The Companies Act, 2013 gives specific rights to a company secretary— to exercise promotion and incorporation of companies; to handle company audit and certification services; to sign annual returns; to handle corporate restructuring and takeovers; to scrutinize reports and voting procedures in a transparent manner; etc.

(E) **CS as an Advisor –**

CS can advise companies on Compliance of legal and procedural aspects, particularly under SEBI Act, Foreign Exchange Management Act, Depositories Act, Labour Laws, IPR Protection, Mergers and Amalgamations and Strategic Alliances & Foreign Collaborations and Joint Ventures. CS can act as advisor to investors, depositors, mutual fund unit holders and stakeholders.

CONCLUSION

Company Secretary is an important managerial and administrative resource for a startup venture. He is the legal representative of the entity and performs and manages various regulatory functions like incorporation of the entity; preparation and audit of business reports; filing annual returns; dealing with amended regulations on a steady basis, etc. He also plays a key role as a Business Advisor to the board of directors of the company guiding them with regard to laws, corporate governance, strategic management, project planning, capital markets & securities laws and foreign collaborations, mergers, acquisition, takeovers, setting up of subsidiaries and joint ventures within and outside India etc. In short, a Company Secretary offers a One Stop Professional Advisory Services to startups.

MSME SECTOR FOR CARBON REDUCTION IN INDIA



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ABSTRACT

The present paper analyses the potential areas for MSME sector in carbon reduction, investment for carbon credit projects in India, benefits of carbon credit and setback reversals faced by India in the carbon credit market in recent years. The highlights of this paper are the Strategies which the MSMEs can use to start a Clean Development Mechanism project. The paper thus aims to study how the concept of Carbon Credits can be applied to India to reap the benefits therefrom. It aims to provide an opportunity to professionals to find out the emerging opportunities in CDM and carbon trading field which will help them in providing consultation services to green business companies holistically. It will generate huge foreign exchange to India and will positively contribute to the economic development of this great country. Thus this paper can be used for the several benefits and challenges which are directly or indirectly associated with carbon credit trading.

INTRODUCTION

Speaking at the 11th India Climate Policy and Business Conclave 2018 at New Delhi, Ministry of Environment, Forest & Climate Change (MoEFCC) Secretary, C K Mishra, said that the government is working on a pilot project on developing carbon pricing instruments, particularly for the waste and MSME sectors where the possibility of carbon reduction is maximum. He also said ZED, 'zero defect zero effect', programme is very critical and is one of the top priorities of the government. He also explained that the global pre-2020 commitments on reductions in carbon emissions were sacrosanct and emphasized that climate finance and technology transfer were critical not just for India but for many other countries that were completely dependent on a dedicated fund for combating the impact of climate change. For this, Scheme for Technology and Quality Upgradation Support to MSMEs under National Manufacturing Competitiveness Programme (NMCP) was developed, stating that it will also deal with the issue relating to reduction in emission of Green House Gas (GHG) by the MSME sector, through energy efficiency. The objectives of the Scheme were to be achieved through the following major activities:

- i. Capacity Building of MSME Clusters for Energy Efficiency/Clean Development Interventions and other technologies mandated as per the global standards.
- ii. Implementation of Energy Efficient Technologies (EET) in MSME units, Carbon Credit Trading, etc.
- iii. Setting up of Carbon Credit Aggregation Centres (CCA) for introducing and popularising clean development mechanism (CDM) in MSME clusters.
- iv. Encouraging MSMEs to acquire product certification/licences

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from National/International bodies and adopt other technologies mandated as per the global standards.

- v. Increased adoption of National /International Product Certification standards by the MSME sector to enhance profitability of the implementing MSMEs by reducing energy costs and also through possible income from carbon credits.
- vi. Study of Impact of the scheme, administrative and other miscellaneous items.

The criteria for classification of micro, small and medium enterprises, is:— (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; (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. This notification shall come into effect from 01.07.2020.

BACKGROUND OF EMERGING CARBON CREDIT TRADING

The United Nations Framework Convention on Climate Change (UNFCCC or FCCC) is an international environmental treaty produced at the United Nations Conference on Environment and Development (UNCED), held in Rio de Janeiro in 1992. The Convention is the foundation of global efforts to combat global warming. India signed UNFCCC on 10th June 1992 and entered into force on 21 March 1994, after a sufficient number of countries had ratified it. The UNFCCC objective was to "stabilize greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system". Article 3(1) of the Convention states that Parties should act to protect the climate system on the basis of "common but differentiated responsibilities and respective capabilities", and that developed country Parties should "take the lead" in addressing climate change. Under Article 4, all Parties make general commitments to address climate change through, for example, climate change mitigation and adapting to the eventual impacts of climate change. After the signing of the UNFCCC treaty, Parties to the UNFCCC have met at conferences ("Conferences of the Parties" – COPs) to discuss how to achieve the treaty's aims. At the 1st Conference of the Parties (COP-1), held in 1995 in Berlin, Parties decided that the aim of Annex I Parties stabilizing their emissions at 1990 levels by the year 2000 was "not adequate". The COP was established by the Convention as the supreme decision-making body; it comprises ratifying governments and regional economic integration organizations, such as the European Union. The Kyoto Protocol is a protocol to the international UNFCCC with the

objective of reducing GHGs that cause Climate Change. The treaty was negotiated in Kyoto, Japan on 11th December 1997, at the Third Conference of Parties (COP 3), opened for signature from 16th March 1998 and closed on 15th March 1999. The Protocol came into force on 16th February 2005. Countries that ratify this protocol commit to reduce their emissions of carbon dioxide and five other GHGs targeted by the protocol, or engage in emission trading if they maintain or increase emissions of these gases. The first commitment period starts from calendar year 2008 and ends in calendar year 2012. The second one runs from 2013-2020 and is based on the Doha Amendment to the Protocol, which has not entered into force. The US has not ratified the Kyoto Protocol, while Canada denounced it in 2012. The Kyoto Protocol has been ratified by all the other Annex I Parties. The Protocol entered into force on 16th February 2005. The Kyoto Protocol, an international and legally binding agreement to reduce greenhouse gas (GHG) emissions worldwide assigns mandatory targets for signatory nations. Countries that ratify this Protocol agree to reduce their emission of the specified 6 greenhouse gases, or engage in emissions trading if they maintain or increase emission of these gases. India acceded to the Kyoto Protocol on 26th August 2002. The detailed rules for the implementation of the Protocol were adopted at COP in Marrakesh in 2001, and are called the "Marrakesh Accords". India acceded to the Kyoto Protocol on 26th August 2002.

The Protocol target covers emission of the six main greenhouse gases, namely, Carbon dioxide (CO₂), Methane (CH₄), Nitrous oxide (N₂O), Hydrofluorocarbons (HFCs), Perfluorocarbons (PFCs) and Sulphur hexafluoride (SF₆). The Protocol divides the nations into two general categories as: **Annex I** countries: They include Developed Countries and countries undergoing the process of transition to economy, which have accepted greenhouse gas emission reduction obligations and must submit an annual GHG inventory and **Non-Annex I** countries: These consist of Developing Countries who have no greenhouse gas emission reduction obligations but may participate in the Clean Development Mechanism (CDM). Kyoto is a 'cap and trade' system that imposes national caps on the emissions of Annex I countries. On average, this cap requires countries to reduce their emissions 5.2% below their 1990 baseline over the first commitment period of 2008 to 2012. Any Annex I country that fails to meet its Kyoto obligation will be penalized by having to submit 1.3 emission allowances in a second commitment period for every tonne of greenhouse gas emissions they exceed their cap in the first commitment period (i.e. between the years 2008-2012). The protocol provided three Co-Operative Implementation Mechanisms to improve flexibility and to develop cost effective means of achieving the emission targets. These mechanisms are:

1. Joint Implementation – between Annex I countries.
2. Emission Trading-between Annex I countries.
3. Clean Development Mechanism- between Annex I countries and Non Annex I countries.

Under the UNFCCC, developing countries such as India do not have binding GHG mitigation commitments in recognition of their small contribution to the greenhouse problem as well as low financial and technical capacities. The Ministry of Environment and Forests is the nodal agency for climate change issues in India. It has constituted Working Groups on the UNFCCC and Kyoto Protocol.

DEFINING CARBON CREDIT TRADING

Carbon credits are basically an element which is used to aid in regulation of the amount of gases that are being released into the air. This is basically a larger international plan which has been created in an effort to reduce global warming and its effects. This plan basically works by capping the amount of total emissions that can be released by one company or business. If there is a shortfall in the amount of gases that are used, there is a monetary value assigned to this shortfall and it may be traded. These credits are often traded between organizations or businesses. However, they also are bought and sold in international markets at whatever the determined market value for them is. In other words Carbon credits are certificates issued to countries that reduce their emission of GHGs which cause global warming. Carbon credits are measured in units of Certified Emission Reductions (CERs). Each CER is equivalent to one tonne of carbon dioxide reduction. Carbon credit is defined as a "generic term to assign a value to a reduction or offset of greenhouse gas emissions. It is measured in terms of one tonne of carbon dioxide equivalent. i.e., One Carbon Credit = One tonne of CO₂ (or equivalent gases). Carbon credit is a "permit that allows the holder to emit one ton of carbon dioxide which can be traded in the international market at their current market price". Carbon Credits have been given the recognition of an intangible commodity and can be traded on the commodities market. Trading of carbon credits happens in the form of CERs or Certified Emissions Reductions. CERs are in the form of certificates, just like a stock. A CER is given by the CDM Executive Board to projects in developing countries to certify that they have reduced greenhouse gas emissions by one tonne of carbon dioxide per year. A company in a developed country has two ways to reduce emissions:

- a) It can reduce the GHG (greenhouse gases) by adopting new technology or improving upon the existing technology to attain the new norms for emission of gases, or
- b) It can tie up with developing nations and help them set up new technology that is eco-friendly, thereby helping developing country and its companies in earning credits.

This is possible through the Clean Development Mechanism (CDM) Projects. According to World Bank estimates, India could emerge as one of the largest beneficiaries accounting for 25 per cent of the total world carbon trade.

By the end of 2020 – marks a legal milestone, for international climate cooperation. The second commitment period of the Kyoto Protocol comes to an end, and with it, the greenhouse gas (GHG) emission reduction and compliance obligations it imposes – or better: may impose, as the rules governing the second commitment period have not yet entered into force – on participating industrialized countries. Henceforth, international emission reduction targets and compliance procedures will be governed by the Paris Agreement alone. This will create an existential question for Kyoto's key flexible (crediting) instrument, the Clean Development Mechanism (CDM): Other than dealing with accounting matters ("true up") for activities leading up to 2020, will the CDM cease operations come 2020, or is it legally organized in such a way that crediting operations will continue beyond 2020? With the year 2021 quickly approaching, the unresolved questions surrounding the future of the CDM mechanism itself are however gaining attention. While certain functionalities of the CDM may be secured to allow accounting ("true up") procedures for the

validation of books and emissions transfers to be settled, others remain in limbo. The most disputed functionalities post 2020 include the: Registration of new project activities; Inclusion of new component activities (CPAs) under programmes of activities (PoAs) and Issuance of CERs for emission reductions achieved after 2020.

CLEAN DEVELOPMENT MECHANISM IN INDIA

The Clean Development Mechanism (CDM) under the Kyoto Protocol has played a significant role in supporting Greenhouse Gas (GHG) emission reduction projects in India. Along with China and Brazil, India is a leader in CDM since its inception in 2007. A number of small and medium projects in the field of energy efficiency and renewable energy, set up in India in the last two decades, owe their origin to the financing support available from CDM. Unfortunately, its future hangs in balance. The situation may change in 2021 when market mechanisms mandated under the Paris Agreement come into operation. Most developed countries are strongly opposed to permitting the carryover of CDM projects and their credits into the Paris Pact's mechanisms. The credits lying unsold with the CDM projects could lose their economic worth. Besides, the CDM projects will have to go through the process of validation and registration again with the new mechanism. This will involve additional financial and administrative costs. The CDM was created with a dual role: to assist developing countries "in achieving sustainable development" and to help industrialized countries "in achieving compliance with their quantified emission limitation and reduction commitments" (Article 12 Kyoto Protocol). Over the past 15 years, the mechanism has innovated and transformed global climate change cooperation, and has led to the registration of 7,800 projects, 2 billion issued CERs and a procedural and institutional framework applied in more than 140 countries. India has about 250 million Certified Emission Reduction (CER) units under CDM issued by the UNFCCC, the global administrator of Kyoto mechanisms. The number of CDM projects registered in India is 1,376 (out of total 7,979 globally) and 89 per cent of these projects are still active. The demand in EU, which has been the largest market for CDM credits, has declined sharply over the last decade because of regulatory barriers.

The CDM has become a blueprint and benchmark for implementing emission reduction projects worldwide. Carbon pricing schemes in Korea, China, South Africa, Mexico and Colombia allows CERs for compliance, or are mirrored on the CDM. What happens to the CDM post 2020, matters for these schemes. Given its practical relevance, it is surprising that there is little, if any, legal guidance on the underlying question whether the CDM has a legal basis to operate after Kyoto's second commitment period expires. The situation is complex, and the legality of continuous operations of the CDM after 2020 (outside accounting and book-keeping operations) is not conclusively settled. The unrealised value of CDM credits could be in the range of almost \$5 billion — estimated at a very conservative price of US \$20 per unit. India stands to lose substantially if the doors on the existing CDM projects and credits are closed in 2020.

Now a question arises in mind for carbon credits is that whether the carbon credits generated under the Clean Development Mechanism, i.e., CERs, can be considered as assets of the generating entity? The 'Framework for the Preparation and Presentation of Financial Statements', issued by the Institute of Chartered Accountants of India, defines an 'asset' as "a resource controlled by the enterprise as a result of past events from which future economic benefits are expected to flow

to the enterprise". Though an entity would have taken measures under Clean Development Mechanism, the asset is not generated immediately. This is because when the generating entity reduces carbon emissions by way of a CDM project, the generating entity becomes eligible to receive CERs from UNFCCC. However, whether CERs will actually arise and be received by the generating entity or not will depend on a future uncertain event, i.e., certification of the same by UNFCCC. So the communication of CER has to be received in order to consider it as an asset and till then it is only a contingent asset. CER is recognised as an asset only if there is a certainty of future economic benefit from them. A question further arises as to whether CER is an intangible asset. Though it is an identifiable non-monetary asset without physical substance, it is not held for use in the production of goods or supply of services, nor for any administrative purpose or for renting to others. CER generated by the entity is held for the purpose of sale only. So it does not strictly fall within the definition of intangible asset.

AREAS OF MSMEs AND AVAILABILITY OF FINANCE FOR CARBON REDUCTION

A special protection is given to the Micro, Small and Medium enterprises via the MSME Act, 2006. These are small-scale industries which require immunity and special protection to flourish. These industries form the very backbone of our Indian Economy. The MSME sector is a major engine for growth in employment and poverty reduction—in India, MSMEs have been playing a pivotal role in the country's overall economic growth. They have achieved steady progress over the last couple of years. They can make a substantial contribution to achieving a low-carbon economy, provided the barriers to the growth of the MSME sector can be addressed appropriately. For achieving Energy efficiency/ CDM the Ministry of Micro, Small and Medium Enterprises, Govt and Small Industries Development Bank of India (SIDBI), established a Trust named Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) to implement the Credit Guarantee Fund Scheme for Micro and Small Enterprises. The scheme was formally launched on 30th August, 2000. The corpus of CGTMSE is being contributed by the Govt and SIDBI in the ratio of 4:1 respectively and INR 2295.30 crore (approx. USD 382.55 million) had been contributed to the corpus of the Trust up to 31st August, 2014. The scheme was for New and existing Micro and Small Enterprises engaged in manufacturing or service activity excluding Educational Institutions, Agriculture, Self Help Groups (SHGs), Training Institutions etc. The enterprises which are eligible for this scheme are: 1. New as well as existing Micro, Small and Medium enterprises who are engaged in the process of; a. manufacturing activity, b. service activity, except: i. Retail Trade, ii. Educational Institutions, iii. Self Help Groups, iv. Training Institutions. 2. NBFCs

Traditional finance in India has not managed to come up with a common framework to encourage companies to go green. However, despite the absence of green credit guidelines, some banks have taken initiatives independently. This is the case of the State Bank of India, the country's largest bank, which introduced a 'Green Home' loan, with special concessions (reduced margin, softer interest rate, and zero processing fees) for environment-friendly housing projects. The other well-known bank which finances green projects is SIDBI (Small Industries Development Bank of India). It provides micro, small and medium enterprises financial assistance for technology innovative projects, with a preference being given to the green sector. Thanks to special lines of credit given by international agencies (JICA, KFW, AFD),

SIDBI is able to grant loans with relatively low interest rates compared to those of commercial banks. By October, 2012, SIDBI had provided assistance worth approximately INR 3,000 crore (approx. USD 500 million) to around 6,000 MSME units for green and energy-efficient technologies. The Infrastructure Development Finance Company (IDFC) is the only Indian bank that has joined, in 2018, the Equator Principles—an internationally accepted credit risk management framework for determining, assessing, and managing environmental and social risk in project finance transactions.

The Bombay Stock Exchange (BSE) has two indices to promote investment that considers environmental sustainability and also climate change considerations; these include the S&P BSE Greenex and the S&P BSE Carbonex. The Greenex, launched on 22nd February, 2012, is an index which is licensed for the development of green financial products including mutual funds, exchange-traded funds (ETF) and structured products. It calculates the energy intensity of a company (total emissions upon total revenue) and publicly disseminates it on a real-time basis.



CAPACITY BUILDING OF MSME CLUSTERS FOR ENERGY EFFICIENCY/CLEAN DEVELOPMENT MECHANISM

Technological modernization is the key to high industrial growth. There are a large number of energy-intensive MSME clusters (around 178 clusters manufacturing about 15 product categories like castings, forgings, glass and ceramics, food processing, textile processing and so on) in the country where energy efficient and cleaner technologies can be facilitated. A preliminary review undertaken by TERI of 390 MSME clusters, covering 12 product categories, suggest the presence of at least 175 energy-intensive clusters in India. TERI has recently collated preliminary energy data for 43 clusters under SAMEEESH. It was found that the energy consumption of these 43 clusters alone account for 6.6 million tonnes of oil equivalent (mtoe) (nearly 4% of the country's commercial energy consumption in the industrial sector). There is a need to institutionalize data collection on energy consumption patterns in the Indian MSME sector as a whole. Energy consumption data is important for policymakers and other agencies working in the MSME sector for initiating programmes and activities in energy-intensive clusters.

Emission Trading Scheme is part of Kyoto Protocol's flexibility mechanism which allows companies that have emission units to spare – emissions permitted to them but not “used” – to sell this excess capacity to companies that are over their targets. A cap on the total emissions allowed within the scheme is set, and allowances adding up to the cap are provided to the companies regulated by the scheme. The companies are required to measure and report their carbon emissions and to hand in one allowance for each tonne they release. ETS will help in reduction in carbon footprint of India at the time when India's per-capita emission is projected to rise at a very high pace. ETS allows industries to instead of adopting eco-friendly technology buy emission certificates from other industries. It can put burden on MSME Sector which does not have capacity to shift to new technology as easily as large industries.

CONCLUSION

The argument that a full-scale transition of CDM credits may flood the market and lead to deterioration in the carbon prices in future markets is also over-stretched. Validation and registration of projects under the new mechanism may take at least three years. Assuming that all CDM units available globally till 2020 are traded immediately, they may be fully absorbed by 2024 — as demand for credits for meeting the Paris commitments increases. In fact, more than 60 per cent of the credits may be used fully even before 2022 if we take into account the demand from airline operators to meet commitments under CORSIA — an emission reduction scheme for international civil aviation effective from 2021. The objective of this paper was to analyze the potential opportunity for MSMEs, as India being a developing country has no emission norms to be followed and can benefit in terms of technology, capital transfer and profits by way of selling Carbon Credits and at the same time contribute to the main cause for which this concept evolved i.e. to protect the environment.

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BEING SELF RELIANT..... AN OPPORTUNITY OR CONSTRAINT?



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Every darkness has bright folds...

Night symbolizes gloom & dimness, nevertheless it unveils restoration besides... A stout urge to rouse up with more power, dreams, notions, ideas, views, thoughts and strongest desire to accomplish them, implement them. Corona virus imprisoned the whole world into their cage but.....

'But' is the Key word...

But we Indians are truly the warriors, when even developed countries importing masks, PPE suits and similar goods. We Indians aptly adopted our own manufacturing.... Looking for an opportunity in mess is a Warrior's, Opportunist's, Indian's pattern. Our education system uninterruptedly, with minimal hindrance adopted online teaching. Teachers, Students, Parents all created such a web and so rapidly that beyond imagination. Otherwise, it might take society to mould into such online system, the decades...but crisis became an opportunity and we embraced.

We Indians are known as 'Jugadu' people, come- what- may but we adjust and emerge out. Yes, we are and have proved too!The show must go on.... May it be political tussle, economic crisis, social turmoil, we Indians overcome all at ease. Now again a golden era is about to knock down- rather knocking; choice is ours whether to open the doors, welcome it or keep criticizing the ruling machinery. Becoming Self Reliant is not an option but much sought-after choice, Top of the ladder followed by taking steps right from the bottom. The key of lucrative economy lies in Self Reliance. That day may not far away anymore when 'Make in India' will pop-up globally. May it be 'Arogya Setu', our local app, to keep updated of the situation around as an efficient bodyguard, development in pharma, medical devices, telecom equipment, the four L's formula viz. Land, Labour, Liquidity, Laws to define self-reliance

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theme...all are in the direction of robust, influential economy where every Indian shall be rightful to be independent..

Decades ago, we were ruled by Britishers, we strived high to be independent. A deep insidious exploitation, poverty, illiteracy, social imbalance, economic imbalance left us devastated. We embraced challenge, timely honoured our own Constitution, range of new laws for New India. Many coloured revolutions like Green for agriculture, White for milk has changed the fate of our Motherland. But it's a roller- coaster ride, again country trapped into political tug of war, scamming, corruption, poverty etc. Now new dawn is on the outset, yet another time we have to strive for self-reliance, an economy shaped by us only. It's incredible crafting our nations' fate,

'participation in managing the house'.

The time has come, indeed, a silver lining is peeping through and nodding us to take up an action, be ready for exertion. The idea of self-contained growth is antonym to sustained growth. To the society, for the society, from the society is abbreviating the Self -Reliance. "If I am independent, will make others independent too"- that's the whole notion behind. The Government's measures to boost "Make in India" move is an automatic tool to surge India's competitiveness in the global economy.

When Indians grow, the sacred shloka of "Vasudhev Kutumbakam" get its sanctity because we do not uphold the self-centered system but universal happiness, peace, cooperation lies in the essence.

Let's make 'Made in India' the global tag, a ticket synonym of growth, role modelling, opportunity- out- of- obscurity.

Let's stride away our country to the path of Vishwa-Guru once again.



STARTUP AND OPPORTUNITIES



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Startups are becoming very popular in India. It was first mentioned by Prime Minister Narendra Modi on August 15, 2015 and was launched the following January 2016. It comes under the Ministry of Commerce and Industry.

A Startup is a newly established business, usually small, started by one or a group of individuals. What differentiates it from other new businesses is that a Startup offers a new product or service that is not being given elsewhere in the same way. The keyword is innovation. The business either develops a new product/ service or redevelops a current product/service into something better.

The Government of India (GOI) has come up with different schemes and plans to promote Startups. The stated vision is to transform India from a nation of job seekers to job creators. To fulfil this vision the GOI has launched the scheme viz Startup India registration with Department for Promotion of Industry and Internal Trade (DPIIT), under the Ministry of Commerce and Industry.

In order to build a successful company, everyone needs to create and fine-tune a business plan, assess their finances, complete all the legal paperwork, pick their partners, research apps for startups growth, choose the best tools and systems to help them get their marketing and sales off the ground ... and a whole lot more.

Further, there are lots of benefits available for recognized startups under the Startup India Initiative. Accordingly, there are lots of opportunities for professional for any business setup. Now, we will discuss the Startup and opportunities by it, through one to one conversation between the two characters of Mahabharata, Lord Krishna and his disciple Arjun.

