

## MSME (Micro, Small & Medium Enterprises)

**“Udyog Aadhar is a weapon which every firm / company should have in its Armory.”**

It is advised that businesses should register under MSME scheme to avail the benefits provided by the government under the “Atmanirbhar” and other schemes.

### Classification :

### Existing and Revised Definition of MSMEs



Existing MSME Classification			
Criteria : Investment in Plant & Machinery or Equipment			
Classification	Micro	Small	Medium
Mfg. Enterprises	Investment < Rs. 25 lac	Investment < Rs. 5 cr.	Investment < Rs. 10 cr.
Services Enterprise	Investment < Rs. 10 lac	Investment < Rs. 2 cr.	Investment < Rs. 5 cr.

  

Revised MSME Classification			
Composite Criteria : Investment And Annual Turnover			
Classification	Micro	Small	Medium
Manufacturing & Services	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.

Manufacturers and Service providers can register under MSME. Builders (construction services) can also register.

Trading entities are also using these facilities, even though legally not mentioned. (at present there are no filters for disallowing a trading entity. Even interest subvention benefits are available for them.)

### MSME benefits :

- Interest subvention of 2% to MSMEs from banks.
- Trade receivable discounting system facility available.
- NPA provisioning norms are relaxed by banks for MSME and One time settlement schemes are also relaxed for MSME

- Fast track exit scheme for companies -
- Concession on electricity bills for MSME
- There are around 32 different schemes under MSME act.
- Credit linked capital incentive scheme – if loan not taken then subsidy available.
- MSME can get loan upto Rs. 1 crore without any collateral.
- 1% interest benefit on overdraft facility.
- 50% subsidy for patents registration.
- Participation on international fares then certain benefits available.
- Under Atmanirbhar Scheme - 20% of the sanctioned or outstanding loan balance which ever is higher can be given as loan. Banks have the discretion either to give or not. May be vehicle loans will not get the amounts. Hence one should think of taking maximum benefits in this regard.

### **Statutory Reporting –**

- MCA form 1 – Payment details which are overdue (above 45 days) are required to be reported to ROC by the companies i.e. how much funds are owed to MSME. This is to keep check whether MSMEs are paid within time or not.
- Auditors are required to report of such non payment within time in their audit reports.
- If payment not made within 45 days, then payment with higher rate of interest is required to be made.

### **Schemes Available :**

**Samadhan initiative** – If there is 45 days delayed payment to a MSME unit – It can directly approach the facilitation centre at DIC with documents like work order, invoice etc. and that govt agency will help in recovery of funds within 90 days.

**Sambandh** – It is obligatory on the Public sector undertakings to make 20% purchases from MSME registered entities only.

**Sampark** – job portal – employer and employee requirements

**TReDS Portal** – Bill discounting facility available.

**Atmanirbhar Bharat** – Emergency credit line upto 20% of existing loans, one year principal moratorium and interest lesser than 9.25%.

MSME registration is a better option, but even if not registered, the courts have accepted that entity will get the benefits of MSME even though not registered. But always better to register and keep the documentary evidences.

Steps to be taken –

- Confirm if you have an MSME / Udyog Aadhar no.
- If no, contact us and we will get it for you.
- If yes talk to your banker about the benefits you can avail out of loan facilities.

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