



NEW
MANAGING
COMMITTEE
2024-25



Chairman- CA Rahul Sureka Dhanbad Branch (CIRC)

The Institute of Chartered Accountants of India



E-NEWSLETTER

MARCH 2024

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INDEX

SL. NO	CONTENTS	PAGE NO
01	Past Committee Members List	03-05
02	Managing Committee Members 2024-25	06
03	CPE Sub Committee 2024-25	07
04	E-Newsletter Sub Committee 2024-25	08
05	CICASA Committee 2024-25	09
06	Message from the Chairman Desk	10
07	Article on Rigidities in the MPBF method and the relaxations permitted by RBI	11-12
08	Article on Clarification on Section 43(B)(h) of the Income Tax Act,1961	13-15
09	List of CPE Meeting	16
10	Photo Gallery	17-18
11	Request for Members Participation	19

Disclaimer:

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



Past Committee Members of Dhanbad Branch of CIRC of ICAI

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

Past Committee Members of Dhanbad Branch of CIRC of ICAI

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

Past Committee Members of Dhanbad Branch of CIRC of ICAI

TERM	CHAIRMAN	VICE-CHAIRMAN	SECRETARY	TREASURER
2011-12	 SUNIL KUMAR MEHTA	 SHYAM PASARI	 RAJESH KUMAR SINGHAL	 AMIT DALMIA
2012-13	 SHYAM PASARI	 RAJESH KR SINGHAL	 AMIT DALMIA	 VINAY KR. AGARWAL
2013-14	 AMIT RAJ GUPTA	 ANANT BHARTIA	 SHYAM S. SAH	 NAMAN KR. DOKANIA
2014-15	 ANANT BHARTIA	 SHYAM S. SAH	 RAHUL AGARWALLA	 SUNIL KR. DAS
2015-16	 SHYAM S. SAH	 RAHUL AGARWALLA	 SUNIL KR. DAS	 NAMAN KR. DOKANIA
2016-17	 RINKEY THACKER	 LUCKY PAL SINGH	 PRATIK GANERIWAL	 MOHIT KR. BANSAL
2017-18	 MOHIT KR. BANSAL	 ANUP AGARWAL	 VISHAL KR AGARWAL	 RAHUL .KR SINGHANIA
2018-19	 VISHAL KR AGARWAL	 ANUP AGARWAL	 RAHUL .KR SINGHANIA	 MOHIT KR. BANSAL
2019-20	 RAHUL .KR SINGHANIA	 CHARANJEET S. CHAWLA	 SHIWAM AGARWAL	 RAHUL KR. AGARWAL
2020-21	 CHARANJEET S. CHAWLA	 PRATIK GANERIWAL	 SHIWAM AGARWAL	 RAHUL KR SINGHANIA
2021-22	 PRATIK GANERIWAL	 SHIWAM AGARWAL	 RAHUL KR AGARWAL	 CHARANJEET S. CHAWLA
2022-23	 CA SANDEEP PANWAR	 SAURAV AGARWAL	 RAHUL SUREKA	 SUBHAM KHANDELWAL
2023-24	 SAURAV AGARWAL	 RAHUL SUREKA	 SUBHAM KHANDELWAL	 NAND KISHORE TULSYAN



Managing Committee 2024-25 Dhanbad Branch of (CIRC)

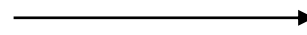


CA RAHUL SUREKA



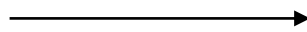
CHAIRMAN

CA SUBHAM KHANDELWAL



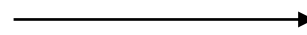
VICE-CHAIRMAN

CA S. S JAISWAL



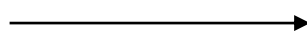
SECRETARY

CA NAND KISHORE TULSYAN



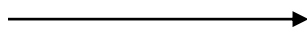
TRESURER

CA SAURAV AGARWAL



CICASA CHAIRMAN

CA SANDEEP PANWAR



EXECUTIVE MEMBER



CPE- Sub Committee **Dhanbad Branch of (CIRC)**



CA RAJESH SINGHAL

CHAIRMAN

CA SHYAM PASARI

SECRETARY

CA VINAY KR AGARWAL

EXECUTIVE MEMBER

CA AMIT DALMIA

EXECUTIVE MEMBER

CA ROHIT PRASAD

EXECUTIVE MEMBER

CA RAHUL SINGHANIA

EXECUTIVE MEMBER

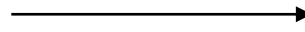


E-Newsletter Sub Committee

Dhanbad Branch of (CIRC)