ARJUN:

“Hey Keshav, Startup are becoming very popular in India. Everyone gives me an advice to start my business as a Startup entity, but I am confused with Startup. Is there any Law for Startup or any Act has been passed in Parliament for a Startup?”

KRISHNA:

“Hey Arjun, Startup India is a flagship initiative of the Government of India (launched January 2016), intended to build a strong eco-system for nurturing innovation and Startups in the country that will drive sustainable economic growth and generate large scale employment opportunities. The Government through this initiative aims to empower Startups to grow through innovation and design. In order to meet the objectives of the initiative, Government of India announced Startup India Action Plan that addresses all aspects of the Startup ecosystem.

Under the Startup India Action Plan, Ministry of Commerce and Industry

(Department for Promotion of Industry and Internal Trade) has issued **Notification No. GSR 127(E) dated 19th February, 2019** under which Startup has been recognized.

This notification is being issued in supersession of Gazette Notification No. G.S.R. 364(E) dated April 11, 2018 as modified vide Gazette Notification No. G.S.R. 34(E) dated January 16, 2019.

This notification shall come into effect on the date of its publication in the Official Gazette (i.e. 19th February 2019). The Government will carry out a review of this notification on or before 31.03.2021.

ARJUN:

“Hey Keshav, I want to run my Startup, therefore, I have been advised to register a new company as Startup Company. Is there any category at MCA portal (Ministry of Corporate Affairs) as Startup Company?”

KRISHNA:

“Hey Arjun, it is wrong interpretation that a new company shall be registered at Registrar of Companies as Startup Category. There are two things for Startup-

- i) Registration; and
- ii) Recognition

First, you have to register your entity at concerned office/department and then take recognition as Startup from DPIIT (Department for Promotion of Industry and Internal Trade) under the Ministry of Commerce and Industry.

ARJUN:

“Ok Keshav, I will register my entity (as Company/Partnership Firm/LLP/Sole Proprietorship Firm/Society/Trust) with concerned department. Whether all are eligible to take recognition as Startup from DPIIT (Department for Promotion of Industry and Internal Trade) under the Ministry of Commerce and Industry. or

Who can be recognized under Startup India Scheme?

KRISHNA:

“Hey Arjun, as per the Notification No. GSR 127(E) dated 19th February, 2019 by the Department for Promotion of Industry and Internal Trade (DPIIT), Ministry of Commerce and Industry, the following kind of an entity shall be considered as Startup:

- i. Upto a period of ten (10) years from the date of incorporation/ registration, if it is incorporated as a Private Limited Company (as defined in the Companies Act, 2013) or registered as a Partnership

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firm (Registered under Section 59 of the Partnership Act, 1932) or a Limited Liability Partnership (under the Limited Liability Partnership Act, 2008) in India.

- ii. Turnover of the entity for any of the financial years since incorporation/ registration has not exceeded one hundred crore rupees.
- iii. Entity is working towards innovation, development or improvement of products or processes or services, of if it is a scalable business model with a high potential of employment generation or wealth creation.

Provided that an entity formed by splitting up or reconstruction of an existing business shall not be considered as a Startup.

EXPLANATION:

An entity shall cease to be a Startup on completion of ten years from the date of its incorporation/ registration or if its turnover for any previous year exceeds one hundred crore rupees.

Therefore, “**Hey Arjun**,

1. You must first incorporate your business as a Private Limited Company or a Partnership Firm or a Limited Liability Partnership.
2. Then the business must be registered as a Startup.
3. Your business must be incorporated/registered in India, not before 10 years.
4. Turnover must be less than 100 crores per year.
5. Innovation is a must– the business must be working towards innovating something new or significantly improving the existing used technology.
6. Your business must not be as a result of splitting up or reconstruction of an existing business.

ARJUN:

“Hey Keshav, what are the benefits to Startup recognised by Department for Promotion of Industry and Internal Trade (DPIIT)?

KRISHNA:

“Hey Arjun, the following benefits may be obtained by Startup recognised by Department for Promotion of Industry and Internal Trade (DPIIT)-

- A. Exemption from Income Tax (Section 80-IAC of IT Act)

The entity registered under Startup India Scheme can avail exemption from payment of income tax for 3 consecutive years out of the first 10 years from the date of incorporation of the entity. To avail this benefit after getting recognition the Startup has to separately apply to the IMB (Inter-Ministerial Board).

- B. Exemption from Angel Tax [Section 56(2)(viib) of IT Act]

Startups are mainly funded through angel investment. But such investment is taxable. To increase the funding for Startups, the government has exempted registered Startups from the tax levied on angel investment. The tax exemption is granted up to the total amount of paid-up share capital and share premium does not exceed Rs. 25 Crore after the proposed issue of share.

- C. Reduced IPR registration fees

The recognized Startup will be eligible to claim a rebate in Trademark and Patent application fees. Such an entity will be able to claim 50% rebate in Trademark application fees and 80% rebate for Patent applications. As well as the patent application will be processed on a fast track basis.

- D. Government Tenders

To apply for government tenders, the applicant must fulfill the criteria specified. It must be such as the requirement of minimum capital or turnover or experience, etc. But if the entity is a Startup then it can apply for specified tenders even it does not fulfill such requirements.

- E. Fund of Funds

The government has set up an establishment called fund of funds which will help startups in availing funds.

- F. Interconnection among startups

The government organizes the Startup fest where all the registered startups can interact with each other. They can exchange information and can create brand value.

- G. Fast track Exit

The registered entity will be processed on a fast track basis for winding up within 90 days from the date of application.

ARJUN:

“Hey Keshav, what is process of recognition of an eligible entity as Startup?

KRISHNA:

“Hey Arjun, as per the Notification No. GSR 127(E) dated 19th February, 2019 by the Department for Promotion of Industry and Internal Trade (DPIIT), Ministry of Commerce and Industry, the process of recognition of an eligible entity as Startup shall be as under:

“(i) A Startup shall make an online application over the mobile app or portal set up by the DPIIT.

- (ii) The application shall be accompanied by—
 - (a) a copy of Certificate of Incorporation or Registration, as the case may be, and
 - (b) a write-up about the nature of business highlighting how it is working towards innovation, development or improvement of products or processes or services, or its scalability in terms of employment generation or wealth creation.
- (iii) The DPIIT may, after calling for such documents or information and making such enquires, as it may deem fit, —
 - (a) recognize the eligible entity as Startup; or
 - (b) reject the application by providing reasons.”

“Hey Arjun, an application for recognition as a Startup can be filled online on the Startup India website (<http://www.startupindia.gov.in>) to avail a host of benefits provided by DPIIT. The entire process is simple and online and fill up the form with details of your business and upload certain documents.

OPPORTUNITIES FOR PROFESSIONALS IN MSME



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INTRODUCTION

Micro, Small and Medium Enterprises (MSMEs) play a significant role in the global economy and particularly in our country where MSMEs constitute nearly 94% of the industrial enterprises in the economy. The sector contributes 36% of the total value of exports of the country and employs over 80 million people. The contribution of the MSME sector to the output of the country is 40% and to the GDP is over 8%. In recent years, the MSME sector has consistently registered higher growth rate compared to the overall industrial sector.

MSME- an abbreviation of Micro, Small & Medium enterprises- is the pillar of economic growth in many developed, and developing countries in the world. Often rightly termed as “the engine of growth” for India, MSME has played a prominent role in the development of the country in terms of creating employment opportunities.

Importance of MSME ACT 2006:

With the introduction of the MSME Act in the year 2006, the service sector that was not yet included in this sector was included in the definition of the Micro, Small & Medium sized Enterprises making a historic change to this Act, thus leveraging the scope of the sector even now government simplified the [MSME Registration](#) Online with the paperless work.

Share of MSME in Manufacturing, Exports and Employment sectors in India:

	Sector	Percentage (%) share
1	Manufacturing	45
2	Exports	40
3	Employment	69

Labour Laws Applicable for MSMEs

The prosperity of any economy largely depends on industry. There can be no labour without activity of industrial nature. The industrial law covers a spectrum of activities like manufacturing, trading, transporting, exporting, importing, storing, polishing, packaging etc. It also covers conditions of labour including wages deductions against Provident Fund, ESI, employment of contractual labour etc.

The following laws are applicable for Micro, Media and Small

*The views expressed are personal views of the author and it should not be taken as views of the NIRC-ICSI.

Scale Industries in India:

- Employee's Provident Funds and Miscellaneous Provisions Act, 1952
- Employees State Insurance Act, 1948
- The Contract Labour (Regulation & Abolition) Act, 1970
- Employee's Compensation Act, 1923
- Equal Remuneration Act, 1976
- The Factories Act, 1948
- Maternity Benefit Act, 1961
- The Payment of Bonus Act, 1965
- The Payment of Gratuity Act, 1972
- The Payment of Wages Act, 1936
- Minimum Wages Act, 1948
- The Child and Adolescent Labour (Prohibition & Regulation) Act, 1986
- Industrial Employment (Standing Orders) Act, 1948
- The Industrial Disputes Act, 1947
- The Trade Union Act, 1926
- The Apprentice Act, 1961
- Labour Laws (Simplification of Procedure for Furnishing Returns and Maintaining Registers by Certain Establishments) Act, 1988
- The Shops and Establishments Act, 1953
- The Bidi and Cigar Workers (Conditions of Employment) Act, 1966
- The Inter-state Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979

ENVIRONMENTAL LAWS COMPLIANCES FOR MSMEs

India's economic development propelled by rapid industrial growth and urbanization is causing severe environmental problems that have local, regional and global significance. Deforestation, soil erosion, water pollution and land degradation continue to worsen and are hindering economic development in rural India, while the rapid industrialization and urbanization in India's booming metropolises are straining the limits of municipal services and causing serious environmental problems.

The Government of India has established an environmental, legal and institutional system to meet these challenges within the overall framework of India's development agenda and international principles and norms. The National Environment Policy of 2006 provides a guide to action in regulatory reform, environmental conservation, and enactment of legislation by government agencies at all levels.

Legal Framework

India has an elaborate legal framework with over number of laws relating to environmental protection. Key national laws for the prevention and control of industrial and urban pollution include the following:

- Water (Prevention and Control of Pollution) Act, 1974;
- Water (Prevention and Control of Pollution) Cess Act, 1977;
- Air (Prevention and Control of Pollution) Act, 1981;
- Environment (Protection) Act, 1986;
- The Public Liability Insurance Act, 1991;
- The Biodiversity Act, 2002
- The National Green Tribunal Act, 2010

- Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2016.

ROLE OF COMPANY SECRETARIES

India is witnessing a phenomenal growth and expansion in the corporate sector. The growing demand for specialists in almost every sphere of the corporate functions has led to emergence of professionals who can perform specialized skills with near perfection in their respective fields. A company secretary is one such professional who is responsible for efficient management of the corporate sector. He ensures compliance of various company legislations and advises directors on statutory requirements of the company.

Apart from carrying out these functions, he also looks after finance, accounts, legal, secretarial, personnel and administrative functions in private as well as public sectors.

The Companies Act, 2013 confers a special status to Company Secretary as the key managerial personnel and has bracketed him along with Managing Director (MD) or Chief Executive Officer (CEO) or Manager, Whole-time director(s) or Chief Financial Officer (CFO).

Almost every kind of organization whose affairs are conducted by boards, councils or other corporate structures, be it a company, trust, association, federation, authority, commission or the like, find it useful to appoint a person who holds the qualification of Company Secretary ship in key administrative position.

Practising Company Secretaries have been authorized to issue Certificate regarding compliance of conditions of Corporate Governance. Practising Company Secretaries have also been recognized to appear before various Tribunals such as NCLT, NCLAT, Securities Appellate Tribunal, Competition Commission of India,

Telecom Disputes Settlement and Appellate Tribunal, Consumer Forums, Tax Tribunals etc. Reserve Bank of India has also recognized the Practising Company Secretaries to undertake Diligence Report for Banks.

The rapid corporatization has brought about a sea change in the role and profile of a company secretary. They are now being seen as corporate development planners. Besides embarking upon traditional areas of practice, Company Secretaries in Practice are increasingly required to advise and guide on legal aspects of business which intimately concern areas such as production, sales, marketing and administration for identifying expansion opportunities, issuing due diligence or comfort certificate, arranging foreign collaborations, amalgamations, mergers, acquisition, takeovers, setting up of subsidiaries and joint ventures within and outside India etc. The new opportunities offered by the growing capital markets and financial services have greatly contributed to the development of the practice side of the profession.

Company Secretaries – One Stop Professional Advisory Services to SMEs

The following areas are:

- Legal Setting up of SMEs
 - Getting Basic Registrations for startups
 - Selection of Organization Structure for SME
 - Sole Proprietor, Partnership, LLP, Limited Liability Company (Private-Public), OPC
 - Incentives available to SMEs
 - Financial Advisory Services for SMEs
 - Funding Options available for SMEs
 - Labour Laws aspects for SMEs
 - Taxation aspects for SMEs
 - Listing of SMEs
 - Legal & Regulatory Compliances
- Company Secretaries - Single Window Services to SMEs! Some other ways

in which a Company Secretary can help the SMEs include:

- Obtaining Project Financing and Term Loans.
- Co-ordinating the process of obtaining funds from Angel Investors / Venture Capital Funds / Private Equity.
- Conducting Secretarial Audit / Due Diligence which will of great help before approaching for funds.
- Providing Compliance Certificate to ensure compliance of various regulatory prescriptions in case of listing in SME Exchange.
- Helping in converting Sole Proprietor / Partnerships to Companies
- Management of the public issue ;
- Monitoring changes in the share ownership of the company;
- Monitoring changes in the relevant legislation and the regulatory environment and taking appropriate action;
- Drafting documents and filing with RBI under FDI guidelines and ECB norms.
- Acting as legal advisor and representative
- Signing the annual returns of the company, as also represent the company when a situation demands it.
- Handling matters related to GST, excise laws, labour laws and corporate laws Responsibilities in this regard would include getting project approvals, obtaining relevant licenses and permits, zeroing in on all requirements under the Competition Act and FEMA (Foreign Exchange Management Act) and any other relevant legislation.

COMPANY SECRETARIES - GUIDE AND SUPPORT IN MSME FINANCING

Financing is the lifeblood of Small and Medium Enterprises and Practising Company Secretary can effectively guide and support SMEs as follows:

- Timely & adequate availability of finance
- Reasonable cost
- Simple delivery process
- Single window for all financing requirements
- Transparency in dealings
- Awareness of schemes of Banks
- Support and Handholding services

COMPANY SECRETARIES - SME EXCHANGE

In order to provide better, focused and cost effective financing service to the SMEs, SEBI set up dedicated exchanges and/or dedicated platforms of the exchanges for listing and trading of securities issued by SMEs.

Some of the services that could be provided by Company Secretaries (both in employment and practice) with regard to SME Exchange include:

- Advisor/consultant for SMEs on listing at SME Exchange
- Advisor to Public Issue by SME → Compliance Officer for SME
- Compliance Certificate for issue / listing of shares by SMEs.

The purpose of this certification is to provide comfort and assurance to the Regulator and Stock Exchanges to the effect that the proposed listing of SMEs conforms to all regulatory prescriptions. This Compliance Certificate will enable the SMEs to seek the 'in-principle' approval for listing of shares in SME Exchange.

COMPANY SECRETARY GUIDE IN DEVELOPMENT OF BUSINESS POLICIES AND IMPLEMENTATION

A Company Secretary can guide the MSMEs both at policy and operational level in formulation of various responsible Business policies, implementation of the principles enshrined, allocation of budgets and approval of the budgets allocated for these activities and reporting & disclosures.

Company Secretaries can also help MSMEs to comply with environmental regulations and assist in funding of compliance programs to meet the pollution standards and also avail of government sponsored incentives and training assistance.

MICRO SMALL AND MEDIUM ENTERPRISES (MSMES)



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MSME, one of the most talked about industry since a long time, has been the topic of confusion for a few days, to individuals as well as many business houses. It has become imperative for both businesses as well as professionals to have a clear and elaborative understanding of the functioning of this industry, to gain the maximum benefits as have been showered to this industry by the government.

Entire mankind is fighting a common and an unknown enemy in form of this global pandemic COVID 19, which has had manifold devastating impact on all the industries, MSME being one of the worst hits. **For industries of every size**, Covid 19 was totally unexpected and unforeseen. The impacts of Covid 19 are varied and going to be everlasting in many ways. They May be at **Global, Financial, Socio-Political, Business and at Individual levels**.

REVISED DEFINITION & CLASSIFICATIONS OF MSMES

The government, in order to save the industries from the prolonged effect of COVID 19, declared an economic package of **20 lakh crores** thereby revising the existing limits of MSME and lowering the eligibility slab so that the benefits can reach widespread.

As per revised definition in order number **CG-DL-E-01062020-219680** firm with investment up to Rs. 1 crore will be classified as "MICRO", a Company with investment up to Rs 10 Crore and Turnover up to Rs 50 Crore will be classified as "SMALL" and firm with investment up to Rs. 50 Crore and Turnover under Rs 250 Crore will be classified as "MEDIUM" shall come into effect from 01.07.2020.

Highlights of MSME performance are as under:

- ◆ The second largest employer after agriculture.
- ◆ The total number of MSMEs - 6.3 crores & Employing over 8 crore people

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- ◆ Accounts for 45 % of total industrial production
- ◆ 40% of total exports of India
- ◆ Manufacturing segment within the MSME contributes to 7.09% of GDP
- ◆ MSMEs also contribute to 30.50% of services
- ◆ The total contribution of MSMEs to the GDP is 37.54%

Major Contribution of MSMEs is as follows:

- ◆ It provides opportunities at comparatively lower cost;
- ◆ It helps in industrialisation of rural and backward areas;
- ◆ Reduce Regional imbalances through the optimum utilization of their resources;
- ◆ More equitable distribution of comparable national income and wealth;
- ◆ Major partner in the business of exclusive growth. *The SME business market of India is large and bubbling with newer opportunities. Increased purchasing power and consumerism is what drives the business scenario in India. Thus, here is an opportunity for competitive advantage that can benefit investors and entrepreneurs to a large extent. An investment in any best small business opportunity promises lucrative returns and success in less time.*

CHALLENGES TO MSMES

- ◆ Absence of inadequate and timely banking finance
- ◆ Limited capital and knowledge
- ◆ Non-availability of suitable technology
- ◆ Low production capacity
- ◆ Ineffective marketing strategies
- ◆ Constraints on modernisation and on expansions
- ◆ Non-availability of skilled labour at affordable costs.

Registration of MSME's & its Benefit: There are several benefits that can be availed by a business, if registered under the MSME Act. A few notable benefits are illustrated below:

The registration of MSME's is to be done on official website of MSME's initiated by GOI https://udyogaadhaar.gov.in/UA/UAM_Registration.aspx having very user-friendly interface the registration can be done through Adhaar Card with following documents and can also be done without Adhaar Card:

- ◆ Adhaar number of the applicant
- ◆ Name, gender, PAN number, email id and mobile number of the applicant.
- ◆ PAN, location, and address of the organization.
- ◆ Name of several employees and the date (from when you are planning to start your business).
- ◆ Bank account number with IFSC code
- ◆ The basic business activity of the enterprise

- ◆ NIC digit code
- ◆ Investment in plant & machinery/equipment
- ◆ Memorandum of Association and Articles of Association.

THERE ARE SEVERAL BENEFITS THAT CAN BE AVAILED BY A BUSINESS, IF REGISTERED UNDER THE MSME ACT. A FEW NOTABLE BENEFITS ARE ILLUSTRATED BELOW:

Subsidy on Patent Registration	A hefty 50% subsidy is given to the Enterprise that has the certificate of registration granted by MSME. This subsidy can be availed for patent registration by giving application to respective ministry.
Overdraft Interest Rate Exemption	Businesses or enterprises registered under MSME can avail a benefit of 1% on the Over Draft as mentioned in a scheme that differs from bank to bank.
Industrial Promotion Subsidy Eligibility	Enterprises registered under MSME are also eligible for a subsidy for Industrial Promotion as suggested by the Government.
Fewer Electricity Bills	This concession is available to all the Enterprises that have the MSME Registration Certificate by providing an application to the department of the electricity along with the certificate of registration by MSME.
ISO Certification Charges	The registered MSME enterprises can claim the reimbursement of the expenses that were spent for the ISO certification.
Protection against Payments (Delayed Payments)	In case, the buyer is liable to pay compound interest with the monthly rests to the supplier on the amount at the three times of the bank rate notified by RBI in case he does not make payment to the supplier for his supplies of goods or services within 45 days of the acceptance of the goods/service rendered. (Section 16)
Bank Loan Collateral Free	The Government of India has made collateral-free credit available to all small and micro business sectors. This initiative guarantees funds to micro and small sector enterprises. Under this scheme, both the old as well as the new enterprises can claim the benefits. A trust named the Credit Guarantee Trust Fund Scheme was introduced by the GOI, SIDBI(Small Industries Development Bank of India) and the Ministry of Micro, Small and Medium Enterprise to make sure this scheme is implemented (Credit Guarantee Scheme) for all Micro and Small Enterprise.

IMPACT OF COVID 19 ON MSMEs

Impact would be very high with a long-term recovery.

- ◆ Recessionary pressures across the globe are expected to have a direct impact on the level of global exports. Given that MSMEs contribute to over 40% of India's exports, the impact will be severe and linger for a longer time.

- ◆ MSMEs are expected to experience severe liquidity problems due to delayed payments from their customers.
- ◆ The strain in the banking system is expected to increase the credit gap for MSMEs.

BIGGER PICTURE ON THE ROLE OF MSMEs & STARTUPS IN INDIAN ECONOMY

One of the famous author sayings "The longest journey starts with a single step" meaning thereby that a small business unit may not be a large in its own sense but lots of them are combined to make a big picture for an economy same as in case of MSME.

Since taking over in May 2014, the present government has taken a two-pronged approach to make MSMEs and start-ups engines of India's growth.

Firstly, a top-down approach to improve India's macroeconomic indicators and improve ease of doing business was adopted which benefits every entrepreneur but especially MSMEs and start-ups.

Secondly, a bottom-up approach focused on special incentives for MSMEs and start-ups to thrive and generate employment for the 1 million Indians joining workforce every month.

Bottom-up reforms for both MSMEs and start-ups are focused on the following three pillars:

- ◆ Improving access to capital
- ◆ Improving access to technology
- ◆ Reduction of transaction costs

Two big reforms for MSMEs were reclassification of such units from 'investment in plant & machinery/ equipment' to 'annual turnover' based on GST filings and reduction of corporate tax rate from **30% to 25%** for companies with annual turnover up to INR 250 crore that benefitted more than **60 million** MSMEs units across India.

The government has a long-standing Public Procurement Policy under which every Central Ministry/ Department will procure a minimum of **20 per cent** of the total annual purchases of the goods or services from Micro & Small Enterprises (MSEs). The policy includes other





benefits such as exemption from **Earnest Money Deposit (EMD)**, free of cost tender set, price preference and reservation of 358 items for procurement exclusively from MSEs.

RBI has played its part by relaxing asset classification norms for MSMEs and removal of credit caps under **Priority Sector Lending (PSL)** for MSMEs.

Secondly, to ensure access to latest technology for MSMEs so that they become innovative and globally competitive, government has launched a Credit Linked Capital Subsidy Scheme to provide upfront capital subsidy.

Thirdly, reduce transaction costs, a one-page Udyog Aadhaar Memorandum has been launched to simplify the registration process for MSMEs so that they can avail the benefit of government schemes and formalize quickly to adapt to the GST regime. Two new engagement platforms have been launched- an MSME Sambandh portal for monitoring the public procurement policy of government for MSME units and an MSME Samadhan portal to register cases for delayed payments.

Ministry of Commerce and Industry has launched a **“Start-up India Virtual Hub”** as a one stop digital incubator for start-ups, providing access to industry programmes, government schemes and networking opportunities within start-up community.

