



STARTUP

रेडवालिन

Startup Recognition by DPIIT, GoI – Criteria



Entity Age

- ▶ Period of existence & operations < 10 years from the date of incorporation



Entity Type

- ▶ Pvt Ltd Co.
- ▶ Regd. Partnership Firm
- ▶ LLP



Annual Turnover

- ▶ Annual turnover < Rs. 100 crore for any of the FY since incorporation



Original Entity

- ▶ Should not be formed by splitting-up or reconstruction of an already existing business



Innovative & Scalable

- ▶ Working towards development or improvement of a products, processes or services; and/or
- ▶ Scalable business model with a high potential of employment generation or wealth creation

Additional Conditions for Start-up Registration

- ▶ Entity should not be incorporated or registered as a subsidiary of an Indian or foreign entity
- ▶ Entity should not be incorporated /registered as a Holding company of any Indian or foreign entity
- ▶ Entity should not be incorporated/registered as a joint venture company
- ▶ Share-holding of Indian promoters should be at least 51%
- ▶ Promoters should not incorporate additional entity having similar registered office address with same product lines /services and at least one common Director/Partner

Please note a Start-up will be derecognized if it does not satisfy the above conditions after registration

Startup Recognition Benefits

Intellectual Property Rights benefits (IPR)

- ▶ Fast-tracking of Startup patent applications
- ▶ Panel of facilitators to assist in IP applications (Govt bear the entire fee of facilitators).
- ▶ Rebate on filing of application- 80% for patents (Rs 8K to 1.6K) and 50% for trademark (Rs 10k to 5k).

Relaxation in Public Procurement Norms

- ▶ Exemption on conditions relating to prior turnover; prior experience and EMD
- ▶ Get listed as Seller on Govt's largest e- procurement portal Government-e-Marketplace (GeM) (gem.gov.in/startup-runway)

Self-Certification under Labour & Environment Laws

- ▶ Self-certify compliance under 9 Labour and 3 Environment laws for a period of 3 to 5 years from the date of incorporation
- ▶ Unit operating under 36 white category industries do not require clearance under 3 environmental related Acts for 3 years

International Bridges

- ▶ Global market access and knowledge exchange for Indian Startups through bilateral government collaboration with Russia, Korea, Portugal, Japan, Netherlands, Sweden, Finland, Israel and Singapore.

Startup Recognition Benefits

Faster Exit

- ▶ MCA has notified Startups as 'fast track firms' enabling them to wind up operations within 90 days (vis-a-vis 180 days).

Income Tax Benefits

- ▶ Startups incorporated on or after 1st April 2016 can apply to IMB for tax exemption for a period of 3 consecutive years out of 10 years (Section 80IAC)
- ▶ Angel Tax Exemption [Section 56(2)(viib)] i.e. exemption from taxation of consideration received on issue of shares in excess of FMV
- ▶ Start-up losses eligible to be carry forward provided the share-holders continue to hold the shares.
- ▶ Exemption to Individuals/HUF from LTCG tax on sale of residential property, if investment is made in eligible start-ups (i.e. having IMB certificate – Section 54GB)
- ▶ Deferment of tax on ESOP

Startup Recognition Benefits

Fund Raising

- ▶ GoI (through a fund of INR 10K Cr managed by SIDBI) participates in the capital of SEBI registered Venture Funds, who invest twice the amount in Startups.
- ▶ Relaxed External Commercial Borrowing conditions for lenders to Startups
- ▶ Raise funds in the form of Convertible Notes from foreign investors
- ▶ For companies, ceiling limit of 100% for loans from shareholders not applicable
- ▶ Startup India Seed Fund Scheme (SISFS) through 300 incubators across India provides financial assistance to startups for proof of concept, prototype development, product trials, market entry and commercialization
- ▶ Credit Guarantee Scheme For Startups (CGSS) provides credit guarantees against loans extended by Member Institutions (MIs) to finance registered startups (transaction based and umbrella based).

Startup India Portal (www.startupindia.gov.in)



NETWORK

With other Stakeholders
in Startup Ecosystem

- ▶ Startups
- ▶ Investors
- ▶ Mentors
- ▶ Incubators
- ▶ Accelerators
- ▶ Government bodies



PARTICIPATE IN PROGRAMME AND CHALLENGE

Apply for

- ▶ Acceleration
(Startupshala);
- ▶ Mentorship programs
(MAARG platform)
- ▶ Other challenges across
the globe (National
Startup Awards)



ACCESS FREE TOOLS & RESOURCES

- ▶ L&D programs
- ▶ Repository of all Govt.
Start-up Schemes &
Policies
- ▶ Template for all
agreements etc –
customise using
document builder
- ▶ Walk through on
investor engagement
- ▶ Pro Bono Services

Startup India Registration Benefits : Pro Bono Services

Cloud services

- ▶ **Amazon Web Service:** AWS Activate is a free program specifically designed for startups and early stage entrepreneurs that offers the resources needed to get started on AWS.
- ▶ **Digital Ocean:** \$1000 worth of Digital Ocean Cloud Credits

Management and Enterprise Software

- ▶ **Zoho One:** Suite of applications to run entire business! website and marketing, accounting, business performance.
- ▶ **Intuit Quick Books:** Cloud based financial management & accounting software.
- ▶ **HERE:** Open location platform company, enables people, enterprises and cities to harness the power of location by making sense of the world through the lens of location

Cloud Telephony Service

- ▶ **Exotel:** Rs 6k worth of credits (usage) valid for 6 months and an access for 2 agents and one virtual number.
- ▶ **My Operator :** Cloud-based call management system solutions,4800 minutes/month. 1000 promotional & transaction SMS's each per month.
- ▶ **Caller Desk:** 6,000 worth of credits (usages) valid for 6 months, 6,000 total auto reply SMS messages, Unlimited Departments & Agent Addition, 1 Desk phone Free with this plan.
- ▶ **True Caller:** Mobile number verification developer kit, Technical integration support & design flow reviews, no usage limits whatsoever.

Customer Experience Management

- ▶ **Mi Client:** Mi Client is Client Management software, which helps Small and Medium Businesses to manage their complete Client Interaction at one place.
- ▶ **Syrow:** An AI + Human based Omnichannel Customer Service system worth of \$10,000 USD.

Incentives for Startups- State policy - Telangana

Reimbursement of SGST

- ▶ For a maximum total turnover of INR 1 Crore/annum for the first three years of operation

International Marketing promotion reimbursement

- ▶ 30% of the actual costs including travel incurred in international marketing through trade shows, maximum of Rs.5 lakh per year per company.

Reimbursement of Patent Filing Cost

- ▶ A limit of Rs. 2 lakh (0.2 million) per Indian patent awarded.
- ▶ For awarded foreign patents on a single subject matter, upto Rs. 10 lakh (1 Million) would be reimbursed.
- ▶ Reimbursement will be done in 2 stages, i.e., 50% after the patent is filed and the balance 50% after the patent is granted.

Other Financial Assistance

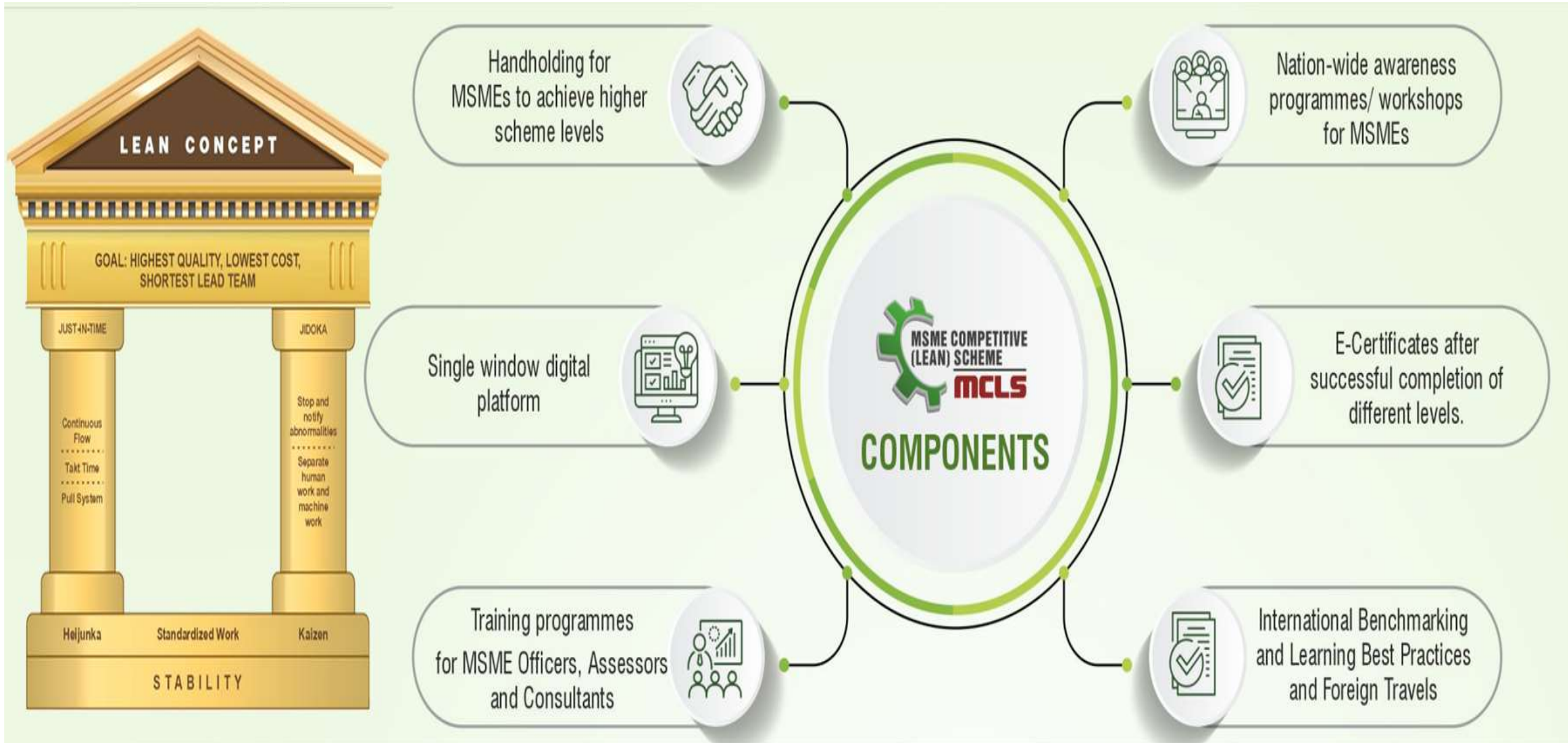
- ▶ Recruitment assistance of Rs. 10,000 per employee for the first year.
- ▶ Startups that record a year-on-year growth rate of 15%, as per audited accounts, shall be eligible to get a grant of 5% on turnover, subject to a limit of Rs.10lacs within a period of three years from the date of incorporation.

