

Handbook on MSMEs

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Contents

<i>Introduction</i>	<i>2</i>
<i>International Scenario</i>	<i>2</i>
<i>Legal Framework</i>	<i>3</i>
<i>Classification of Enterprises</i>	<i>4</i>
<i>Computation of Investment limit in Plants & Machineries or in Equipment's for the purpose of MSME Act, 2006</i>	<i>5</i>
<i>Udyog Aadhar Memorandum: Registration</i>	<i>6</i>
<i>Guidelines for Filing the Online Udyog Aadhaar Form</i>	<i>9</i>
<i>Benefits of Registration as MSME</i>	<i>12</i>
<i>COVID19 Relief and Atmanirbhar Package for MSMEs announced on 13th May 2020:</i>	<i>15</i>

Introduction

The Indian Micro Small and Medium Enterprises (MSMEs) sector is the **backbone of the national economic structure** and has unremittingly acted as the **bulwark** for the Indian economy, providing it resilience to ward off global economic shocks and adversities¹. With around 63.4 million units throughout the geographical expanse of the country, MSMEs contribute around 6.11% of the manufacturing GDP and 24.63% of the GDP from service activities as well as 33.4% of India's manufacturing output.

MSMEs not only **play crucial role in providing large employment opportunities** at comparatively lower capital cost than large industries but also help in industrialization of rural & **backward areas, thereby, reducing regional imbalances, assuring more equitable distribution of national income and wealth**². The MSME sector contributes about 40% of the total employment in India becoming the second largest employer apart from agricultural³. MSME sector has created 110 Million jobs (360.41 lacs in Manufacturing, 387.18 lacs in Trade and 362.22 lacs in Other Services)⁴. The top 10 States together accounted for a share of 74.05 % of the total estimated number of MSMEs in the country. Maharashtra shares in Total MSME's is approx. 8% (47.78 Lacs) of Total MSME's (633.90 Lacs) in India⁴. There are over 6000 products ranging from traditional to High-tech items, which are being manufactured by MSMEs in India. The contribution of MSME sector to **India's GDP is ~30%** and **~48%** of India's Export⁵. It has become the catalyst aiding and propelling the socio-economic transformation agenda of the country.

India's current economy according to IMF is the 5th largest in the world with the size of \$2.94 trillion⁶ and is expected to reach \$5 trillion by the year 2025 of which MSMEs have the potential to act as an engine for growth in achieving this target.

International Scenario

United Nation have also recognised MSMEs as engines of Economic Growth. United Nations Conference on Trade and Development (UNCTAD) is also supporting SME's. SMEs usually comprise

1: CII, Website

2: MSME Annual Report 2018-19

3: <https://evoma.com/businesscentre/sme-sector-in-india-statistics-trends-reports/>

4: NSS 73rd round (2015-16)

5: The Ministry of MSME, data as of FY19

6: IMF's October'2019 World Economic Outlook

7: Micro, Small & Medium Enterprises Development (MSMED) Act, 2006

about 99 per cent of all enterprises, and account for from 44 to 70 per cent of employment and 50 per cent of manufacturing output.⁸

The UNCTAD group also states that SME sector plays an important role in economic development:

- It constitutes a major source of employment
- It provides most of the essential goods and services to the society
- It generates significant domestic and export earnings
- SME development emerges as a key investment in poverty reduction efforts

Legal Framework

The conceptual and legal framework for small scale and ancillary industrial undertakings is derived from the Industries Development and Regulation Act, 1951. The Small and Medium Enterprises Development Bill 2005 which was enacted in June 2006 was renamed as “Micro, Small & Medium Enterprises Development Act, 2006” aims at facilitating the promotion and development of small and medium enterprises. MSMEs are governed by Micro, Small & Medium Enterprises Development Act, 2006 (MSMED Act, 2006 – hereafter referred as “Act”) which came into force w.e.f. 02.10.2006.

Salient Feature of the Act:

- Setting up of a National Board for MSME's
- Classification of Enterprises
- Advisory committees to support MSME's
- Measures for promotion development and enhancement of MSME's
- Schemes to control delayed payments to MSME's
- Enactment of rules by State Governments to implement the MSME's Act, 2006 in their respective states.