In India MSME sector is and regarded as the backbone of the economy. It churns out over 7500 products which are highly sought after across the global market places. It employs 40% of the country's workforce, next only to the agricultural sector. The sector has the potential to spread industrial growth across the country. According to Directorate General of Commercial Intelligence and Statistics (DGCIIS), the share of MSME related products in total export from India during 2018-19 stood at 48.10%. Contributing 45% to manufacturing output and 40% of exports, the MSME employs around hundred of millions people. The absence of effective marketing tools and techniques is often regarded as the key impediments hurting the sector.

“In the growth of China's business ecosystem, the role of Alibaba has been seen very effective and on similar lines, the MSMEs department, in association with the commerce ministry's GeM portal will launch this marketing platform,” said Gadkari.

With respect to above line Micro, small and medium enterprises (MSMEs) have created 11 crore jobs and the target is to generate an additional 5 crore employment opportunities by 2024, Union Minister Nitin Gadkari said in the Rajya Sabha. “MSME is the heart of the subject which is related with the growth of the country.

Given that India holds a comparative advantage in labour-intensive production activities, that there are two groups of industries that holds the greatest potential for export growth.

First, there exists a huge unexploited export potential in India's traditional unskilled labour-intensive manufactured products such as clothing, footwear, toys etc. Second, based on imported parts and components, India has a huge potential to emerge as a major hub for final assembly in a range of products, where the manufacturing process is internationally fragmented and is mainly controlled by **Multinational Enterprises (MNEs)** within their **Global Production Networks (GPNs)**. In general, these products are not produced from start to finish within a given country. Based on the available literature, some product groups have been identified, where GPN is most prevalent. These product groups, referred to as “network products”, include: office machines and automatic data processing machines, telecommunication and sound recording equipment, electrical machinery, road vehicles, professional and scientific equipment, and photographic apparatus.

The MSMEs involvement with lead MNEs can occur in traditional labour-intensive industries as well as in network products. However, the nature of this relationship can vary significantly in these two groups of industries. Traditional industries such as garments, footwear and toys are important example for MNE-MSME linkage via buyer-driven network, where the lead firm concentrates in design, branding and marketing while the physical production takes place in MSMEs and other firms in the network. In contrast, producer-driven network is more prominent in the case of network products, such as electronics, computers, automobiles etc. In producer driven networks, while many transactions are done inside the vertically-integrated company, the lead firm also establishes business relations with external firms, which are often long-lasting and intensive.

GPNs offer huge opportunities for MSMEs. Participation in GPNs exposes them to a large customer/buyer base, as well as opportunities to learn from large firms. At the same time, MSMEs must face important challenges in terms of establishing and maintaining linkages, learning, upgrading and improving competitiveness.

CONCLUSION

MSME is one the most vulnerable as well as growth potential industry at the same time. In the wake of COVID 19, the destruction caused to the MSMEs is multi-fold but with the economic package as has been provided by the government, it is expected to give a sigh of relief for the industry to rise and grow once again.

OPPORTUNITIES FOR PROFESSIONALS IN MSME, STARTUPS AND ENVIRONMENTAL LAWS:



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EMERGENCE OF PROFESSIONALS IN NEW MSME SCHEME AND STARTUP INDIA PROJECT

The economic impact of the 2020 coronavirus pandemic in India has been largely disruptive. As per Ministry of Statistics, the growth in the fourth quarter of fiscal year 2020 went down to 3.1%. The World Bank and rating agencies had initially revised India's growth for F.Y. 2021 with the lowest figures India has seen in three decades since India's economic liberalization in the 1990s.

The Government of India announced a variety of measures to gear the situation, basically from food security and by investing in extra health care facilities. There were different phases of India's lockdown and more measures announced by the Government to counter the economic impact of the pandemic. On May 12, 2020, the Prime Minister announced an **overall economic package** worth Rs.20 Lakhs crore (US\$280 billion) which was approximately 10% of India's GDP with a strong emphasis on India as a self-reliant nation. On May 13, 2020, the Finance Minister, Nirmala Sitharaman and the Minister of State for Finance and Corporate Affairs, Anurag Thakur explained the financial package that was announced by the Prime Minister the day before. We will be particularly discussing about the MSMEs economic Package and its impact.

Following measures in brief were announced by the Government w.r.t MSMEs:

1. New Definition of MSME
2. Rs. 3 lakh crore Emergency Working Capital Facility for Business, including MSMEs
3. Rs. 20,000 crore Sub-ordinate Debt for stressed MSMEs
4. Rs.50,000 crore equity infusion through MSME Fund of Funds

MSME Contribution in India's Economic Growth:

The Micro, Small & Medium Enterprises (MSMEs) have been contributing significantly to the expansion of entrepreneurial endeavours through business innovations. The MSMEs are widening their domain across sectors of the economy, producing diverse range of products and services to meet the demands of domestic as well as global markets. The MSMEs sector contributes as much as between 40 and 50% of India's total export. Again, an average of 30% share of the Gross Domestic Product (GDP) of India is contributed by the MSMEs sector and an average of 32% to the Gross Value Added (GVA).

Role of Company Secretaries in the new MSME Regime:

Due to launch of various MSMEs growth measures and related schemes the business minds are trying to emerge as a MSME. Choosing a project to start can be a difficult undertaking, especially if you have a lot of ideas but just cannot make up your mind for that. Specifically, when the problem arises how to start a business. Here comes the Company Secretary role and opportunities. He ensures the compliance of various company legislations and advises on statutory requirements of the company. Further, the company secretary guides the SMEs in **Obtaining Project Financing/Term Loans; Capital Raising from other sources in the market; Conduct the Due diligence process before approaching the funds; Helps in establishing a corporate entity; Ensure all Statutory Filings and Register maintenance; Act as a legal**

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advisor and representative and many more....

The Guidance and support of Practising Company Secretary in Establishment of MSMEs are very crucial which cover below aspects:

- Arrangement of Capital Raising Options and at a reasonable cost
- Ensures all Financial and Legal Requirements to be accomplished on time
- Advisory on all Queries raised by the owner/client via transparency in all dealings
- Keeps abreast of all the updates to the owner/client
- Formulates the Business-related Policy and their implementations
- Helps in complying the Environmental related laws
- Helps in Protecting their Brand Name

Recommendation for Professionals:

The New scheme of Government for MSMEs also generates opportunities for the Professionals to emerge as a Full Package guide for the MSMEs so that their growth can contribute towards the growth of the country. Moreover, the awareness regarding the scheme is utmost important for the best outcome of what MSMEs has received in terms of financial building and starting over the new project with all compliance in the backend. It is the responsibility of the Company Secretary to guide in the best suitable manner to the newest, smallest, and greatest growth drivers of the country. Where funding part is major hindrance during this pandemic situation for the MSMEs, the focus of the professionals should be on how they would meet the credit requirements under the latest scheme of Government.

Further, the business minds who want to evolve as an SME should approach the leading professionals in market so that they can achieve the best of the benefits provided by the government under MSME Scheme or Start-up India Project. Hence, the professionals should tighten their backs in building awareness and prepare themselves to contribute towards the economic growth in this pandemic situation. They should perform as specialized professionals who are responsible for efficient management of the MSMEs sector.

Start-up India-The Technology Core:

There is need of Company Secretaries to rise up to the challenges in the global economy by embracing themselves into technology tools and their focus should be on value added advisory services rather than only incarcerating to Board Meeting Agenda, Minutes and other routine works. Under the Start-up India Plan, the focus of Government is towards innovation, development, deployment or commercialization of new products or services. The Project is to provide an easier way to Entrepreneurs to set up new business networks. But there are business minds roaming around the markets having no or least understanding of the Project. Here, the Company Secretary steps up in the vision of the emerging Entrepreneurs and serves them the pre-eminent guidance about the Project. The Start-up India Project in itself is full of opportunities for the professionals apart from their routine work. So, one should start to process their mind along with the Government avenues to strengthen the India's Economy.

OPPORTUNITIES FOR PROFESSIONALS IN MSMES, STARTUPS AND ENVIRONMENTAL LAWS



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**“Professional is not a label you give yourself,
It’s a description you hope others will apply to you”**

- David Maister

With the changing scenario, the roles, responsibilities, duties and opportunities of Professionals have changed a lot. With the passing time, the professionals have developed qualities like Leadership, Cooperation, Communication, Determination and Persistence, Work place ethics, Flexibility, Empathy etc. All these qualities not only helped them in excelling in their respective fields and gaining an edge over others but at the very same time they contributed in Nation Building as well.

WHAT IS A STARTUP?

As per the earlier definition of startup by Department of Industrial Policy & Promotion (DIPP), a startup is an entity incorporated as a private limited company, an enterprise in a partnership or as an LLP (Limited Liability Partnership) in India whose revenue is up to INR 25 crores and secondly an organization could gain tag of startup till the initial 7 years from the date of its inception. With the end goal of upgrading the accessibility of capital of new companies, *the government has now broadened the meaning of a startup-*

- Now, an entity will be called startups for a period of 10 years from the very date of its foundation.
- Similarly, a unit will currently keep on being considered as a Startup, if yearly turnover for any of the financial years from the time of formation of the organization does not surpass INR 100 crore.

OPPORTUNITIES FOR PROFESSIONALS IN STARTUPS-

In 2016, after the Start up scheme was launched by the Prime Minister, Sh. Narendra Modi. The role as well as the opportunities for our professionals increased as fore fold. The areas of practice or work in

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startup were vast as well as comprehensive. The concept was new not only for the professionals but for the general public as well. Earlier the percentage of successful start up was quite low because there were several reasons for the failure, the main reason was, the startups were not a part of routine trading activities, as the thrust of this concept was towards innovation, development etc., so mainly the E-commerce activities were being involved. The other technical reasons were-

1. Issues in Raising of funds;
2. Non compliance with the laws;
3. Poor understanding of tax structure of the country, etc.

So now it’s quite essential as well as necessary to understand how our Professionals like Company Secretaries, Chartered Accountants, Lawyers, etc. helped the entrepreneurs in making sure that their ventures results in a successful and profitable one. Some of the successful startups are- Purple Squirrel, Ola Cabs, Book My Show, etc.

So there are some areas or avenues that are opened for the professionals after the launching of the startup scheme-

❖ Taxation

It’s a fact that taxation is one of the major areas which has always troubled start ups. Lack of adequate knowledge about the taxation policies of our country results in hurdle in execution of the business or operations. Therefore, a complete and exhaustive knowledge about the taxation and all the matters that the enterprise is facing is required. Hence the professionals dealing with the startups are required to be well equipped with the tax laws, whether Direct tax or Indirect tax.

❖ Secretarial Matters

Most popular mode of starting of startups in India is registered as company, which comes under the regulations of Companies Act, 2013. Laws in the country are changing to and fro, due to both internal and external factors of surrounding environment. In such scenario, the startups are bound to follow compliances that are applicable to them under the various laws. Certifications from Professionals shall be applicable on the organization from time to time with respect to different areas and laws.

❖ Compliance check up

Every business structure in the country whether it’s a Company, Sole proprietorship, Firm, etc. needs to adhere with the compliances based on two things- firstly the business structure under which they are operating and secondly based on their area of operation.

In case of startup, professionals perform the compliance audit of the organization and identify the areas of non compliance, address the same and work upon them. Professionals are the best explorer of opportunities, threats and measures to remove threat, before the company applies for funding.

❖ Fund Raising

The most important need of the business is funding. Even though a good business idea is effective less with lack of funds. It is a difficult job to ensure whether important expenses are being met off in stipulated time, whether the company is having adequate amount of working capital to run the business?? The professionals are well equipped with the field of finance and have knowledge about the various sources of finance. They help the entrepreneurs in fund raising. The same can be done in two ways, firstly either by liasoning with the banks or financial institutions in the form of overdraft and secondly by raising the capital by venture capitalists, angel networks etc.

CONCLUSION:

There are Pros and Cons of everything. Likewise when the start up scheme was launched there were challenges as well as opportunities for the professionals. It gave ample amount of opportunities to the professionals, the area of practice was boundary less and comprehensive. Important areas of work like taxation, secretarial work, compliances, fund raising have been discussed. But there are few more areas where we can practice like-

1. Business Structurisation.
2. Risk Minimization.
3. Advisory or Consultancy Services.
4. Representations to Venture Capitalists.
5. Providing General Advisory on different IPRs.
6. Working as Insolvency Professionals.

INTRODUCTION OF MSMEs

Existing and Revised Definition of MSMEs



Existing MSME Classification			
Criteria : Investment in Plant & Machinery or Equipment			
Classification	Micro	Small	Medium
Mfg. Enterprises	Investment<Rs. 25 lac	Investment<Rs. 5 cr.	Investment<Rs. 10 cr.
Services Enterprise	Investment<Rs. 10 lac	Investment<Rs. 2 cr.	Investment<Rs. 5 cr.

Revised MSME Classification			
Composite Criteria : Investment And Annual Turnover			
Classification	Micro	Small	Medium
Manufacturing & Services	Investment<Rs. 1 cr. and Turnover<Rs.5 cr.	Investment<Rs. 10 cr. and Turnover<Rs.50 cr.	Investment<Rs. 20 cr. and Turnover<Rs.100 cr.

The Micro, Small and Medium Enterprises (MSMEs) have been accepted as the engine of economic growth and for promoting equitable development. It has emerged as a highly vibrant sector of the Indian economy over the last five decades. The major advantage of the sector is its pivotal role through its contribution in Industrial output, Exports, and majorly in employment generation at low capital cost. It mainly helps in industrialization of rural and backward areas, thereby, reducing regional imbalances, assuring more equitable distribution of national income and wealth. MSMEs are complementary to large industries as ancillary units and this sector contributes enormously to the socio-economic development of the country.

OPPORTUNITIES FOR PROFESSIONALS IN MSMEs-

- ❖ Professionals can provide Advisory services to MSMEs-
 1. Legal setting up of MSMEs (i.e. getting registration for startup, PAN, TAN, MSME etc.).
 2. Selection of Organization Structure for MSME (Sole Proprietorship, Company, Partnership, LLP, OPC etc.).
 3. Labour Law aspects of MSMEs.
 4. Listing of MSMEs.
 5. Taxation aspects of MSMEs.
 6. Legal and Regulatory Compliances.
 7. Financial advisory services for MSMEs.
 8. Corporate Governance for MSMEs.
- ❖ Single Window Services to MSMEs-
 - Signing of Annual Returns of the Company.
 - Maintaining Statutory Registers.
 - Act as Legal advisor and Representative.
 - Handling matters of GST, Labour laws and Corporate Laws.
 - Conducting Secretarial Audit or Due diligence before seeking for the funds.
 - Handling matters relating to conversion of Sole proprietorship or Partnership to Companies or any other form of business entities.
 - Issuing Compliance Certificate to ensure compliance of various regulatory prescriptions in case of listing in MSME Exchange.
 - Handling matters of Public issue.
 - Preparation of detailed project report.
 - Providing services related to Custom Development Scheme and Export Promotion Scheme.
 - Guidance by Professionals to small and medium enterprises with regard to credit facility of 2% as interest subsidy through SIDBI.
 - Professionals help the organizations in availing the benefits of the MSME policies of central and state government.

CONCLUSION

In order to protect the interests of the small group of companies or businesses, MSME Form 1 was introduced. In this form information is to be provided on half yearly basis in the context of the outstanding payments to Micro or Small Enterprises for a period exceeding 45 days with the Registrar of Companies. The following points should be stated in it:

- The amount of payment due.
- The reasons for the delay.

Recently, Finance Department proved boon to economy of India through the scheme of Atma-nirbhar Bharat Abhiyaan which provide benefits as follows-

- ❖ INR 3 Lakh crore collateral free automatic loans for MSMEs.
- ❖ INR 20000crore subordinate debt for MSMEs.
- ❖ 12 Months moratorium on principal repayment.
- ❖ Loans to have 4 year tenure.
- ❖ Interest to be capped, etc.

INTRODUCTION TO ENVIRONMENTAL LAWS



Environmental law is a collective term encompassing aspects of the law that regulate the impact of human activities on the environment. 'Environment' refers to all aspects of the natural environment, including land, air, water, flora and fauna, as well as the human environment. Environmental law exists at international, national, state and local levels. India is the first country in

the world to make environmental audits compulsory. The government of India, by its gazette notification [No. GSR 329 (E)] of March 13, 1992, made it mandatory for all industries to provide annual environmental audit reports of their operations, beginning with 1992-93. The need for protection and conservation of environment and sustainable use of natural resources is reflected in the constitutional framework of India and also in the international commitments of India. In this course even the companies have taken some initiatives like Wipro, Tata Consultancy Services, Samsung, etc.

Some of the important legislations for environment protection are as follows:

- The National Green Tribunal Act, 2010
- The Air (Prevention & Control of Pollution) Act, 1981
- The Water (Prevention & Control of Pollution) Act, 1974
- The Environment Protection Act, 1986
- The Hazardous Waste Management Regulations, etc.

OPPORTUNITIES FOR PROFESSIONALS IN ENVIRONMENTAL LAWS-

➤ **AUDITING:**

Professionals can conduct 3 types of audits namely,

1. **Environmental Compliance Audit-** It provides assurance that organizational activities are conducted in accordance with environmental laws, standards, guidelines and policies.
2. **Environmental Performance Audit-** The performance audit is conducted to assess whether an organization meets its environmental objectives, is it effective in producing environmental results with efficiency and effectively.

3. **Environmental Financial Audit-** The financial audit is conducted to enable an auditor to establish whether the reporting entity has appropriately recognized, valued & reported all significant environmental costs, benefits, assets, liabilities and contingencies.

➤ **DRAFTING:**

The professionals are involved in the drafting of agreements on environmental codes framed as a result of meetings between stakeholders within a given industry. These could be agreements on setting of environmental standards or joint cooperation with the aim of keeping environment clean.

➤ **COMPLIANCE:**

The professionals make sure that all the business entities are complying with all the rules and regulations as required under the different environmental laws.

➤ **ENVIRONMENTAL IMPACT ASSESSMENT (EIA):**

The professionals can carry out environmental impact assessment. It is an assessment of the possible positive or negative impact that a proposed project may have on the environment, considering natural, social & economic aspects.

➤ **PERMITS & CONSENTS:**

The professionals can help the organizations in obtaining the permits or consents or authorization from the local state pollution control board.

CONCLUSION:

From time to time the government has taken steps for the protection of environment by enactment of laws or by taking initiatives like ' Clean India, green India', ' Go Green' etc. Companies are now shifting their priorities by using business intelligence to not only save on costs but to become environmentally aware as well. Along with taking these initiatives, the companies are even complying with the audit requirement as well. Like, Quinn Cement, Nidhi Industries Limited, M/S Saluja Construction Company Limited, etc.

There are few examples of companies that have taken great initiatives towards the protection of environment-

1. India Tobacco Company Limited (ITC)- To ensure a positive environmental footprint, the company has adopted a low carbon growth strategy which focused on enhanced use of renewable energy sources as well as reduction in specific energy consumption.
2. Oil and Natural Gas Corporation Limited(ONGC)- ONGC is progressively working towards reducing their carbon footprint, by reducing both direct and indirect energy consumption. Along with this it is working on "Sustainable Water Management Strategy" aimed at reduction in specific water consumption and reporting on the water footprint based on internationally recognized standards and practices.

STARTUPS: GOVERNMENT SCHEME & BENEFITS



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The major question what comes to our mind before initiating anything is what would this benefit me?

This article answers the above question for those who want to “Startup”.

BACKGROUND

1. About

Startup India is a flagship initiative of the Government of India, intended to build a strong eco-system for nurturing innovation and Startups in the country that will drive sustainable economic growth and generate large scale employment opportunities. The Government through this initiative aims to empower *Startups to grow through innovation and design*.

SCHEMES AND INCENTIVES

1. EXEMPTIONS

Compliance Regime based on Self - Certification	<p>Regulatory formalities requiring compliance with various labour and environmental laws are time consuming and difficult. To make it simple:</p> <ul style="list-style-type: none"> ◆ Startups are allowed to self-certify 9 Labour and Environmental Laws ◆ No inspection will be conducted for 3 years under Labour Laws (except on credible and verifiable complaint approved by at least one level senior to the inspecting officer). ◆ Startups would fall under white category as defined by the Central Pollution Control Board (for easing out of rules for Clearance from the Board) in case of environmental laws
Legal Support & Fast tracking Patent Examination at Lower Costs	Fast tracking of Startup Patent Applications
	Panel of Facilitators by the Controller of Patents, Design & Trademark (CGPDTM) to assist in filing of IP applications including appearing on behalf of Startups at hearing.
	Government to bear entire fees of facilitators for any number of patents, trademarks & designs 80% rebate on filing of patents vis-a-vis other companies
Relaxed norms for Public Procurement for Startups	Startups (in manufacturing sector) shall be exempted from the criteria of "prior experience/turnover" without any relaxation in quality standards or technical parameters.
	Provided the Startup will also have to demonstrate requisite capability to execute the project as per the requirements and should have their own manufacturing facility in India.

2. Announcement

The **campaign** was first announced by Prime Minister Narendra Modi in his 15 August, 2015 address from the Red Fort.

3. Action Plan

In order to meet the objectives of the initiative, Government of India announced an Action Plan on January 16, 2016 that addresses all aspects of the Startup ecosystem. With this Action Plan the Government hopes to accelerate spreading of the Startup movement:

- From digital/ technology sector to a wide array of sectors including agriculture, manufacturing, social sector, healthcare, education, etc.; and
- From existing tier 1 city to tier 2 and tier 3 cities including semi-urban and rural areas.

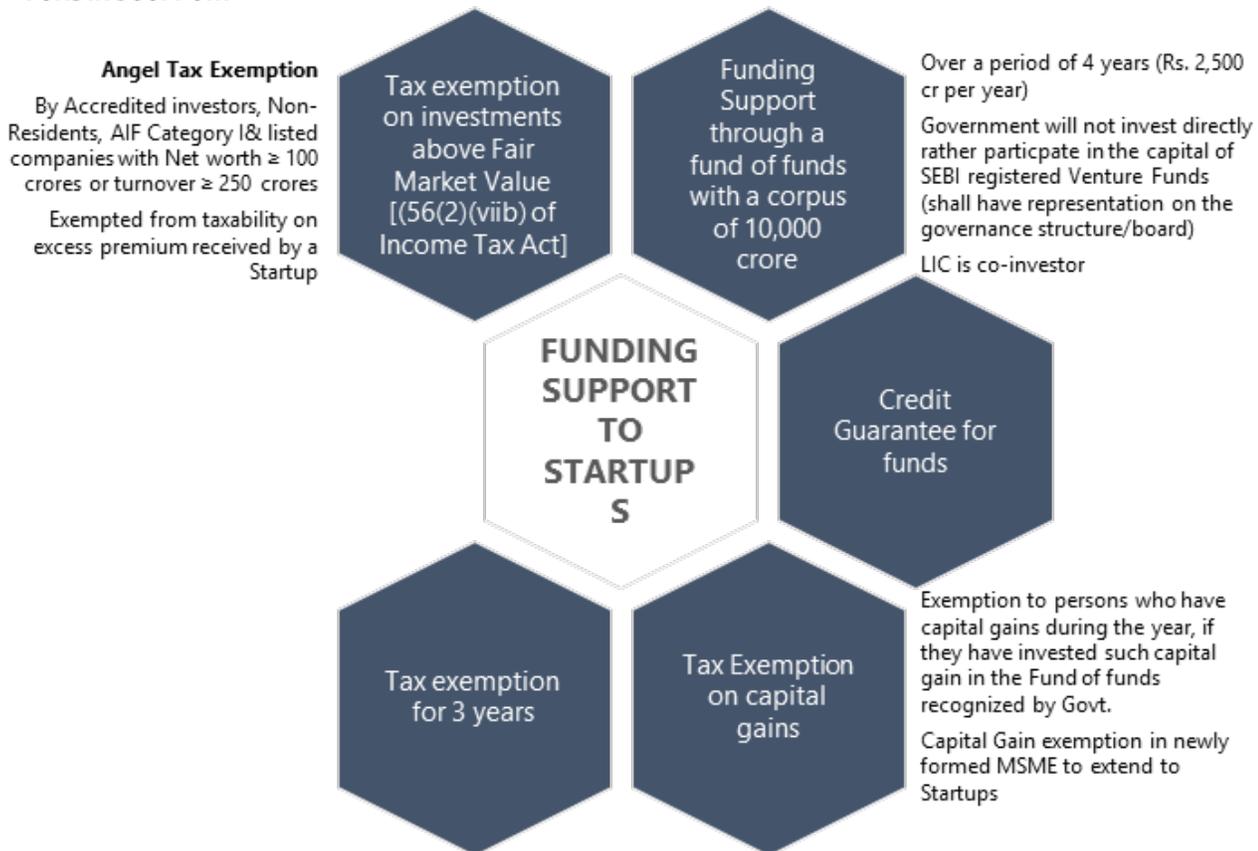
The Action Plan is divided across the following areas:

- Simplification and Handholding
- Funding Support and Incentives
- Industry-Academia Partnership and Incubation

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Faster Exit for Startups	Startups with simple debt structure of those meeting the criteria may be wound up within 90 days from making of the application for winding up on fast track basis
	IP shall be appointed for the Startup who shall be in charge of the co. for liquidating its assets and paying its creditors within 6 months of such appointment.