MSME Schemes

- ▶ MyMSME
- ▶ SAMADHAAN
- ▶ SAMPARK - Digital platform for jobseekers and recruiters.
- ▶ CHAMPIONS Portal - Creation and Harmonious Application of Modern Processes for Increasing the Output and National Strength
- ▶ Public Procurement Policy - PSUs to procure 25% from MSEs
- ▶ Credit Guarantee Fund Trust - Rs 20K Cr Subordinate Debt for Stressed MSMEs
- ▶ Equity infusion through Self Reliant India Fund (Fund of Funds)
- ▶ Emergency Credit Line Guaranteed Scheme
- ▶ Skill Training Eco-system
- ▶ Prime Minister's Employment Generation Programme
- ▶ Modified Market Development Assistance



CHAMPIONS Portal



Disclaimer: This Presentation provides certain general information and does not purport to identify all the issues or developments related to the subject. Accordingly, this Presentation should neither be regarded as comprehensive nor sufficient for the purposes of decision-making. The information provided is not intended to be an advice on any matter and should not be relied on as such. Professional advice should be sought before taking action on any of the information contained in it.



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MSME



MSME



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MSME

*The growth engine
of New India*

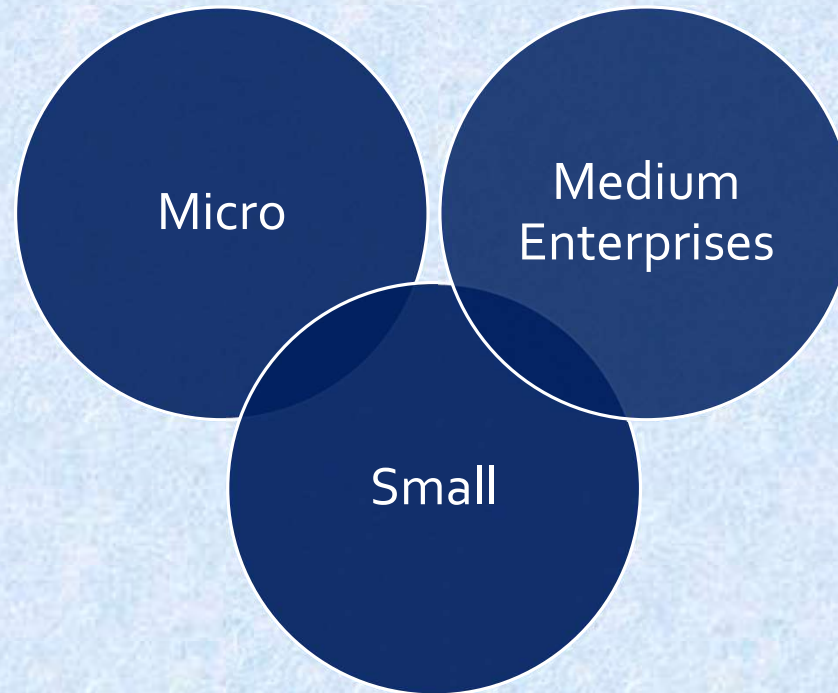


CA AMRIT KUMAR KOTA

PARTNER SPAD AND ASSOCIATES

CHARTERED ACCOUNTANTS

What is MSME ?



What are MSME norms?

MSME
referred to as
those
industries in
which the

- *Process, Manufacturing,*
- *production and*
- *service.*

What are the criteria for MICRO enterprise?

*Where the investment
in Plant and Machinery
or Equipment does not
exceed ONE CRORE
RUPEES and*

*Turnover does not
exceed FIVE CRORE
RUPEES.*

What is the criteria for SMALL Enterprise?

The investment on such industries is one time and these investments are mostly done on plant and machinery, the total investment on such industries Net investment in plant and machinery or equipment \leq Rs.10 crores and Net turnover \leq Rs.50 crores

What is the criteria for **MEDIUM** Enterprise?

- Net investment in plant and machinery or equipment \leq Rs.50 crores and
- Net turnover \leq Rs.250 crores

Who falls under MSME?

According to the MSME Act of 2006, all enterprises in the manufacturing and service sectors fall under the MSME tag. The primary reason behind this classification was to help businesses acquire government incentives and gain access to various government schemes and products.

- A proprietorship,
- partnership firm,
- company,
- trust or society with an investment below Rs.50 crore and annual turnover below Rs.250 crore are eligible for MSME registration.

Who Cannot apply for MSME?

An individual cannot apply for MSME registration.

investment above Rs.50 crore and annual turnover above Rs.250 crore are not eligible for MSME registration

How many MSMEs are there in India

A total of 633.90 Lakhs units are registered in India as on 31.12.2023 out of which 3,16,05,581 Micro Small and Medium Enterprises (MSMEs) were registered in India between July 1, 2020, and December 4, 2023, the Central government told in the Rajya Sabha in the recent Budget speech .

How many MSMEs are there in Telangana?

With a staggering 2.6 million MSMEs, in the state of Telangana is a dynamic hub of diverse industries and the state's MSME sector today, poses a productive ecosystem for entrepreneurial ventures, attracting attention and investments from large global companies.

How can I register for MSME in Telangana?

MSME registration process is fully online, paperless and based on self-declaration.

How long is MSME valid?

What is the validity of the MSME Registration Certificate/Udyam Registration certificate? There is no expiry of the Udyam/MSME Registration Certificate. As long as the entity is ethical and financially healthy, there will be no expiry of the certificate.

Is MSME renewed every year?

Registered MSMEs must renew their MSME Certificates annually, providing their previous year's ITR details and GSTR filing status.

Documents Required for MSME/Udyam Registration

PAN Card. Firstly, you need a PAN card

Aadhaar Card.

Business Address Proof.

Bank Statement.

GSTIN.

Certificate of Incorporation or Partnership Deed.

Rental/Lease Deed

In case of Own premises , NOC from Landlord.

Details of Major Business Activities.

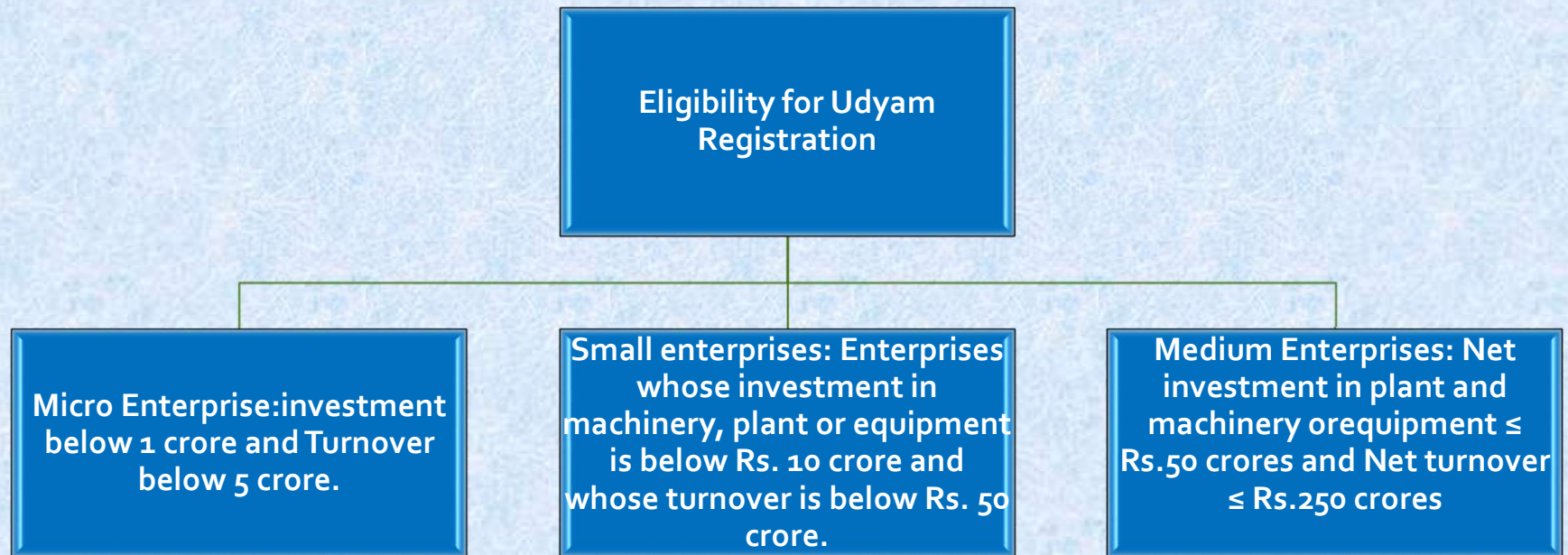
Is GST required for below 20 lakhs?

