



EMPOWERING MSMEs BY MAKING THEM DIGITAL, CREDIBLE, BANKABLE

MSME AWARENESS PROGRAM – WIRC, RAJKOT

- MSME stands for Micro, Small and Medium Enterprise (MSME), introduced by Government of India in agreement with Micro, Small & Medium Enterprises Development (MSMED) Act, 2006, are entities engaged in the manufacture or production of goods, in any manner or engaged in providing or rendering of any service or services.

- Why MSME has special significance for nation
 - i. MSMEs contribute nearly ~30% of the country's GDP. Considered as backbone of Indian economy, contributes substantially to socio-economic development of the country.
 - ii. Big source of employment generation and works in development of rural & backward areas. [MSME sector has created about 11.10 crore jobs in the country as per National Sample Survey].
 - iii. Employment opportunities at comparatively lower capital cost than large industries.
 - iv. ~30 million units, manufacturing more than 6,000 products, contributing 45% to manufacturing output and >45% of exports.

Given the national importance of the sector, MSME ministry is helping by way various initiative including in areas of Skill Development, Technology, Credit availability through various schemes, Capital subsidies etc.



- ~1.65 Cr Udyam Registration till date, 1.59 crore, 4.54 lacs and 40K being Micro, Small and Medium respectively- Maharashtra has highest number of registrations.
- CGTMSE – In 22-23, Total 5,44,938 cases have been approved extending guarantee for Rs. 45,921 Cr. Where 27,609 claims have been settled for Rs. 546.08 Cr.
- Central Public Sector Undertaking (CPSUs) units to make mandatory procurement of 25% from MSEs and **3% out of this will be from Women Entrepreneurs.**
 - i. During 2022-23 so far, CPSUs have procured goods and services worth Rs 50,022.12 crore from 1,84,576 MSEs that worth out to be 34.71% of the total procurement.
 - ii. Out of which goods and services worth Rs 1,475 crore from 9,857 women MSEs that worth out to be 1.02% of the total procurement.
- CPSUs to compulsorily be part of Public Procurement Portal GeM- Government e-Marketplace. CPSUs to get their vendors registered on GeM portal
 - i. Total 8,52,933 MSE Sellers & Service providers registered on GeM portal.
 - ii. 55.27% of orders value on GeM portal is from MSEs.
- Coir Board – Coir unit registered 16,826, annualized export of coir and coir products ~Rs.4,000+ Cr

	Micro	Small	Medium
<u>Manufacturing Enterprises and Enterprises rendering Services</u>	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

Ministry of Micro, Small and Medium Enterprises vide [Office Memorandum \(OM\) No. 5/2\(2\)/2021-E/P & G/Policy dated July 2, 2021](#), has decided to include **Retail and Wholesale trade** as MSMEs for the limited purpose of Priority Sector Lending.

- Composite criteria of investment and turnover for classification
 - i. If an enterprise crosses the ceiling limits specified for its present category in ***either of the two criteria of investment or turnover***, it will cease to exist in that category and be placed in the next higher category, but no enterprise shall be placed in the lower category unless it goes below the ceiling limits specified for its present category in both the criteria of investment as well as turnover.
 - ii. All units with ***GSTIN listed against the same PAN shall be collectively treated as one enterprise*** and the turnover and investment figures for all of such entities shall be seen together and only the aggregate values will be considered for deciding the category as micro, small or medium enterprise.

MSME Framework – Identify Investment in Plant and Machinery & Equipment

- Calculation of investment in plant and machinery or equipment
 - i. The calculation of investment in plant and machinery or equipment ***will be linked to the ITR*** of the previous years filed under the Income Tax Act, 1961
 - ii. In case of a ***new enterprise***, where no prior ITR is available, the investment will be based on ***self-declaration of the promoter*** of the enterprise and such relaxation shall end after the 31st March of the financial year in which it files its first ITR.
 - iii. The expression “plant and machinery or equipment” of the enterprise, shall have the same meaning as assigned to the plant and machinery in the Income Tax Rules, 1962 framed under the Income Tax Act, 1961 and shall include all tangible assets (other than land and building, furniture and fittings).
 - iv. The purchase (invoice) value of a plant and machinery or equipment, whether purchased firsthand or second hand, shall be considered excluding Goods and Services Tax (GST), on self-disclosure basis, if the enterprise is a new one without any ITR.

- Exports of goods or services or both, shall be excluded while calculating the turnover of any enterprise whether micro, small or medium, for the purposes of classification.
- Information as regards turnover and exports turnover for an enterprise shall be linked to the Income Tax Act or the Central Goods and Services Act (CGST Act) and the GSTIN.
- The turnover related figures of such enterprise which do not have PAN will be considered on self-declaration basis for a period up to 31st March 2021 and thereafter, PAN and GSTIN shall be mandatory

Government has organized a system to facilitate the registration of MSMEs. Enterprise registered under the MSMED Act, 2006 will be known as Udyam.