2. FUNDING SUPPORT



3. OTHER GOVERNMENT SCHEMES

Various Schemes have been launched by various Ministries. Some are mentioned below:

- (a) Venture Capital Scheme by Ministry of Agriculture
- (b) Support for International Patent Protection in Electronics and & Information Technology (SIP-EIT) by Ministry Of Electronics & Information Technology
- (c) Standup India by Ministry of Finance with Small Industries Development Bank of India (SIDBI)
- (d) Single Point Registration Scheme by Ministry of Micro Small & Medium Enterprises etc.

Apart from these, various initiatives have been taken by several states separately.

WAY FORWARD

The revenue department and DPIIT (Department for Promotion of Industry and Internal Trade) are working together to see what more relaxations can be given to startups under direct and indirect tax regime with a view to promote budding entrepreneurs, a top government official said on Saturday.

Secretary in DPIIT, Guruprasad Mohapatra, said that they will be submitting a comprehensive vision document for startups to the Cabinet, which has proposed series of steps.

Right now the taxation team of department of revenue and startup India team from DPIIT are working together to see what further relaxations can be given in the direct and the indirect tax regime. It includes trying to provide marketing support to those startups who are into manufacturing by providing them space under the public procurement scheme of the central government.

The key elements of the startup India vision documents include increasing Fund of Funds, seed money scheme (those who come from a ideation stage to a proof of concept stage), credit guarantee scheme (when they approach lending institutions for either working capital or capex requirement), Intellectual Property Rights (IPRs) front (Mumbai has given an ambitious contract, which is based on AI (artificial intelligence) to examine duplication of patents and other things) and making it mandatory for all departments to promote incubators and hand-hold startups.

PROFESSIONAL ASSISTANCE / MENTORSHIP TO MSMES IS THE NEED OF HOUR



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INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) have played a vital role in our economy. It is evident that MSMEs are key drivers of economic growth and has emerged as a highly vibrant and dynamic sector of the Indian economy over the last five decades.

The MSMEs are significant in providing large employment opportunities at a relatively lower capital cost than larger industries and are also facilitating industrialization of rural and backward areas which results in assuring more equitable distribution of national income.

The Government of India has enacted the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 to address policy issues affecting MSMEs as well as the coverage and investment ceiling of the sector. The Act seeks to facilitate the development of these enterprises as also enhance their competitiveness. It provides the first-ever legal framework for recognition of the concept of "enterprise" which comprises both manufacturing and service entities. It defines medium enterprises for the first time and seeks to integrate the three tiers of these enterprises, namely, micro, small and medium. The Act also provides for a statutory consultative mechanism at the national level with balanced representation of all sections of stakeholders, particularly the three classes of enterprises; and with a wide range of advisory functions. Establishment of specific funds for the promotion, development and enhancing competitiveness of these enterprises, notification of schemes/programmes for this purpose, progressive credit policies and practices, preference in Government procurements to products and services of the micro and small enterprises, more effective mechanisms for mitigating the problems of delayed payments to micro and small enterprises and assurance of a scheme for easing the closure of business by these enterprises are some of the other features of the Act.

The definition of micro, small and medium enterprises was as under in the MSMED Act, 2006:

- A. Enterprises engaged in the manufacture or production, processing or preservation of goods as specified below:
 - i. A micro enterprise is an enterprise where investment in plant and machinery does not exceed Rs. 25 Lakh;
 - ii. A small enterprise is an enterprise where the investment in plant and machinery is more than Rs. 25 Lakh but does not exceed Rs. 5 Crore;
 - iii. A medium enterprise is an enterprise where the investment in plant and machinery is more than Rs.5 Crore but does not

exceed Rs.10 crore.

- B. Enterprises engaged in providing or rendering of services as specified below:
 - i. A micro enterprise is an enterprise where the investment in equipment does not exceed Rs. 10 Lakh;
 - ii. A small enterprise is an enterprise where the investment in equipment is more than Rs.10 Lakh but does not exceed Rs. 2 Crore;
 - iii. A medium enterprise is an enterprise where the investment in equipment is more than Rs. 2 Crore but does not exceed Rs. 5 Crore.

COVERAGE OF 99.99% BUSINESS UNDER MSME BY AMENDMENT IN EXISTING DEFINITION:

To provide benefit to large number of businesses under MSMEs, definition of MSME has been amended vide notification no. S.O.1702(E) dated June 1, 2020 (*The notification shall come into effect from 01.07.2020*).

The investment limit which defined the MSME has been revised upwards and the revised investment limits are applicable for both manufacturing and service enterprises. New definition of micro, small and medium enterprise is as given 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;
- 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.

GOVERNMENT EXPECTATIONS FROM PROFESSIONALS AND OPPORTUNITIES FOR PROFESSIONALS IN MSMES

The Government of India has been supporting and encouraging start-ups and MSMEs by introducing various schemes and incentives from time to time.

Governance, Tax and regulatory laws professionals play a crucial role in achieving the objectives of the various schemes introduced by the Govt. through their expert guidance to the entrepreneurs and reducing

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the gap between the Government and the entrepreneurs.

Most of the start-up MSMEs entrepreneurs are either unaware of the available schemes / facilities or reluctant to avail it's benefits due to cumbersome application / approval process, resulting in shut down of their ventures even in the starting few years. Therefore, there is a need of proper mentorship and professional assistance to MSMEs and Start-ups to get the maximum available benefits from the Government schemes.

It has been observed that due to lack of professional mentorship in MSMEs and Start-ups, CEOs or other top management personnel devotes 80% of their time in managing statutory or other regulatory compliance resulting deviation from the core business operations and strategic business planning.

At present many MSMEs are desperately looking for right professionals and there are huge business opportunities for professionals due to change in definition of MSMEs covering 99.9% enterprises under MSME.

Further, MSMEs contributing approx. 48% of the export turnover of India. There is also a need to reduce the cost of export goods and being competitive in the international market, which can be done by proper professional support and by availing the various facilities and schemes of the Government.

In order to get the economy back in shape and achieve the desired economic growth the Government has laid out a road map towards building a self-reliant India (*Aatma Nirbhar Bharat Abhiyan*). To inspire the country towards self-reliance, the government has announced a comprehensive special economic package of Rs. 20 Lakh Crores which is equivalent to 10% of India's GDP.

As part of the package, the Finance Minister of India unveiled the first tranche of the economic relief package on May 13, 2020 which focused on Micro, Small and Medium Enterprises ("**MSME**"), Non-Banking Financial Companies ("**NBFC**"), Housing Finance Companies ("**HFC**") and Micro Finance Institutions ("**MFI**"), DISCOM's and Real Estate (collectively referred to as "**Key Sectors**").

NEW SCHEMES INTRODUCED BY THE GOVT. FOR MSMEs:

➤ **Rs. 3 Lakh crores loans to MSMEs (Collateral Free & Guarantee Free)**

Key features of scheme:

- Assistance up to 20% of entire outstanding credit as on 29.02.2020;
- Loan up to Rs. 25 crore outstanding and units up to Rs. 100 crore Turnover are eligible;
- Loans to have 4 year tenure;
- 12 months moratorium on Principal repayment;
- Interest to be capped;
- 100% credit guarantee cover to Banks and NBFCs on principal;
- Scheme can be availed till 31st Oct 2020;
- No guarantee fee, no fresh collateral.

➤ **Distressed Assets Fund - Subordinate Debt Scheme for MSMEs**

Key features of scheme:

- The Distressed Assets Fund-Sub Debt Scheme seeks to extend support to the promoter(s) of the distressed units MSMEs by providing a debt facility of upto 15% of the promoter contribution or Rs 75 lakhs, to the Promoter(s);
- GOI will provide guarantee coverage of up to 85% for loans up to Rs. 5 lakh and 75% for loans beyond Rs 5 lakh to MSMEs for them to raise funds from Financial Institutions.

➤ **Equity Infusion for MSMEs through Fund of Funds**

Key features of scheme:

- GOI will support VC/PE firms in investing in commercially viable MSMEs in meeting their growth requirements. The proposed fund of funds will encourage private sector investments in the MSME sector and leverage Rs.50,000 crore. The actual investment may be even higher.
- Fund of Funds aims to achieve private funding leverage through the use of professional fund managers with access to funding and strategic performance oversight. This will help attract a wide range of investors, including financial institutions, corporate investors, banks, other government funds, High Net Worth individuals to invest into MSMEs.
- Under the scheme, there would be a Mother Fund, where Government of India will be Anchor Investor. The Mother Fund can invest daughter funds who can deploy the investments in targeted MSMEs. This will create a partnership with MSMEs in their growth journey and enable them to grow bigger and get listed on stock exchanges.

The scheme is expected to facilitate equity financing of Rs.50,000 crore in the MSME Sector.

➤ **Disallowance of Global Tenders**

Key features of scheme:

- Global tenders in government procurement will be disallowed for upto INR 200 crore or less. This will help the MSMEs to grow, develop and a chance to participate in big projects.

Other recent direct or indirect relief measures or initiatives taken by Govt. for MSMEs:

- The Ministry of Corporate Affairs after considering the Covid-19 outbreak, vide Notification no. S.O. 1205 (E) dated 24th March, 2020, enhanced the "minimum default threshold limit from Rs. One Lakh to Rs. One Crore for initiating insolvency proceeding. This will protect MSMEs from insolvency proceedings due to default in payment because of prevalent Covid-19 pandemic situation. The Press release dated 24th March 2020 issued by the Ministry of Finance read as under:

"Due to the emerging financial distress faced by most companies on account of the large-scale economic distress caused by COVID 19, it has been decided to raise the threshold

of default under section 4 of the IBC 2016 to Rs 1 crore (from the existing threshold of Rs 1 lakh). This will by and large prevent triggering of insolvency proceedings against MSMEs.”

- The Ministry of Corporate Affairs vide Circular No. 12/2020 dated 30th March, 2020 and Circular No. 12/2020 dated 30th March, 2020, introduced the Companies Fresh Start Scheme, 2020 and revised the LLP Settlement Scheme, 2020. Both the schemes provide a one-time waiver of additional filing fees for delayed filings by the companies or LLPs with the Registrar of Companies. The Schemes are effective from 1st April, 2020 and will exist till 30th September, 2020. The benefit is available not only to the companies or LLPs which may not able to file Documents in time during the lockdown, but also includes existing defaulting companies or LLPs. However, this schemes are subject to certain exceptions mentioned therein.
- All borrowers, including MSMEs, can avail the benefit of the package announced by the Reserve Bank of India, vide Circular No. RBI/2019-20/186 dated 27.03.2020, MSMEs can reschedule the payment of instalment for the terms loan or working capital facilities from the Banks or other lending institution.
- Launch of Champion portal for MSMEs on 01.06.2020.

EXISTING SCHEMES FOR MSMEs AND IT'S KEY FEATURES

Following are the few existing benefits / schemes available to MSMEs, which are subject to certain conditions:

Prime Minister's Employment Generation Programme (PMEGP)

- Bank financed subsidy program for setting up new micro-enterprises in non-farm sector;
- Margin Money subsidy on Bank Loan ranges from 15% to 35% for projects up to Rs. 25 lakhs in manufacturing and Rs. 10 lakhs in service sector;
- For beneficiaries belonging to special categories such as SC/ST/ Women/PH/Minorities/Ex-Servicemen/NER, the margin money subsidy is 35% in rural areas and 25% in urban areas. The maximum cost of projects is Rs.25.00 lakh in the manufacturing sector and Rs.10.00 lakh in the service sector.

2nd Loan for up-gradation of the existing PMPGP/MUDRA units

- To fulfill the need of additional financial assistance for upgradation and expansion of successful/well performing existing units;
- The maximum cost of the project under manufacturing sector for up-gradation is Rs.1.00 crore and Rs.25.00 lakh under Service/ Trading sector;
- Maximum subsidy would be 15% of the project cost (20% for NER and Hill States). The balance amount of the total project cost is provided by Banks as term loan.

Credit Guarantee Scheme for Micro & Small Enterprises (CGTMSE)

- Credit guarantee for loans upto Rs. 2 crore, without collateral and third-party guarantee;
- Guarantee coverage ranges from 85% (Micro Enterprise up to Rs 5 lakh) to 75% (others);
- 50% coverage is for retail activity.

Interest Subvention Scheme for MSMEs-2018

- 2% interest subvention for incremental credit to MSMEs.

Credit Linked Capital Subsidy Component (CLCS & TU Scheme)

- Induction of established and improved technologies;
- 15% Subsidy on institutional credit upto Rs 1 crore with a subsidy cap of Rs.15 lakh.

Procurement and Marketing Support (PMS) scheme

- Participation of Individual MSEs in domestic Trade Fair/ Exhibition;
- Capacity building of MSMEs in Modern Packaging Technique / Development of Marketing Haats;
- Organizing Domestic Trade Fair & Exhibition/ Vendor Development Programs/ National & International Workshops & Seminars/ Awareness programs.

International Cooperation (IC) Scheme

- Reimbursement for participation/visit in international exhibitions/ fairs;
- Reimbursement for holding international conferences and seminars by industry associations/Govt. organizations.

Public Procurement Policy for MSEs Order, 2012

- Free of cost Tender;
- Exemption from the payment of Earnest Money Deposit;
- In tender, participating MSEs quoting price within price band of L1+15% shall also be allowed to supply a portion of requirement by bringing down their price to L1 price in a situation here price is from someone other than an MSE and such MSE shall be allowed to supply upto 25% of the total tendered value;
- 358 items reserved for exclusive procurement from MSEs;
- The MSEs may also be given exemption in prior experience and turnover clauses.

Scheme of Fund for Regeneration of Traditional Industries (SFURTI)

- Support to traditional artisans to provide sustainable employment;
- Government of India support up to Rs. 2.5 cr. up to 500 artisans and Rs. 5 cr. for more than 500 artisans;

- Set up physical infrastructure with CFCs, latest machines, training, etc. in clusters.

A Scheme for Promotion of Innovation, Rural Industries and Entrepreneurship (ASPIRE)

- Set up LBIs and TBIs to skill youths for own enterprises and incubation of innovative ideas;
- Maximum Rs. 1 cr. to Government agencies and maximum Rs. 50 lakhs to private agencies for procuring plant and machinery;
- Maximum Rs. 1 cr. given to new TBIs and maximum Rs. 30 lakhs to existing TBIs for procurement of plants and machinery.

Design Clinic for Design Expertise to MSMEs

- To facilitate MSMEs to develop new Design strategies and or design related products through design interventions and consultancy. Financial assistance to the MSMEs for engagement of design consultants for design intervention (GOI contribution @ 75% for micro, 60% for SMEs for the project range up to Rs. 40 lakh);
- The Design Scheme shall support design work by reimbursing 75% of expenses incurred up to Rs. 1.5 lakh for final year student project done for MSMEs.

Entrepreneurial and Managerial Development of SMEs through Incubators

- Funding support up to Rs. 15 lakhs for development of innovative ideas in to commercial products;
- Seed funding support up to Rs. 100 lakhs for setting up new units for commercialization of successful innovative ideas.

Awareness on Intellectual Property Rights (IPR)

- Reimbursement of Patent/Trademark/GI:
Patent (Indian Patent upto Rs.1 Lakh & Foreign Patent upto Rs. 5 Lakh)
Trademark upto Rs. 0.1 Lakh
GI Registration Rs. 2 Lakh
- Assistance for setting up IP Facilitation Centre upto Rs. 1.00 cr. for a period of 5 years.

Coir Industry Technology Upgradation Scheme

- To establish new state of the art coir processing units;
- To provide modern infrastructure facilities to the production units;
- Upper ceiling of Financial assistance will be Rs.2.50 crores.

ISEC - Working capital support to Khadi Institutions

- Credit at the concessional rate of interest is made available as per the requirement of the Khadi Institutions to mobilize additional requirements of fund from the Financial Institutions / Banks;
- The KI is required to pay only 4% interest rate. The difference between the actual Interest charged by the Bank and 4% is borne by the KVIC as "Interest Subsidy."

Other miscellaneous assistance for MSMEs

- Online Delayed Payment Monitoring portal (MSME – SAMADHAN)
- No merchant discount rate (MDR) chargeable on accepting debit/ credit cards transaction

- Online bill discounting system by selling trade receivables (TreDS Portal)
- INR 25,000 financial support on domestic patent and 50% discount on trademark processing
- 75% financial assistance for obtaining bar code registration and also reimbursement of 75% annual Barcode renewal fee for the first 3 years.
- Section 15 of the MSMED Act, 2016 mandates maximum of 45 days for making payments by a buyer to the goods/service supplied by an MSME. In case of failure to make payment within the stipulated time frame, Section 16 can be imposed and a compound interest at the rate of three times of the notified bank rate shall be payable.

WHAT IS NOT INCLUDED IN MSME

Ministry has clarified that following activities would be specifically not included in the manufacturing or production of commodities or rendering of services as per notification S.O 2576 (E) dated 18.09.2015 and S.O 85(E) dated 10.1.2017:

1. Forest and Logging
2. Fishing and aquaculture
3. Wholesale, retail trade and repair of motor vehicle and motorcycles
4. Wholesale trade except for motor vehicles and motorcycles.
5. Retail Trade Except of Motor Vehicles and motor cycles
6. Activities of households as employees for domestic personnel
7. Undifferentiated goods and services producing activities of private households for own use
8. Activities of extraterritorial organisations and bodies

The existing and new definition of MSME does not cover the trading sector, which comprises more than 80% of India's overall organised retailers and many wholesalers as well.

Therefore, there is a need to include them as well in the MSME as these businesses are also play a very important in the Indian Economy and part of the value chain of the ecosystem.

CONCLUSION

There are many benefits that MSMEs can avail but due to lack of awareness or professional guidance many eligible enterprises are not able to get the maximum benefits. Many MSME entrepreneurs only get themselves registered as MSME but not able to get even a single benefit of Government's schemes due to either lack of knowledge or ignorance from the side of professionals.

The Union Minister Mr. Nitin Gadkari on Thursday said micro, small and medium enterprises (MSME) sector is on the verge of collapse and urged major industries to release the outstanding dues to such companies within a month. He said the position of MSMEs was "worst" as they were now engaged in a "battle for their survival".

Therefore, this is the time when professionals should come forward and find out the status of their clients and try to mentor them so that their clients can also take the advantage(s) of the Covid-19 and other stimulus packages available to MSMEs. Ultimately, a professional's growth is directly related to his / her client's growth, and there is a huge scope of professional advisory services in the MSME and Start-up businesses.

STARTUP INDIA-DEFINITION, RECOGNITION, BENEFITS AND FAQS



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1. What is a Startup?

Startup India is an initiative of the Government of India. Startup India program was launched on **16th January, 2016**.

Intended to build a strong eco-system for nurturing innovation and Startups in the country that will drive sustainable economic growth and generate large scale employment opportunities.

The Government of India through this initiative aims to empower Startups to grow through innovation and design.

An entity shall be considered as a **startup** (meaning of Startup) if it satisfies all the following conditions:

- a. If it is incorporated/registered as any of the followings:
 - a. **Private Limited Company** (as defined in Companies Act, 2013).
 - b. **Partnership Firm** (registered under Partnership Act, 1932).
 - c. **Limited Liability Partnership** (registered under Limited Liability Partnership Act, 2008).
 - d. **One Person Company** (as defined in Companies Act, 2013).

Provided that such entity is not formed by splitting up or reconstruction of a business already in existence.

- b. It has **not completed ten years** since incorporation/registration as above.
- c. Its turnover for any of the financial years has **not exceeded INR 100 Crore**.
- d. It satisfies any of the following conditions:
 - i) It is working towards:
 - Innovation** of new products/processes/services or
 - Development** of new products/processes/services or
 - Improvement** of existing products/processes/services
 - ii) It is a scalable business model with a high potential of:

Employment generation or Wealth creation.

2. Startup India Hub to Promote Startups

Startup India Hub: Objective of Startup India Hub is to create a single point of contact for the entire Startup ecosystem and enable knowledge exchange and access to funding. It provides following resources:

- a. **Learning and Development Programs** - 4 weeks online free certification course is available for step-by-step guide to starting a business in India.
- b. **Government Schemes** - All the government schemes for the Startups are available on the portal.
- c. **State Startup Policies** - All the state government policies for Startups are available on the portal
- d. **Pro Bono Services** - Free applications, cloud credits, legal and banking support from startup India partners i.e. Amazon Web Services, PayU, truecaller and so on are available on the portal.
- e. **Knowledge Bank** - A quick guide on all things relating to Startups, including company registration, investor engagement, legal considerations etc are available.
- f. **Tools and Templates** - A sample templates/formats for all legal & HR documents, investor decks, deeds, contracts etc. are available.
- g. **Networking** - Connect with startups, incubators, accelerators, mentors, governments and investors on the portal. Startup hub provide access to connect with:

No. of Startups:	80,397
No. of Incubators:	565
No. of Corporates/Accelerators:	121
No. of Mentors:	564
No. of Government body:	47
No. of Investors:	81
- h. **Idea Bank** - Looking for an Idea for your Startup? Startup India portal has listed some problem statements which require innovative solutions.

3. Startup Registration/Recognition by Government

Startups satisfying all the above conditions can apply to be recognized by Department for Promotion of Industry and Internal Trade (DPIIT) using startup India portal

<https://www.startupindia.gov.in/>.

Requirements for recognition:

- a. Certificate of Incorporation/Registration and PAN
- b. Total No. of directors/partners and details of each director/partner with respect to Name, Mobile No., Email ID and complete address.

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- c. Entity details with respect to Industry, sector and category in which it deals.
- d. Details of Authorised Representative (Name, Designation, Mobile No. and Email ID)
- e. Number of Employees including founders.
- f. Whether any awards/recognition received by the entity? if yes, need to upload document with respect to award/recognition received.
- g. What is the **problem** the startup is solving? It needs to be explained in maximum 250 words.
- h. How does your startup propose to **solve** above mentioned problem? It needs to be explained in maximum 250 words, i. What is the **uniqueness of your solution?** It needs to be explained in maximum 250 words, j. How does your startup generate **revenue?** It needs to be explained in maximum 250 words, k. Links or upload additional document to support your application, (eg. Website link, Videos, Pitch Deck, Patents, etc.). It is mandatory to provide any one.

4. Benefits of Startup Recognition by DPIIT

a. Various benefits with respect to Intellectual Property Rights (IPR): Startups are provided following benefits with respect to intellectual property rights:

- i) Startups are provided **80% rebate in filing of patent application and 50% rebate in filing of trademark application.**
- ii) **Speedy examination & disposal of patent application** is provided in respect of startups.
- iii) A **panel of facilitators** are provided to startups to assist in filing of application for intellectual property rights such as patents and trademarks. **Central Government bears the entire fees of the facilitators** for any number of patents, trademarks or designs, and **Startups only bear the cost of the statutory fees payable.**

As per latest data released by government more than 1000 applicants have received fee benefits and more than 4000 IPR facilitators available to assist startups in getting IPRs.

b. Relaxation in Public Procurement Norms for Startups

Generally when a tender is issued by a government entity or public sector undertaking, it has a requirement of either prior experience or turnover. Generally, startups fail to meet the criteria to participate in the tender.

