

TIRUPUR BRANCH OF SICASA

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TIRUPUR BRANCH OF SICASA

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Dear Future Chartered Accountants,

As we embrace the month of November, I would like to extend my heartfelt greetings to all of you. This month marks a significant milestone in your journey, especially for our CA Final students, as the examination period begins on November 3rd. I want to remind you that this is a time to reflect on your hard work and dedication. Trust in your preparation, stay calm, and give your best effort.



For those gearing up for their exams, remember that every challenge is an opportunity for growth. Your commitment and perseverance will not only define your success but also shape you into the professionals you aspire to be.

I also want to take a moment to wish all the best to our Intermediate and Foundation students awaiting their exam results. This is an important time, and regardless of the outcome, remember that every step you take is a part of your learning journey. Embrace the process, and know that each experience contributes to your growth.

Additionally, I am excited to announce that our orientation programs will commence on November 5th. These sessions are designed to provide you with valuable insights and guidance as you navigate your professional journey. I encourage all of you to participate actively and make the most of these opportunities.

Moreover, our Information Technology Training (ITT) will start on November 21st. This training is crucial in today's digital landscape and will equip you with essential skills to enhance your professional capabilities.

As we continue this journey together, let us uphold the values of collaboration, resilience, and continuous learning. I wish you all the very best in your studies, exams, and upcoming results. Stay focused, stay motivated, and remember that your efforts today will lead to a brighter tomorrow.

Thanks and Regards

CA Saravana Raja K,

Chairman,

Tirupur Branch of SICASA

WHY THE RICH BECOME RICHER AND THE POOR BECOME POORER: INSIGHTS FROM THE BOOK "RICH DAD POOR DAD"

The saying, "the rich get richer and the poor get poorer," reflects a persistent truth in society. This phenomenon emphasizes the importance of financial literacy, mindset, and systemic barriers. Understanding these factors provides insight into why wealth disparity continues to grow.

Wealth Accumulation Mindset:

At the core of wealth accumulation is psychological capital. Wealthy individuals perceive money as a tool that can work for them, generating additional income through investments, assets, and entrepreneurial ventures. They focus on acquiring income-generating assets—like real estate, stocks, and businesses—that appreciate over time.

In contrast, many individuals in lower-income brackets tend to view money as a finite resource, often focusing solely on earning a paycheck. This limited cognitive framework constrains their ability to engage in long-term financial planning. When faced with financial challenges, the poor may resort to immediate solutions, such as high-interest loans, which can entrench them deeper in debt rather than investing in opportunities for financial growth.

The Importance of Financial Education:

A significant factor in wealth disparity is the lack of financial education among the poor. Wealthy families often pass down financial acumen, teaching their children about investing, entrepreneurship, and money management. This knowledge equips them with the tools to make informed financial decisions and navigate economic challenges.

Conversely, many low-income families may not have access to the same financial education. Educational systems often neglect to teach essential financial literacy, leaving individuals unprepared to manage their finances effectively. This knowledge gap perpetuates a cycle of poverty, as those without financial literacy struggle to build wealth.

The Role of Assets vs. Liabilities:

Understanding the difference between assets and liabilities is crucial in wealth accumulation. Wealthy individuals invest in assets—things that put money in their pockets—while liabilities take money out. By focusing on acquiring income-generating assets, they can build substantial wealth.

Poorer individuals, on the other hand, may focus on liabilities, such as depreciating assets like cars and consumer goods. This misunderstanding can lead to financial strain, as they may believe they are financially secure while actually accruing liabilities that hinder their wealth-building potential.

The Influence of Environment and Social Networks:

Your environment significantly impacts financial success. Wealthy individuals often surround themselves with like-minded individuals who encourage entrepreneurship and investment. This social capital can provide mentorship and valuable opportunities that lead to financial growth.