According to the Act, Enterprise means an Industrial undertaking or a business concern or any other establishment, by whatever name called engaged in manufacture or production of goods, or engaged in providing or rendering of any service or services (Earlier concept of Industries have been changed to Enterprises). Thus broadly MSME are classified in two categories:

- a. **Manufacturing Enterprises:** The enterprises engaged in the manufacture or production of goods pertaining to any industry specified in the first schedule to the industries (Development and

- b. regulation) Act, 1951)⁹ or employing plant and machinery in the process of value addition to the final product having a distinct name or character or use.
- c. **Service Enterprises:** The enterprises engaged in providing or rendering of service.

Section 2(e) of the Act "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 or engaged in providing or rendering of any service or services.

Classification of Enterprises

An Enterprise is classified as Micro, Small or Medium on the basis of Investment made in Plant and Machinery / Equipment¹⁰. Accordingly, the section of Act, the ceiling on investment and turnover to be classified as micro, small or medium enterprises is as under.

For Manufacturing Enterprises

S.No.	Enterprises	Investment in Plant and Machinery
1.	Micro Enterprises	Does not exceed Rs. 25 lacs
2.	Small Enterprises	More than Rs. 25 lacs but does not exceed Rs. 5 crore
3.	Medium Enterprises	More than Rs. 5 Core but does not exceed Rs. 10 crore

For Service Providers

S.No.	Enterprises	Investment in Plant and Machinery
1.	Micro Enterprises	Does not exceed Rs. 10 lacs
2.	Small Enterprises	More than Rs. 10 lacs but does not exceed Rs. 2 crore
3.	Medium Enterprises	More than Rs. 2 Core but does not exceed Rs. 5 crore

On 13/05/2020, FM have announced to revise the basis on which enterprises is to be classified as Micro, Small and Medium Enterprises. Investment Limit will be revised upwards and additionally criteria of turnover being introduced. Distinction between manufacturing and service sector to be eliminated. (Amendment in Act is awaited). Government should clarify, whether Investment and Turnover Criteria to be read as "AND" or "OR" as this will impact lots of MSME and whether Trading is also included in definition of MSME.

Revised Classification: (Composite Criteria: Investment and Annual Turnover)

Classification	Micro	Small	Medium
Manufacturing and Service	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

9 – Earlier, Small Industries were defined under Industries (Development and Regulation) Act, 1951
10- S.O. 1642(E) dtd.30-09-2006 : Classification of Enterprises

Computation of Investment limit in Plants & Machineries or in Equipment's for the purpose of MSMED Act, 2006

As per Ministry of Small Scale industries notification dated 5th day of October, 2006¹¹, the investment in Plant and Machinery referred to in respective limits is the Original Price, irrespective of whether the plant and machinery are new or second handed, shall be taken into account provided that in the case of imported machinery, the following shall be included in calculating the value, namely;

- Import duty (excluding miscellaneous expenses such as transportation from the port to the site of the factory, demurrage paid at the port);
- Shipping charges;
- Customs clearance charges;
- Sales tax or value added tax (know Good and Service Tax).

Further, as per the said notification, the following are excluded while calculating the investment in Plant and Machinery

- Equipment such as tools, jigs, dyes, moulds and spare parts for maintenance and the cost of consumables stores;
- Installation of plant and machinery;
- Research and development equipment and pollution controlled equipment
- Power generation set and extra transformer installed by the enterprise as per regulations of the State Electricity Board;
- Bank charges and service charges paid to the National Small Industries Corporation or the State Small Industries Corporation;
- Procurement or installation of cables, wiring, bus bars, electrical control panels (not mounded on individual machines), oil circuit breakers or miniature circuit breakers which are necessarily to be used for providing electrical power to the plant and machinery or for safety measures;
- Gas producers plants;
- Transportation charges (excluding sales-tax or value added tax and excise duty) for indigenous machinery from the place of the manufacture to the site of the enterprise;
- Charges paid for technical know-how for erection of plant and machinery;
- Such storage tanks which store raw material and finished produces and are not linked with the manufacturing process; and

11: Notification No.S.O.1722 (E) dated 06.10.06

- Firefighting equipment.

Further, investment in Land, Building, Vehicles, Furniture and fixtures, Office Equipment etc. shall not be considered in determining the threshold limit of plant and machinery or Equipment as the case may be.