- Any person who intends to establish a micro, small or medium enterprise may file Udyam Registration online in the Udyam Registration portal
- Registration Process is totally free.
- Udyam Registration process is fully online, paperless and based on self-declaration.
- On registration, enterprise will be assigned a permanent identity number to be known as “Udyam Registration Number”.
- There is no renewal required for the certificate
- Having PAN & GST number is mandatory from 01.04.2021
- PAN & GST linked details on investment and turnover of enterprises will be taken automatically from Government data bases.
- For those already having registration as UAM may migrate to Udyam

Factsheet of MSME (Udyam) Registration Including Udyam Assist Platform (UAP)

Facts Dated:- 07/07/2023 12:13:12 PM

Total Registration

2,04,33,176

Total Classified

2,03,66,273

Micro

1,97,57,417

Small

5,56,270

Medium

52,586

Total Employment

12,29,43,583

Factsheet of MSME (Udyam) Registration

Total Registration

1,73,39,824

Total Classified

1,72,72,921

Micro

1,66,64,065

Small

5,56,270

Medium

52,586

Total Employment

11,98,50,231

Factsheet of Udyam Assist Platform (UAP)

Total Registration & Classified

30,93,352

Micro

30,93,352

Total Employment

30,93,352

Mandate from regulator:

- All existing enterprises registered under EM–Part-II or UAM shall register again on the Udyam Registration portal on or after the 1st day of July 2020.
- All enterprises registered till 30th June 2020, shall be re-classified in accordance with this notification
- The existing enterprises registered prior to 30th June 2020, shall continue to be valid only for a period up to the 30th June 2022. [Gazette notification dated 6th May 2022 no. S.O. 2134 E)
- As per para 2 of the said Gazette notification all enterprises are required to register online and obtain 'Udyam Registration Certificate'. **All lenders may, therefore, obtain 'Udyam Registration Certificate 'from the entrepreneurs.**

[RBI/2020-2021/26 FIDD.MSME & NFS.BC.No.4/06.02.31/2020-21]

- **Priority Sector Lending (PSL):** Banks, by virtue of the RBI guidelines, 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 for Micro Enterprises).
- **Exemption under Direct Tax Laws:** To boost investment, the corporate tax rate for new companies in the manufacturing sector has been reduced to 15% (17% incl SC), concessional rate is available for entities incorporated till 31st March 2024. Tax holiday period of 3 consecutive AY out of first 7 years of incorporation is available at the option of the taxpayer, to an eligible start-up.
- **Preference in procuring Government:** The Public Procurement Policy for Micro and Small Enterprises (MSE) order 2012 has mandated every Central Ministry/Department/PSU to procure minimum 25 per cent of the total annual purchases from the products or services produced or rendered by MSEs.
- **Subsidy for patent registration:** Under various schemes, registered Indian MSME will be provided one-time financial support limited up to:
 - i. Upto Rs. 1 lakh- for on grant of domestic patent
 - ii. Upto Rs. 5 lakh for foreign patent
 - iii. Upto Rs. 2 lakh for registration under Geographical Indications of Goods Act.

- **Protection against delayed payment**

- i. Any buyer purchasing from MSME sellers needs to make payment within 15 days from the date of agreement/delivery, as the case maybe. In any case, a payment due to a MSE cannot exceed 45 days from the due date. In case of failure, the buyer is required to pay compound interest. The penal interest chargeable for delayed payment to a MSME enterprise is three times of the bank rate notified by the Reserve Bank of India [Chapter V of MSMED Act, 2006]

- **Collateral free loans**

- i. Various Schemes are launched by the Government of India 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 such schemes.

- **Easy in getting licenses, approvals and registrations**

- i. It has made very easy for enterprises that are registered under MSME to obtain Licenses, approvals and registrations on any field for their business from the respective authorities as they can produce the Certificate of MSME Registration while making application.