Limit Exceeds 20 lakhs? In the GST mechanism, an individual is not bound to register if his aggregate revenue in the financial year is below 20 Lakhs.

The said limit shall be 10 lakhs in the states of Manipur, Mizoram and Tripura.

As per the law, the supplier needs to register once his turnover exceeds 20 Lakhs and start paying taxes from that point.

What is the turnover limit for Udyam registration?



What is the difference between MSME and Udyam registration?

There is no difference between MSME and Udyam in that the Udyam registration certificate is an identification of a business as an MSME.

Udyam is the only platform MSMEs need to register on to be recognized as a MSME.

What is the new industrial policy in Telangana?

OBJECTIVES The new
Telangana State
Industrial Policy
strives

to provide a framework which
will stabilize and make
existing industries more
competitive, and

also attract and realize new
international and national
investments in the industrial
sector.

Slogan of Telangana industrial Policy :

**The industrial policy framework will be driven by the slogan of “In
Telangana :**

- Innovate, Incubate and incorporate.**

Function of Incubation

- **The scheme is meant for creating sustainable entrepreneurship development in the area especially among**
 - First generation entrepreneurs,
 - nurturing the innovative ideas in to commercially viable business propositions,
 - encouraging commercialisation of R&D outputs into commercial ventures.
 - in extending hand- holding of start-up companies to become successful MSMEs.
 - For utilisation of the space and infrastructure of NSIC-TBI, the prospective entrepreneur have to pay a monthly license fee to NSIC.
 - telephone and internet charges are also payable on actuals.
 - Ready to move in built-up space, standard computer hardware facilities, access to software library, internet and business centre facilities
 - Preliminary level training/counselling, facilitation of fine tuning the business plans, specialised training, mentoring services, market exposure
 - Advanced level facilitation of seed finance/venture capital, market survey, support in legal formalities, documentation support, maturity level
- Sourcing of business partners, J.V./ technology transfer, legal and statutory formalities for launch of enterprise, selection process

LIST OF SCHEMES

Credit Linked Capital Subsidy Scheme for Technology Upgradation

- The Credit Linked Capital Subsidy Scheme (CLCSS) renders a subsidy for technology upgradation to the MSMEs. This scheme provides 15% subsidy for additional investment up to Rs.1 crore for technology upgradation by MSMEs.
- Revised CLCS has been amended as follows:
 - a) Ceiling on loans under the scheme has been raised from Rs.40 lakh to Rs.1 crore
 - b) Rate of subsidy is 15%.
 - c) Admissible capital subsidy is calculated with reference to purchase price of plant and machinery, instead of term loan disbursed to the beneficiary unit. and
- Who can apply Eligible beneficiaries include sole proprietorships, partnerships, co-operative societies, and private and public limited companies in the MSE sector.
- Priority shall be given to women entrepreneurs.

How to apply :

Candidates meeting the eligibility criteria may approach all scheduled commercial bank, scheduled cooperative bank [including urban cooperative bank co-opted by SIDBI under Technological Upgradation Fund (TUF)], Regional Rural Bank (RRB), State Financial Corporation (SFC) and North-Eastern Development Financial Institution (NEDFI).

Credit Guarantee Scheme.

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 Credit Guarantee Fund Scheme for Micro and Small Enterprises.

The corpus of CGTMSE is being contributed by Government of India and SIDBI. Nature of assistance **Collateral free loans up to a limit of Rs.50 lakh –**

for individual MSEs Who can apply **Both existing and new enterprises are eligible under the scheme.**

How to apply: Candidates meeting the eligibility criteria may approach banks/financial institutions, which are eligible under the scheme, or scheduled commercial banks and select Regional Rural Banks.

ISO 9000 certification and reimbursement scheme (application form and beneficiaries listing)

In order to enhance the competitive strength of SMEs, the Government has introduced an incentive scheme for their technological upgradation/quality improvement and environment management.

The scheme provides incentives to those SMEs/ancillary undertakings who have acquired ISO 9000/ISO 14001/HACCP certification.

The scheme is enlarged so as to include reimbursement of expenses for acquiring ISO 14001 certification.

Nature of assistance: The scheme envisages reimbursement of charges for acquiring ISO-9000/ISO-14001/HACCP certification to the extent of 75% of expenditure subject to a maximum of Rs.75,000 in each case.

Who can apply:

Permanent registered Micro and Small Enterprises (MSEs) are eligible to avail the incentive scheme. The scheme is applicable to those MSEs/ancillary/SSSB units who have already acquired ISO-9000/ISO-14001/ HACCP certification.

How to apply:

MSEs with their EM No. are required to submit their application, duly completed, to their local Director, MSME-DI addresses given in the following website: www.dcmsme.gov.in

Micro & Small Enterprises Cluster Development Programme (MSE-CDP):

Objectives of the scheme:

- To support sustainability and growth of MSEs by addressing common issues such as improvement of technology, skills and quality, market access and access to capital.
- To build the capacity of MSEs for common supportive action through the formation of self-help groups, consortia, upgradation of associations, etc.
- To set up common facility centers (for testing, training, raw material depot, effluent treatment, complementing production processes, etc.)
- To create/upgrade infrastructural facilities in the new/existing industrial areas/clusters of MSEs.

Nature of assistance:

Diagnostic Study

Soft Intervention

Setting up of Common Facility Centres (CFCs)

Infrastructure Development (Upgradation/ New) Cost of project and Govt. of India assistance:

Diagnostic study - maximum cost Rs.2.50 lakh.

Soft interventions - maximum cost of project Rs.25.00 lakh, with Gol contribution of 75% (90% for special category States and for clusters with more than 50% women/micro/ village/SC/ST units).

Hard interventions, i.e., setting up of CFCs – maximum eligible project cost of Rs.15.00 crore with Gol contribution of 70% (90% for special category States and for clusters with more than 50% women/micro/village/SC/ST units).

Infrastructure development in the new/ existing industrial estates/areas; maximum eligible project cost Rs.10.00 crore, with Gol contribution of 60% (80% for special category States and for clusters with more than 50% women/micro/SC/STunits).

Who can apply :

Industrial associations/Consortia,
Clusters

How to apply

- Only online applications are considered.
- Hard copy of applications need to be sent through State Governments or their autonomous bodies or field institutes of the Ministry of MSME i.e., MSMEDIs.
- The proposals are to be approved by the Steering Committee of MSE-CDP.
- Participation in International Fairs.
- Related scheme i) Exhibition Hall, Hyderabad –A perfect venue for organizing Exhibitions/ Conferences
- Description Exhibitions/product display events are organized in the hall to showcase competencies of MSEs and to capture market opportunities. The exhibition complex is strategically located and has lush green surroundings. It has very good transport connectivity. Nature of assistance Exhibition hall of 18,000 sq.ft. Conference hall with a seating capacity of 100 persons Ample two- wheeler & car parking space 100% power back-up facility Food court Earthquake resistance structure Two atriums for ventilation and natural lighting CCTV for security surveillance PA system Modern fire- fighting system technology Pleasing lush green landscape all around the building 24 hrs. water supply through R.O system Who can apply Entrepreneurs How to apply Application copy can be obtained from website: www.nsic.co.in, e-mail: emdbphyd@nsic.co.in Tel- +9908499222 / 040-27141422 / 27125802, Fax- 271141411.
- Purchase and Price Preference Policy.
- Prime Minister's Rozgar Yojana (PMRY)

Building Awareness on Intellectual Property Rights (IPR) :