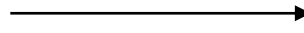


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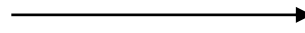
CHIEF EDITOR

CA C. S. CHAWLA



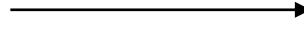
EDITOR

CA MANISHA GUTGUTIA



EDITOR

CA AMAN GOENKA



EDITOR

CA EKJOT SINGH



EDITOR

CA MANISH KUMAR



EDITOR



CICASA - Sub Committee **Dhanbad Branch of (CIRC)**



CA SAURAV AGARWAL —————→ **CICASA CHAIRMAN**

MAYANK BANSAL —————→ **VICE-CHAIRMAN**

SNEHLATA SINGHAL —————→ **SECRETARY**

MAHIMA CHANDWASIA —————→ **TRESURER**

PRAGYA AGARWAL —————→ **EXECUTIVE MEMBER**

RITIKA JAISWAL —————→ **EXECUTIVE MEMBER**



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

Message from the of the Chairman Desk

Respected Fraternity Members,

Namaste...

Jai Hind, Jai ICAI, Jai Dhanbad Branch,

As I pen down my first message for our revered journal, a deep sense of honour and responsibility envelops me. To be elected as the Chairman of the Institute of Chartered Accountants of India - dhanbad Branch (CIRC), and to lead the most vibrant branch in our prestigious institution for the term 2024-25, is a privilege that I accept with both humility and eagerness. Our branch, a colossal family comprising over 500 members and 2,000 students, stands as a testament to the dedication, diversity, and dynamism that defines the very essence of our profession.

The theme of my tenure, 'JNANA PRAVARTANAM - Navigating the Journey with the Compass of Knowledge,' articulates our collective aspiration to lead through enlightenment and expertise. It is a beacon that will guide our efforts to empower every member and student to excel amidst the rapidly evolving landscapes of our profession. Our commitment is to cultivate a culture of continuous learning, to pioneer innovative solutions, and to uphold the highest standards of ethics and professionalism that have long distinguished us. In this transformative year, marked by digital advancement, environmental consciousness, and the imperative for incessant innovation, our branch is poised to make significant contributions. We are committed to leading dialogues, initiatives, and collaborations that not only keep us at the forefront of professional excellence but also contribute meaningfully to the global discourse on these critical issues.

I also Congratulate CA. Ranjeet Kumar Agarwal and CA. Charanjot Singh Nanda on their election as the President and Vice President of ICAI, respectively, wishing them and the entire team a vibrant and successful year ahead. As we step into this new chapter, let us unite in our endeavours, fortified by the bonds of collaboration and driven by a shared vision for the future. Together, we are poised to explore new frontiers, to face challenges with resilience, and to achieve greatness. I look forward to leading our branch with dedication, integrity, and a forward-looking vision that propels us all towards new heights of success. On a closing note, I'd like to express my profound gratitude for the warmth and acceptance I've received. Our journal isn't just a compendium of articles and updates; it's a reflection of our shared journey, our victories, and our aspirations. I urge each one of you to contribute, share, and engage - making this not just a journal but a legacy.

Stay Safe and Stay Healthy!