In contrast, those from low-income backgrounds may lack access to such networks. They might be surrounded by individuals who do not prioritize financial education or investment, reinforcing limiting beliefs about wealth. Building a robust social network that encourages financial growth is crucial for breaking free from the cycle of poverty.

Systemic Barriers and Economic Structures:

Systemic issues contribute to wealth disparity. The economic system often favors those with existing wealth, providing them with easier access to capital markets and investment opportunities. For instance, wealthy individuals can leverage tax optimization strategies and financial instruments that allow them to grow their wealth more efficiently than those without such advantages.

Additionally, the lack of support for small businesses and entrepreneurs in low-income communities can stifle economic growth. Without access to funding, resources, and mentorship, aspiring entrepreneurs may struggle to establish businesses, perpetuating the cycle of poverty.

The Importance of Taking Risks:

A central theme in overcoming wealth disparity is the importance of taking calculated risks. Wealthy individuals are often willing to engage in risk-taking behaviors with their investments, recognizing that potential failure can lead to valuable lessons and future success. They understand that without risk, there is limited opportunity for growth.

Conversely, individuals living in poverty may exhibit risk aversion due to the fear of financial instability. This hesitation can prevent them from pursuing entrepreneurial ventures or investments that could dramatically improve their financial situation.

Changing the Narrative: From Employee to Investor:

Shifting your mindset from being an employee to becoming an investor or entrepreneur is crucial. This transition involves understanding the importance of financial independence and actively seeking opportunities to build wealth. Wealthy individuals often cultivate entrepreneurial skills, exploring multiple streams of income rather than relying solely on a paycheck.

By contrast, many poor individuals may remain trapped in traditional employment, believing that job security is the only path to financial stability. This lack of exploration limits their potential to create wealth and achieve financial freedom.

The Psychological Impact of Financial Strain:

The mental and emotional toll of financial insecurity can also play a role in wealth disparity. Financial struggles can lead to stress, anxiety, and a scarcity mindset. This psychological burden can hinder the ability to focus on long-term goals or seize opportunities for growth.

In contrast, individuals with financial security often experience a sense of freedom that allows them to pursue their passions, invest in themselves, and take risks that can lead to further wealth accumulation.

The Role of Government Policies:

Government policies also play a significant role in wealth distribution. Tax structures that favor capital gains over earned income can disproportionately benefit the wealthy. While the rich can leverage tax advantages to accumulate more wealth, lower-income individuals often face higher effective tax rates on their income, limiting their ability to save and invest.

Social safety nets, when adequately funded and structured, can provide crucial support for those in poverty, allowing them to invest in their futures. However, inadequate or poorly designed welfare programs can trap individuals in cycles of dependency, making it difficult for them to break free from poverty.

Community Initiatives and Support Systems:

Community-based initiatives can also play a vital role in addressing wealth disparity. Programs that promote financial literacy, entrepreneurship, and job training can empower individuals to improve their economic situations. By fostering an environment that supports skill development and access to resources, communities can help bridge the gap between the rich and the poor.