Udyog Aadhaar Memorandum: Registration

Ministry of Micro, Small and Medium Enterprises (MSME) has notified the Udyog Aadhaar Memorandum (UAM) under the MSMED Act, 2006 vide gazette notification [SO No. 2576(E)] dated 18-09-2015 in order to promote ease of doing business for MSMEs. The salient feature of UAM are

- Registration is online and user-friendly
- Udyog Aadhaar Memorandum (UAM) can be filed on self-declaration basis
- No documentation required
- No Fee for filing
- File more than one Udyog Aadhaar with same Aadhaar Number.

MSMEs shall file **Udyog Aadhaar Memorandum**, (referred to as the memorandum) in **Form I** in accordance with the **following procedure**,¹²:

- The memorandum shall be **filed online on the website** of the Ministry of Micro, Small and Medium Enterprises, Government of India at <http://udyogaadhar.gov.in>
- Every micro, small and medium engaged in the manufacturing of goods or rendering of services with total investment in plant and machinery below the limit specified in section 7 of the said Act, shall file the memorandum;
- The memorandum shall be filed only after establishing the unit**, obtaining all regulatory approvals and starting commercial operations;
- Any number of activities including manufacturing or service or both** may be specified in the memorandum;
- The proprietor in the case of a proprietorship firm, managing partner in the case of a partnership firm and a karta in the case of a Hindu Undivided Family (HUF), shall **provide** his **Aadhaar** Number in the memorandum;

- f. In case of a company or a limited liability partnership or a cooperative society or a society or a trust, Permanent Account Number (PAN) of the organisation along with Aadhaar number of the authorised signatory shall be specified in the memorandum;
- g. **'one time password (OTP) for verification** of the fresh memorandum as well as amending of the existing memorandum shall be sent on mobile phone linked to the Aadhaar Number of the applicant and the applicant shall enter the OTP in the form before submitting the memorandum;
- h. The memorandum shall be filed on **self-certification basis and no additional document is required to be uploaded at the time of such filing.**
Provided that the Central Government or the State Government or such person as may be authorized in this behalf may seek documentary proof of the information provided in the memorandum, wherever necessary;
- i. **Udyog Aadhaar Acknowledgment in Form I along with a unique Udyog Aadhaar Number (UAN) shall be generated** and mailed to the email address provided in the memorandum;
- j. There shall be **no fee for filing the Udyog Aadhaar Memorandum**;
- k. In case an applicant or the authorised signatory does not have Aadhaar Number or in cases where online filing is not possible for any reason, a hard copy of the duly filled form I, shall be submitted to the concerned District Industries Center (DIC) or to the Office of the Micro, Small & Medium Enterprise - Development Institute (MSME-DI) under the Development Commissioner, MSME and the concerned DIC or MSME-DI shall file the Udyog Aadhaar Memorandum online, on the behalf of such enterprise;
- l. **No enterprise shall file more than one memorandum;**
- m. In case of **change in address or addition or deletion of activities** by the enterprises or for other changes, the proprietor or the managing partner or an authorized person may apply for **amendment of the existing memorandum** in accordance with the guidelines for filing the online Udyog Aadhaar Form provided in the website of the Ministry of Micro, Small and Medium Enterprises, at <http://udyogaadhaar.gov.in>. The procedure for amendment in the Udyog Aadhaar Memorandum would be same as that for filing new Memorandum;
- n. UAM registration has replaced Entrepreneurship Memorandum-If (EM-II)
- o. **Existing enterprises** which have filed Entrepreneurship Memorandum-II or the holders of Small Scale Industry registration, prior to the coming into force of the Micro, Small and Medium Enterprise Development Act 2006 (27 of 2006) shall not be required to file Udyog Aadhaar Memorandum, but if they so desire they may also file the Udyog Aadhaar Memorandum;

- p. General Manager of the District Industries Center of the concerned district shall be Authorised to undertake enquiry for verifying the memorandum submitted by the enterprise and in case of any discrepancy, he shall issue a notice to the enterprise, giving it an opportunity to present its case and based on the findings, the authorised officer may amend or cancel the memorandum;

UDYOG AADHAR MEMORANDUM

 सत्यमेव जयते	भारत सरकार सूक्ष्म, लघु और मध्यम उद्यम मंत्रालय Government of India Ministry of Micro, Small and Medium Enterprises (An ISO 9001:2008 Certified Organization)	 MICRO, SMALL & MEDIUM ENTERPRISES सूक्ष्म, लघु एवं मध्यम उद्यम
उद्योग आधार		Udyog Aadhaar

