

Micro Small & Medium Enterprises

Advantage MSME



Introduction

MSMEs play a key role in the Indian economy with a contribution of 28% to the country's GDP.

The Covid outbreak has brought life and businesses to a grinding halt.

With easing of the lockdown as the pandemic gets contained, every sector of the economy would require booster doses to get restarted

Keeping this in mind, the Union Government recently announced a series of relief/revival packages with a thrust on MSMEs.



MSMEs re-defined ... with higher thresholds

| Criteria | Micro | Small | Medium |
|------------|-----------------|------------------|-------------------|
| Investment | Less than 1 Cr. | Less than 10 Cr. | Less than 50 Cr. |
| Turnover | Less than 5 Cr. | Less than 50 Cr. | Less than 250 Cr. |

Ministry & Registration



MSMEs come under the Ministry of Micro, Small and Medium Enterprises (Union Minister – Mr. Nidhi Gadkari)

Registration can be done online at https://udyogaadhaar.gov.in/UA/UAM_Registration.aspx.

The newly announced benefits are available even for unregistered MSMEs.

Prevailing Benefits - Prompt Payment



In order to ensure prompt payments by buyers to MSMEs, the MSMED Act, 2006 contains stringent provisions:

The buyer is liable to pay compound interest to the supplier at three times the bank rate, if he does not make payment to the MSME supplier within 45 days of the acceptance of the goods/service rendered. (Section 16)

State Governments to establish Micro and Small Enterprise Facilitation Council for the settlement of disputes on getting references/filing on Delayed payments.

MSEFC of the State after examining the case filed by MSE unit will issue directions to the buyer unit for payment of due amount along with interest as per the provisions under the MSMED Act 2006.

Any Micro or small enterprise having valid Udyog Aadhar(UAM) can apply.

Prevailing Benefits

Collateral Free Credit

MSME's can avail maximum collateral free credit (Fund based / non fund based - LC, BG etc) upto of Rs. 200 Lacs from Eligible Institutions under CGTMSE (Credit Guarantee Funds Trust for Micro and Small Enterprises) scheme

Trade Receivables Discounting System (TReDS) Platform

Micro, Small and Medium Enterprises (MSMEs) can get the facility of financing / discounting of trade receivables under **TReDS**.

Prevailing Benefits



Interest Subvention

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 31/03/2021.

Credit Linked Capital Subsidy Scheme (CLCSS) for technology upgradation

It provides an upfront capital subsidy for upgrading technology for new or existing Micro, Small and Medium Enterprises (MSMEs).

Prevailing Benefits

Reimbursement of certification fees for acquiring ISO standards

The scheme provides for 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

Credit rating support

A percent of Rating Agency charges are reimbursed by Ministry of SSI through NSIC.

Prevailing Benefits

Concession in Electricity Bills

Entities can avail a concession in electricity bills by making an application to Electricity board along with MSME Registration Certificate.

Marketing Support/Assistance to MSMEs

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.

All new industrial units in public IT parks are exempted from payment of stamp duty and registration fees.

Prevailing Benefits



Raw Material Assistance Scheme

Manufacturing MSME having Udyog Aadhaar Memorandum (UAM) gets financial assistance for procurement of Raw Material ((both indigenous & imported) up to 90 Days

Single Point Registration Scheme

NSIC registers Micro & small Enterprises (MSEs) under Single Point Registration scheme (SPRS) for participation in Government Purchases. This offer benefits to MSMEs such as Tenders will be issued free of cost, Exemption from payment of Earnest Money etc



Newly added Benefits to MSMEs
(In the wake of Covid-19 pandemic)



Collateral Free Automatic Loan to MSMEs

(For Borrowers with loan up to 25 Crs and Turnover up to 100 Crs)

Banks/NBFCs to give emergency credit line up to 20% of the loan
Outstanding as on 29.02.20

Tenor - 4 years with a moratorium of one year

Can be availed up to 31st October 2020.





Subordinate Debt to Stressed MSMEs

Banks will give loans to promoters to be infused as equity/capital in their businesses.





Equity Funding of MSMEs with growth potential

This is named as Fund of Funds

The Credit Guarantee Trust Fund will provide equity funding to viable and growing MSMEs.



Other Initiatives

MSME Receivables from Govt./CPSEs will be released in 45 days.

EPF support to continue for 3 more months till 31st August 2020.

e-Market linkage to MSMEs will be promoted in place of trade fairs/exhibitions. The e - Market data will be used to enhance trade based lending.

Income Tax (General)

All pending IT refunds will be expedited.

TDS rate reduced by 25% across the board. So, TDS will now be @ 7.50% instead of 10%.

Due date for tax audit and ITR filing (FY 2019-20) is extended to 31st October 2020 and 30th November 2020, respaly.



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