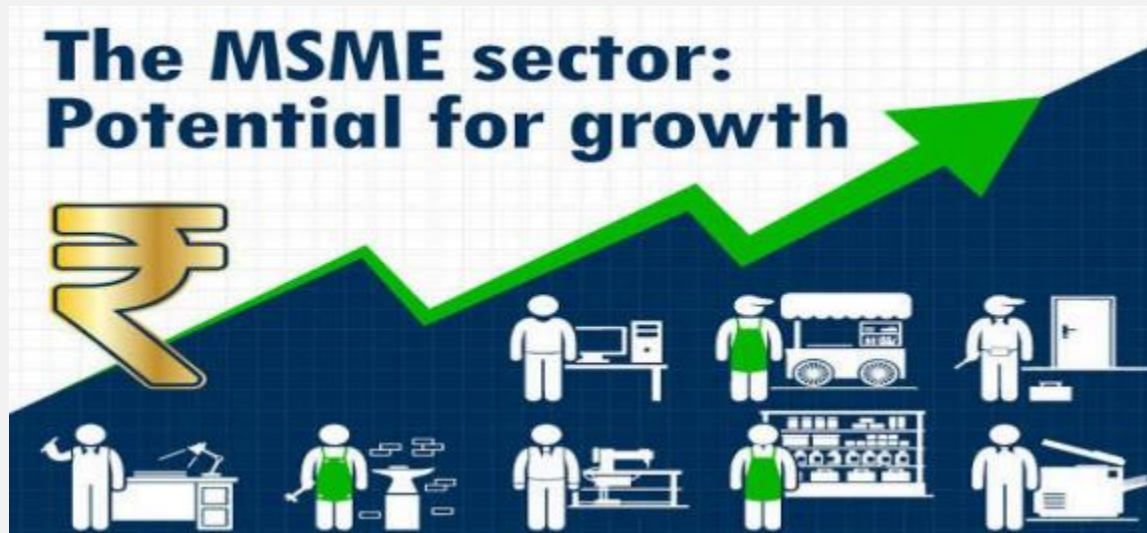
Local organizations can offer workshops on budgeting, investing, and starting small businesses, providing practical knowledge that can lead to improved financial outcomes. Mentorship programs that connect aspiring entrepreneurs with experienced business owners can also provide invaluable guidance.

Conclusion: Bridging the Wealth Gap:

Addressing the widening wealth gap requires a comprehensive approach rooted in financial education, mindset shifts, and systemic changes. It is essential to create financial literacy programs that empower individuals to understand money management, investment strategies, and entrepreneurship.

By fostering an environment that encourages financial education, mentorship, and access to resources, we can create opportunities for those in lower-income brackets to break free from the cycle of poverty. Ultimately, by changing the narrative around wealth and empowering individuals with the knowledge and tools to succeed, we can begin to dismantle the barriers that keep the rich getting richer while the poor remain trapped in financial insecurity. Through collective effort and systemic change, a more equitable society is within reach. By recognizing these challenges and working towards solutions, we can create a future where opportunity is not determined by one's socioeconomic background but is accessible to all.

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shares a close relationship, each benefiting from the growth and development of the other. Here's a detailed look at how these two sectors are interrelated and the advantages this relationship brings to CA students and professionals.

MSMEs and the CA Sector: have a close relationship :

1. Financial Management and Compliance: MSMEs

require robust financial management and compliance with various regulations, which creates a significant demand for CA professionals. Chartered Accountants play a crucial role in helping MSMEs with

- Accounting and Bookkeeping: Ensuring accurate financial records.
- Taxation: Navigating complex tax laws and optimizing tax liabilities.
- Auditing: Conducting internal and statutory audits to ensure compliance with legal standards.

2. Advisory Services: CA professionals provide strategic advisory services to MSMEs, including Business Planning: Assisting in the formulation of business plans and financial strategies. Risk Management: Identifying and mitigating financial risks. Funding and Investment: Advising on funding options and investment opportunities.

3. Government Schemes and Subsidies: The rise of MSMEs has led to numerous government schemes and subsidies aimed at supporting these enterprises. CA professionals help MSMEs in:

- Scheme Eligibility: Determining eligibility for various schemes.
- Application Process: Assisting in the application and documentation process.
- Compliance: Ensuring ongoing compliance with scheme requirements.

"CA Professionals in MSMEs: Harnessing Growth and Development"

1. Employment Opportunities: The growth of the MSME sector translates into increased employment opportunities for CA students and professionals. With over 63 million MSMEs in India, the demand for skilled financial experts is substantial.

2. Diverse Experience: Working with MSMEs provides CA students and professionals with diverse experience across various industries, enhancing their skill set and making them versatile professionals.

3. Entrepreneurial Insights: Engaging with MSMEs offers CA professionals insights into entrepreneurship and small business management, which can be invaluable for those considering starting their own practice or business.