- NATURE OF ASSISTANCE FUNDING SUPPORT FOR :
- CONDUCTING AWARENESS/SENSITISATION PROGRAMMES ON IPR (APPLICANTS – MSME ORGANISATIONS AND EXPERT AGENCIES)
- CONDUCTING PILOT STUDIES FOR SELECTED CLUSTERS/GROUPS OF INDUSTRIES (APPLICANTS – MSME ORGANIZATIONS, COMPETENT AGENCIES AND EXPERT AGENCIES)
- FUNDING SUPPORT FOR CONDUCTING INTERACTIVE SEMINARS/WORKSHOPS (APPLICANTS – MSME ORGANIZATIONS AND EXPERT AGENCIES)
- FUNDING SUPPORT FOR CONDUCTING SPECIALISED TRAINING ON IPR (APPLICANTS – EXPERT AGENCIES)
- FUNDING SUPPORT IN THE FORM OF GRANT ON PATENT/GI REGISTRATION (APPLICANTS – MSME UNITS AND MSME ORGANIZATIONS)
- FUNDING SUPPORT FOR SETTING UP OF FACILITATION (V) CENTRE (IPFC) FOR MSME (APPLICANTS – MSME ORGANIZATIONS AND IPR FACILITATING AGENCIES)
- FUNDING SUPPORT FOR ORGANIZING INTERACTION WITH INTERNATIONAL AGENCIES (APPLICANTS – MSME ORGANIZATIONS AND IPR FACILITATING AGENCIES)
- GOI ASSISTANCE OF RS.1 LAKH PER AWARENESS PROGRAME
- GOI ASSISTANCE OF RS.2.5 LAKH PER PILOT STUDY

- GoI assistance of Rs.2 lakh per program of interactive seminar
- GoI assistance of Rs.6 lakh per short term training program and Rs.45 lakh per long term training program
- For registered Indian MSMEs, one time financial support limited up to Rs.25,000 on grant of domestic patent and Rs.2 lakh for foreign patent; for registering under Geographical Indications of Goods Act, one time financial support limited up to Rs.1 lakh
- A total financial support by GoI up to Rs.65 lakh each for establishing IPFCs which will include one-time grant of Rs.45 lakh and Rs.18 lakh as recurring expenses for 3 years, and Rs.2 lakh as miscellaneous charges
- Financial support by GoI up to Rs.5 lakh and Rs.7.50 per event for domestic interventions and international exchange program respectively. Who can apply
- Registered MSME units MSME organizations like industry associations, societies, cooperatives, firms, trusts, NGOs, Institutions and Universities with a track record of assisting MSMEs
- Competent agencies like consultancy organizations, research institutes, individual experts or agencies having sound technical and financial capabilities to conduct pilot studies with at least five years of experience
- Expert agencies - like TIFAC, Patent Facilitation Centres, NRDC, Indian Patent Office, Registrar of Trademarks, Registrar of Geographical Indications, D.B.T., Registrar of Copyrights, MOHRD, NIIPM, IITs, Law Schools, patent attorneys, individual IPR experts, WIPO, EU-TIDP, USPTO, KIPO/KIPA, IIFT, DIT, MOEF, Ministry of MSME, DSIR and other such bodies
- Quasi-Government or Government aided bodies
- Private units, provided they are sponsored by MSME associations.
- How to apply Application forms for each of the components are given with scheme guidelines at: <http://www.dcmsme.gov.in/schemes/IPR10.pdf>,

Raw Material Assistance

The scheme aims at helping MSEs by way of financing the purchase of raw material (both indigenous & imported). This gives an opportunity to MSEs to focus better on manufacturing quality products. Nature of assistance

Financial assistance for procurement of raw material up to 90 days

MSEs helped to avail economics of purchases like bulk purchase, cash discount, etc.

All the procedures, documentation & issue of letter of credit in case of imports taken care of. Who can apply Registered MSMEs How to apply Entrepreneurs can apply through the prescribed application forms along with requisite fee to regional & branch offices of NSIC.

INCENTIVES:

Do MSME pay tax?

- MSMEs with a turnover of up to ₹1.5 Crores can avail of the Composition Scheme under the Goods and Services Tax (GST) regime. Under this scheme, MSMEs are required to pay a lower tax rate and have reduced compliance requirements.
- Is MSME exempted from GST?
- The composition scheme allows MSMEs to do away with tedious tax filing formalities and pay GST at a flat rate. Businesses registered under the composition scheme are required to pay GST at 1% to 6% depending on the type of business activity conducted by the registered person/business entity.
- The maximum loan amount offered by Banks/NBFCs is up to Rs. 2 crore (Collateral-free loans) with the repayment tenure of up to 5 years, may exceed as per requirements.
- PMMY: Benefits of PMMY Through Pradhan Mantri Mudra Yojana, you can take a loan ranging from Rs 50,000 to Rs 10 lakh as per your need. The loan is collateral free and there is no processing fee.

What is PM Modi scheme for small business?

PMMY is a scheme that provides loans up to Rs. 10 lakh to MSEs involved in manufacturing, processing, trading, or service activities. The loans are given by banks and other lending institutions through micro units development and Refinance Agency Ltd.

What is the limit of MSME CC?

The Scheme covers collateral free credit facility (term loan and/ or working capital) extended by eligible lending institutions to new and existing micro and small enterprises up to Rs. 100 lakh per borrowing unit.

SUBSIDIES

Who is eligible for MSME subsidy?

- To be eligible for all such government support measures, MSMEs are required to register with the government and get an MSME or Udyam Certificate.

What are the subsidy loans in Telangana?

Quantum of loan:

- PROJECT COST CAPITAL SUBSIDY For projects costing up to Rs.25,000- 50% of the project cost. For projects costing more than Rs.25000 – 25% of the project cost, with a minimum of Rs.12,500 & maximum of Rs.20,000

What is minority subsidy loan in Telangana?

The Telangana State Minorities Finance Corporation extends financial assistance to the eligible & economically backward class Minority Communities viz; Muslims, Sikhs, Parsis, Buddhists & Jains in the State of Telangana by way of lending Subsidy with Bank Linkage under Economic Support Scheme for setting up business.

How do avail MSME benefits?

To support and promote MSMEs, the Government of India, through various subsidies, schemes, and incentives, promote MSMEs through the MSME Act. To avail of the benefits under the MSME Act from the Central or State Government and the Banking Sector, MSME Udyam Registration is required.

What is the GST exemption limit for MSME?

- 20 lakhs, has been increased to Rs. 40 lakhs.
- The yearly limit for the composition program was increased to Rs 50 lakhs for the services and
- Rs 1.5 cr for commodities. Those who deal in the composition would be allowed to provide the services

Custom Duty Concession

- Under Custom Duty Concession the assistance is provided for following activities:
Application for grant of concessional rate of customs duty under “Project Import” Scheme in respect of imported machinery and equipments for initial setting up of the project/for effecting substantial expansion of the project in respect of Automotive Sector is to be sent to the Department of Heavy Industry.

What is the MSME discount on electricity bill?

- Enterprises having Udyam Registration can avail concession in electricity bills by giving an application to electricity board along with Udyam Registration Certificate.
- The KERC had allowed a rebate of 50 paise per unit in energy charges in 2022 itself, but it is being extended to MSMEs now, a circular from Bescom stated.(Karnataka)

What are the tax concession given to MSME?

- One of the significant tax benefits available to MSMEs in India is the concessional tax rate. Under Section 115BA of the Income Tax Act, 1961, certain domestic manufacturing companies, including MSME, are eligible for a reduced tax rate of 25% instead of the standard rate of 30%
- MSMEs with a turnover of up to ₹250 Crores are eligible for an income tax exemption under Section 80J of the Income Tax Act. This exemption is available for 7 years from the year of incorporation.
- "Micro enterprises with a turnover of up to Rs 2 crore and certain professionals with a turnover of up to Rs 50 lakh can avail the benefit of presumptive taxation. I propose to provide enhanced limits of Rs 3 crore and Rs 75 lakh, respectively, to taxpayers whose tax receipts are no more than 5% of total receipts.
- MSMEs can also avail of a tax rate of 22% under section 115BAA, provided that they comply with certain conditions. Any domestic company, including MSMEs, can avail of this reduced tax rate by calculating their total income without considering various deductions, depreciation, and set-offs. These companies are also exempt from the payment of maximum alternate tax under section 115JB

What are the tax concession given to MSME? -P2

- New manufacturing domestic companies can also opt for a 15% tax rate under section 115BAB. The requirement under this section includes all the conditions under section 115BAA. Besides this, the company needs the following:
 - To be set up and registered on or after October 1, 2019.
 - It cannot claim deductions under section 80-ID.
 - It cannot be engaged in any other businesses.

Presumptive tax scheme

- There are several presumptive tax schemes that MSMEs can opt for and reduce their tax liability. All these schemes can be availed subject to the fulfilment of specific conditions. For instance:
 - Section 44AD is available to eligible businesses with a total turnover or gross receipt of ₹2 crore or less.
 - Presumptive taxation scheme under section 44ADA is available for professionals.
 - Good carriage businesses can opt for section 44AE.
- MSMEs can compare their tax liability under the applicable presumptive tax scheme and opt for it if beneficial.

New Tax Benefits

- This year's Union Budget extended the tax benefits for new and eligible start-ups. These eligible start-ups were provided with a three consecutive year tax incentive during the first ten years of their incorporation. While it was available for eligible start-ups established before March 31, 2022, it has now been extended to March 31, 2023.
- As mentioned above, section 115BAB allowed a reduced 15% tax rate for newly incorporated domestic manufacturing companies. In this year's Union Budget, the finance minister proposed extending the last date for commencement of production or manufacturing from March 31, 2023 to March 31, 2024.

Are MSME exempted from tender fee?

- MSMEs bidders are exempted from payment of BID FEES and EARNEST MONEY DEPOSIT (EMD). The Start ups bidders are exempted from payment of Earnest Money Deposit (EMD).

Stamp duty in Telangana?