	Type of Enterprise	Micro	Small	Medium
	Manufacturing	A	B	C
	Service	D	E	F

Udyog Aadhaar Memorandum

1	Aadhaar Number			
2	Name of Entrepreneur			
3	Social Category	SC	ST	OBC
4	Name of Enterprise			
5	Type of Organization *			
6	Postal Address			
		District	State	Pin
		Mobile No:	Email:	
7	Date of commencement			
8	Previous Registration details-if any	SSI		
		EM-1		
		EM-2		
9	Bank Details	IFS Code:		
		Bank Account:		
10	Major Activity	Manufacturing		
		Service		
11	National Industry Classification Code			
12	Persons employed			
13	Investment (Plant & Machinery / Equipment's)			
14	District Industry Centre			
Declaration I hereby declare that information given above is true to the best of my knowledge. Any information, that may be required to be verified, shall be provided immediately before the concerned authority.				
*(1) Proprietary, (2) Hindu Undivided Family (HUF), (3) Partnership, (4) Co-Operative, (5) Private Limited Company, (6) Public Limited Company, (7) Self Help Group, (8) Others				

Type of Enterprise	Micro	Small	Medium
Manufacturing	A	B	C
Service	D	E	F

Udyog Aadhaar Acknowledgement

Udyog Aadhaar Number											
Name of Enterprise											
Postal Address											
	District				State				Pin		
	Mobile No:						Email:				
Date of commencement											
Previous Registration details- if any	SSI										
	EM-1										
	EM-2										
Acknowledgement	Date of Filing						Date of Printing				

Disclaimer: This is computer generated statement, no signature required.
Printed from udyogaadhaar.gov.in

Guidelines for Filing the Online Udyog Aadhaar Form

1. **Aadhaar Number:** 12 digit Aadhaar number issued to the applicant should be filled in the appropriate field. (refer g & h as mentioned in procedure of UAM)
2. **Name of Owner-** The applicant should fill his/her name strictly as mentioned on the Aadhaar Card issued by UIDAI. E.g. if Saurabh Anokhchand Jain has his name as Saurabh A. Jain, the same should accordingly be entered if the name does not match with the Aadhar Number, the applicant will not be able to fill the form further.

To Validate Aadhar :

Validate Aadhar : The applicant must click on Validate Aadhaar button for verification of Aadhaar, after that only user can fill the form further.

Reset The applicant can click on reset button to clear the field of Aadhaar No and Name of the owner for different Aadhaar.

OTP will be sent to your mobile number registered with UIDAI. If your mobile number is not registered with UIDAI, please follow instructions given on Pop up window.

3. **Social Category-** The Applicant may select the Social Category (General, Scheduled Caste, Scheduled Tribe or Other Backward Castes (OBC). The proof of belonging to SC, ST or OBC may be asked by appropriate authority, if and when required.
4. **Gender:** The Applicant can select gender of Entrepreneur
5. **Physically Handicapped:** The Applicant can select Physically Handicapped status of Entrepreneur
6. **Name of Enterprise:** The Applicant must fill the name by which his/her Enterprise is known to the customers/public and is a legal entity to conduct business. One applicant can have more

than one enterprises doing business and each one can be registered for a separate Udyog Aadhaar and with the same Aadhaar Number as Enterprise 1 and Enterprise 2 etc. Combination of same Aadhaar Number and Enterprise Name can be added second times. Only additional details can be added or deleted at the time of editing

7. **Type of Organization:** The Applicant may select from the given list the appropriate type of the organisation for his/her enterprise. The Applicant must ensure that he/she is authorised by the legal entity (i.e. enterprise being registered for Udyog Aadhaar) to fill this online form. Only one Udyog Aadhaar number shall be issued for each enterprise.
8. **PAN Number:** The Applicant have to enter PAN Number in case of Co Operative, Private Limited, Public Limited and Limited Liability Partnership It. Will be optional in remaining type of Organisation
9. **Location of Plant:** The Applicant may add multiple plant location in one registration by clicking Add Plant button.
10. **Official Address:** The Applicant should fill in the appropriate field the complete postal address of the Enterprise including State, District, Pin code, Mobile No and Email.
11. **Date of Commencement:** The date in the past on which the business entity commenced its operations may be filled in the appropriate field.
12. **Previous Registration Details(if any):** If the Applicant's enterprise, for which the Udyog Aadhaar is being applied, is already issued a valid EM-I/II by the concerned GM (DIC) as per the MSMED Act 2006 or the SSI registration prevailing prior to the said Act, such number may be mentioned in the appropriate place.
13. **Bank Details-** The Applicant must provide his/her bank account number used for running the Enterprise in the appropriate place. The Applicant must also provide the IFS Code of the bank's branch where his/her mentioned account exists. The IFS code is now a days printed on the Cheque Books issued by the bank. Alternatively, if the Applicant knows the name of the Bank and the branch where his/her account is there, the IFSC code can be found from website of the respective Bank.
14. **Major Activity-** The major activity i.e. **either "Manufacturing" or "Service"** may be chosen by the enterprise for Udyog Aadhaar. If your enterprise involves in both type of activities and *if major work involves in Manufacturing and small portion of activity involves in Service sector then select your major activity type as "Manufacturing" and if major work involves in Services and small portion of activity involves in Manufacturing then select your major activity type as "Services"*