4. Professional Growth: The dynamic nature of MSMEs, with their unique challenges and growth potential, provides CA professionals with opportunities for continuous learning and professional growth.

Economic Contribution: MSMEs contribute approximately 30% to India's GDP and 45% to exports

Year	% share of Export of MSME related products in All India Export
2019-20	49.77%
2020-21	49.35%
2021-22	45.03%
2022-23	43.59%
2023-24*	45.56%

*September 2023

*Pib

- This significant economic contribution underscores the importance of financial expertise provided by CA professionals. Employment Generation: MSMEs are a major source of employment, especially in rural and semi-urban areas
- This creates a steady demand for CA services in these regions. Government Initiatives: Initiatives like the Udyam Registration and various financial incentives have simplified the process for MSMEs to formalize their operations
- CA professionals play a key role in guiding MSMEs through these processes. In conclusion, the rise of the MSME sector offers numerous benefits to CA students and professionals, from increased employment opportunities to diverse professional experiences. The interdependence between MSMEs and the CA sector not only supports the growth of small businesses but also enhances the professional landscape for Chartered Accountants in India.

Ministry of MSME is responsible for growth of MSME sector and for growth of Agro and Rural Industries. On the one hand, the Micro, Small and Medium Enterprises (MSME):sector has emerged as a highly vibrant and dynamic sector of the Indian economy over the last five decades. On the other hand, growth in Agro and Rural Industries are equally important. From time to time, new promotional schemes are being launched; existing promotional schemes are being refurbished; concerns of the sector are being addressed. MSMEs play crucial role in providing employment opportunities at comparatively lower capital cost than large industries. MSMEs also help reducing regional imbalances and attaining more equitable distribution of

national income and wealth. MSMEs are Large Industries that are complementary to each other. MSMEs contribute towards socio-economic development of the country.

Interestingly, Institute of Chartered Accountants of India also have separate committee for 'Small and Medium Practitioners' and Committee strive for Capacity Building of SMPs. Various programs and schemes of Ministries where CA professionals can play pro-active and mutually fruitful roles such as :-

1. Procurement program

2. MSME cluster development program

3. Skill Development

4. Marketing Assistance

- Here, CA professionals are playing eminent role. Timely filing of papers for subsidy is of essence. Many claims get rejected due to late filing.

- MSMEs have very limited qualified staff working for them on a full time basis. Here the indirect role for CA professionals is very strong. Through most of these schemes, the Government extends subsidies. Creating awareness about schemes; identifying application form, filing it and filing timely application for subsidies with designated authority; submitting replies to subsequent queries,.

Conclusions:-The relationship between Micro, Small, and Medium Enterprises (MSMEs) and Chartered Accountants (CAs) is a close relationship and crucial for the growth and sustainability of the MSME sector in India. Chartered Accountants play a pivotal role in providing financial expertise, strategic advice, and compliance support to MSMEs, which are essential for their development and success.

"The MSME sector is poised to be the backbone of India's export economy, driving growth, innovation, and employment. With over 60 million MSMEs contributing nearly 40% of India's GDP and 45% of its exports, this sector holds immense potential for catapulting India into the league of top 3 economies globally. As the world's third-largest startup ecosystem, India's MSMEs are leveraging technology, digitalization, and e-commerce to tap into global markets. With government

initiatives like Make in India, Digital India, and Startup India, MSMEs are poised to capitalize on emerging opportunities in sectors like textiles, pharmaceuticals, automotive, and renewable energy. By 2025, India's MSME sector is projected to contribute \$500 billion to the country's export revenue, creating millions of jobs and empowering entrepreneurs, especially women and youth. As the sector continues to flourish, India's export economy will soar.

R NARAYANA RAO

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PHOTO GALLERY



PANCHABOOTH CRICKET TOURNAMENT & OUTDOOR GAMES ON 13TH OCT



ITT PROGRAM WAS CONDUCTED FROM 14TH OCT



HALF DAY WORKSHOP ON 19TH OCT