The Telangana government issued orders exempting micro, small, medium enterprises (MSMEs) and street vendors from paying stamp duty.

What is 15 lakh subsidy for MSME?

This scheme provides an upfront subsidy of 15% on institutional credit up to Rs.1 crore (i.e. a subsidy cap of Rs.15 lakh) for identified sectors/subsectors/technologies.

What is MSME subsidy?

Margin Money subsidy ranges from 15% to 35% of project cost for projects up to Rs. 50 Lakh in Manufacturing sector and Rs. 20 Lakh in the Service sector, MSME Loan for New and Existing Businesses.

Interest Subvention Scheme

- **Applicability of the Interest Subvention Scheme:** An MSME can claim interest subvention for the total of its working capital or term loan sanctioned by an eligible institution up to the extent of Rs.100 lakh. The subsidy under this scheme is the interest subvention on the outstanding balance of the loans taken by MSMEs.
- The MSMEs can also claim interest subvention on the outstanding balance of the incremental or fresh amount of working capital sanctioned or disbursed to them by more than one scheduled commercial bank.
- The government extended this scheme to cover co-operative banks, which became eligible lending institutions under the scheme since the outbreak of COVID-19. Accordingly, fresh or incremental term loans or working capital extended by co-operative and scheduled commercial banks from 3rd March 2020 till 31st March 2021 were eligible for coverage under the scheme.

Eligibility of Interest Subvention Scheme

- All MSMEs meeting the following criteria are eligible under the scheme:
 - MSMEs having valid Udyog Aadhaar Number (UAN)
 - MSMEs having a valid GSTN. However, the MSMEs which are not eligible to obtain GST need not have a GSTN, and they can apply for this scheme by submitting their Permanent Account Number (PAN), or the concerned bank must categorise their loan account as MSME.
- Trading activities are covered under the scheme even without UAN.
- MSME exporters availing interest subvention for post-shipment or pre-shipment credit under the department of commerce are not eligible for assistance under the scheme.
- MSMEs already availing interest subvention under any of the state/central government schemes will not be eligible under the scheme.

Benefits Provided Under the Interest Subvention Scheme

- Under this scheme, interest relief is provided on the outstanding loans/balance of the MSMEs at 2% p.a. from the date of disbursal of the loan or the notification date of this scheme, whichever is later. The interest subvention of 2% is provided to the MSMEs on the fresh/incremental amount of working capital sanctioned or new/incremental term loan disbursed by the eligible institutions.

Implementing Agency of Interest Subvention Scheme

- The Small Industries Development Bank of India (SIDBI) is the implementing agency for the interest subvention scheme. All lending institutions should submit accurate data and monitor the interest subvention scheme. The nodal office of eligible institutions must submit to the SIDBI their half-yearly claims in the format provided by the interest subvention scheme guidelines for claim submission of the scheme.
- MSMEs can directly apply for obtaining interest subvention on the outstanding working capital or term loan with the eligible lending institutions. The interest subvention would be released based on the claim duly certified by the Statutory Auditors of the eligible lending institutions.
- The SIDBI will release interest subvention amount subject to the availability of funds from the government. The Ministry of MSME is the final authority for all interest subvention matters, and their decision would be binding and final. The receipt of funds by the eligible lending institutions are treated as utilisation certificates of the fund.

What are major benefits of MSME from central government?

- Collateral Free Loans.
- Overdraft Interest Subvention.
- Subsidy on Patent Registration.
- Industrial Promotion Subsidy.
- Timely Payments by Buyers.
- Free ISO Certification.



SME DIVISION SCHEMES:

- International Cooperation
- Assistance to Training Institutions (ATI)
- Marketing Assistance

Development Commissioner (DC-MSME) Schemes

1. Credit Guarantee
2. Credit Linked Capital Subsidy for Technology 5 Upgradation
3. ISO 9000/ISO 14001 Certification Reimbursement
4. Micro & Small Enterprises Cluster Development Programme
5. Micro Finance Programme
6. MSME Market Development Assistance (MDA)
7. National Awards (Individual MSEs)
8. National Manufacturing Competitiveness Programme
 - i. Marketing Support/Assistance to MSMEs (BARCODE)
 - ii. Entrepreneurial and Managerial Development of SMEs through Incubators
 - iii. Enabling Manufacturing Sector to be Competitive through QMS & QTT
 - iv. Building Awareness on Intellectual Property Rights (IPR)
 - v. Lean Manufacturing Competitiveness for MSMEs
 - vi. Design Clinic for Design Expertise to MSMEs-Manufacturing Sector (DESIGN)
 - vii. Marketing Assistance & Technology Upgradation
 - viii. Technology and Quality Upgradation Support to MSMEs S

NSIC Schemes:

- 1. Performance and Credit Rating
- 2. Bank Credit Facilitation
- 3. Raw Material Assistance
- 4. Single Point Registration
- 5. Infomediary Services
- 6. Marketing Intelligence Services Lease
- 7. Bill Discounting
- 8. NSIC Infrastructure
 - i. Exhibition Hall, Hyderabad
 - ii. IT Incubator
 - iii. Exhibition-cum-Marketing Development Business Park
 - iv. Software Technology and Business Parks
 - v. Exhibition Grounds, New Delhi

ARI Division Schemes

1. Prime Minister's Employment Generation Programme (PMEGP)
2. Janshree Bima Yojana for Khadi Artisans
3. Market Development Assistance (MDA)
4. Science and Technology Scheme
5. Coir Udyami Yojana
6. Coir Vikas Yojana
 - i. Export Market Promotion
 - ii. Skill Upgradation & Mahila Coir Yojana
 - iii. Development of Production Infrastructure (DPI)
 - iv. Personal Accident Insurance Scheme for Coir workers
 - v. Trade and Industry Related Functional Support Services (TIRFSS)
 - vi. Domestic Market Promotion Scheme
7. Aspire (Scheme for promotion of innovation, entrepreneurship and agro-industry)
8. Revamped Scheme of Fund for Regeneration of 60 Traditional Industries (SFURTI)

MINISTRY OF SKILL DEVELOPMENT AND ENTREPRENEURSHIP

- 1. Udaan training programme for unemployed youth of J&K
- 2. National Skill Certification & Monetary Reward 64 (STAR scheme)
- 3. Pradhan Mantri Kaushal Vikas Yojana

MINISTRY OF LABOUR AND EMPLOYMENT SCHEMES

1. Apprenticeship Training
2. Craftsmen Training (ITIs)
3. Skill Development in Districts Affected by Left Wing Extremism
4. Skill Development Initiative (SDI)
5. Upgradation of 1396 ITIs through PPP

MINISTRY OF HEAVY INDUSTRIES AND PUBLIC ENTERPRISES

1. Capital Goods Scheme
2. Excise duty concession to PWDs
3. Custom Duty Concession

MINISTRY OF YOUTH AFFAIRS & SPORTS SCHEMES

1. Financial Assistance for Promotion of Youth Activities and Training(FAPYAT)
2. National Programme for Youth and Adolescent Development (NPYAD)
3. National Youth Corps (NYC)

MINISTRY OF NEW AND RENEWABLE ENERGY SCHEMES

1. Development/Upgradation of WM and MHP
2. Development of Solar Parks and Ultra Mega Solar Power Projects
3. RDD&D and Manufacture of New and Renewable Energy
4. Wind Resource Assessment in uncovered/new areas 89 under

MINISTRY OF DEVELOPMENT OF NORTH EASTERN REGION SCHEMES

1. Capacity Building and Technical Assistance (CB&TA)
2. North Eastern Development Finance Corporation Ltd. (NEDFi)
 - i. Corporate Finance
 - ii. Equipment Finance
 - iii. Initiative for Development of Entrepreneurs in Agriculture (IDEA)
 - iv. Micro Finance 95
 - v. NEDFi Equity Fund 96
 - vi. NEDFi Opportunity Scheme for
 - vii. North East Entrepreneur's Development (NEED)
 - viii. North East Handlooms Handicrafts (SNEHH)
 - ix. Rupee Term Loan (RTL)
 - x. Working Capital Term Loan (WCTL)
 - xi. WCTL for Contract Finance
 - xii. Women Enterprise Development (WED)
3. North-Eastern Region Urban Development Programme 1
4. North-East Rural Livelihoods Project (NERLP)
5. Advertising and Publicity

Department Of Biotechnology (DBT) Scheme

- Bio-Technology (BT)
- Bio-Technology (Phase-1)
- Animal/Agriculture/Marine Bio-Technology/Bio- Resource Programme
- Bio-Technology Industry Partnership Programme 218 (BIPP)
- Bio-Technology Industry Research Assistance 218 Programme (BIRAP)
- Bio-Technology Ignition Grant (BIG)

MINISTRY OF SOCIAL JUSTICE SCHEMES

- Women related schemes 238 1. Gender Budgeting 238 2. Support to Training and Employment 238 Programme for Women (STEP)
- Rajiv Gandhi National Fellowship (RGNF)
- Scheduled Caste welfare
- NGO working for SC Organisations
- Scheme of Venture Capital Fund for Scheduled Castes