In order to promote startups in manufacturing sector at par with well experienced entrepreneurs/ companies having high turnover government has **exempted startups from the criteria of prior experience or turnover.**

However, no relaxation has been granted with respect to quality standards or technical parameters.

c. Self-Certification of Compliance with Labour & Environment Laws

In order to reduce the regulatory burden on Startups, it has been allowed to self-certify compliances with certain labour & environment laws for a period of three years from the date of incorporation.

In respect of labour laws **no inspection** will be carried out unless they receive a credible & verifiable complaint of violation, filed in writing and approved by at least one level senior to the inspecting officer.

Relief in following **Labour Laws:**

- The Building and Other Construction Workers' (Regulation of Employment & Conditions of Service) Act, 1996
- The Inter-State Migrant Workmen (Regulation of Employment & Conditions of Service) Act, 1979
- The Payment of Gratuity Act, 1972
- The Contract Labour (Regulation and Abolition) Act, 1970
- The Employees' Provident Funds and Miscellaneous Provisions Act, 1952
- The Employees' State Insurance Act, 1948

Relief in following **Environment Laws:**

- The Water (Prevention & Control of Pollution) Act, 1974
- The Water (Prevention & Control of Pollution) Cess (Amendment) Act, 2003
- The Air (Prevention & Control of Pollution) Act, 1981

d. Faster Exit

Due to innovative nature of Startups, unfortunately a significant percentage of startups fail to succeed. In the event of a startup failure, it is important to reallocate capital and resources left to more productive options available and therefore, a swift and simple winding up process has been set up for Startups.

This will promote entrepreneurs to experiment with new and innovative ideas, without having the fear of facing a complex and long-drawn exit process where their capital remain needlessly stuck.

e. Income Tax Exemption under section 80IAC for 3 years

With a view to stimulate the development of Startups in India and provide them a competitive platform, tax exemption to recognised startups for 3 years on approval basis has been allowed.

Startups incorporated on or after 1st April 2016 can apply for income tax exemption under section 80IAC of the Income Tax Act, 1961.

The Inter-Ministerial Board validates the innovative nature of the business for granting Income Tax Exemption.

The recognized Startups that are granted an Inter-Ministerial Board Certificate are exempted from income-tax for a period of 3 consecutive years out of 10 years since incorporation.

f. Income Tax Exemption under section 56(2)(viib) (Angel Tax) on Investments:

What is section 56(2)(viib) ?

Where a company receives any consideration for issue of shares which exceeds the Fair Market Value (FMV) of such shares, such excess consideration is taxable in the hands of recipient as Income from Other Sources.

What is relief to startups given?

To encourage capital investment in startups a relief has been provided to startups with respect to section 56(2)(viib).

A DPIIT recognized startup is eligible for exemption from the provisions of section 56(2)(viib) of the Income Tax Act.

The Startup has to file a duly signed declaration in Form 2 to

DPIIT to claim the exemption from the provisions of Section 56(2)(viib) of the Income Tax Act.

Declaration needs to be digitally signed by a person who is authorized to verify the return of income under section 140 of the Income tax act e.g director of the company.

g. Fund of Funds for Startups:

One of key challenges faced by Startups in India has been access to finance. Often Startups, due to lack of collaterals or existing cash flows, fail to justify the loans.

Besides, the high risk nature of Startups wherein a significant percentage fail to take-off, hampers their investment attractiveness.

To provide equity funding support for development and growth of innovation driven enterprises, the Government has set aside a corpus fund of INR 10,000 crores managed by SIDBI. The Fund is in the nature of **Fund of Funds**, which means that the Government participates in the capital of SEBI registered Venture Funds, who invest **twice** the amount in Startups.

The flow of funds is Government > SIDBI > Venture Capitals > Startups.

h. Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE)

The Credit Guarantee Fund Scheme for Micro and Small Enterprises was launched by the Government of India (GoI) to make available **collateral-free credit** to the micro and small enterprise sector. Both the existing and the new enterprises are eligible to be covered under the scheme.

i. Tax Exemptions on Capital Gains with an objective to promote investments into Startups by mobilizing the capital gains arising from sale of capital assets.

5. Startup India Progress (statistics till date i.e 14th June, 2020)

Total No. of Users Registered :	4,07,430
Income Tax Exemptions to Startups:	266
Total No. of DPIIT Recognized Startups:	32,849
Total No. of Startups Funded:	323

6. Frequently Asked Questions on Startup India (FAQs)

Question 1. I have an innovative idea that I want to pursue as a startup. What guidance can Startup India provide me?

Startup India Learning Program is a free online entrepreneurship program by Startup India. The aim is to help entrepreneurs get their ideas and ventures to the next level through structured learning.

The program covers lessons on key areas of starting up by 40+ top founders of India in an extensive 4-Week Program which is free course with certification for budding entrepreneurs available in both Hindi and English language.

Interested individuals can enroll for this free course at <https://www.startupindia.gov.in/content/sih/en/learning-and-development-v2.html>.

Question 2. What is the time frame for obtaining certificate of recognition as a "Startup" in case of an entity already exists?

The certificate of recognition is issued typically within 2-3 working days upon successful submission of the application.

Question 3. If my Startup gets recognised, would I obtain certificate for it? If yes, would I be able to download the

certificate?

Yes, if your startup gets recognised, you would be able to download a system generated verifiable certificate of recognition.

Question 4. What is the constitution of the Inter-Ministerial Board?

The Inter-Ministerial Board setup by Department of Industrial Policy and Promotion validates Startups for granting tax related benefits.

The Board comprises of the following members:

- Joint Secretary, Department for Promotion of Industry and Internal Trade, Convener
- Representative of Department of Biotechnology, Member
- Representative of Department of Science & Technology, Member

Question 5. If a Startup has applied for DIPP-recognition and the application gets rejected or marked incomplete due to missing documents or insufficient information, should the startup edit the existing application or submit a new one?

If the application for recognition has been marked incomplete, the startup needs to follow the given steps:

- Log in with their startup credentials on www.startupindia.gov.in
- Select 'Recognition and Tax Exemption' button on the right panel
- Select the 'Edit Application' button and proceed with completing your application

If the application has been marked 'Incomplete' **thrice**, the application is **rejected**.

Rejected applications cannot be edited, and a new application can be submitted **after three months** from the date of communication of the rejection email.

Question 6. Is there any government fee to apply for recognition by DPIIT?

No, there is no government/statutory fees.

Question 7. I am looking for a Startup idea, what can I do?

Government of India has listed some of the problems on Startup India Portal naming it "Idea bank". You can think for the solutions of the given problem and execute it through your Startup. Link to access idea bank is <https://www.startupindia.gov.in/content/sih/en/idea-bank.html>.

Alternatively, you can also think of solutions for problem faced by you or general public.

Question 8. Can I also register my startup as "MSME" to avail benefits extended to MSMEs?

Yes

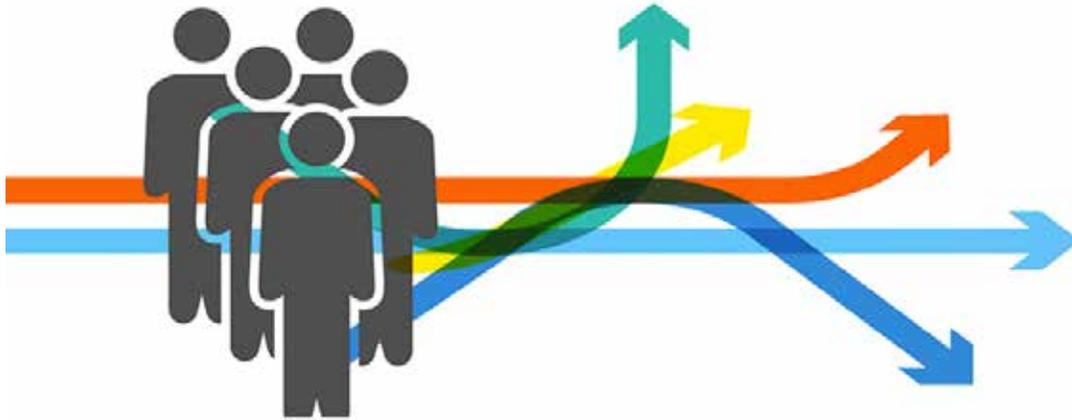
Question 9. What is not a startup?

- Proprietorship Firm
- Unregistered Partnership Firm
- Limited Company

DISCOVER CAREER AREAS



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Adversity is the Diamond Dust, Heaven polishes its jewels with.

- Thomas Carlyle

As the world is facing the pandemic of COVID-19 which is not only impacting the people's health but also affecting their financial position. The pandemic was primarily a public healthcare problem, but one with immense immediate implications for business, and for economic, fiscal, and monetary policy it has grown as massive Disaster. It has changed the world - fundamentally changing the way millions of people live and work. Covid-19, a period of unpredictable and possibly muted economic recovery with new competitive threats and opportunities, and quite possibly a decade of the **Never Normal**, a new era defined by fast changing shifts in cultural norms, societal values and behaviors, such as increased demand for responsible business practices and renewed brand purpose. People are wondering how to go about restarting the economy; repairing what was broken; and preparing themselves to cope with a host of urgent social, environmental, demographic, and economic troubles and that's the opportunities generated for Professionals to step in.

To outmaneuver uncertainty, reopening also requires a program of reinvention. This presents an opportunity—and a need—for many companies to build the competences they wish they'd invested in before: to be more digital, data-driven, and in the cloud; to have more variable cost structures, agile operations and automation; to create stronger capabilities in e-commerce and security.

The COVID-19 pandemic continues to evolve. Now's the time to shift focus to efforts that support a return to work, while addressing needed changes in the months ahead. The professionals such as Company Secretaries, Chartered Accountants or Advocates can support the organisations to begin making that shift - from mobilizing during this

time, to stabilising in the new environment and strategising for what's next.

Downturns in the economy are actually a great time to start a business that runs more efficiently than competitors, as it is famous saying that tides doesn't command the ship, the sailor does. This is the time that professionals should work closely with businesses to help them mobilise, stabilise and return to work.

PROFESSIONALS TO GROW EXPERT SOLUTIONS IN COVID CHAOS

The COVID-19 pandemic presents an unprecedented challenge to the global community. In the wake of the coronavirus pandemic, a number of governments all over the world imposed nation-wide lockdowns. But with the economy facing the brunt, lockdowns have slowly started easing. There are rays of hope as the spread eases in some geographies, but this remains of little comfort for now. Let's hope for improved numbers in the days ahead to bring some further optimism for a near-term end to the pandemic.

Against this backdrop, Businessmen face the urgency and complexity of reopening their businesses and professionals can turn whopping challenges into meaningful change. Professionals such as CAs, CSs or any other Domain Experts must do their part to help business owners navigate these challenging times.

The roles or responsibilities of Professionals such as CAs, CSs or any other Domain Experts is not only to make their clients, Business owners, entrepreneurs is to make them comply with Standard procedures or mandatory laws or filing their returns with Government, whereas they should grow or support their clients, Business owners, entrepreneurs in facing the challenges they had in the restoration of their business. Professionals need to go an extra mile by providing a helping hand to their clients not in their domain but also in other domains such as Technical or operational challenges.

Professional's advice and support will help entrepreneurs make critical decisions that impact the lives of millions of people and shape society for the future. The Professional's expert solutions – a combination of deep domain knowledge with specialized technology and services – deliver better outcomes, analytics, and improved productivity for your

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customers, which will help them when they need to be right – for their clients, their patients, their businesses, and the communities they support.

Professionals must acknowledge the power of purpose, impact they create by which society grows or moves as it's the duty of professionals to help their clients grow because only than they can grow. Professionals are the support system of any business. The most businesses fail due to a combination of four factors: poor business planning, poor financial planning, poor marketing, and poor management and Being a professional we work closely with all these, the business owners, entrepreneurs or startups looks upto us for our expert advices and solutions as professionals can glide the organization through the problems or challenges with their knowledge and skills. The impact professionals deliver when it matters the most has not only created trust on professionals but also a responsibility that they will provide expert solutions, helping protect people's health, prosperity, safety, and legal rights.

SILVER LININGS

Covid – 19 has massive effect on economy, business being shut down has also adversely impacted the professionals, but by creating new and exciting opportunities for their clients, employers , business owners by applying their knowledge, skills and abilities, professionals will have the opportunity to grow their career. This Covid-19 has on the one hand incalculably destroys the economic and social conditions all over world but has also created a path for new opportunities to develop as the world is standing at a starting point on new era where all have the equal chance to create, develop, propagate, re-build, re-model, all you need is the obsession to help startups/msmes/entrepreneurs minimize their problems in legal, financials, technical or operational areas. Your goal isn't just to help founders get legal paperwork done quickly – it's to help founders get legal paperwork done quickly, timely and safely while ensuring that they tap on the new opportunities being created for them.

Its the new era, we all are coping to live with it as Rightly said by our Honorable Prime Minister that now the mantra to live is "Jaan bhi Jahan bhi" alongwith "ATTAMNIRBHAR BHARAT" which implies that new business opportunities will be created or coming in forth this Post Covid -19 era, so it's the duty of Professionals to work on tapping all the new opportunities or prospects coming forth.

SUCCESS MANTRA-SCALE UP

The mantra for success into this Covid -19 pandemic is to **SCALE UP**. You don't wait for extraordinary opportunities. Seize Common occasions and make them great. You need to explore new areas or fields where you with your knowledge, skills and expertise can help clients, startups, Msmes, entrepreneurs to overcome the challenges they are facing in restoring their business. This Covid -19 pandemic has given birth to many new areas which was not present before but are highly important in the present scenarios.

The need of the hour is to step out of you comfort zone and starting working in the new fields or where the completion is less as an opportunity used wisely can change your professional life dramatically.

The professionals should work on seven steps of **SCALE UP** mechanism

discussed below:

1. **S-Stay Updated-** In the present situation, everything is changing rapidly, governments are issuing notifications regarding relaxing or waiver of penalties, extending time limes, new subsidies, new guidelines. In short a lot is happening on legal front, so being a legal or financial expert, you must stay updated on each and every aspect, to have an edge over your competitors.
2. **C-CRAFT-** Its sought from professionals that they treat their work as craft not merely become a copy paste job. Whether it's writing proposal or replying to a customer's email, you should constantly striving to raise your skills to the next level. You should do it better than it's ever been done before with customization according to the needs of the clients or organization you are working with.
3. **A-Attention to detail-** Its paramount quality a professional should have while giving any expert solution. Being a professional, you are trusted for your knowledge, skills and experience, so you must have a keen eye on each and every details of the problem while giving your expert advice on any matter.
4. **L-Look for new opportunities-** You must look for new opportunities being created or generated in the market not only for yourselves but also for the organizations or entrepreneurs, startups or msme you work with such as for an IT Startup, you can suggest Privacy data registrations with appropriate authorities or for manufactures or traders in India, you can suggest GEM registration.
5. **E-Empathy-**We're experts in law and finance - but law and finance can be unfamiliar to founders, You must constantly work to put yourselves in their shoes, in order to produce a better experience for them and an ease to understand the complexities of law and finance.
6. **U-Update the clients-** You should continuously update the clients about the changes according to their needs or requirements not just bombarding their emails with government notifications copies. It will be better if you not only educate your clients about new opportunities they can enter into or steps to overcome their problems but also glide them through the whole process of conversion.
7. **P-Promote-** As a professionals we are blessed to have an opportunities to know peoples or organizations of different fields which are world apart form each other, so as a token of our contribution to their business, if we can, we must promote or give their references to others as it will not only help them grow but also help us to grow our network.

The abovementioned seven Steps i.e SCALE UP will definitely ensure that you will come out of this pandemic era as better version of yourself as Adversity is inevitable, but difficulties or misfortunes don't have to keep you from achieving your intended goals and finding the happiness you seek in business and in life. It's how you overcome these adversities can make all the difference.

Your big opportunity may be right where you are now.

-Napoleon Hill

OPPORTUNITIES FOR PROFESSIONALS IN MSME AND START-UPS



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- Easy to form
- help in industrialization of rural & backward areas
- user friendly registration procedure
- promote and support small business
- marketing financial assistance to the entrepreneurs
- constitutes a major source of employment

Role of Professional:

1. **Registrations:** Professional can help Entrepreneurs / Business Establishments to get registered under the MSMED Act, 2006 and advise them in relation to MSME Investment, Benefits and Compliance Matters. There is no Statutory Fees for

registration and the same has to be informed to the Entrepreneurs / Business Establishments.

2. **Update / Modification:** Post getting MSME Registration, at certain point of time, there is need to update the Certificate. Professionals has to give proper advisory and professional help to get it done.
3. **Advisory:** Advisory is the core expertise of Professionals which come from experience, knowledge, application of mind and situation handling mindset. A good advisory may lead a business to reach heights.
4. **Drafting of Contracts:** Drafting is an art of presenting your thoughts into words. It is a tool, writing out the terms and details of the contract, in order to outline the legal obligations of the two parties, so that they fully understand the terms of the agreement and their respective duties towards one another.
5. **To get Payment without delay:** Post registration under MSMED Act as MSME, there is benefit which helps to resolve the Liquidity problems. MSME has Protection against delay in payment from Buyers and right of interest on delayed payment.

- ◆ Payment with in 45 days (Maximum)
- ◆ Buyer is liable to pay compound interest with monthly rests to the supplier on the amount from the appointed day or, on the date agreed on, at three times of the Bank Rate notified by Reserve Bank (4.65)

“The entrepreneur always searches for change, responds to it, and exploits it as an opportunity.”

– Peter Drucker

A Professional having expertise is always hungry and ready to grab the opportunities. Professionals including Company Secretary (CS), Chartered Accounts(CA), Cost Accountant (CMA), Lawyers etc. are the pillars of Corporate Advisory, Compliance and Management to an Entity / Establishment. They are ready to understand the difference between barriers and opportunities and turn both into benefits / advantages.

Let's discuss the ample Opportunities available for Professionals in MSME & Start-Ups.

MSME AND PROFESSIONALS

MSME IN INDIA: MSME refers to Micro, Small and Medium Enterprises. MSME industries play a vital role in Indian Economy and is governed by the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006.

Micro, Small and Medium Enterprises Development Act (MSMED Act) was notified in 2006. Before 2006, small scale registration certificate was used to be issued by respective District Industries Centers (DICs).

During Union Budget 2020, Finance Minister Nirmala Sitharaman allocated Rs 900 crore debt-funding for MSMEs, stating that the sector is pivotal to keep the wheels of Indian economy moving.

Key Benefits:

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Professional has to draft the same while making any contract with the Party / parties.

6. Help in IPR (Intellectual Property Rights)

Post Registration as MSME, Professionals has to help Entities / Establishments to get a subsidy of 50 per cent for patent registration.

7. Concession of Electricity Bill:

Post Registration as MSME, Professionals should advise to claim Concession of Electricity Bill by making application to electricity department along with MSME Registration Certificate (Subject to decision of authority).

PROFESSIONAL SUPPORT TO MSME TO GET FUNDING / LOANS

Cash and Liquidity is the basic need for every business to run. A micro or small or medium enterprise can easily be set up for self-employment. The major eligibility criteria are return on the investment and profitability of the project proposed to be set up.

Professional can apply for Loan on behalf of registered MSME's under various schemes. This will help MSME's to get financial aid and source of liquidity to run business.

How Professionals can help?

- ◆ to choose the most suitable source of funding
- ◆ to approach financial institutions to get funds keeping in view their specific schemes.
- ◆ Evaluate and compare the terms and conditions, including rate of interest and repayment period of loan offered by the different financial institutions
- ◆ Select the financial institution, which offers funds at minimum interest rate as per Entrepreneurs repayment plans.
- ◆ Arrange / Prepare set of documents as required for getting Loan.
- ◆ Prepare application in prescribed proforma and has to be submitted along with project report including proof of ownership/ availability of land/building, proof of residence, collateral securities (wherever applicable) etc.

Crux of Atmanirbhar Bharat Package to MSME

- ◆ Immediate credit of up to 20% of outstanding credit as on 29.02.2020
- ◆ Borrowers with up to Rs. 25 crore of outstanding credit and Rs. 100 crores turnover eligible
- ◆ Loans to have 4 years tenure and moratorium of 12 months for principle repayment (Means interest will be payable)
- ◆ No guarantee fee, no fresh collateral required
- ◆ New credit line to be guaranteed by government on principal and

repayment

- ◆ Scheme to be availed of up to 31.10.2020
- ◆ Government to provide CGTMSE support up to Rs. 4000 crores
- ◆ Rs. 50000 crore equity infusion in MSME via FoF (funds of funds)
- ◆ MSME dues from Government and CPSEs to be cleared in 45 days.
- ◆ Definition Criteria is revised w.e.f. 01st July, 2020

As per Atmanirbhar Bharat Package to MSME the government is going to give:

- ◆ Rs 3 lakh crores Collateral-free Automatic Loans for Businesses, including MSMEs
- ◆ Rs 20,000 crores Subordinate Debt for Stressed MSMEs
- ◆ Rs 50,000 cr. Equity infusion for MSMEs through Fund of Funds (FoF)

Without Professionals and their services, it would be very difficult to understand the Provisions related to Government Schemes. Also it is not easy to get fund without getting proper documentations and proper advisories. A Professional is required at every step for better understanding of business requirements.

START – UPS AND PROFESSIONALS

Start – up: It is an entrepreneurial venture which is typically a newly emerged business that aims to meet a marketplace need by developing a viable business model around a product, service, process or a platform. Start-ups should have uniqueness in business idea.

Under the Startup India initiative, eligible companies can get recognized as Startups by DPIIT, in order to access a host of tax benefits, easier compliance, IPR fast-tracking & more.

“startups can begin anywhere, no matter that the Country is developed or not. Startups, may be small or big entities but they play a significant role in economic growth with revolutionary technology and creating new industries over time.”

ROLE OF PROFESSIONALS UNDER START-UPS

Professionals plays very vital role in Start-ups Sector. At every stage, professional advisory, expertise is required by Entrepreneurs. Under the Startup India initiative, Professionals helps eligible companies to get recognized as Startups by DPIIT, in order to access a host of tax benefits, easier compliance, IPR fast-tracking & more.

1. **Registrations of Entities:** Entities incorporated as a Private Limited Company, a Registered Partnership Firm or a Limited Liability Partnership are eligible to get registered under Start-up India Scheme as Start-up. First Step is to incorporate an entity with professional help.
2. **Registration under Start-up India:** Post incorporation as an entity as a Private Limited Company, a Registered Partnership Firm or a Limited Liability Partnership, Entrepreneurs has to make an application to get registered under Start – up India on <https://www.startupindia.gov.in> under Professional advisories and guidance to avoid rejection.
3. **Guidance related to Objects:** Innovative & Scalable is the main criteria to get register with Start – up India Scheme. Start-ups should work towards development or improvement of a product,





process or service and/or have scalable business model with high potential for creation of wealth & employment. Without Professional Guidance it is difficult to draft objects as per the Criteria specified under the Start – up India Scheme.

4. **Compliance under the Laws:** Start-ups are first registered under the various laws like Companies Act, 2013, LLP Act, 2008, and Partnership Act. The role of Professionals is very significant to decode the Complexity of Laws and do all the Compliances in a timebound manner to avoid penal provisions / litigations.
5. **Accounting, Tax and Finance Matters:** For a Start-up, Accounting, Taxation and Finance are the key areas alongwith Secretarial Compliances. Professionals are playing very significant and crucial role to help smoothen the business operations.
6. **Investment / Fund Raising:** Investment /Fund always needed to run the business and for expansion. Professionals has to ensure that the important expenses are being met and the startup remains in a situation which is manageable in terms of financial profitability. Professionals has to perform the role of an interface for the promoters and the venture capitalists. Professionals can also apply to government for Investment / funding for start-ups.

Being professionals, it is the duty / responsibilities of company secretaries, chartered accountants, cost accountants, Lawyers to ensure that the start-ups are able to comply and adhere to the norms laid down under the various laws in a timebound manner.