Yours' in Professional Service
CA Rahul Sureka
Chairman
Dhanbad Branch of CIRC of ICAI



Contributed by:

Name-CA RAHUL SHARMA

Rigidities in the MPBF method and the relaxations permitted by RBI:

Certain rigidities have crept in the process, which became more prominent during 1990s during the initiation of process of financial liberalization in India. We may summaries these rigidities in the following manner:-

- 1. Many of the items classified as Current Assets and Current Liabilities did not fit with the principle of Asset backed financing** :- As the concept of MPBF is Asset backed Finance (Asset-backed finance is when a loan is taken out by a business using its already existing assets as a way to secure payment. Likewise, the assets to secure payments include buildings, offices, vehicles, IT software, and equipment, but this time it can also include inventory and unpaid invoices, also known as **accounts receivable**.) which itself is substituted by concept of Asset Finance. There are Current Assets and Current Liabilities which are not fit for Asset Backed Finance. Example of such current assets are security deposits made with government departments and example of Current Liabilities are Short term loans. This left a substantial gap between MPBF assessed and credit amount delivered.
- 2. The Standard Current Ratio(CR) of 1.33 was viewed a stiff target:** Industry and large section of practicing bankers observed that establishing current ratio as 1.33 a benchmark is a very stiff target for some industries. Example of such industries are BPOs/KPOs and other service units, Departmental stores (They have low receivables and high payables) etc. However on account of the mandatory nature of the compliance, the CR was always required to be projected at the level of 1.33 (minimum) on the basis of which the MPBF was calculated. In most of the cases is resulted in the actual CR falling short of the standard (accompanied with the excess borrowing). At the time of the renewal of the working capital credit limits, it was a difficult proposition for the bankers to explain the basis of such proposition.

As the bankers experienced difficulty in complying with MPBF prescriptions, more so, because they had to compete with other banks for quality lending business (which demands a dilution in the rigidities in case of creditworthy borrowers), RBI made optional the use of MPBF prescriptions by the lending banks, in its credit policy of 1997. Thus banks were now allowed to evolve their own logical and rational system of Working Capital computation method. Most of the banks, however modified the process of classification of Current Assets (CA) and Current Liabilities (CL) for computation of WC Gap and validation of holding norms, while retaining the basic structure of MPBF method. The manner of reclassification and recognition of CA and CL has not been uniform across the various banks, and this leads to an element of heterogeneity in the WC assessment system done by the individual banks.

Box Diagram Current Assets Financing as per Tandon Committee

Other Current Liabilities	Current Assets consisting of Inventory, Receivables And Other Current Assest
Bank Borrowing	
Net Working Capital (Part of Net Worth)	

Example :A term loan of Rs. 500 lacs is disbursed for 5 yrs to purchase plant and machinery. Installment of Rs. 100 lacs is due within next 1 year. This 100 lacs [termed as Other Current Liabilities (OCL) has financed Fixed Assets and not Current Assets.

Applying this logic to the box diagram above we come to the conclusion that the Tandon Committee assumes that the OCL (Other Current Liabilities) funds Other Current Assets (OCA) like Cash, Advance Tax etc. on which lenders do not enjoy a security interest and OCA & OCL level match. As a corollary, the working capital gap becomes equal to the level of Chargeable Current Assets.

If Bills are discounted they find place on both side of balance sheet. As current assets they ought to have margin of 25% but credit is delivered to customer without margin which is reflected on the liability side.

Suggested Approach:

These inconsistencies result into a substantial gap between WC assessment and WC delivery, if one follows the MPBF computation method in its present form. Following modification may be suggested in the MPPBF computation that would ensure a convergence between the assessment and delivery of WC credit, while removing the anomalies observed in the above analysis :

1. The Installment of term loan payable during the ensuing year be treated as part of the long Term Loan. However, irregularities in Term Loan may be treated as Other Current Liabilities (OCL). Bills discounted may be eliminated from both Assets and Liabilities side of the Balance Sheet. This can be added later to find out the full bank borrowing limit by the bank.
2. The current liabilities may be classified into 3 categories : i. Trade Credit, ii. Bank Borrowing and iii. Other Current Liabilities(OCL). Term OCL may be redefined under suggested approach.
3. Similarly the current assets may also be classified into three major categories i.e. i. Inventories i. Receivables and iii. Other Current Assets (comprising Cash, Advance Tax etc.). Charge can be created for I and ii hence they can be called chargeable and financing against them is possible under Asset backed financing mechanism which is the core of MPBF.