15. **National Industry Classification Code (NIC Code):** The Applicant may choose multiple National Industrial Classification-2008 (NIC) Codes to includes all their activities. Which means user can select multiple NIC code of Manufacturing and Service sector by clicking "Add More" button. If you want to add Manufacturing, then select "Manufacturing" radio button and keep on adding by clicking "Add More" button otherwise if you want to add Service then select "Services" radio button and keep on adding by clicking "Add More" button. The NIC codes are prepared by the Central Statistical Organisation (CSO) under the Ministry of Statistics and Program implementation, Government of India.

The Applicant may use National Industrial Classification-2008 (NIC) Codes searching facility to avoid 3 steps selection process.

Example: User has to write matching key word (2 or more characters) in Search text box in Column No 11 . Then all related NIC CODEs will be listed (including Nic 2 Digit, Nic 4 Digit & Nic 5 Digit) with code and description. If User selects NIC 5 Digit code, then automatically all the related fields(like NIC 2 Digit, 4 Digit, 5 Digit & Enterprise Type) at column 11 will be automatically filled. Same way, If user selects NIC 4 digit, then related field of 2 digit NIC Code will filled, but user has to select NIC 5 digit from drop down(In this case 2 steps are required).

16. **Person employed-** The total number of people who are directly been paid salary/ wages by the enterprise may be mentioned in the appropriate field.
17. **Investment in Plant & Machinery / Equipment:** While computing the total investment, the original investment (purchase value of items) is to be taken into account excluding the cost of pollution control, research and development, industrial safety devices, and such other items as may be specified, by notification of RBI. If an enterprise started with a set of plant and machinery purchased in 2008 worth Rs. 70.00 lacs has procured additional plant and machinery in the year 2013 worth Rs. 65.00 lacs, then the total investment in Plant & Machinery may be treated as Rs. 135.00 lacs.
18. **DIC-** The Applicant, based on the location of the Enterprise, has to fill in location of DIC. This Column will be active and show option only when there are more than one DIC in the district. In fact if there is only one DIC in the district system will automatically register you in the same DIC.
19. **Submit-** The Applicant must click on Submit button to generate OTP which will be sent to email id mentioned for registration.
20. The Applicant have to enter OTP received on mobile (linked with Aadhaar) second time.
21. **Enter Captcha-** The Applicant must enter Captcha before clicking Final Submit button.

Benefits of Registration as MSME

- 1. Collateral free credit:** Under CGTMSE (Credit Guarantee Funds Trust for Micro and Small Enterprises) scheme, MSME's can avail maximum collateral free credit (Fund based / non fund based – LC, BG etc) upto of Rs. 200 Lacss from Eligible Institutions. Maximum Guarantee Cover is as under

Category	Maximum extent of Guarantee where credit facility is		
	Upto 5 lakh	Above 5 lakh upto 50 lakh	Above 50 lakh upto 200 lakh
Micro Enterprises	85% of the amount in default subject to a maximum of 4.25 lakh	75% of the amount in default subject to a maximum of 37.50 lakh	75% of the amount in default subject to a maximum of 150 lakh
Women entrepreneurs/ Units located in North East Region (incl. Sikkim) (other than credit facility upto 5 lakh to micro enterprises)	80% of the amount in default subject to a maximum of 40 lakh		
All other category of borrowers	75% of the amount in default subject to a maximum of 37.50 lakh		
MSE Retail Trade Credit : 10 Lakh to 1 Cr	50% of the amount in default subject to a maximum of 50 lakh		

Annual Guarantee Fee (AGF): The fee charged is on the Guarantee amount for the 1st year and on the outstanding amount in subsequent years.