ROLE OF COMPANY SECRETARIES – KINGPIN OF CORPORATE GOVERNANCE

Company Secretaries, Members of ICSI, are **Kingpin of Corporate Governance**. Under section 203 of the Companies Act, 2013, Company Secretary has been defined as KMP's i.e. Key Managerial Personnel, means

person who is **in - charge** of maintaining the high standard of Corporate Governance by abiding laws and regulations in timely complied manner. In other countries, Company Secretary is called as Corporate Secretary as he is responsible to take care of all the compliances with statutory and regulatory requirements.

Company Secretary is also defined as "Compliance Officer" under the SEBI Laws and Regulations. Therefore "Company Secretary" is responsible for all Compliances, applicable to the Company.

Company Secretary is required to Comply with all the MSME, Start -ups and Environmental Laws and compliances in a time bound manner prescribed by various authorities, and also to keep record of all statutory records and registers as required under the various Laws.

List of few Compliance Matters that can be undertaken by a Company under MSME, Start -ups and

Environmental Laws :

- ◆ Registration with Authorities.
- ◆ Submission of various returns in a time bound manner.
- ◆ Maintenance of appropriate registers and records with regard to employees of the organization under various legislations.
- ◆ Ensure adequate steps /measures has been taken to prevent from Non - Compliance.

Compliance Check requirements, Audit and due diligence in the matters related to MSME, Start -ups and Environmental Laws in the Corporate Sectors needs a close watch and proper guidance and laws / regulations should be followed by the Company Secretaries / Company Secretaries in Practice. All the records and disclosures should be made properly and kept in the custody of Properly Authorized Officer of the Company, generally Company Secretaries are Authorized for the same.

CONCLUSION:

"Opportunity is everywhere. The key is to develop the vision to see it."

With this quote, we can say that an opportunity is always around us and we just need to have a vision and desire to grab it. A good professional attitude will lead to a better career growth and also it will help an entity / establishment to reach success.

**At the end I would like to quote that:
"Together we can, Together we will"**

We have to follow and abide the regulations and advisories issued by Ministry of Health and other Ministries from time to time and also made contribution towards joining the movement to fight against the spread of the disease.

!!Stay Home, Stay Safe!!

OPPORTUNITIES FOR PROFESSIONALS IN MSME, START UPS AND ENVIRONMENTAL LAWS



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"Successful people do what unsuccessful people are not willing to do. Don't wish it were easier; wish you were better." -- Jim Rohn

Success may be defined in different ways by different people, but being an informed and dedicated employee, a strong leader, and an honest person can all make a big difference in making you a successful professional in any career.

A professional is someone who possesses distinctive qualification, specialized knowledge, and who makes a commitment to a high standard of performance, to integrity, and to public service. No matter how you define your goals or aim or what field you work in, strengthening your professional skills, building professional relationships, and being a self-motivated professional can help you achieve success and satisfaction in your career.

Few skills which can make an individual as a polished & successful professional and are also expected by employers to perform in their job roles, include Leadership, Personal Skills, Team Work, Time Management, Flexibility and Public Speaking.

HOW ARE PROFESSIONALS IMPORTANT FOR AN ORGANISATION AS WELL AS FOR SOCIETY?

A professional is someone who possesses specialized knowledge, often in addition to having completed some focused academic preparation (such as high school or college or technical classes) for his career. **Company Secretaries, Chartered Accountants, MBAs, Contractors, IT workers, Engineers, Doctors, Teachers, Lawyers, Journalists, Content Writers** and employees from countless other industries are considered professionals. Professionals possess a number of important characteristics in terms of appearance, ethics, competence, reliability, phone etiquette, demeanour, written correspondence and reliability that plays a vital role to ensure that company goals and objectives are met.

Professionals are necessary for the long-term success of a business, whether it's a big corporation or small business. Employee interactions and relationships with customers are of vital importance to ensure that company goals and objectives are met

In 2016, a small story was published at uexpress.com, which beautifully portrayed the importance of professionals in our day to day life :

A woman received a phone call at work, letting her know that her daughter was very sick with a fever.

She left the office and stopped by the pharmacy to get some medication, but when she got back to her car, she discovered that she'd locked her keys inside.

Desperate, she started to pray: "Dear God, please help me get back in my

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car so I can help my daughter."

Just then, a man pulled up on a motorcycle. He had a long beard and his arms were covered with tattoos. He asked what the matter was, and the tearful mother told him.

"Don't worry," the biker said. "I can get inside the car." He went into the drugstore and came out with a coat hanger. In minutes, he had the door open.

"Oh, thank you!" the woman cried. "I prayed for someone to help me, and God sent me the kindest man in the world!" Embarrassed, the man took a step backward. "I'm not actually a good person, ma'am. In fact, I just got out of prison last week for stealing cars."

The woman looked up toward heaven. "Thank you, God, for sending me a professional!"

An individual professional gets benefit in terms of respect and community trust in his expertise.

Professionals improve consumers' access to services and support economic activity by encouraging confidence and trust in the services offered by them. This is increasingly important in services-oriented economy where knowledge forms the basis of many transactions.

OPPORTUNITIES FOR PROFESSIONALS IN MSMES

MSME stands for Micro, Small, and Medium Enterprises. In accordance with the Micro, Small, and Medium Enterprises Development (MSMED) Act in 2006, the enterprises are classified into two divisions.

1. Manufacturing enterprises – engaged in the manufacturing or production of goods in any industry
2. Service enterprises – engaged in providing or rendering services

Classification as per the revised definition of MSME is as follows :

Classification	Micro	Small	Medium
Manufacturing & Services	Investment < Rs. 1 crore and Turnover < Rs. 5 crores	Investment < Rs. 10 crores and Turnover < Rs. 5 crores	Investment < Rs. 1 crore and Turnover < Rs. 5 crores

MSMEs can be called as the heart of the Indian Economy as it is related to growth of the country. MSMEs are the backbone of the Indian economy. In 2019, Government announced that MSMEs have created 11 crore jobs and the target is to generate an additional 5 crore employment opportunities by 2024. The **MSME SAMPARK** portal is

one of the government's initiative in a form of digital platform, wherein, job seekers (passed out trainees / students of 18 MSME Technology Centers) and recruiters register themselves for getting employment and getting right kind of manpower respectively.

To boost up participation of women in this booming sector, the government has come up with several schemes which aid women-led business, which includes Mudra Yojana Scheme, Stree Shakti- Women Entrepreneurs, Bhartiya Mahila Business Bank Loan, Mahila Udyam Nidhi and Dena Shakti.

Opportunities for Company Secretaries, Chartered Accountants, Cost Accountants, MBAs and for other professionals in this flourishing sector include the following :

- ✓ Offering one stop professional advisory services to MSMEs in the areas such as selection of product or organization structure, getting basic registration, application for PAN/TAN/GST, advising on incentives and funding options available to MSMEs, labour laws aspects, corporate governance and other statutory & regulatory compliances;
- ✓ Guiding directors and advising management for operating within law;
- ✓ Facilitating smooth payment passage with registration in TReDS platform;
- ✓ Filing return in ROC with respect to outstanding dues to MSME;
- ✓ Guiding in MSME financing with timely & adequate availability of finance at reasonable cost;
- ✓ Helping with Due diligence for smooth financing and further compliances;
- ✓ Ensuring corporate governance and arranging/conducting secretarial audit;
- ✓ Co-ordinating with banks for term loans and project financing;
- ✓ Advising SMEs on listing and trading of its securities and acting as Compliance officer to ensure 100% compliances and smooth trading;
- ✓ Day to day co-ordination with statutory authorities and SME exchange for due approvals and expansion of business;
- ✓ Guiding in export promotion scheme and custom development scheme;
- ✓ Filing of direct and indirect tax returns;
- ✓ Accounting and managing funds with optimum utilisation of resources;
- ✓ Guiding SMEs in credit facilities through SIDBI;
- ✓ Co-ordinating with banks for timely flow of funds;
- ✓ Conducting or Co-ordinating in Statutory audit and tax audit;
- ✓ Planning cost structure and conducting cost audit;
- ✓ Recruitment of best and efficient resources;
- ✓ Planning for sustainability of resources;
- ✓ Arranging employee- oriented programmes and events;
- ✓ Making policies and plans for expansion of business;
- ✓ Arranging cost effective marketing and advertisements;
- ✓ Guiding in capital and infrastructure development; and
- ✓ Supporting in Technology and quality upgradation.

OPPORTUNITIES FOR PROFESSIONALS IN STARTUPS

Startup is a young venture or a company with a core technological component and high growth potential. A startup, is an entrepreneurial venture in its early stages of operations typically aimed at resolving

a real life issue with an innovative product or service. These ventures are typically small in nature, new, and funded by either to founding entrepreneur or a group of investors who believe in the founder or company concept. Most of the startups focus on quick and sustainable scalability, which essentially includes standardization of processes, which were previous unstructured and can be replicated by the company in quick time. Now in India, startups getting recognized through the startup India initiative and many entrepreneurs availing the benefits of starting their own business in India.

It is often said that there was a time when taking a job at a startup was viewed as risky because we didn't know how long the company was going to be around. But in an age when *Google* and *Facebook* — founded in 1998 and 2004, respectively — are two of the biggest companies in the world, those days are over.

"Startups are no longer niche; they have gone mainstream,"- Daniel Gulat

Working with Startup can be beneficial in a form of giving unique experience with creativity and innovation, lot of learning, working motivation as the professional can grow with the growth of startup.

Startups bring good energy and robust enthusiasm to the economy and sometimes create a leading product, services and jobs revolution

Opportunities for Company Secretaries, Chartered Accountants, HRs and for other professionals in this sector includes :

- ✓ Getting registrations for Start ups in a form of LLPs, companies, partnership firms, sole proprietorships and one person company with application for PAN, TAN and GST;
- ✓ Completing Foreign Direct Investment requirements, if it is subsidiary of a foreign company;
- ✓ Helping with the formalities of property related matters, land acquisition, trademarks and necessary registration with other statutory authorities like Shop & Establishment registrations, Import Export code (IEC) etc.;
- ✓ Advising on government start up schemes;
- ✓ Designing capital structure and coordinating with venture capitalists;
- ✓ Drafting, reviewing, negotiating and finalising investors' agreements like Term sheet, Share Subscription Agreement, Shareholders agreement, Share purchase agreement;
- ✓ Making documents for Joint Venture, if business is under joint venture arrangement;
- ✓ Helping in e-stamping services, demat services and acting as link between management and stakeholders;
- ✓ Drafting, negotiating, reviewing and finalising Customer Agreements, Vendor agreements and other agreements necessary for operations of the business;
- ✓ Acting as a compliance officer as well as corporate planner & strategic manager;
- ✓ As a Key Managerial Personnel, acting as a vital link between the company, board of directors, shareholders, government and regulatory authorities;

- ✓ Making arrangement for technologies transfers and obtaining general licenses
- ✓ Handling matters related to Labour Laws, corporate laws, FDI, ODI and capital markets;
- ✓ Taking care of administrative functions and liaisons with Ministry, NCLT, ROC, RBI, labour commissioners and other legal machineries;
- ✓ Providing proper accounting and financial support;
- ✓ Supporting organizations in managing cash flows, projections and account statements;
- ✓ Guiding in taxation policies like TDS, salary provisioning etc.;
- ✓ Formulating salary structure for employees which can help in saving income tax legally;
- ✓ Guiding in projected balance sheet or project report and business revenue forecast;
- ✓ Filing Income tax returns and conducting tax audits;
- ✓ Providing recruitment and staffing services;
- ✓ Formulating smooth employment policies and other HR policies including Leave policy, Maternity Policy, Sexual Harassment policy, Travel Policy, Code of conduct; and
- ✓ Implementing payroll and employee benefit administration

OPPORTUNITIES FOR PROFESSIONALS IN ENVIRONMENTAL LAWS

Environment- It is the natural world including the land, water, air, plants and animals, especially considered as something that is affected by human activity. Constitution of India clearly states that it is the duty of the state to 'protect and improve the environment and to safeguard the forests and wildlife of the country'. It imposes a duty and responsibility on every citizen to protect and improve the natural environment including forests, lakes, rivers, and wildlife.

One of the biggest areas of regulations that business owners are expected to comply with are environmental policies. Environmental policies are constantly being updated and changed, which means they could affect the business at any time. Environmental laws regulate and define the activities of humans upon the geological and biological systems. It is important to protect the environment because man-made disruptions to ecosystems can cause extinction, because pollution creates dangers for both animals and people, and because mankind owes the natural world a moral obligation. The purpose of environmental law is to protect the environment and create rules for how people can use natural resources.

The EPA (Environment Protection Act), 1986 came into force soon after the Bhopal Gas Tragedy and is considered an umbrella legislation as it fills many gaps in the existing laws.

Recent case of Vizag gas leak in a chemical factory in Vishakhapatnam has not only come up as another industrial disaster but has also taught us a lesson and importance of Environmental regulations. In the said case it was concluded that the company did not have a valid environmental clearance for continuing operations. This incident has emerged the necessity of strong enforcement of process safety management systems in a real sense.

Likewise, the COVID-19 pandemic is being considered as the most crucial global health calamity of the century and the greatest challenge that the humankind faced since the 2nd World War. On one hand this pandemic has executed worldwide destruction, but on the other hand have created a positive impact on the environment, with the

unexpected fall in greenhouse gas emissions and improvement in air and water quality.

Environmental regulations and requirements cover Air Pollution Regulations, Hazardous Waste Management Regulations, Hazardous Materials Management, Water Pollution Control Requirements, Drinking Water Regulations, Solid Waste Management, Toxic Substances, Pesticide Regulations, Environmental Clean-up, Restoration, Corrective Action, in which professional services of Environmental lawyers, Company Secretaries, Solicitors, Biologists and other professionals are required to be given to Corporates, NGOs and Government Authorities in the following manner :

- ✓ Providing necessary advice on compliance with regulatory requirements, pre-empting investigations by authorities, defending against claims on pollution, conservation methods, emissions, criminal negligence and general health and safety;
- ✓ Conducting due diligence activities for checking on waste disposal methods and illegal dumping;
- ✓ Ensuring good corporate governance and development of CSR values and policy for an organisation from Environmental laws' perspective;
- ✓ Conducting of Corporate greeting audit, Emissions Audit, Waste management Audit, site cleanup investigation, pre purchase and Property transfer audit, Environmental Compliance Audit, Environment Management Audit, Environment liability Audit, Environment Impact Assessment, Energy Audit, Environment risk Audit, Product life Cycle Audit;
- ✓ Conducting research, collecting samples & measurements, performing tests and experiments, and interpreting and reporting their findings;
- ✓ Providing Environment consulting services with an objective to achieve like reduction in consumption and cost of energy, reduce waste, reduction in level of toxic emissions and effluents and identification of environment friendly alternatives;
- ✓ Providing compliance and regulatory services related to Air Quality; Drinking Water systems, pipelines, chemical and pesticide regulation;
- ✓ Assisting in litigation services in Toxic torts and environmental class actions, Government regulatory enforcement and Third-party liability and cost-recovery claims; and
- ✓ Obtaining necessary approvals and licenses under Environment Protection Act and ensuring day to day compliances and filing of returns and reports.

CONCLUSION:

India is called as a hub of professionals, and professionals are called as the pillars of the nation.

Economic growth is a fundamental requirement for the development of a country which can be created by professional support only. Be it MSME, Startups, Environmental Regulations, Government Organisations, Big Corporations or Statutory bodies, professionals are necessary for long term success and sustainability.

RECOVERY OF DUES THROUGH SME FACILITATION COUNCIL – OPPORTUNITY FOR PROFESSIONALS



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The Micro, Small and Medium Enterprises Development Act, 2006 (“Act”) came into force with effect from 2nd Oct 2006. Long Title of the Act reads that it is an Act for facilitating the promotion and development and enhancing the competitiveness of micro, small and medium enterprises and for matters connected therewith or incidental thereto.

The Act provides strict provisions in relation to the following matters concerning small and micro (SME) enterprises:

- To provide for expeditious and time bound resolution of supply and payment related disputes;
- To legally bind the buyer to make payment to small and micro (SME) enterprises within the defined timelines;
- To provide for stringent provisions for interest payment in case payment is not made within the defined timelines;
- To provide for, in case appeal against the award in preferred in court by the buyer, recovery of at least 75% of the due amount along with interest for disbursement of finance to the SME supplier.
- To provide a single legal framework for prompt dispute resolution.

Liquidity is the lifeline of any business. Hence, dues of small and micro enterprises (SMEs) getting paid in time is one of the most important priorities of the Act.

To understand the scheme of the Act as regards timely recovery of dues of SMEs, we have to first understand a couple of definitions/classifications as per the Act.

BASIS OF CLASSIFICATION OF MICRO, SMALL AND MEDIUM ENTERPRISES (MSME)

The Central Government, in exercise of the powers conferred under section 7 of the Act, vide notification dated 1st June, 2020 notified the following criteria for classification of micro, small and medium enterprises (MSME), namely:-

- 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;
- 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;
- 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.

THIS NOTIFICATION COMES INTO EFFECT FROM 01.07.2020.

New Frontiers of MSME can be summarized in a tabular form as follows:

*The views expressed are personal views of the author and it should not be taken as views of the NIRC-ICSI.

New Classification applicable w.e.f 1st July 2020			
Composite Criteria: Investment in Plant and Machinery/Equipment: Not more than 'A' and Annual Turnover ; not more than 'B'			
Classification	Micro	Small	Medium
Manufacturing & Services rendering Enterprises	A = Rs.1 crore B= Rs.5 crore	A= Rs.10 crore B= Rs. 50 crore	A= Rs.50 crore B= Rs.250 crore

Therefore, with effect from 01.07.2020, many new entities will be eligible for classification as MSME and, therefore, lot of opportunities will be created for professionals in MSME space.

One very prominent area in this realm is resolution of disputes arising out of delay in payments to micro and small enterprises, through Micro and Small Enterprise Facilitation Councils (MSEFCs) which we will discuss in in this Article in detail.

SUPPLIER UNDER THE ACT

Another very important definition is that of supplier defined under section 2(n) of the Act. Accordingly, “supplier” means a micro or small enterprise, which has filed a memorandum with the authority referred to in sub-section (1) of section 8, and includes,—

- the National Small Industries Corporation, being a company, registered under the Companies Act;
- the Small Industries Development Corporation of a State or a Union territory, by whatever name called, being a company registered under the Companies Act;
- any company, co-operative society, trust or a body, by whatever name called, registered or constituted under any law for the time being in force and engaged in selling goods produced by micro or small enterprises and rendering services which are provided by such enterprises.

As can be seen in the above definition, filing of memorandum under section 8 of the Act seems to be a pre-condition for being regarded as a supplier in terms of section 2(n) of the Act.

However, a question arises as to what if the memorandum was not filed at the time when the relevant supply was made, but was filed only later?

The question of non-filing of memorandum under section 8 and its effect on the status of the supplier under the Act has been examined by the Hon’ble Delhi High Court in Ramky Infrastructure Private Limited Vs Micro And Small Enterprises Facilitation Council & Anr,

In this case, Hon’ble Delhi High Court examined a very important question as to what if the supplier had not filed the memorandum at the time of execution of the contract but only subsequently filed the memorandum

just before making reference to the Council under section 18 of the Act.

The Hon'ble High Court held that if the supplier falls within the definition of supplier as per section 2(n) of the Act, then notwithstanding non-filing of memorandum, it will be considered as supplier within the meaning of the Act.

Having understood the terms, let us move ahead to understand the scheme of the Act in relation to credit period and realization of dues of SMEs as dealt with by chapter V of the Act.

Chapter V (section 15 to 25) of the Act deals with Delayed Payments to Micro and Small Enterprises. Let us have a look at the provisions.

Section 15. Liability of buyer to make payment — As per section 15, where any supplier supplies any goods or renders any services to any buyer, the buyer shall make payment either as per agreement or, where there is no agreement in this behalf, before the appointed day.

As per proviso to section 15, in no case the period agreed upon between the supplier and the buyer in writing shall exceed forty-five days from the day of acceptance or the day of deemed acceptance.

Appointed day is a defined term under the Act. In terms of section 2(b) of the Act -

“appointed day’ means the day following immediately after the expiry of the period of fifteen days from the day of acceptance or the day of deemed acceptance of any goods or any services by a buyer from a supplier.

Explanation.--For the purposes of this clause,--

- (i) “the day of acceptance” means,--
- (a) the day of the actual delivery of goods or the rendering of services; or
 - (b) where any objection is made in writing by the buyer regarding acceptance of goods or services within fifteen days from the day of the delivery of goods or the rendering of services, the day on which such objection is removed by the supplier;
- (ii) “the day of deemed acceptance” means, where no objection is made in writing by the buyer regarding acceptance of goods or services within fifteen days from the day of the delivery of goods or the rendering of services, the day of the actual delivery of goods or the rendering of services”

Therefore, Section 2(b) of the Act defines “appointed day” as 16th day from actual delivery or rendering of services, or where within fifteen days from the day of the delivery of goods or the rendering of services any objection is made in writing by the buyer regarding acceptance of goods or services, the 16th day from the day on which such objection is removed by the supplier.

Proviso to section 15 says that in no case the period agreed upon between the supplier and the buyer in writing shall exceed forty-five days from the day of acceptance or the day of deemed acceptance.

Deemed acceptance date as per explanation to section 2(b) means the date of actual delivery of goods or rendering of services, where no objection is raised by the buyer within 15 days thereof in writing regarding acceptance of goods or services.

Therefore, as per section 15, payment shall be made within the following timelines:

Case I: Where there is an agreement to the effect – Payment shall be made as per the timeline agreed upon under the Agreement, but such period cannot exceed 45 days from the date of acceptance or deemed acceptance;

Case II: Where there is no agreement to that effect – Payment shall be made before;

- a. the 16th day from actual delivery or rendering of services, or
- b. where within fifteen days from the day of the delivery of goods or the rendering of services any objection is made in writing by the buyer regarding acceptance of goods or services, the 16th day from the day on which such objection is removed by the supplier.

In any case, therefore, maximum within 45 days, the payment has to be made.

To this end, to ensure strict compliance with the payment provisions, the Central Government vide Ministry of Micro Small and Medium Enterprises notification number S.O. 5622(E), dated the 2nd November, 2018, issued in exercise of the powers conferred vide section 9 of the Act, has directed that all companies, who get supplies of goods or services from micro and small enterprises and whose payments to micro and small enterprise suppliers exceed forty five days from the date of acceptance or the date of deemed acceptance of the goods or services as per the provisions of the Act (hereafter referred to as “Specified Companies”), shall submit a half yearly return to the Ministry of Corporate Affairs stating the following:

- (a) the amount of payment due; and
- (b) the reasons of the delay;

Then, vide notification dated 22nd January 2019, the Specified Companies (Furnishing of information about payment to micro and small enterprise suppliers) Order, 2019 was promulgated by the Ministry of Corporate Affairs.

As per this order, every specified company shall file half yearly return as per Form MSME I as prescribed by this Order, by 31st October for the period from April to September and by 30th April for the period from October to March.

PAYMENT OF INTEREST ON DELAYED PAYMENT:

If the payment is not made as per section 15, interest under section 16 of the Act shall become payable. Section 16 states that - where any buyer fails to make payment of the amount to the supplier, as required under section 15, the buyer shall, notwithstanding anything contained in any agreement between the buyer and the supplier or in any law for the time being in force, be liable to pay compound interest with monthly rests to the supplier on that amount from the appointed day or, as the case may be, from the date immediately following the date agreed upon, at three times of the bank rate notified by the Reserve Bank.

As per section 17 of the Act, for any goods supplied or services rendered by the supplier, the buyer shall be liable to pay the amount with interest thereon as provided under section 16.