Box Diagram : Suggested Approach for Current Assets Financing

Trade Credit	Inventory (Unpaid)
Fundable WCG funded by Net Working Capital and Bank Borrowing	Inventory (Paid Up)
	Receivables
Other Current Liabilities	Other Current Assets



Clarification on Section 43(B) (h) of the Income Tax Act,1961

1. **Section 43B of the Act** is the section that governs the allowability of certain deductions on an actual payment basis. This section provides an explanation wherein certain expenses are allowed as deduction while calculating the income from business or profession based on the previous year in which such sum is actually paid by the assessee. However, expenses will be allowed as deduction even if it is actually paid by the assessee on or before the due date for furnishing the return of income under section 139(1) and provided that evidence of such payment is furnished by the assessee at the time of filing its return.
2. As **we prepare books of accounts on accrual basis** which means even if certain expenses not paid during the financial year are allowed to debit in the books of accounts even if it is not yet paid. **With the insertion of section 43(B) of the income tax act, 1961, expenses actually paid during the financial year are allowed** and if failed to pay within the financial year then even if it is paid before furnishing the return of income under section 139(1) it is allowed to debit in that financial year.
3. **Section 43B(h):** Any sum payable by the assessee to a micro or small enterprise, **beyond the time limit specified in section 15 of the Micro, Small and Medium Enterprises Development Act 2006** shall be allowed as deduction only on actual payment which means that if it is paid on or before furnishing the return of income under section 139(1), it is not allowed to debit in that financial year.
4. **Analysis of this provision in simple way:**
Sec.43(B) provides relaxation to the assessee with relates to the payment that even if the assessee failed to make the payment before the end of the Financial year and paid on or before the due date of furnishing the Return of Income then it will be allowed as deduction while computing income under the head Profit or Gain from Business/Profession but *if the payment which is due to be Paid to the micro or small enterprises is not paid within the time limit prescribed u/s 15 of MSMED Act,2006 then it will not be allowed as deduction while computing income under the head Profit or Gain from Business/Profession for that Financial year* and shall be allowed as deduction in the financial year in which it is actually paid.
5. **Definition of Micro, Small, Medium Enterprises is as follows:-**

Classification	MICRO	SMALL	MEDIUM
Manufacturing Enterprises and Enterprises rendering Services	Investment in Plant and Machinery or Equipment: Not more than Rs.1 crore and Annual Turnover ; not more than Rs. 5 crore	Investment in Plant and Machinery or Equipment: Not more than Rs.10 crore and Annual Turnover ; not more than Rs. 50 crore	Investment in Plant and Machinery or Equipment: Not more than Rs.50 crore and Annual Turnover ; not more than Rs.250 crore

6. Definition of Enterprises is as follows:

Section 2(e) “enterprise” means an industrial undertaking or a business concern or any other establishment, by whatever name called, engaged in the manufacture or production of goods, in any manner, pertaining to any industry specified in the First Schedule to the Industries (Development and Regulation) Act, 1951 (55 of 1951) or engaged in providing or rendering of any service or services;

Retail and wholesale trades as MSMEs and they are allowed to be registered on Udyam Registration Portal. However, benefits of Retail and wholesale trade MSMEs are to be restricted to Priority sector lending only.

For the application of section 43(B)(h), the supplier should be registered under MSMED Act,2006 as a Micro and small enterprises as a manufacturer and/or service provider.

It means the definition of enterprises includes only Manufacturers & Servicemen but does not include Traders, Distributors whether wholesalers or retailers.

