

MICRO, SMALL & MEDIUM ENTERPRISES

❖ Criteria/Eligibility for MSME:

- Enterprises engaged in the **manufacture or production, processing or preservation** of goods as specified below:-

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

**In calculating the investment in plant and machinery, the cost of pollution control, research and development, industrial safety devices and such other items as may be specified, by notification, shall be excluded.*

- Enterprises engaged in providing or rendering of **services**:

Sr. No.	Enterprises	Investment in Equipment*
1.	Micro	Does not exceed Rs. 10 lakh
2.	Small	More than Rs. 10 lakh but does not exceed Rs. 2 crore
3.	Medium	More than Rs.2 crore but does not exceed Rs.5 crore

Equipment means original cost excluding land and building and furniture, fittings and other items not directly related to the service rendered or as may be notified under the MSMED Act, 2006

❖ Benefits under MSME:

- **Special Consideration On International Trade Fairs:**

Under the International Cooperation Scheme, financial assistance is provided on reimbursement basis to the State/Central Government organizations, industries/enterprises Associations and registered societies/trusts and organizations associated with MSME for deputation of MSME business delegation to other countries for exploring new areas of MSMEs, participation by Indian MSMEs in international exhibitions, trade fairs, buyer seller meet and for holding international conference and seminars which are in the interest of MSME sectors

- **Waiver of Stamp Duty and Registration Fees:**

At present, IT units in public IT Parks are exempted from stamp Duty and Registration fees upto 31st March 2006. Now all new industrial units having MSME Registration and expansions will be exempted from payment of Stamp Duty and Registration fees.

- **Subsidy on NSIC Performance and Credit Ratings:**

Enterprises that have MSME Registration can avail Subsidy on NSIC Performance and Credit ratings as mentioned in the scheme

- **Counter Guarantee from Government of India through CGSTI**

Enterprises that have MSME Registration are eligible for Counter Guarantee from Government of India through CGSTI.

- **Protection against Delay in Payment**

The Ministry of Micro, Small and Medium Enterprises gives protection to MSME Registered Business against delay in payments from Buyers and right of interest on delayed payment through conciliation and arbitration and settlement of dispute be done in minimum time. If any micro or small enterprise that has MSME registration, supplies any goods or services, then the buyer is required to make payment on or before the date agreed upon between the buyer and the micro or small enterprise. In case there is no payment date on the agreement, then the buyer is required to make payment within fifteen days of acceptance of goods or services. Further, in any case, a payment due to a micro or small enterprise cannot exceed forty-five days from the day of acceptance or the day of deemed acceptance. In case of failure by the buyer to make payment on time, the buyer is required to pay compound interest with monthly interest rests to the supplier on that amount from the agreed date of payment or fifteen days of acceptance of goods or service. 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

- **Reduction in Rate of Interest from Banks**

The rate of Interest for enterprise that has MSME registration are lower as compare to other enterprises. Certain targets are set for banks' lending to the Micro and Small Enterprises. The banks' have to achieve a 20% growth in credit to micro and small enterprises and 10% annual growth in the number of micro enterprises accounts and 60% of total lending to Micro and Small Enterprises sector. The banks have to follow the following:

- 40% of the total advances must go to micro and small enterprises involved in manufacturing having investment in plant and machinery up to Rs.10 lakh and for service enterprises having investment in equipment up to Rs.4 lakh.
- 20% of the total advance to micro and small enterprises should go to manufacturing enterprises that have above Rs.10 lakh till Rs.25 lakh investment in the plant and machinery and for service enterprises that have investments in equipment above Rs.4 lakh.
- To simplify, 60% of the advances must go to micro enterprises.

- **Concession in Electricity Bills:**

Enterprises that have MSME Registration Certificate can avail Concession on electricity bill by making application to electricity department along with MSME Registration Certificate.

- **Reimbursement of ISO Certification**

Enterprises that have MSME Registration Certificate can reimburse ISO Certificate Expenses by making application to respective authority along with MSME.

- **Preference in Procuring Government**

Enterprises that have MSME Registration have preference in procuring government tenders. Special treatment is given to MSME Registered organization while making application for government tenders.

- **1% Exemption on Interest Rate On OD**

Enterprises that have MSME Registration can avail benefit of 1% exemption on interest rate on OD as mentioned in the scheme.

- **Collateral Free Loans From Banks:**

The Credit Guarantee Fund Scheme for Micro and Small Enterprises (CGS) was 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 the scheme. The Ministry of Micro, Small and Medium Enterprises, Government of India and Small Industries Development Bank of India (SIDBI), established a Trust named Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) to implement the Credit Guarantee Fund Scheme for Micro and Small Enterprises.

- **Reservation Policies to Manufacturing / Production Sector:**

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.

- **Very Easy To Get Licenses, Approvals And Registrations:**

It has made very easy for enterprises that are having MSME Certificate 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.

- **Exemption Under Direct Tax Laws:**

Enterprises that have MSME Registration can enjoy Direct Tax Exemption in the initial year of business, as mentioned in the scheme by Government and depending on business activity.

- **Bar Code Registration Subsidy:**

Enterprises that have MSME Registration can avail Bar Code Registration subsidy as mentioned in the scheme.

- **Eligible for IPS Subsidy**

Enterprises that have MSME Registration are eligible for Industrial Promotion Subsidy (IPS) as mentioned in the scheme.

- **15% CLCSS Subsidy To Purchase Fully**

The Ministry of Micro, Small and Medium Enterprises is operating a scheme namely "Credit Linked CGSTI Subsidy Scheme (CLCSS) for technology up gradation of Micro and Small Enterprises. The scheme was launched in October-2000 and revised from 29.9.2005. The revised scheme aims at facilitating technology up gradation of Micro and Small Enterprises (MSEs) by providing 15% capital subsidy (limited to maximum Rs.15 lakhs) for purchase of Plant & Machinery. Maximum limit of eligible loan for calculation of subsidy under the scheme is Rs. 100 lakhs. Presently, more than 1500 well established/improved technologies under 51 subsectors have been approved under the Scheme.

- **Waiver in Security Deposit In Government**

The Ministry of Micro, Small and Medium Enterprises gives following benefits to enterprises that has MSME Registration while making application for Government Tenders:

1. Issue of tender sets free of cost
2. Exemption from payment of Earnest Money
3. Waiver of Security Deposit upto the Monetary Limit for which at the unit is registered

- **Excise Exemption Scheme**

Enterprises that have MSME Registration can enjoy Excise Exemption in the initial year of business, as mentioned in the Excise Exemption scheme by Government and depending on business activity.

- **15% Weightage in Price Preference:**

Enterprises that have MSME Registration can avail 15% weightage in price Preference as mentioned

- **50% Subsidy for Patent Registration**

Enterprises that have MSME Registration Certificate can avail 50% subsidy for patent registration by making application to respective authority

❖ **Documents/Details for registration in MSME by Udyog Aadhar:**

- Copy of Aadhar Card of Applicant (Any one Member/Director of the Company)
- Email Id and Mobile No. of Aadhar Card
- Social Category (General/SC/ ST/OBC)
- Shop & Establishment License/Certificate of Incorporation
- Types of Organization
- PAN Card of Organization
- Location of Plant
- Previous EM1/EM2/SSI/UAM Registration Number (MSME), If Any
- Bank Details- (IFS Code & Bank A/c No.)
- Major Activity of Unit (Manufacturing/ Service)
- National Industry Classification Code for Activities (NIC Code)
- How many Persons Employed
- Amount of Investment in Plant & Machinery / Equipment's