- **Reservation policies to manufacturing / production sector:**

- i. Reservation of items for exclusive manufacture in SSI sector statutorily provided for in the Industries (Development and Regulation) Act, 1951, has been one of the important policy measures for promoting this sector. The Reservation Policy has two objectives
 - Ensure increased production of consumer goods in the small scale sector
 - Expand employment opportunities through setting up of small scale industries

- **Udyam Registration Portal:** Authorized portal of Government of India for Udyam registration. [<https://udyamregistration.gov.in>]
- **Government e-Marketplace [Government Procurement]**
 - i. GeM is an Online Market platform to facilitate procurement of goods and services by the government ministries, departments, public sector undertakings (PSU) etc. [<https://gem.gov.in>]
 - ii. GeM Sahay app – for Proprietors, no buyer consent needed, frictionless financing to serve govt orders (GeM POs), lenders to bid for invoices, no collateral [<https://gem.gov.in/sahay>]
- **TReDS (Trade Receivables Discounting Scheme) –**
 - I. There are 3 designate platforms where you can register your entity for invoice discounting. [RXIL, Invoicemart, M1xhcange]. MSMEs can discount their invoices using this platform, this is very effective platform to manage the working capital requirement.
 - II. All companies registered under Companies Act having a turnover of more than Rs.500 crores and all Central Public Sector Enterprises are required to onboard a TReDS platform.
- **MSME Sampark:** The challenge remains for small businesses and entrepreneurs to find the right person for the job with relevant experience and skill-set. The MSME Sampark portal is a digital platform, wherein, jobseekers (passed out trainees / students of 18 MSME Technology Centers) and recruiters, multinational companies register themselves for getting employment and getting right kind of manpower respectively. [<http://sampark.msme.gov.in>]

- **Champions** (Creation and Harmonious Application of Modern Processes for Increasing the Output and National Strength) –
 - i. To help the MSMEs facing difficult situations in terms of finance, raw materials, labour, permissions, etc.
 - ii. To help the MSMEs capture new opportunities in manufacturing and services sectors.
 - iii. To identify the sparks, i.e., the bright MSMEs who can withstand at present and become national and international champions. [<https://champions.gov.in>]

- **MSME Samadhaan:** Ministry of MSME has taken an initiative to address the issue related to delayed payments and has set up a Delayed Payment Monitoring System wherein the supplier MSE unit can file an online application against the buyer of goods/services, who is delaying the payments, before the concerned Micro and Small Enterprises Facilitation Council of the concerned State/UT. [<https://samadhaan.msme.gov.in>]

- **MSME Sambandh:** The Public Procurement Policy has mandated every Central Ministry/Department/PSU, with the objective of achieving procurement goal of minimum 25 per cent of the total annual purchases from MSMEs. Sambandh is the dashboard where the government reports the numbers done under this policy. [<https://sambandh.msme.gov.in>]

- **MSME Databank:** MSME Databank is built to create comprehensive database of MSMEs across the country which will facilitate in policy formulation and Public Procurement Policy of Government of India. [<https://www.msmedatabank.in>]

The screenshot shows the homepage of the Maharashtra MSME portal. At the top, there is a navigation bar with links for LOGIN, FAQ, SKIP TO NAVIGATION, SKIP TO CONTENT, and MOU PORTAL, along with a search bar. Below this is a dark purple header section containing the Department of Industries and Commerce, Government of Telangana logo, the Invest Telangana logo, and the Government of Telangana emblem. A navigation menu includes HOME, WHY TELANGANA, FOCUS SECTORS, INFORMATION WIZARD, and CONTACT. The main content area features a large graphic with a shopping bag icon containing a percentage sign and the text 'MSME'. A 'SELECT SECTOR' button is located at the bottom center. On the left, a sidebar contains a 'Highlights' section and a 'Welcome hub of I' section. The bottom right corner has a 'Hello!' greeting and a cartoon bird icon.

- Again, proving its focus and thrust on the MSME sector the central government has brought in 4th consecutive MSME favoring budget.
- Revamped collateral free loan scheme for MSMEs (**CGTMSE Scheme**) from 1st April 2023 through infusion of Rs.9,000 crore in the corpus. This will enable additional collateral-free guaranteed credit of Rs.5 lakh crore. Further, the cost of the credit will be reduced by about 1%.
- Under Vivad se Vishwas initiative, in cases of failure by MSMEs to execute contracts during the Covid period, **95% of the forfeited amount** relating to bid or performance security, **will be returned** to them by government and government undertakings.
- Deduction for expenses incurred and due to MSMEs will be **allowed only on actual payment basis**. This will help MSMEs in timely recovery of their receivables.
- Tax benefits of 3-year tax holiday to registered startups has been extended to include entities that are incorporated and registered as startups **till 31st March 2024**. Previously, the relaxation applied for losses incurred during the period of 7 years from incorporation of such start-up it has now been **increased to 10 years**.
- The condition of continuity of at least 51% shareholding for setting-off of **carried forward losses is relaxed** for an eligible start up if all the shareholders of the company continue to hold those shares.
- Under the Mission Karmayogi, for enhancing ease of doing business, more than **39,000 compliances have been reduced** and more than 3,400 legal provisions have been decriminalized.