MINISTRY OF TEXTILES SCHEMES

- Additional Grant for Apparel Manufacturing Units for Integrated Textile Park (SITP)
- Catalytic Development Programme (CDP) in 224 Project Mode
- Comprehensive Handloom Cluster Development (CHCD) Mega Handloom Cluster (12th Plan)
- Comprehensive Handlooms Development Scheme (CHD)
- Yarn Supply
- Pashmina Wool Development
- Design and Technology Up-gradation
- Babasaheb Ambedkar Hastshilp Vikas Yojana
Human Resource Development (HRD)

MINISTRY OF TOURISM SCHEMES

- Time-share Resorts
- Tented Accommodation
- Motels Accommodation
- Hotel Accommodation
- Travel Trade
- Capacity Building for Service Providers (Institutes)
- Marketing Development Assistance (MDA)
- Publicity and Marketing.
- Refresher Courses for Regional Level Guides
- Rahul Sankrityayan Paryatan Puraskar Yojna
- Stand-alone Restaurants
- Hunar-Se-Rozgar Tak - Sena Ke Sahyog Se (Creating Employable Skills)

MINISTRY OF TRIBAL AFFAIRS

- National Scheduled Tribes Finance & Development Corporation Schemes
- 1. Design and Technology Up-gradation
- 2. Babasaheb Ambedkar Hastshilp Vikas Yojana
- 3. Human Resource Development (HRD)

MINISTRY OF URBAN DEVELOPMENT SCHEMES

- National Urban Information System(NUIS)
- North-Eastern Region Urban Development Programme (NERUDP)
- Pooled Finance Development Fund

MINISTRY OF WOMEN AND CHILD DEVELOPMENT

- **Women related schemes**
 - Gender Budgeting
 - Support to Training and Employment
 - Programme for Women (STEP)

Can A CHARTERED ACCOUNTANT OR A CA FIRM REGISTERED UNDER MSME ACT.

- yes, a Chartered Accountant (CA) can register for Udyam, which is the new registration process for Micro, Small, and Medium Enterprises (MSMEs) in India.
- YES. The Chartered Accountant Firm may be registered as a Micro or Small enterprise and may be entitled to the invocation of the jurisdiction of the MSME Act for other purposes

What are the new rules for MSME payment?

The textile industry voices apprehension regarding a new provision, Section 43B(H), introduced in the Finance Act 2023, mandating payment for goods supplied by MSMEs within 45 days.

What does section 43B(h) mean for MSMEs?

- Industry concerned over limiting the time for payment to 45 days. Specifically, the amendment introduces Section 43B (h), impacting the deduction of **overdue payments to MSMEs**.
- The Finance Act, 2023, introduces significant changes with the insertion of clause “h” in section 43B of the Income Tax Act, strengthening the enforcement of MSME payment regulations. In The Finance Bill 2023 has introduced a significant amendment to the Income Tax Act, 1961, affecting Micro and Small Enterprises (MSMEs). Specifically, the amendment introduces Section 43B(h), **impacting the deduction of overdue payments to MSMEs**.
- This article delves into the provisions, implications, and steps for compliance with the new regulation.

INCOME TAX ACT PROVISIONS:

- DELAYED PAYMENT OF PRINCIPAL In order to promote timely payments to MSMEs, The Finance Bill 2023 has introduced one more measure by amending section 43B of the Income tax act, 1961, to disallow amount of overdue creditors registered as Micro or Small Enterprises under MSME Development Act (MSMED) 2006.
- The new Clause (h) to Section 43B has been inserted which is applicable from assessment year 2024-25 and onwards is as under.
- 43B(h):- Any sum payable by the assessee to a micro or small enterprises, beyond the time limit specified in section 15 of the Micro, small and Medium Enterprises Development Act 2006. shall be allowed as deduction only on actual payment.

Provided that nothing contained in this section [except the provisions of clause(h)] shall apply in relation to

- any sum which is **actually paid by the assessee on or before the due date** applicable in his case for furnishing the return of income under sub-section (1) of section 139 in respect of the previous year in which the liability to pay such sum was incurred as aforesaid and the evidence of such payment is furnished by the assessee along with such return.”
- Thus, the amendment to **section 43B of the Act will allow the payment as deduction only on payment basis.**
- It can be allowed on accrual basis only if the payment is within the time mandated under section 15 of the MSMED Act.
- **INTEREST ON DELAYED PAYMENT** As per section 16 of the MSMED Act, the payment **of interest on delayed payment is in the nature of penalty or it is penal interest.**

Therefore, once the payment of interest on

delayed payment to MSME is regarded as a penal in nature and it is not allowed as an expenditure under Income Tax Act 1961 due to the overriding effect of section 23 of MSMED Act 2006.

As per clause 22 of the Tax Audit requires Tax Auditor to report the amount of interest inadmissible u/s 23 of the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED, Act 2006).

MSMED ACT PROVISIONS: –

- Section 2(e) “enterprise” means an industrial undertaking or a business concern or any other establishment, by whatever name called, engaged in the manufacture or production of goods, in any manner, pertaining to any industry specified in the First Schedule to the Industries (Development and Regulation) Act, 1951 (55 of 1951) or engaged in providing or rendering of any service or services; Section 2(b) “appointed day” means the day following immediately after the **expiry of the period of fifteen days from the day of acceptance or the day of deemed acceptance of any goods or any services by a buyer from a supplier.**

Explanation.—For the purposes of this clause,—

(i) “the day of acceptance” means,—

the day of the actual delivery of goods or the rendering of services; or where any objection is made in writing by the buyer regarding acceptance of goods or services within fifteen days from the day of the delivery of goods or the rendering of services, the day on which such objection is removed by the supplier;

(ii) “the day of deemed acceptance” means, where no objection is made in writing by the buyer regarding acceptance of goods or services within fifteen days from the day of the delivery of goods or the rendering of services, the day of the actual delivery of goods or the rendering of services;

Section 15 of the MSMED Act mandates payments to MSMEs within the time as per the written agreement, which cannot be more than 45 days.

If there is no such written agreement, the section mandates that the payment shall be made within 15 days.

Section 16 of the MSMED Act provides, if payment is not made within the time limit specified under section 15, then the interest payable shall be three times of the bank rate notified by the RBI.

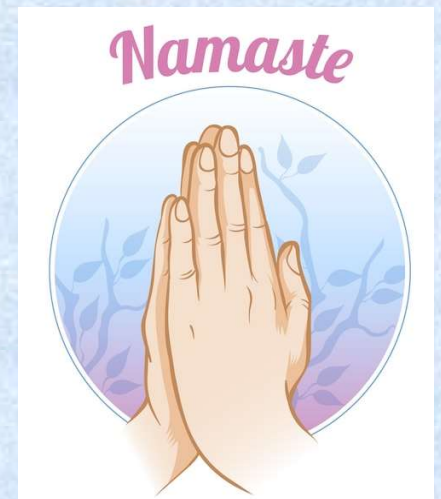
Proposed allowing a deduction for expenditures incurred on payments only when the payment is made to support MSMEs to receive payments on time.

Is it compulsory to file MSME 1?

- According to the MSMED act of 2016 from MCA, it is mandatory for specified companies to identify their MSME vendors and file MSME form 1 twice every year. October to March Period:
- If your outstanding payments to MSME suppliers fall between October and March, you must file the form by 30th April & 12 Sept 2023
- **What happens if MSME is not paid in 45 days?**
- The central government has implemented a new rule for assessment year 2024-25 under which buyers must pay for goods bought from MSMEs within 45 days of delivery and clear all dues to MSMEs before March 31, 2024, failing which the pending payment will be deemed to be income on which tax will be levied.

THANK YOU

CA AMRIT KUMAR KOTA
PARTNER SPAD AND ASSOCIATES
CHARTERED ACCOUNTANTS





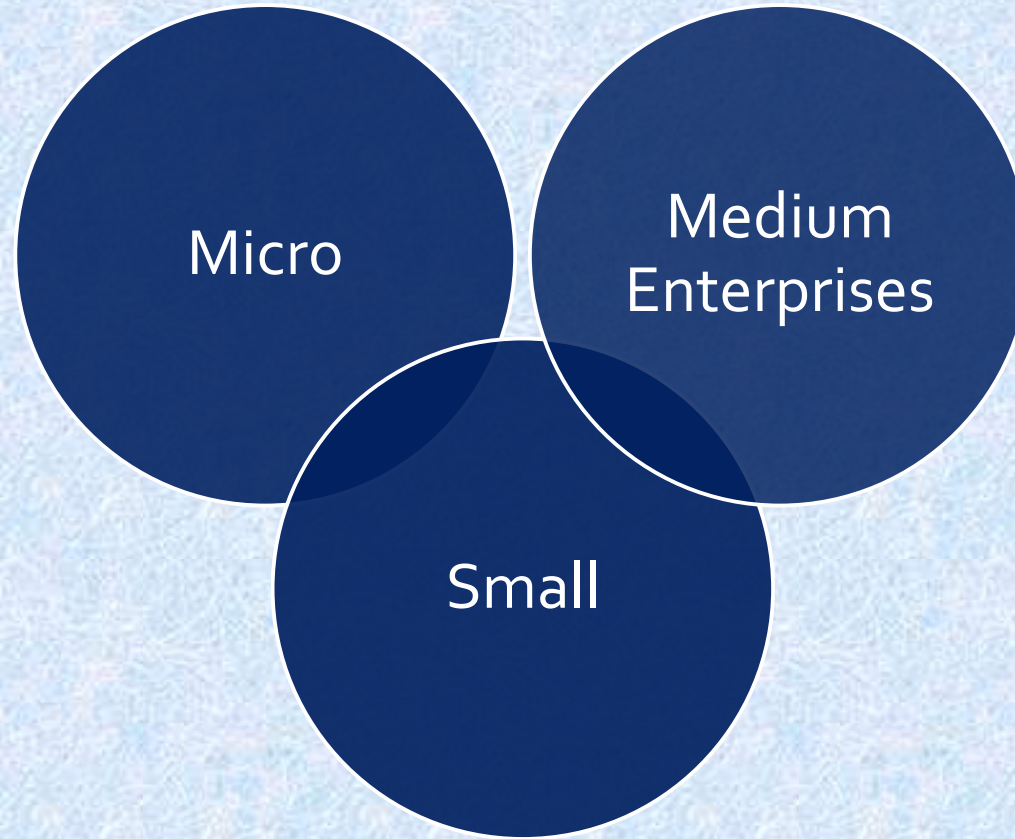


CA AMRIT KUMAR KOTA

PARTNER SPAD AND ASSOCIATES

CHARTERED ACCOUNTANTS

What is MSME ?