Credit Facility	Annual Guarantee Fee (AGF)	
	Women, Micro Enterprises and Units covered in North East Region	Others
Up to 5 Lakhs	1.00 + Risk Premium	
Above 5 Lakhs and up to 50 Lakhs	1.35 + Risk Premium	1.50 + Risk Premium
Above 50 Lakhs and up to 200 Lakh	1.80 + Risk Premium	

- Risk Premium range from 10% to 25% on standard rate and is based on % NPA.

MSE Retail Trade Activity, the AGF will be charged at 2% of the guaranteed amount for the first year and on the outstanding amount for the remaining tenure of the credit facility.

2. **Protection against delay in payment**¹³: It has been clearly spelled in the act that the buyer has to make payment to MSME seller for the goods/services within the time period mentioned in the written agreement which, in no case, shall exceed **45 days** from date of acceptance or date of deemed acceptance.

If the buyer **fails to pay** within the prescribed time limit, then, notwithstanding anything contained in any agreement between buyer and seller or in any law for the time being in force, he has to **pay compound interest with monthly rest at three time of bank rate** on the due amount to the seller (Section 16 of the Act).

3. **Trade Receivables Discounting System (TReDS)**: TReDS is an electronic platform for facilitating the financing / discounting of trade receivables of Micro, Small and Medium Enterprises (MSMEs) through multiple financiers. These receivables can be due from corporates and other buyers, including Government Departments and Public Sector Undertakings (PSUs). It enables market making and discovery of competitive rates for invoice/exchange bills of MSME sellers through an auction mechanism to ensure the prompt realisation of trade receivables at competitive market rates. The TReDS could deal with both receivables factoring as well as reverse factoring.
4. **Interest Equalization Scheme**: Under the “Interest Equalisation Scheme on Pre and Post Shipment Rupee Export Credit”, the Interest Equalisation @ 5% per annum is available to all MSME exporters across all their merchandise exports. This scheme have been extended till 31/03/2021¹⁴.
5. **Credit Facilitation Through Bank**: NSIC has entered into a Memorandum of Understanding with various Nationalized and Private Sector Banks. Through association with these banks, NSIC arranges for credit support (fund or non fund based limits) from banks for the MSMEs.
- **Term loans** for acquisition of fixed assets (viz, land/building, plant/machinery, other fixed assets) towards setting up of new units and for expansion, modernization and diversification in case of existing units.
 - **Working Capital requirement** facility to meet the working capital needs of the MSME units in the form of open cash credit, overdraft against book debts and bill discounting facility.
 - **Non fund based** limits such as guarantees, letter of credit, foreign bank guarantees, foreign letter of credit etc. are provided.

The interest rate and the security norms depends upon banks to banks. The scheme also provides handholding facility to the entrepreneurs and facilitate documentation.

6. **Technology Upgradation support**: Credit Linked Capital Subsidy Scheme (CLCSS) for technology upgradation, provides an **upfront capital subsidy** for upgrading technology for new or existing Micro, Small and Medium Enterprises (MSMEs). The scheme provides upfront capital subsidy of **15 per cent** (on institutional finance of upto Rs 1 crore availed by them) to MSMEs, including tiny,

13 : Section 15- 24 of the The Micro, Small and Medium Enterprise Development (MSMED) Act, 2006.

14 : RBI/2019-20/231 DOR.Dir.BC.No.69/04.02.001/2019-20 Dated 13/05/2020

khadi, village and coir industrial units, for induction of well-established and improved technologies in specified sub-sectors/products approved under the scheme. This scheme currently encompasses 51 sub-sectors/products. Replacement of the current equipment with the same ones or purchasing of second-hand equipment shall not be entertained under this scheme¹⁵.

The Scheme is a demand driven one without any upper limit on overall annual spending on the subsidy disbursal.