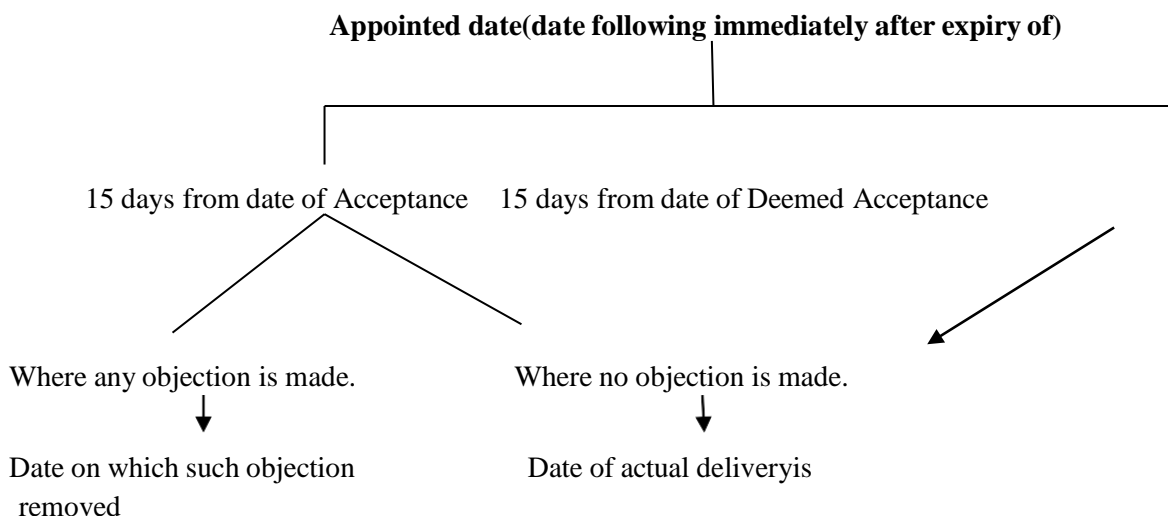
7. Section 2(b) “appointed day” means the day following immediately after the expiry of the period of fifteen days from the day of acceptance or the day of deemed acceptance of any goods or any services by a buyer from a supplier.

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;



Generally, the appointed date is 15 days from the date of supply/service in cases where there is no agreement between the parties. However, if there is an agreement between the parties for payment then appointed date is the date agreed between the parties but in any case, the appointed date shall not extend 45 days from the date of service, which means if agreed date is 50 days from date of service then in that case it will end at the end of 45th date from the date of supply/service.

Appointed date is very crucial as if the payment is made within appointed date it will attract interest on delayed payment and interest on delayed payment which is three times of the bank rate notified by RBI is penal in nature and not allowed while computing income under the head business and profession.

8. Section 15 of the MSMED Act mandates payments to MSMEs within the time as per the written agreement, which cannot be more than 45 days. If there is no such written agreement, the section mandates that the payment shall be made within 15 days.

Author's view

1. Section 43B allows deduction only on the basis of payment made till filing of return of income.
2. However sec 43(B)(h) also allows deduction to be claimed on the basis of payment which should be made within the end of the financial year and not date of filing of return of income.
3. Suppose the date of goods supplied/service rendered is 31st march 2024 and payment made within 15th April 2024 then it will be allowed as deduction in the financial year ended on 31.03.2024.
4. Generally payment should be made within 15 days from date of supply however if it is mutually agreed between the parties then in any case it shall not exceed 45 days.
5. Only manufacturers and service providers are covered.
6. Interest paid on delayed payments is not allowed as a deduction.
7. Only micro and small enterprises are covered

Steps to be taken in order to comply

1. Obtain MSME certificate along with declaration on the classification of enterprises on the basis of micro, small, medium enterprises.
2. Prepare an age wise analysis of payment made to the supplier.
3. Prepare a sheet on the basis of amount outstanding due to micro,small,medium enterprises as per MSMED Act,2006.

List of CPE / Non CPE Meeting Organized by Dhanbad Branch

Sl No	Date	Seminar Topic	Jointly With	Faculty	CPE Hours
01	06-03-2024 2:30 Pm to 4:30 pm	Stress Management & Wellness	Women Members Empowerment Committee of ICAI	CA Rashmi Raj Gupta	02

Classes for CA Students

SI No	Start Date	End Date	Course Name/ Branch Name
01	01-03-2024	15-03-2024	AICITSSIT-DHANBAD_5

PHOTO GALLERY

International Women's Day celebration on 06-03-2024



BCCL-CAPL AUCTION ON 06.03.2024



Request for Members Participation

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