Hon'ble Prime Minister mentioned following aspects while launching outreach initiative for MSME sector on 2nd November 2018



Access to credit

Started with online portal called 'loan in 59 minutes', enabling in principal approval of loans



Access to market

25% procurement of CPSU through MSMEs only, with 3% reserved for women entrepreneurs .



Technology upgradation

20 technology hubs across the country, and 100 spokes in the form of tool rooms.



Ease of doing business

Reducing or bundling of regulatory compliances



Social Security for MSME Sector Employees

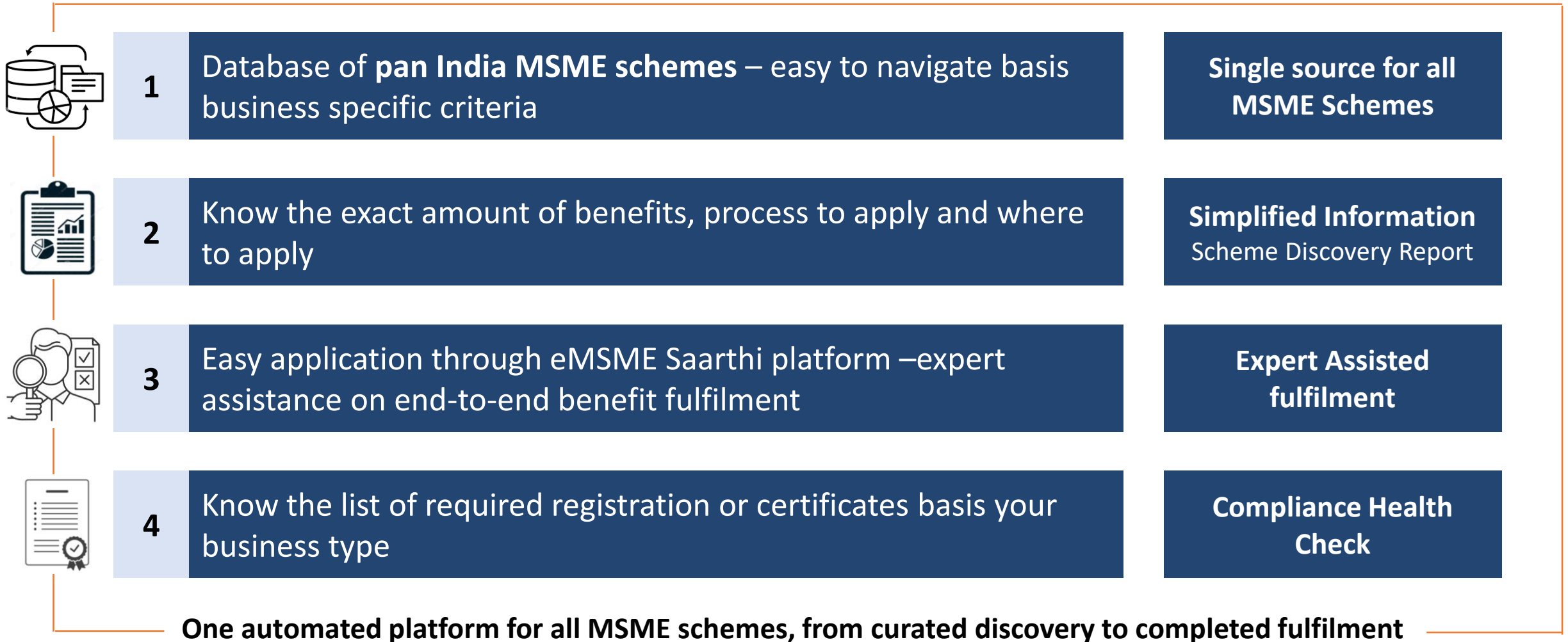
Jandhan, Provident Fund, Pension and other insurance related scheme

The EMSME logo, identical to the one in the top left corner.

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SAARTHI

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Government benefits for MSME

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[Know your Schemes](#)

Total No of Schemes 646	No. of visitors 15043	No. of MSME Benefitted 2120	Want to get help in availing schemes? Let's Talk Connect to Expert
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Government Schemes for MSME

Popular Schemes

- Credit Guaranteed Loan**
Credit Guarantee Trust Fund Scheme For Micro And Small Enterprises (CGTMSE)
[Apply](#)
- Capital Subsidy**
Chief Minister Food Processing Scheme
[Apply](#)
- Non Monetary Support**
Raw Material Assistance
[Apply](#)
- Reimbursements**
National SC-ST Hub-Single Point Registration Scheme
[Apply](#)

Thank you

About us

AJVA FinTech Private Limited (eMSME)

Deep understanding of MSME sector.