What are MSME norms?

MSME
referred to as
those
industries in
which the

- *Process, Manufacturing,*
- *production and*
- *service.*

What are the criteria for MICRO enterprise?

Where the investment in Plant and Machinery or Equipment does not exceed ONE CRORE RUPEES and

Turnover does not exceed FIVE CRORE RUPEES.

What is the criteria for SMALL Enterprise?

The investment on such industries is one time and these investments are mostly done on plant and machinery, the total investment on such industries Net investment in plant and machinery or equipment \leq Rs.10 crores and Net turnover \leq Rs.50 crores

What is the criteria for **MEDIUM** Enterprise?

- Net investment in plant and machinery or equipment \leq Rs.50 crores and
- Net turnover \leq Rs.250 crores

Who falls under MSME?

According to the MSME Act of 2006, all enterprises in the manufacturing and service sectors fall under the MSME tag. The primary reason behind this classification was to help businesses acquire government incentives and gain access to various government schemes and products.

- A proprietorship,
- partnership firm,
- company,
- trust or society with an investment below Rs.50 crore and annual turnover below Rs.250 crore are eligible for MSME registration.

Who Cannot apply for MSME?

An individual cannot apply for MSME registration.

investment above Rs.50 crore and annual turnover above Rs.250 crore are not eligible for MSME registration

How many MSMEs are there in India

A total of 633.90 Lakhs units are registered in India as on 31.12.2023 out of which 3,16,05,581 Micro Small and Medium Enterprises (MSMEs) were registered in India between July 1, 2020, and December 4, 2023, the Central government told in the Rajya Sabha in the recent Budget speech .

How many MSMEs are there in Telangana?

With a staggering 2.6 million MSMEs, in the state of Telangana is a dynamic hub of diverse industries and the state's MSME sector today, poses a productive ecosystem for entrepreneurial ventures, attracting attention and investments from large global companies.

How can I register for MSME in Telangana?

MSME registration process is fully online, paperless and based on self-declaration.

How long is MSME valid?

What is the validity of the MSME Registration Certificate/Udyam Registration certificate? There is no expiry of the Udyam/MSME Registration Certificate. As long as the entity is ethical and financially healthy, there will be no expiry of the certificate.

Is MSME renewed every year?

Registered MSMEs must renew their MSME Certificates annually, providing their previous year's ITR details and GSTR filing status.

Documents Required for MSME/Udyam Registration

PAN Card. Firstly, you need a PAN card

Aadhaar Card.

Business Address Proof.

Bank Statement.

GSTIN.

Certificate of Incorporation or Partnership Deed.

Rental/Lease Deed

In case of Own premises , NOC from Landlord.

Details of Major Business Activities.

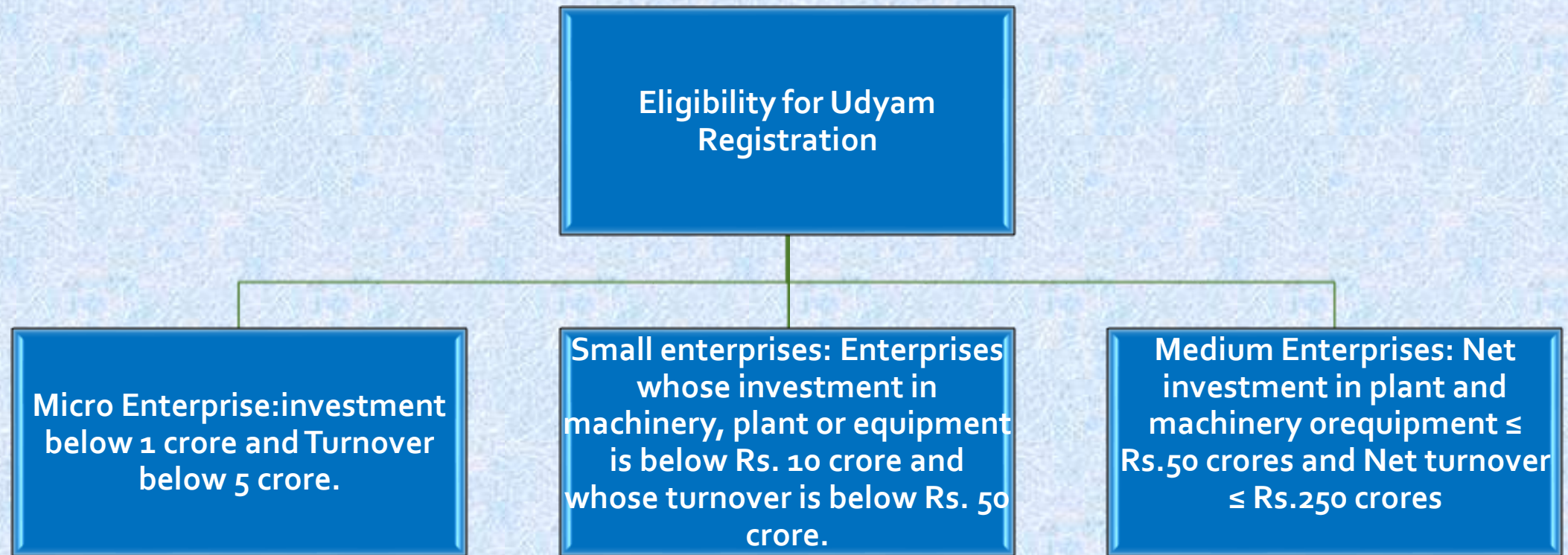
Is GST required for below 20 lakhs?

Limit Exceeds 20 lakhs? In the GST mechanism, an individual is not bound to register if his aggregate revenue in the financial year is below 20 Lakhs.

The said limit shall be 10 lakhs in the states of Manipur, Mizoram and Tripura.

As per the law, the supplier needs to register once his turnover exceeds 20 Lakhs and start paying taxes from that point.

What is the turnover limit for Udyam registration?



What is the difference between MSME and Udyam registration?

There is no difference between MSME and Udyam in that the Udyam registration certificate is an identification of a business as an MSME.

Udyam is the only platform MSMEs need to register on to be recognized as a MSME.

What is the new industrial policy in Telangana?

OBJECTIVES The new
Telangana State
Industrial Policy
strives

to provide a framework which will stabilize and make existing industries more competitive, and

also attract and realize new international and national investments in the industrial sector.

Slogan of Telangana industrial Policy :

**The industrial policy framework will be driven by the slogan of “In
Telangana :**

- Innovate, Incubate and incorporate.**

Function of Incubation

- **The scheme is meant for creating sustainable entrepreneurship development in the area especially among**
 - First generation entrepreneurs,
 - nurturing the innovative ideas in to commercially viable business propositions,
 - encouraging commercialisation of R&D outputs into commercial ventures.
 - in extending hand- holding of start-up companies to become successful MSMEs.
 - For utilisation of the space and infrastructure of NSIC-TBI, the prospective entrepreneur have to pay a monthly license fee to NSIC.
 - telephone and internet charges are also payable on actuals.
 - Ready to move in built-up space, standard computer hardware facilities, access to software library, internet and business centre facilities
 - Preliminary level training/counselling, facilitation of fine tuning the business plans, specialised training, mentoring services, market exposure
 - Advanced level facilitation of seed finance/venture capital, market survey, support in legal formalities, documentation support, maturity level
- Sourcing of business partners, J.V./ technology transfer, legal and statutory formalities for launch of enterprise, selection process

LIST OF SCHEMES

Credit Linked Capital Subsidy Scheme for Technology Upgradation

- The Credit Linked Capital Subsidy Scheme (CLCSS) renders a subsidy for technology upgradation to the MSMEs. This scheme provides 15% subsidy for additional investment up to Rs.1 crore for technology upgradation by MSMEs.
- Revised CLCS has been amended as follows:
 - a) Ceiling on loans under the scheme has been raised from Rs.40 lakh to Rs.1 crore
 - b) Rate of subsidy is 15%.
 - c) Admissible capital subsidy is calculated with reference to purchase price of plant and machinery, instead of term loan disbursed to the beneficiary unit. and
- Who can apply Eligible beneficiaries include sole proprietorships, partnerships, co-operative societies, and private and public limited companies in the MSE sector.
- Priority shall be given to women entrepreneurs.

