



BENEFITS, RECENT CHANGES & GOVERNMENT SCHEMES

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What is MSME?



- The full form of MSME is Micro, Small & Medium Enterprises.
- In Laymen's language, every small and medium business is MSME.
- Legally, **Manufacturer and Service Providers** are part of MSME definition with given Turnover and Investment limits.
- Separate limit for **Manufacturer and Service Providers** is removed in revised definition of MSME.
- **Traders** are not part of MSME.

Revised (New) definition of MSME based on Investment **AND** Annual turnover



Manufacturer & Service Enterprises	Investment in Plant & Machinery	Turnover
Micro Enterprises	Up to 1 crore	Up to 5 crores
Small Enterprises	Up to 10 crores	Up to 50 crores
Medium Enterprises	Up to 50 crores	Up to 250 crores

- ❑ For calculating the investment in plant & machinery, the gross block value as on the end of Previous Year shall be considered.
- ❑ The cost of pollution control, research & development, industrial safety devices and such other items as may be specified, by notification, shall be excluded from investment cost.

MSME Memorandum/ Registration



- Section 8(1) of the Act cast responsibility on MSME units to file memorandum (registration) with the notified Authorities*. It is pertinent to note here that section has made distinction among various enterprises as under:

<u>Micro and Small Enterprises</u> engaged in the Manufacturing or Service	Not Compulsory to file memorandum. It is Voluntary
<u>Medium Enterprises</u> engaged in the Service	
<u>Medium Enterprises</u> engaged in the Manufacturing	Compulsory to file memorandum with notified Authority within 180 days .

- If any person contravenes the above provision than penalty of Rs 1,000/- can be levied at first time. This penalty can be increased up to Rs 10,000/- on subsequent contravention.

* *Notified Authority for this purpose is “DISTRICT INDUSTRIES CENTER” and memorandum is popularly known as “UDYOG AADHAAR”*

Benefits / Assistance by Government in COVID pandemic



1. Distressed Assets Fund - Subordinate Debt Scheme for MSMEs

This Scheme seeks to extend support to the promoter(s) of the distressed units MSMEs by providing a debt facility of up to 15% of the promoter contribution OR Rs 75 lakhs, to the Promoter(s).

Promoter(s) in turn will infuse the amount in the MSME unit.

Guarantee for fund raising for Revival: GOI will provide guarantee coverage to MSMEs for them to raise funds from Financial Institutions up to 85% for loans up to Rs. 5 lakh and up to 75% for loans beyond Rs 5 lakh.

Who can apply: Functioning MSMEs which are NPA or are stressed will be eligible.

How to apply: Promoter(s) of MSMEs meeting the eligibility criteria may approach scheduled commercial banks to avail benefit under the scheme

Benefits / Assistance by Government in COVID pandemic



2. Equity Infusion for MSMEs through Fund of Funds

Growth Funding to MSMEs through equity financing:

GOI will support VC/PE firms in investing in commercially viable MSMEs in meeting their growth requirements. The proposed fund of funds will encourage private sector investments in the MSME sector and leverage Rs.50,000 crore. The actual investment may be even higher.

Funding leverage:

Fund of Funds aims to achieve private funding leverage through the use of professional fund managers with access to funding and strategic performance oversight. This will help attract a wide range of investors, including financial institutions, corporate investors, banks, other government funds, HNW individuals to invest into MSMEs.

Who can apply: All MSMEs are eligible

How to apply: Through Investor Funds on boarded and registered with proposed Funds of Funds.

Benefits / Assistance by Government in COVID pandemic



3. Collateral free automatic loans for MSMEs

This includes collateral-free automatic loans to MSMEs and credit guarantees to lenders (i.e. the government has promised to repay the debt in case of default.)

To restart businesses, MSMEs to be given **emergency credit line of up to 20 percent of entire outstanding credit as on 29th February, 2020.**

- Borrowers with up to Rs 25 crore outstanding and Rs 100 crore turnover eligible for the loan.
- Loans to have 4-year tenor with a moratorium of 12 months on principal repayment.
- 100 % credit guarantee cover to banks and NBFCs on principal and interest.
- The loan, which will benefit 45 lakh units, can be availed till 31st October 2020 or till an amount of Rs. 3 Lakhs crores is sanctioned under GECL, whichever is earlier.
- Interest Rate shall be capped.
- No guarantee fee shall be charged and no fresh collateral will be required.