- 7. Reimbursement of certification fees for acquiring ISO standards:** The scheme envisages reimbursement of charges incurred for acquisition of ISO-9000/ISO-14001/HACCP certification to the extent of 75% of expenditure, subject to a maximum of Rs.75,000/- in each case. It includes 75% of the certification expenses up to a maximum of Rs.75,000/- (Rupees seventy five thousand only) to each unit as one-time reimbursement only to those MSEs which have acquired Quality Management Systems (QMS)/ISO 9001 and /or Environment Management Systems (EMS)/ISO14001 and / or Food Safety Systems (HACCP) Certification.
- 8. Credit rating support:** Under this scheme (as per the turnover of the MSE) a percent of Rating Agency charges are reimbursed by Ministry of SSI through NSIC. The fee to be paid to the rating agencies shall be based on the turnover of the MSEs which has been categorized into three slabs. The slabs of the Turnover and the share of Ministry of MSME towards the fee charged by the Rating Agency have been indicated in the table given below :

Turnover	Fee to be reimbursed by Ministry of MSME
Upto 50 Lacs	75% of the fee or Rs. 25,000 (whichever is less)
Above Rs. 50 to 200 lacs	75% of the fee or INR30,000 (whichever is less)
More than Rs. 200 lacs	75% of the fee or INR40,000 (whichever is less)

The balance amount towards the fee shall be borne by the MSEs.

- 9. Energy Conservation support:** Under this scheme, enterprises having MSME Registration can avail a concession in electricity bills by making an application to Electricity board along with MSME Registration Certificate.
- 10. Priority Sector Lending (PSL)¹⁶:** Banks, by virtue of the directions issued by the Reserve Bank of India, have certain earmarked funds that have to mandatorily be given to MSMEs (at present 7.5 per cent of Adjusted Net Bank Credit (ANBC) or Credit Equivalent Amount of Off-Balance Sheet Exposure (CEOBSE)).

In addition to this, to ensure that MSMEs do not remain small and medium units merely to remain eligible for priority sector status, the MSME units shall continue to enjoy the priority sector lending status up to three years after they grow out of the MSME category concerned.

15 : Revised Guidelines on CLCSS for Technology Upgradation of SSI

16 : Master Direction – Reserve Bank of India [Lending to Micro, Small & Medium Enterprises (MSME) Sector] - Directions, 2017

- 11. Marketing Support/Assistance to MSMEs (Bar Code):** Under this scheme, the Ministry of MSME will reimburse 75% of the one-time registration fees for bar coding and 75% of the annual renewal fees incurred for the first three years.
- 12. Raw Material Assistance Scheme:** Under this scheme, Manufacturing MSME having Udyog Aadhaar Memorandum (UAM) gets finance assistance for procurement of Raw Material ((both indigenous & imported) upto 90 Days. Main aims of this scheme is to make availability of Raw material on credit and enable MSMEs to execute the orders in hands.
- 13. Single Point Registration Scheme:** The Government is the single largest buyer of a variety of goods. With a view to increase the share of purchases from the small-scale sector, the Government Stores Purchase Programme was launched in 1955-56. NSIC registers Micro & small Enterprises (MSEs) under Single Point Registration scheme (SPRS) for participation in Government Purchases. Some of Benefits of this schemes are,
 - Issue of tender sets free of cost
 - Exemption from payment of Earnest Money
 - Advantage in Tender Participation and Procurement from MSES.
- 14.** All new industrial units in public IT parks are exempted from payment of stamp duty and registration fees

COVID19 Relief and Atmanirbhar Package for MSMEs announced on 13th May 2020:

- A. Emergency Credit Line:** Banks and NBFCs to provide Emergency Credit Line to MSMEs to up to **20% of entire outstanding credit** as on 29.2.2020. 100% of such credit shall receive a guarantee cover by government.
 - **Eligible Borrowers:** Up to Rs 25 crore of outstanding loan and up to Rs 100 crore of turnover.
 - **Loan Tenure:** 4 years with 1 year moratorium
 - **Interest:** Interest Capped and No Guarantee Fee
 - **Validity:** Scheme available till 31st Oct 2020
- B. Subordinated Debt** along with partial guarantee support from government to banks for providing Rs 20,000 crore subordinated debt to stressed and NPA MSMEs. Government to take the risk cover up to first 20% of the loss.
- C. Fund of Funds** with a corpus of Rs 10000 crore to be set up to provide equity funding support to MSMEs with high growth potential

- D. **Global Tenders** for any government procurement of up to Rs 200 crore disallowed which means more opportunity for domestic MSMEs
- E. All MSME receivables from Gov and CPSEs to be released in the **next 45 days**.

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, or other professional advice. Please refer to your advisors for specific advice.

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