Section 18 of the Act deals with the most important provision under the Act – which is reference to Micro and Small Enterprises Facilitation Council. (MSEFC). Accordingly,

Article

1. Any party to a dispute may, with regard to any amount due under section 17, make a reference to the Micro and Small Enterprises Facilitation Council (Council).
2. On receipt of a reference, the Council shall either itself conduct conciliation in the matter or seek the assistance of any institution or centre providing alternate dispute resolution services by making a reference to such an institution or centre, for conducting conciliation and the provisions of sections 65 to 81 of the Arbitration and Conciliation Act, 1996 shall apply to such a dispute as if the conciliation was initiated under Part III of that Act. If conciliation is successful, it is called award by mutual consent and is final.
3. Where the conciliation initiated under (2) above is not successful and stands terminated without any settlement between the parties, the Council shall either itself take up the dispute for arbitration or refer it to any institution or centre providing alternate dispute resolution services for such arbitration and the provisions of the Arbitration and Conciliation Act, 1996 shall then apply to the dispute as if the arbitration was in pursuance of an arbitration agreement referred to in sub-section(1) of section 7 of that Act;
4. Notwithstanding anything contained in any other law for the time being in force, the Council or the centre providing alternate dispute resolution services shall have jurisdiction to act as an Arbitrator or Conciliator under this section in a dispute between the supplier located within its jurisdiction and a buyer located anywhere in India;
5. Every reference made under this section shall be decided within a period of ninety days from the date of making such a reference.

Section 19 of the Act deals with application for setting aside decree, award or order. Accordingly, no application for setting aside any decree, award or other order made either by the Council itself or by any institution or centre providing alternate dispute resolution services to which a reference is made by the Council, shall be entertained by any court unless the appellant (not being a supplier) has deposited with it seventy-five per cent of the amount in terms of the decree, award or, as the case may be, the other order in the manner directed by such court.

Proviso to section 19 lays down that pending disposal of the application to set aside the decree, award or order, the court shall order that such percentage of the amount deposited shall be paid to the supplier, as it considers reasonable under the circumstances of the case, subject to such conditions as it deems necessary to impose.

In *Goodyear India Ltd. v. Nortan Intec Rubber (P) Ltd.*, the Hon'ble Madras High Court has upheld the validity of the pre-condition prescribed under section 19 as deposit of 75% of the amount for filing any appeal/petition challenging the award.

It is pertinent to mention that under section 20 of the Act, the State Government shall, by notification, establish one or more Micro and Small Enterprises Facilitation Councils, at such places, exercising such jurisdiction and for such areas, as may be specified in the notification.

Section 22 of the Act deals with requirement to specify unpaid amount with interest in the annual statement of accounts. Accordingly, where any buyer is required to get his annual accounts audited under any law for the time being in force, such buyer shall furnish the following additional information in his annual statement of accounts, namely:— (i) the principal amount and the interest due thereon (to be shown separately) remaining unpaid

to any supplier as at the end of each accounting year; (ii) the amount of interest paid by the buyer in terms of section 16, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year; (iii) the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act; (iv) the amount of interest accrued and remaining unpaid at the end of each accounting year; and (v) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23.

Ministry of Corporate Affairs has already issued Notification to the above effect.

Section 23 of the Act deals with - Interest not to be allowed as deduction from income.—

Notwithstanding anything contained in the Income-tax Act, 1961, the amount of interest payable or paid by any buyer, under or in accordance with the provisions of this Act, shall not, for the purposes of computation of income under the Income-tax Act, 1961, be allowed as deduction.

Ministry of Finance notification no. S.O.961(E) dated 13-04-09 has been issued to give effect to the provision of section 23.

As per section 24 of the Act, the provisions of sections 15 to 23 shall have effect notwithstanding anything inconsistent therewith contained in any other law for the time being in force.

Section 24 of the Act is the most powerful provision to the rescue of SME supplier.

Therefore, we see that Chapter V of the Act contains very important provisions as regards dues of SME suppliers.

The constitutional validity of chapter V of the Act was challenged in *Eden Exports Company v. Union of India*, wherein the constitutional validity of Chapter V of the Act has been upheld by the Hon'ble Madras High Court. The question that arose for consideration in this case was whether Section 15 to 24 of the Act was unconstitutional.

GOVERNMENT INITIATIVES TO WIDEN THE REACH OF THE PROVISIONS OF THE MSMED ACT:

To facilitate micro and small enterprises to get the benefit of the provisions relating to payment of their dues, MSME samadhaan portal has been launched. (<https://samadhaan.msme.gov.in>) where SMEs can file their applications online regarding delayed payments. The application once filed is forwarded automatically online to the concerned Micro and Small Enterprise Facilitation Council (MSEFC). Action on the applications regarding delayed payment is taken by the concerned MSEFC.

Following important points can be kept in mind:

- Both online and offline applications can be filed.
- Udyog Aadhar Memorandum (UAM) is mandatory.
- The Activities for which Udyog Adhar has been issued are very important.
- Purchase order/work order is mandatory, otherwise an affidavit to that effect shall be filed.
- Invoices shall be required.
- Hard copy of claims duly signed and verified is also required to be

submitted. Documents which are required to be filed along with the claim are Petition with Purchase Order/Work Order, Bills, delivery challans of goods and services and demand letter etc. When PO/WO is not there, acknowledgement on invoice, delivery challans or part payment, email etc. all are accepted along with affidavit.

POSITION AS TO RECEIVABLES DUE BEFORE ENACTMENT OF THE ACT AND UNDER CONTRACTS ENTERED INTO BEFORE COMMENCEMENT OF THE ACT.

It may be noted that receivables due in a claim before the enactment of the Act filed before Industry Facilitation Council established under section 7-A of Interest on Delayed Payments to Small Scale and Ancillary Industrial Undertaking Act, 1993, or civil courts filed in pursuance of Section 6 of the said Act may also be considered by MSEFC established by the State/UTs as per the provisions of MSMED Act 2006. However, to approach the MSEFC, liberty of court is to be obtained on earlier claims. The Interest on Delayed Payments to Small Scale and Ancillary Industrial Undertakings Act, 1993 has been repealed vide section 32 of the MSMED Act 2006.

WHAT IF THE BUYER HAS DIED?

According to section 37 of the Indian Contract Act, 1872, promises bind the representatives of the promisors in case of the death of such promisors before performance, unless a contrary intention appears from the contract. Therefore in case of a deceased buyer, the legal heirs or legal representatives are liable.

HOW DIFFERENT IS ARBITRATION CONDUCTED UNDER THE MSMED ACT FROM THE ARBITRATION CONDUCTED UNDER AN ARBITRATION AGREEMENT?

As per section 2(4) of the Arbitration and Conciliation Act certain provisions thereof are not applicable to arbitration under any other enactment. One such excluded provision is section 43 of the Arbitration and Conciliation Act which makes the Limitation Act applicable to arbitrations as it applies to court proceedings. Therefore, where arbitration is conducted under any other enactment, Limitation Act will not apply.

Section 18(3) of the MSMED Act states that where the conciliation initiated under sub-section (2) is not successful and stands terminated without any settlement between the parties, the Council shall either itself take up the dispute for arbitration or refer it to any institution or centre providing alternate dispute resolution services for such arbitration and the provisions of the Arbitration and Conciliation Act, 1996 shall then apply to the dispute as if the arbitration was in pursuance of an arbitration agreement referred to in sub-section(1) of section 7 of that Act.

Therefore, we see that two different views emerge from section 2(4) of the Arbitration and Conciliation Act and section 18(3) of the MSMED Act.

Moreover, section 24 of the MSMED Act has a *non-obstante* clause. As per section 24 of the Act, the provisions of sections 15 to 23 thereof shall have effect notwithstanding anything inconsistent therewith contained in any other law for the time being in force.

Consequently, section 18(3) of the MSMED Act must prevail over section 2(4) of the Arbitration and Conciliation Act.

And therefore, as a necessary corollary, it seems that section 43 of the Arbitration and Conciliation Act, and for that matter, the Limitation Act shall apply to arbitrations conducted under the MSMED Act.

ENFORCEMENT OF AWARD:

Award, once announced, becomes final. Enforcement of award shall be dealt with under section 36 of the Arbitration and Conciliation Act 1996.

Chapter VIII (sections 35-36) of the Arbitration and Conciliation Act 1996 deals with 'Finality and enforcement of arbitral awards'. Whereas section 35 provides that an arbitral award shall be final subject to section 36, section 36 provides as follows:

As per section 36 (1), where the time for making an application under section 34 has expired, the award shall be enforced under Code of Civil Procedure, 1908 as a decree of a court.

It may be noted that under section 34 of the Arbitration and Conciliation Act, 1996, an award has to be challenged within 90 days of receipt of the award. The court may allow another 30 days on sufficient cause being shown, as per proviso to section 34(3).

Section 36(2) and 36(3) deal with stay on operation of award to be specifically granted. Accordingly, stay may be granted, either conditionally or unconditionally, by the court on a separate application made for such stay. In other words, there is no automatic stay on operation of an arbitral award, on award being challenged under section 34 of the Act.

Further, where the award is challenged, the condition of deposit of 75% of the amount as contemplated under section 19 of the MSMED Act shall also be applicable.

Conclusion:

The Micro, Small and Medium Enterprises Development Act, 2006 is a very potent legislation which has been positioned as a tiger with teeth and claws. The need is to spread awareness about the rights guaranteed by this very important piece of legislation amongst the SMEs.

It has many avenues where and around which professionals like Company Secretaries can develop their practice areas.

After the latest developments witnessed in insolvency regime vide insertion of section 10A of the Insolvency and Bankruptcy Code, 2016 (Code) providing for suspension of fresh initiation of corporate insolvency resolution process for six months from March 25th, 2020 with provision of further extension of six months, and increase in amount of minimum default under section 4 of the Code, lot of litigation is expected in SME Space before facilitation councils, even though the object of the Code and that of the MSMED Act are different.

Given the wide reach of SMEs, professionals can get opportunities in - employment, advisory, acting as authorized representatives before SME Facilitation Councils, preparation of statement of claims, etc.

Therefore, professionals must update their knowledge and be prepared to take up the opportunities in this focus area.

ENVIRONMENTAL LAWS IN INDIA



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INTRODUCTION

India had an ancient tradition of paying constant attention to protection of the environment. There are writings galore, to show that in ancient India every individual had to practice the dharma to protect and worship nature. In India the devices and rules for protecting the environment are discernible from ancient times.

Environmentalism is not a fixed concept, but is always evolving influenced by its context. This also applies to Indian environmentalism, which has developed and changed throughout the years. There is a rapid evolution in the Indian legislations after independence as the need and concern regarding environment arose. From ancient environmental rules including Buddhism and Jainism to medieval and then from British era to afterwards and the coming of modern legislations on environmental laws in India, a great sense of concern has been shown by the legislature and even the Indian judiciary showed a great concern regarding the environment with its landmark judgments.

The environment has been defined as that outer physical and biological system in which man and other organisms live as a whole. Human environment consists of both physical environment and biological environment. Physical environment covers land, water and air. Biological environment includes plants, animals and other organisms.

Environment defined under the Environmental Protection Act, 1986, "Environment includes Water, air and land and the inter-relationship which exists among and between, water, air, land, and human beings, other living creatures, plants, microorganisms and property.

It includes the complex physical, chemical and biological factors surrounding an organism or an ecological community. Such factors act and interact with various species and organisms to affect their form, growth and survival. Any unfavourable alteration of this environment is called environmental pollution. Air, water, land, radiation and thermal are the common type of pollution.

*The views expressed are personal views of the author and it should not be taken as views of the NIRC-ICSI.

Environment comprises all entities, living and non-living, natural or man-made, external to oneself, and their interrelationships, which provide value, now or perhaps in the future, to humankind. Environmental concerns relate to their degradation through actions of humans.

The goals of the Environmental policy may be formulated in several ways - to protect human health, ensure viability of wild life, preservation of historic monuments, stopping further degradation of the environment etc.

The environmental awareness needs to be cultivated in any society to be an ideal society, or rather to be more precise, in other words, an ideal society means, and the society which has the environmental awareness. There is no dearth of legislation on environmental protection in India but their enforcement has not been satisfactory. There is a need for the effective and efficient enforcement of the Constitutional mandate and other environmental legislation. Although numerous legislative steps have been taken to give effect to the significant right of man to live in a sound environment and the corresponding duty on state and individuals to ensure environment preservation and conservation, our endeavour, is to analyze the

ENVIRONMENTAL LAWS IN INDIA

environmental law in India. Pursuant to the Constitutional provisions contained in Articles 48A and 51A (h), many Public Interest Litigations have been instituted in the Supreme Court of India against many industries for failing to provide adequate pollution control. Forests are diminishing at an alarming rate, landmasses are getting eroded, the climate in different parts of the world is undergoing a change due to global warming and clean air and water are increasingly becoming rare commodities. Poor sanitation conditions and sewage problems compound the problem affecting the health of ordinary citizens in India. The reasons for these disconnections between enlightened environmental laws and high levels of pollution could be traced to lax enforcement of existing environmental laws, discrepancies in the environmental guidelines for businesses to follow between the central government and at the state levels.

LEGISLATION

In terms of recent developments, it is relevant to note that the environmental regulatory authorities (that is, the Central Pollution Control Board (CPCB) and the State Pollution Control Boards (SPCBs)) have been ordered by the National Green Tribunal (NGT) to strictly enforce and take into account the (previously dormant) Comprehensive Environmental Pollution Index (CEPI). CEPI allocates weightages to various pollutants, ambient pollutant concentrations, receptors (the number of people affected) and additional high-risk elements. The original CEPI assessment was undertaken in 2009, but the CEPI criteria

were updated in 2016 and the final report on CEPI was issued in 2018. The NGT in 2019 then directly supervised the enforcement of the CEPI criteria by the regulatory authorities. Industrial clusters are categorised under the CEPI as Polluted Industrial Areas (PIAs), which are each ranked as one of the following:

A critically polluted area (CPA). A severely polluted area (SPA). Other polluted areas (OPAs).

The CPCB and SPCBs will now be focused on remediating these CEPI areas and seeking compensation from polluting industries; and any expansion or development of new sites in these areas will be rejected.

The main environmental laws, including under which various key environmental permits (or consents) are being issued in India, include the:

- ◆ Water (Prevention and Control of Pollution) Act 1974 (Water Act), which also initially identified the powers, functions and hierarchy of the environmental agencies, the CPCB and the SPCBs.
- ◆ Air (Prevention and Control of Pollution) Act 1981 (Air Act).
- ◆ Environment (Protection) Act 1986 (EP Act). This umbrella law enables the central government to take measures it deems necessary to protect and improve the environment, and to prevent, control and abate environmental pollution. A wide range of rules and notifications have been adopted under it, such as the:
 - ◆ E-Waste (Management) Rules 2016, as amended in 2018 (E-Waste Rules);
 - ◆ Bio-Medical Waste Management Rules 2016;
 - ◆ Plastic Waste Management Rules 2016;
 - ◆ Solid Waste Management Rules, 2016;
 - ◆ Construction and Demolition Waste Management Rules 2016;
 - ◆ Hazardous and Other Waste (Management and Transboundary Movement) Rules 2016, as amended in 2019 (HW Rules);
 - ◆ Manufacture, Storage and Import of Hazardous Chemicals Rules 1989 (MSIHC Rules);
 - ◆ Coastal Regulation Zone Notification 2019; and
 - ◆ Environment Impact Assessment Notification 2006.
- ◆ Wild Life (Protection) Act 1972.
- ◆ Forest (Conservation) Act 1980.
- ◆ Public Liability Insurance Act 1991.
- ◆ Biological Diversity Act 2002.
- ◆ National Green Tribunal Act 2010.
- ◆ Regulatory authorities
 - ◆ The key regulatory authorities are the:
 - ◆ Ministry of Environment, Forests and Climate Change (MoEFCC).
 - ◆ CPCB.
 - ◆ SPCBs.
 - ◆ District Level Authorities (that is, municipal corporations).

ENVIRONMENTAL PERMITS

◆ Integrated/separate permitting regime

An integrated permit system is in place to a large extent. For instance, a Consent to Establish (CTE) and subsequent Consent to Operate (CTO) and their renewals under the Water Act and Air Act can typically be obtained by submitting a combined consent application to the relevant SPCB.

The E-Waste (Management) Rules 2016 (see Question 19) introduce the Extended Producer Responsibility - Authorisation for Producers, which only requires one centralised and India-wide application with the CPCB instead of with each SPCB.

Also, to streamline the environmental permit/consent system, and avoid repetitive and/or conflicting conditions, the CPCB has waived the requirement of having separate CTEs for industrial units which require an Environmental Clearance (EC) (see Question 17). In such cases, the EC will be considered equivalent to a CTE and no separate CTE will need to be obtained.

SINGLE/SEPARATE PERMITS

Depending on the type of activities undertaken by a company, multiple permits may need to be obtained.

The Ministry of Environment, Forests and Climate Change (MoEFCC) adopted a new method (from 2016) of classifying the industries it regulates and introduced a new category of "white industries". These white industries are non-polluting industries that no longer need a CTO or an EC under the Environmental Impact Assessment (EIA) Notification. Instead, they merely need to notify the relevant SPCB.

Whereas the earlier industry categories (red, orange and green) were essentially determined based on the size of industries, this new method is based on a Pollution Index (PI) for emissions (air pollutants), effluents (water pollutants) and hazardous waste generated apart from the consumption of resources. A PI score is allocated to each industrial sector as follows:

Red category: PI score of 60 and above. Table 1 annexed to the notification covers 60 sectors (for example: asbestos, nuclear power plants, shipbreaking, oil and gas extraction, and so on).

Orange category: PI score of 41 to 59. Table 2 lists 83 types of industries (for example: food and food processing, printing ink manufacturing, paint blending and mixing, and pharmaceutical formulations).

Green category: PI score of 21 to 40. Table 3 identifies 63 sectors (for example: saw mills, tyres/rube retreating, polythene and plastic products).

White category: PI score up to 20. Table 4 lists 36 types of industries (for example: solar power generation through solar photovoltaic cells, wind power, and mini hydro-electric power less than 25 megawatts)

PERMITS AND REGULATOR

The key environmental permits, or consents/authorisations as they are referred to in India, must be obtained from the local State Pollution Control Board (SPCB).

Only in certain cases is a consent/permit or environmental clearance (EC) needed at central level, from one or more of the following:

- ◆ The CPCB (for example authorisation as a producer under the E-Waste Rules 2016).
- ◆ The Ministry of Environment, Forest and Climate Change (for example, EC under EIA Notification, 2006, import export of hazardous waste under the Hazardous and Other Waste Rules 2016)

Article

and so on).

- ◆ Central Ground Water Board (for groundwater extraction related permits)
- ◆ Petroleum & Explosives Safety Organization (PESO) (permits relating to storage of diesel at sites for generators).

LENGTH OF PERMIT

The SPCBs have some discretion in determining the duration of consents, but there are efforts to streamline these periods for the various industry categories in each state. Typically:

- ◆ An initial CTE is valid for one year (for example, during the construction of a site, but depending on the scale of the project this could be longer).
- ◆ CTOs under the Water and Air Act vary between three to five years.

INDUSTRIES ARE CATEGORISED IN RED, ORANGE, GREEN OR WHITE CATEGORIES, DEPENDING ON THE POLLUTION INDEX SCORE

- ◆ White category industries (practically non polluting industries) do not need to obtain aCTO.
- ◆ Green category industries can generally submit a simplified CTO application. Their initial CTO in many states are valid for 15 years.
- ◆ Initial CTOs for orange categories are typically ten years, and for red categories one or five years.

Renewal applications are typically granted across industries before 60 to 120 days of expiry of the consent to operate, assuming there have been no severe non-compliance issues. If there is a non-compliance issue, SPCBs can revoke the consent to operate and reissue it only after the non-compliance has been rectified. In such situations, companies often only obtain a one-year CTO, to ensure close monitoring by the SPCBs and ongoing compliance.

Some states have also adopted an auto-renewal of consents for all categories based on self-certification if certain criteria are met, such as:

- ◆ When there is no increase in the overall production capacity and pollution load.
- ◆ If there is only a marginal increase (up to 10%) in capital investment.

Some key waste-management laws, such as the E-Waste Rules and the HW Rules, explicitly refer to authorisations being valid for five years.

RESTRICTIONS ON TRANSFER

Consent orders and environmental clearances (obtained under the EIA Notification) are readily transferable, and a straightforward procedure applies:

ENVIRONMENTAL LA WS IN INDIA

- ◆ The transferor must provide a written no objection to the relevant regulatory authority.
- ◆ The transferee must submit an application, with an undertaking that it will comply with all the conditions in the consent order.

- ◆ Supporting documents must be provided (explaining the underlying reason of the transfer, change of name, change of management, and so on).

PENALTIES

Failure to obtain the required consent order will incur penalties. For instance, under the Water Act, any person who breaches the consent application process is punishable with imprisonment for at least 18 months, which can be extended to six years, and a fine. Any company operating without a consent to establish or operate will immediately receive a closure notice from the relevant SPCB.

Under directions from the NGT, the CPCB recently devised a formula to compute environmental compensation to be levied on the defaulting industry. The formula is based on the anticipated severity of pollution, the duration of the violation (number of days), the scale of the operation and the location (for example, proximity to large habitations).

Moreover, the Supreme Court and the state high courts can and do impose exemplary damages for damage to the environment. For instance, in the *Sterlites Industries case (2013)*, one of the largest copper smelter plants in India was found to be operating without a valid renewal of its environmental consent to operate. When assessing the company's liability to pay damages (that is, for damage caused to the environment during the 15 years it operated without a valid environmental permit), it reviewed the company's annual report, and determined that 10% of the profit before depreciation, interest and taxes (PBDIT) had to be paid as compensation, which amounted to INR1 billion.

The Water Act, Air Act and EP Act all contain specific provisions for offences committed by companies. Under these Acts, every person who is in charge when an offence is committed, and is responsible to the company for the conduct of its business, is guilty of the offence and liable to be prosecuted and punished accordingly. However, a person is not liable if he proves that the offence was committed without his knowledge, or that he exercised all due diligence to prevent the offence.

Further, if the offence was committed with the consent or connivance, or is attributable to any neglect by a director, manager, secretary or other officer of the company, the other person is also guilty of the offence, and liable to be prosecuted.

Importantly, the National Green Tribunal Act, 2010 (NGT Act) contains penalty provisions which are considerably higher compared to previously adopted environmental laws. Most likely all existing environmental laws will be amended (at some point) to be aligned with the NGT Act penalty provisions.

More specifically, section 26(1) of the NGT Act states that a person who fails to comply with an order or award or decision of the Tribunal is punishable with imprisonment for a term up to three years, or with a fine up to INR10 crore, or both (one crore is equal to ten million).

If the failure or contravention continues, an additional fine applies up to INR 25,000 for every day the failure/contravention continues, after conviction for the first failure or contravention.

Section 26(2) of the NGT Act states that if a company fails to comply with any order or award or decision of the Tribunal, the company

is punishable with a fine up to 25 crore rupees. If the failure or contravention continues, an additional fine applies up to INR100,000 for every day the failure/contravention continues, after conviction for the first failure or contravention.

The NGT has jurisdiction over all civil cases where a substantial question relating to the environment is involved, arising out any of the exhaustively enumerated environmental laws specified in Schedule I to the NGT Act (including the EP Act (and the rules adopted under it), the Water Act, the Air Act, the Forest Act, the EIA Notification Act, and so on) (section 14(1) NGT Act).

Under section 15(1) of the NGT Act, the NGT can order relief, compensation and restitution in the following cases:

- ◆ Relief and compensation to the victims of pollution and other environmental damage.
- ◆ Restitution for property damaged.
- ◆ Restitution of the environment.
- ◆ Further, the NGT can divide the compensation or relief payable under separate heads specified in Schedule II of the NGT Act, which includes claims:
- ◆ Due to harm, damage or destruction to flora, including aquatic flora, crops, vegetables, trees and orchards.
- ◆ Including cost or restoration of account of harm or damage to the environment including pollution of soil, air, water, land and eco-systems.

ENVIRONMENTAL LAWS AND CSR

The Companies Act, 2013 and the Regulations issued by the Securities and Exchange Board of India (SEBI) do impose various environmental and/or energy conservation related reporting obligations. All companies (independent of their size or turnover) must include in their annual report by the board of directors (which is attached to the annual financial statement) information on any actions taken to improve energy conservation. The Companies Accounts Rules, 2014, further specify that the report of the board of directors must include information on:

The steps taken in regard of, or that have an impact on, the conservation of energy. The steps taken by the company on using alternate sources of energy. The capital investment made on energy conservation equipment.