Central Government Schemes (Pre-COVID)



1. Financial Support to MSMEs in ZED Certification (ZED)

Objective is to enable MSMEs to adopt Zero Defect Zero Effect manufacturing and assessment of their enterprises for ZED certification (i.e Bronze, Silver, Gold, Diamond, Platinum & Defense).

Financial Assistance to MSMEs for the reimbursement only once each for National and International Standards.

Who can apply: Existing Entrepreneur

2. Lean Manufacturing Competitiveness

Objective is to increase the competitiveness of the MSME sector by the adoption of Lean Manufacturing techniques through Intervention in Mini Cluster having 4 to 10 MSMEs.

Financial assistance to MSMEs upto Rs 36.00 lakh (maximum) per mini cluster of 10 units (Min 4 unit)

Who can apply: Existing Entrepreneur

3. Design Scheme for MSME Sector (Design)



Objective is to bring Indian Manufacturing sector and Design expertise/ Design fraternity on to a common platform and to provide expert advice and cost-effective solution on real time design problems, resulting in new product development.

Financial assistance to the MSMEs for engagement of design consultants for design intervention (for the project range Rs 15.00 lakh to Rs. 40.00 lakh).

Financial assistance of Rs. 1.5 lakh for final year student project done for MSMEs.

Who can apply: Existing Entrepreneur

4. Support for Entrepreneurial and Managerial Development of MSMEs through Incubators (Incubator)

Objective is to promote emerging technological and knowledge-based innovation ventures that seek the nurturing of ideas from professionals beyond the traditional activities of MSMEs.

Financials support for nurturing and development of ideas: max up to Rs 15 lakhs.

Financials support for plant and machinery for deserving ideas: max up to Rs 1 Cr.

Financials support for SEED capital for deserving ideas: Rs 1 Cr.

Who can apply: Existing Entrepreneurs/Aspiring Entrepreneurs

5. Intellectual Property Rights (IPR) for MSMEs



Objective is to enhance awareness of MSMEs on Intellectual Property Rights (IPR) like Patents, Trademarks, Industrial Designs, Copyrights and Geographical Indications (G.I) through IPFCs established across the country.

Financial support to Rs 1 Cr for consultancy for filing IP and legal services.

Reimbursement for acquiring patent, Trademark, Geographical Indications (G.I)

1. Patent: Indian Patent up to Rs.1 Lakh & Foreign Patent up to Rs. 5 Lakhs
2. Trademark up to Rs. 0.10 Lakh
3. GI Registration Rs. 2 Lakhs

Who can apply: Existing Entrepreneurs

6. Digital MSME (Digital)

Objective is to make MSMEs digitally empowered and motivate them to adopt ICT tools and application in their business.

Assistance to MSMEs for business solution software like ERP, etc. through e-Platform and for E-marketing through awareness programme.

Who can apply: Existing Entrepreneurs

7. Procurement and Marketing Support (PMS) scheme



Objective is to marketing support for participation of Individual MSEs in domestic Trade Fair/ Exhibition.

Assistance provided under Capacity building of MSMEs in Modern Packaging Technique / Development of Marketing Haats, Organizing Domestic Trade Fair& Exhibition/ Vendor Development Programs/ National & International Workshops & Seminars/ Awareness programs.

Who can apply: Existing Entrepreneurs

8. Interest Subvention Scheme for MSMEs-2018

Objective aims at encouraging both manufacturing and service enterprises to increase productivity and provides incentives to MSMEs for onboarding on GST platform which helps in formalization of economy, while reducing the cost of credit.

Assistance to MSMEs for 2% interest subvention on fresh or incremental loans, for all GST registered MSMEs having valid Udyog Aadhaar Number.

Who can apply: Existing Entrepreneurs



9. Credit Linked Capital Subsidy Component

Objective is to upgrade their plant & machinery with state-of-the-art technology, with or without expansion and also for new MSEs which have set up their facilities with appropriate eligible and proven technology duly approved under scheme guidelines.

Assistance provided under the scheme aims at facilitating technology up-gradation by providing 15% up front capital subsidy to MSEs, including tiny, khadi, village and coir industrial units, on institutional finance availed by them for induction of well-established and improved technologies.

Who can apply: Existing Entrepreneurs/ Aspiring Entrepreneurs



For More Details & Inquiry Contact us....

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