There are additional disclosure requirements for listed companies in their annual reports. Regulation 32(4)(f) of the SEBI (Listing Obligations and Disclosure Requirements)

Regulations, 2015 states that for the top 100,000 listed entities (based on market capitalisation), the business responsibility report must describe the initiatives taken by them from an environmental, social and corporate governance perspective. Other companies which have listed their specified securities on the SME Exchange can also include these business responsibility reports on a voluntary basis.

The Companies Act also introduced a mandatory corporate social responsibility (CSR) obligation where a company meets any one of the following financial criteria:

A net worth of INR5 billion or more. A turnover of INR10 billion or more

A net profit of INR50 million or more during any financial year.

Under the Companies (Corporate Social Responsibility Policy) Rules, 2014, every company (including its holding company or subsidiary), and any foreign company which has its branch office or project office in India, which fulfils any of the three financial criteria set out above in the Companies Act, must also form a CSR Committee of the Board (CSR Committee) which has three or more directors (and at least one of them must be an independent director).

The CSR Committee must formulate a CSR policy and recommend it to the board of directors and indicate the CSR activities to be undertaken (which it must select from the exhaustively enumerated CSR activities contained under Schedule VII of the Act). The board of directors must approve the CSR policy and disclose the same in the directors' report.

Most importantly, under section 135(5) of the Companies Act, the board of directors must ensure that the company spends at least 2% of the average net profits made during the immediately preceding three financial years in the pursuance of its CSR policy. In addition, when spending the committed CSR funds, preference must be given to the local areas around which the company operates. Only activities undertaken in India will be able to be classified as CSR expenditure.

If the company fails to spend any of its CSR funds, the company must specify the reasons for not spending the unspent amount in its directors' report. While there is no penalty for failing to spend on CSR, there are penalties for failing to report on the CSR activities conducted and for failing to explain why any CSR spending was not carried out.

There are no means for any law unless it's an effective and successful implementation, and for effective implementation, public awareness is a crucial condition. Therefore, it is essential that there ought to be proper awareness. In this way, the judiciary tries to fill in the gaps where there is slackness of the legislation. These new innovations and developments in India by the judicial activism open the numerous approaches to help the country. The key element of this new initiative is the shared and cooperative participation of the people, the government, the industrial sector, Professionals and NGO's.

The Environment that surrounds us is the only source of our sustenance. We survive if the environment around us survives. The natural tendency of man in his relationship with nature is to take without giving and destroy without replenishing. This is leading to many problems not only for other flora and fauna but for our own well-being and that of our descendants. It is only upon our initiative and insistence that the rampant degradation of the environment can be slowed down. This is why we have laws that aim at environment protection.

To have a healthy environment is so essential because a healthy environment promotes good health of the greater number which leads to less diversion of resources or spending of the huge amount of money on the treatment of the people. In these situations, the poor suffer the most as they do not have enough resources to afford their health issues. Moreover, healthy beings are valuable assets for the country who when healthy and fit can contribute much towards the economy and develop the nation thoroughly by paving a path of progress, generating employment and increasing the GDP.

PROFESSIONALS ARE THE GUIDE TO MSME AND START UPS IN INDIA



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India is an emerging and developing country (EDC). It is the world's largest democracy and one of the world's fastest growing economies having around 50 millionaire cities (with a population of over a million people), and is home to three of the world's megacities (over 10 million people) - Delhi, Mumbai and Kolkata. However, despite its rapid growth, poverty in India is widespread. The Human Development Index (HDI) places India 136th out of 187 countries, with 25% of the nation's population still living on less than \$1.25 (US dollar) a day. With these figures in the basket, it becomes extremely important to discern the concept of Equitable Distribution of National Income and Wealth together with decreasing the gap in Regional imbalances. If we say, India is still the land of Farmers, where seventy percent of India's population still knit the requirement of their basic amenities through farming and other primary sector activities, then it is the reality check for Indian Government, that no matter how well they spend on subjects like Astronomical and Space Missions, the real game changer in Holistic Country's Growth would be ,how much the government is spending over the people who are still dependent on farming, knitting, poultry or other low wage professions.

What provisions and Policies Indian Government is taking to ensure and safeguard the business Interests of countrymen who lies below the Poverty line, and how much the government is willing to protect the ENVIRONMENT will actually determine the real race. In order to back this situation Indian Government came up with different policies and terms with every horizon of the new dawn.

In this article we will look deeply regarding the uplifting arenas like MSMEs , Startups and Environment and how professionals fits in each of these paradigm parallelly gauging the current situation of COVID-19.

KHADI AND VILLAGE INDUSTRY is the special endowment of the

National Freedom Movement and the Father of The Nation. It is our age-old heritage that caters to the people, creates employment at very Low Per Capita Investment, and helps India believe in the nature of fidelity by serving the ethnic yet ethical products. On similar grounds, let's consider COIR, which is an agro-based Traditional Industry which was originated at Kerala and now is providing employment in Tamil Nadu, Karnataka, Andhra Pradesh, West Bengal and Assam. It is having a greater potential to enhance exports by value addition through technological interventions and diversified products like Coir Geotextiles etc. These Khadi and Coir Industry are the star-light examples of the Micro, Small & Medium Enterprises. Whereas they cover an extended umbrella of genres, from grass root village Industries to metropolitan suave industries; from agro processed products to electronic components; mineral based products to medical devices; handicrafts to high-tech products; from toys to auto components. Despite economic slowdown, MSMEs have shown constant growth rate of over 10% in recent years. MSME is a critical component of Indian economy as it contributes 38 per cent of the country's GDP (30% in service sector and 8% in manufacturing sector; 45% of the manufactured output; 40% of its exports and 40% of the service sector. The MSMEs provide employment to over 80 million persons through over 36 million enterprises producing over six thousand products. Therefore, this sector carries an enormous requirement of skilled professionals, who can work to help procure the products and the ones who can manage them and guide them preferably. Lets now delve into how skilled professionals can fit into the puzzle. When it comes to the Procurement Policy, the Government of India notified Public Procurement Policy for MSMEs. The policy mandates that all the Central Ministries / Departments / CPSUs shall procure a minimum of 20% of their annual value of goods required by them from Micro and Small Enterprises. Further, policy has earmarked a sub-target of 4% procurement out of this 20% from MSEs owned by SC / ST Entrepreneurs. Now, being the small players , MSME businesses might not be aware of such policies, where the professionals can play a proactive role in creating awareness entry into ready and big market of supplying to Ministries, departments and CPSUs through procurement policy; motivating and facilitating MSEs in registering under SPRS; by filing and filing forms on behalf of MSEs and facilitating pre-registration capability audit. Government also has launched ample of schemes under the National Manufacturing Competitiveness Programme (NMCP) and here too professionals play a vital role by creating awareness about schemes, identifying application form, filing it and filing timely application for subsidies with designated authority, submitting replies to subsequent queries, if any and successfully closing the matter. Having highlighted the need to create awareness and filing the forms ,there are other wide range of requirements from creating awareness regarding various legal matters to encouraging MSEs to register with The National Small Industries Corporation Ltd., who held

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presentations and seminars for the betterment of Sectors and helped converge the buyers and sellers under the same roof, and to participate in international exhibitions and also in buyer-seller meets; motivating them to spare time for participating in such seminars. There may not be direct benefits. But better financial health of clientele results in better financial health of connected professionals also.

Now let's delve into the Startup. It is actually a business model being initiated by an entrepreneur in order to set up the base which serves the requirement of effective revenues and validate a scalable merchandising model. It is set up with a root cause to propel it farther than the mere solo founder. Though they entail in themselves the high risk and uncertainty but some Startups has proven to be UNICORNS being valued at over US\$1 billion. This business model actually helps in shaping the economy of country with new ideas and problem solving skills. These models help people to ace their daily-lives with much more comforts. Whether it is the new Delivery App or a Car-pooling launch or if it is making your stay comfortable by accessing you hotels nearby, they simply make lives easier and simpler. From electricity and cars to medicine and planes, innovation has made the world better.

Very rightly said by Bill Gates *"I believe in Innovation and that the way you get innovation is you fund research and you learn the basic facts"*

There are certain provisions that the Company must meet to be recognised by Department for Promotion of Industry and Trade like Period of existence and operations should not be exceeding 10 years from the Date of Incorporation, being registered as a Private Limited Company or a Registered Partnership Firm or a Limited Liability Partnership, should have an annual turnover not exceeding Rs. 100 crore for any of the financial years since its registration, Entity should not have been formed by splitting up or reconstructing an already existing business, should work towards development or improvement of a product, process or service and/or have scalable business model with high potential for creation of wealth & employment.

No doubt these companies require best of advisory professionals to help them in various aspects starting from choosing the best suitable business structure to registration and getting registered with authorities. Discussing these aspects nevertheless is the most figurative nuance we must illuminate, the professionals contains responsibilities

which are not long-established and moreover are the new-school ones.

For Example-Start-ups go through a series of funding starting from seed capital to first round and second round, each valuing the company at a different stage. The professionals will have to change the capital structure of the company to accommodate the fluctuating equity based on the capital or provide a capital structure and options for the venture capitalists which can work in an optimum manner for both, the promoters as well as the funding entities. Legally, a start-up will not be expected to have a fully functional secretarial as well as legal team. Hence, all the legal work, starting from employee contracts to filing returns and balance sheets, will have to be born by the professionals. They will have to take care of all administrative functions. Much of it includes liaising with various authorities and other professionals such as CA's, valuers, staffers, venture capitalists, IPR practitioners etc when it comes to Licensing. The professionals have adequate knowledge of corporate strategies and will have to contribute towards the business planning at par with the promoters, hence could help forming the root Strategies.

Role of professionals at various stages of Start ups

Stage	Role of Professionals
Stage 1: Business Idea	<ul style="list-style-type: none"> - Location analysis - Business plans - Assessing the business structures based upon various factors - Assessing the product and initiate copyright application in order to protect the business idea
Stage 2: Early stage Start up	<ul style="list-style-type: none"> - In case of foreign funding, obtaining government approvals - Register the entity and obtaining tax numbers - File other important business licenses - Filing of FC GPR and liasoning with various authorities - Legal advisory like drafting of Agreements including Shareholders Agreement, and appointment letters to the Key managerial Personnel and other important employees - Advisory on Employee Stock Option plan - Managing the books of accounts - Analysing and advising the taxation on the transactions and financial planning
Stage 3: growth	<ul style="list-style-type: none"> - Ensuring the compliances as per Companies Act, 2013 and Income Tax Act, 1961 and GST Act - Taking care of Corporate Social Responsibility - Handling Labour law compliances - Advisory on Environmental laws - Expanding to other locations if the need arises - Advisory on setting up of companies in other countries

UNVEILING NEW OPPORTUNITIES!!



TANVEEN BINDRA
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"Don't limit your challenges, challenge your limits" - Jerry Dunn

Every organization has a goal and wants to be successful in achieving that goal. The question is how do they get there? A good corporate secretary should be able to assist the organization, put in place structures, policies and procedures that comply with best practices.

With the expanding complexity and ever-increasing need of a company secretary beyond the domain, governance professionals can't be confined to certain responsibilities. Opening of new avenues are offering immense opportunities to adapt the management, better governance, transform thoughts, attitude, and frame of mind.

In addition to the legal record-keeping and reporting requirements, the company secretary has a tremendous role to play in empowering the board of directors to adopt best practices.

New horizon for Company Secretary profession in Start-Ups

Start-ups are by and large formed as private limited companies. This makes them separate legal entities, in the eyes of law. There are certain mandatory compliances every start-up must act in accordance with. Besides these, there are some other requirements, the applicability of which is dependent on factors such as nature of business, place of incorporation etc.

Some of the focal regulatory aspects:

- Registration of a start-up is the first legislative requirement for starting a business.
- Setting up an organizational structure.
- Handling Business Setup Documentation, C o m p l i a n c e Management, Accounting Payrolls, and building an entire ecosystem.
- Investment advisory
- Forming human resources (HR) related policies, labour licensing, environmental clearances, aiding cum advisory services.
- Assisting in providing faster exit opportunities to start ups, in case of failed operations.

CS Professionals and MSME world

The 'Make in India' campaign was launched by the Prime Minister of India, with an intent to provide conducive environment for investment in India and to take the economy on a sustainable high growth path. MSMEs contribute enormously to the socio-economic development of the country, having a large share in providing jobs, enhancing production, and increasing exports.

*The views expressed are personal views of the author and it should not be taken as views of the NIRC-ICSI.

Company Secretaries are looked upon for providing multi-faceted advisory services, right from the Incorporation to Developing and overseeing the systems that ensure that the company complies with all applicable legal and statutory requirements.

A Company Secretary is a generalist, who can help in identifying the potential grey areas in which most of the start-ups might find themselves in.

Going well beyond the traditional regimes, evolving regulatory framework, crafting of good corporate governance practices, expanding stakeholder's participation, and the rapid corporatization has opened new avenues to unleash opportunities and has brought about a sea change in the role and profile of a company secretary, as a profession.

Role of Company Secretary in Environmental laws

"As people are brought into compliance with the law, they'll pollute less, and that has a real impact on people's lives." - Tom Benson

The purview of Environmental Law includes the Environment (Protection) Act, 1986, Water (Prevention and Control of Pollution) Act, 1974; Air (Prevention and Control of Pollution) Act, 1981. Non compliances under these heads can lead to levy of stringent penalties or at times could be a straight invitation for the factory to shut down. Company secretary shall aid in planning on environmental matters so that the company undertakes measures aimed at using cleaner production techniques, recycling of wastes, water harvesting and the use of better energy alternatives. Proper maintenance of factory's surroundings, timely submission of returns and documents, as required, under the said acts shall also be adhered to.

Conclusion:

The profession of Company Secretaries needs to make headway to meet the challenges of a dynamic business and regulatory environment. Specialization of profession varies from segment to segment. There is both an ethical component and a pragmatic component to compliance - a role that is crucial in helping organizations address risk, maintain a positive reputation, and avoid legal proceedings.

Greater focus on regulation and compliance also leads to increased responsibilities due to the role becoming more strategic. The need of the hour is for the professionals, to equip themselves with

legal provisions and the latest amendments to leave no stone unturned.

Take pride in how far you have come, have faith in how far you can go -
Michael Josephson



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IN PURSUIT OF PROFESSIONAL EXCELLENCE

Statutory body under an Act of Parliament

(Under the jurisdiction of Ministry of Corporate Affairs)

**NORTHERN
INDIA
REGIONAL
COUNCIL**

INITIATIVES OF CHAPTERS

ALWAR

- ◆ Alwar Chapter Conducted webinar on "Recent Amendments in MSME and Glance at CFSS Scheme" on 22nd May, 2020. CS Suresh Pandey, Chairman NIRC was the Special Guest in this webinar and approx 32 members participated in this webinar.
- ◆ Chapter also Conducted revision classes for CS foundation students appearing in June, 2020 in though online mode.

BAREILLY

- ◆ Bareilly Chapter organised a webinar on 11th May 2020 on topic "Loans to Directors" for members. The Guest Faculty for the webinar was CS Santosh Pandey and it was attended by about 70 members.
- ◆ Announcement of ICSI Placement Portal and ICSI e-Vidhya Vahini was placed on the child portal of Bareilly Chapter
- ◆ The non-CSBF members were apprised of CSBF over the phone and were motivated to join it for financial security of their families.
- ◆ Bareilly Chapter also conducted its 2nd Webinar during lockdown period on 27th May 2020 and 3rd Webinar on 11th June 2020 on the topics "Practical aspects of Board Meetings & General Meetings through Video Conferencing" and "Role of CS under FEMA". The webinars were organised under the able guidance of CS Suresh Pandey, Chairman NIRC and CS Mohd Waseem Khan, Chairman, Bareilly Chapter.
- ◆ Various colleges across Bareilly district were sent emails regarding cutoff dates of CSEET, the CS aspirant students were also apprised of CSEET over the phone.

BHILWARA

- ◆ Bhilwara Chapter has organised Webinar for Members on 6th June, 2020 on the topic "CFSS and new Form-SPICE+".
- ◆ Chapter is regularly sending various updates through email/whatsapp to students and Members regarding training, examination, classes etc. and following up with non CSBF members.
- ◆ The chapter is also calling defaulter member for restoration of membership.

CHANDIGARH

- ◆ Chandigarh Chapter Announces 1st Batch of Mock Tests and Special Preparatory Classes for CSEET Students.
- ◆ The Chapter is providing all necessary information to the students on time to time basis.
- ◆ Chandigarh Chapter of NIRC of ICSI has started the process of publishing its first ever e-Newsletter.
- ◆ Chandigarh Chapter has motivated the members to enroll for CSBF as the said scheme is so important for the family members of the professional.
- ◆ The Chapter is regularly interacting with the in-charge of the schools and colleges to create awareness about CS course among school and college students.
- ◆ The Chapter is in regular personal Interaction with the members as well as students of the Chandigarh Chapter to know their health and try to sort out their problems occur due to lockdown.

FARIDABAD

- ◆ Faridabad Chapter conducted a webinar on the theme "Modes of Merger and Amalgamations post COVID-19" on 2nd June 2020.
- ◆ The Chapter also conducted webinar for its members on the theme "Overview of and Opportunities under IBC" on 19th June 2020.
- ◆ Faridabad Chapter conducted an online CAP on the theme "Career as Company Secretary" on 23rd June 2020.
- ◆ The Chapter has also started OTC for students for December 2020 examinations.

GHAZIABAD

- ◆ Ghaziabad Chapter has invited Articles and Write-ups for its monthly e-newsletter for June issue.
- ◆ Chapter has resumed OT Classes by online mode.
- ◆ Chapter is also encouraging Members to take CSBF Membership.

GORAKHPUR

- ◆ Gorakhpur Chapter conducted a Webinar on the theme "Registered Valuer Opportunities and How to become Registered Valuer on 09th June 2020. The Chief Guest of the webinar was CS Ashish Garg, President, ICSI and the Guest of Honour was CS Suresh Pandey, Chairman, NIRC.
- ◆ Gorakhpur Chapter also conducted a Webinar on the occasion of PCS Day on the theme "Good Governance and Opportunities for Company Secretaries" on 19th June 2020. The webinar got started with an inspiring address of CS Suresh Pandey, Chairman, NIRC. The Key Note Speaker of the webinar was CS Ranjeet Pandey, Immediate Past President, The ICSI.
- ◆ Gorakhpur Chapter also organised an online programme on "Safety during COVID-19. The speaker of the programme was Shri Amarjeet Yadav, Deptt. of Labour, Gorakhpur, UP.
- ◆ Gorakhpur Chapter also organised an online CAP for faculties of various districts under jurisdiction of Gorakhpur Chapter.
- ◆ The Chairperson of Gorakhpur Chapter, CS Ragini Gupta, has been honoured for her contribution during COVID-19 as Corona Warrior by Member of Parliament - Bansgaon, Member of Parliament - Kushinagar and Ex-Mayor of Gorakhpur.
- ◆ The Chapter also distributed Chappals to the migrants.
- ◆ The Chapter is also sending various information through various channels to Students and Members regarding various updates.
- ◆ The Press news related to various developments has also been published.
- ◆ Various announcements for the benefit of students and members have been posted on the Chapter's Child Portal.
- ◆ The Chapter is regularly sending information about CSEET to many schools and colleges for making students aware about the CSEET.

JAIPUR

- ◆ Jaipur Chapter organised webinar for members on 6th June on the theme "Role of Professional in Aatam Nirbhar Bharat".
- ◆ Webinar on 15th June on the theme "Panel Discussion - PCS of Jaipur".

JALANDHAR

- ◆ Jalandhar Chapter is regularly sending the flyer of CSEET to different schools/colleges for propagating among students and also shared the CSEET flyer through various channels.
- ◆ The Chapter also initiated for conducting live webinars for the Members of Jalandhar.

JODHPUR

- ◆ Jodhpur Chapter organized Webinar on Merchant Banking.
- ◆ Jodhpur Chapter organized Webinar on RERA: Scope and opportunities for CS.
- ◆ Members of Jodhpur Chapter were contacted for Annual Membership Fees and CSBF.

KOTA

- ◆ Kota Chapter is regularly sharing the CSEET flyer to the students through various channels.
- ◆ The Chapter is also communicating with different schools/colleges for propagating the CSSEET flyer.

LUCKNOW

- ◆ Lucknow Chapter conducted a webinar on the theme "New Normal for Company Secretary" on 26th May 2020.

NOIDA

- ◆ Noida Chapter is conducting Webinar every week to facilitate its members in the period of lockdown.
- ◆ Also the OT Classes faculties are in touch of OTC students for their queries and guidance.

PRAYAGRAJ

- ◆ Prayagraj Chapter organised a Webinar.
- ◆ Meeting with Income Tax Commissioner Shri Subachan Ram on 05th June 2020 on World Environment Day.

UDAIPUR

- ◆ Udaipur Chapter conducted a webinar on 11th June 2020 for its members.
- ◆ Chapter also motivated its members to contribute in CSBF and following up with defaulter members for restoration of membership.
- ◆ The Chapter is also sending various updates by mails and whatsapp to members and students regarding webinar, Training, Examination and online classes etc.

VARANASI

- ◆ Varanasi Chapter conducted a webinar for its members on the theme "Recent Development under FEMA" on 19th May 2020.
- ◆ The Chapter is also following up with non CSBF members and also calling defaulter member for restoration of membership.

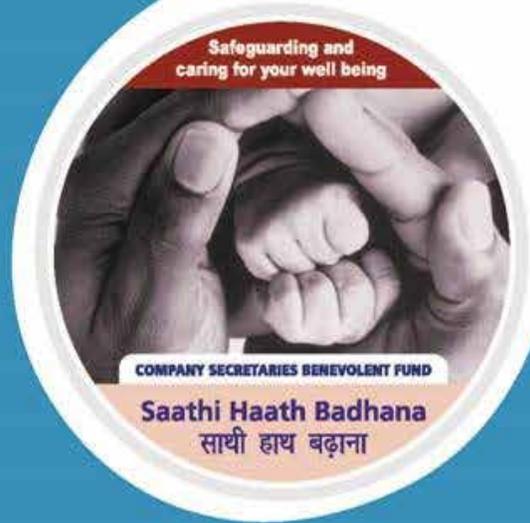


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(Under the jurisdiction of Ministry of Corporate Affairs)

CSBF
COMPANY SECRETARIES
BENEVOLENT FUND



What exactly is CSBF?

The Company Secretaries Benevolent Fund (CSBF) is a Society registered under the Societies Registration Act, 1860 and is recognized under Section 12A of the Income Tax Act, 1961.

The CSBF was established in the year 1976 by the ICSI, for creating a security umbrella for the Company Secretaries and/or their dependent family members in distress.

The amount of ₹ 7,50,000 (in the case of death of a member under the age of 60 years) has been increased to ₹ 10,00,000

The subscription amount is being increased from ₹ 10,000 to ₹ 12,500 soon

Is it the right time to enrol in CSBF?

CSBF is the protection you and your family need to survive the many ups and downs in life, be it a serious illness or a road accident which derails your plans for the future.

Is it a requirement?

Yes, as your dependents need the protection. Your dependents be it your parents, your spouse, or your children will have to bear the brunt of paying off your home/education personal loans and even for managing day-to-day expenses without your contribution.

If you do not want to leave behind such a situation in your absence, enrol in CSBF today.

Advantages of enrolling into CSBF

1

To ensure that your immediate family has some financial support in the event of your unfortunate demise

2

To finance your children's education and other needs

3

To ensure that you have extra resource during serious illness or accident

4

Subscription/Contribution to CSBF qualifies for deduction under Section 80G of the Income Tax Act, 1961

Become a proud Member of CSBF by making a one-time online subscription of ₹ 10,000/- (to be changed soon) through Institute's web portal (www.icsi.edu) along with Form 'A' available at link <https://www.icsi.edu/csbf/home> duly filled and signed.

Decide Now! Decide Wise!

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

ICSI Motto
सत्यं वर। धर्मं वर। *Stand the truth side by the law*

MISSION
"To develop high calibre professionals
facilitating good corporate governance"