How to apply :

Candidates meeting the eligibility criteria may approach all scheduled commercial bank, scheduled cooperative bank [including urban cooperative bank co-opted by SIDBI under Technological Upgradation Fund (TUF)], Regional Rural Bank (RRB), State Financial Corporation (SFC) and North-Eastern Development Financial Institution (NEDFI).

Credit Guarantee Scheme.

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 Credit Guarantee Fund Scheme for Micro and Small Enterprises.

The corpus of CGTMSE is being contributed by Government of India and SIDBI. Nature of assistance **Collateral free loans up to a limit of Rs.50 lakh –**

for individual MSEs Who can apply **Both existing and new enterprises are eligible under the scheme.**

How to apply: Candidates meeting the eligibility criteria may approach banks/financial institutions, which are eligible under the scheme, or scheduled commercial banks and select Regional Rural Banks.

ISO 9000 certification and reimbursement scheme (application form and beneficiaries listing)

In order to enhance the competitive strength of SMEs, the Government has introduced an incentive scheme for their technological upgradation/quality improvement and environment management.

The scheme provides incentives to those SMEs/ancillary undertakings who have acquired ISO 9000/ISO 14001/HACCP certification.

The scheme is enlarged so as to include reimbursement of expenses for acquiring ISO 14001 certification.

Nature of assistance: The scheme envisages reimbursement of charges for acquiring ISO-9000/ISO-14001/HACCP certification to the extent of 75% of expenditure subject to a maximum of Rs.75,000 in each case.

Who can apply:

Permanent registered Micro and Small Enterprises (MSEs) are eligible to avail the incentive scheme. The scheme is applicable to those MSEs/ancillary/SSSB units who have already acquired ISO-9000/ISO-14001/ HACCP certification.

How to apply:

MSEs with their EM No. are required to submit their application, duly completed, to their local Director, MSME-DI addresses given in the following website: www.dcmsme.gov.in

Micro & Small Enterprises Cluster Development Programme (MSE-CDP):

Objectives of the scheme:

- To support sustainability and growth of MSEs by addressing common issues such as improvement of technology, skills and quality, market access and access to capital.
- To build the capacity of MSEs for common supportive action through the formation of self-help groups, consortia, upgradation of associations, etc.
- To set up common facility centers (for testing, training, raw material depot, effluent treatment, complementing production processes, etc.)
- To create/upgrade infrastructural facilities in the new/existing industrial areas/clusters of MSEs.

Nature of assistance:

Diagnostic Study

Soft Intervention

Setting up of Common Facility Centres (CFCs)

Infrastructure Development (Upgradation/ New) Cost of project and Govt. of India assistance:

Diagnostic study - maximum cost Rs.2.50 lakh.

Soft interventions - maximum cost of project Rs.25.00 lakh, with Gol contribution of 75% (90% for special category States and for clusters with more than 50% women/micro/ village/SC/ST units).

Hard interventions, i.e., setting up of CFCs – maximum eligible project cost of Rs.15.00 crore with Gol contribution of 70% (90% for special category States and for clusters with more than 50% women/micro/village/SC/ST units).

Infrastructure development in the new/ existing industrial estates/areas; maximum eligible project cost Rs.10.00 crore, with Gol contribution of 60% (80% for special category States and for clusters with more than 50% women/micro/SC/STunits).

Who can apply :

Industrial associations/Consortia,
Clusters

How to apply

- Only online applications are considered.
- Hard copy of applications need to be sent through State Governments or their autonomous bodies or field institutes of the Ministry of MSME i.e., MSMEDIs.
- The proposals are to be approved by the Steering Committee of MSE-CDP.
- Participation in International Fairs.
- Related scheme i) Exhibition Hall, Hyderabad –A perfect venue for organizing Exhibitions/ Conferences
- Description Exhibitions/product display events are organized in the hall to showcase competencies of MSEs and to capture market opportunities. The exhibition complex is strategically located and has lush green surroundings. It has very good transport connectivity. Nature of assistance Exhibition hall of 18,000 sq.ft. Conference hall with a seating capacity of 100 persons Ample two- wheeler & car parking space 100% power back-up facility Food court Earthquake resistance structure Two atriums for ventilation and natural lighting CCTV for security surveillance PA system Modern fire- fighting system technology Pleasing lush green landscape all around the building 24 hrs. water supply through R.O system Who can apply Entrepreneurs How to apply Application copy can be obtained from website: www.nsic.co.in, e-mail: emdbphyd@nsic.co.in Tel- +9908499222 / 040-27141422 / 27125802, Fax- 271141411.
- Purchase and Price Preference Policy.
- Prime Minister's Rozgar Yojana (PMRY)

Building Awareness on Intellectual Property Rights (IPR) :

- NATURE OF ASSISTANCE FUNDING SUPPORT FOR :
- CONDUCTING AWARENESS/SENSITISATION PROGRAMMES ON IPR (APPLICANTS – MSME ORGANISATIONS AND EXPERT AGENCIES)
- CONDUCTING PILOT STUDIES FOR SELECTED CLUSTERS/GROUPS OF INDUSTRIES (APPLICANTS – MSME ORGANIZATIONS, COMPETENT AGENCIES AND EXPERT AGENCIES)
- FUNDING SUPPORT FOR CONDUCTING INTERACTIVE SEMINARS/WORKSHOPS (APPLICANTS – MSME ORGANIZATIONS AND EXPERT AGENCIES)
- FUNDING SUPPORT FOR CONDUCTING SPECIALISED TRAINING ON IPR (APPLICANTS – EXPERT AGENCIES)
- FUNDING SUPPORT IN THE FORM OF GRANT ON PATENT/GI REGISTRATION (APPLICANTS – MSME UNITS AND MSME ORGANIZATIONS)
- FUNDING SUPPORT FOR SETTING UP OF FACILITATION IV) CENTRE (IPFC) FOR MSME (APPLICANTS – MSME ORGANIZATIONS AND IPR FACILITATING AGENCIES)
- FUNDING SUPPORT FOR ORGANIZING INTERACTION WITH INTERNATIONAL AGENCIES (APPLICANTS – MSME ORGANIZATIONS AND IPR FACILITATING AGENCIES)
- GOI ASSISTANCE OF RS.1 LAKH PER AWARENESS PROGRAMME
- GOI ASSISTANCE OF RS.2.5 LAKH PER PILOT STUDY

- GoI assistance of Rs.2 lakh per program of interactive seminar
- GoI assistance of Rs.6 lakh per short term training program and Rs.45 lakh per long term training program
- For registered Indian MSMEs, one time financial support limited up to Rs.25,000 on grant of domestic patent and Rs.2 lakh for foreign patent; for registering under Geographical Indications of Goods Act, one time financial support limited up to Rs.1 lakh
- A total financial support by GoI up to Rs.65 lakh each for establishing IPFCs which will include one-time grant of Rs.45 lakh and Rs.18 lakh as recurring expenses for 3 years, and Rs.2 lakh as miscellaneous charges
- Financial support by GoI up to Rs.5 lakh and Rs.7.50 per event for domestic interventions and international exchange program respectively. Who can apply
- Registered MSME units MSME organizations like industry associations, societies, cooperatives, firms, trusts, NGOs, Institutions and Universities with a track record of assisting MSMEs
- Competent agencies like consultancy organizations, research institutes, individual experts or agencies having sound technical and financial capabilities to conduct pilot studies with at least five years of experience
- Expert agencies - like TIFAC, Patent Facilitation Centres, NRDC, Indian Patent Office, Registrar of Trademarks, Registrar of Geographical Indications, D.B.T., Registrar of Copyrights, MOHRD, NIIPM, IITs, Law Schools, patent attorneys, individual IPR experts, WIPO, EU-TIDP, USPTO, KIPO/KIPA, IIFT, DIT, MOEF, Ministry of MSME, DSIR and other such bodies
- Quasi-Government or Government aided bodies
- Private units, provided they are sponsored by MSME associations.
- How to apply Application forms for each of the components are given with scheme guidelines at: <http://www.dcmsme.gov.in/schemes/IPR10.pdf>,

Raw Material Assistance

The scheme aims at helping MSEs by way of financing the purchase of raw material (both indigenous & imported). This gives an opportunity to MSEs to focus better on manufacturing quality products. Nature of assistance

Financial assistance for procurement of raw material up to 90 days

MSEs helped to avail economics of purchases like bulk purchase, cash discount, etc.

All the procedures, documentation & issue of letter of credit in case of imports taken care of. Who can apply Registered MSMEs How to apply Entrepreneurs can apply through the prescribed application forms along with requisite fee to regional & branch offices of NSIC.

INCENTIVES:

Do MSME pay tax?

- MSMEs with a turnover of up to ₹1.5 Crores can avail of the Composition Scheme under the Goods and Services Tax (GST) regime. Under this scheme, MSMEs are required to pay a lower tax rate and have reduced compliance requirements.
- Is MSME exempted from GST?
- The composition scheme allows MSMEs to do away with tedious tax filing formalities and pay GST at a flat rate. Businesses registered under the composition scheme are required to pay GST at 1% to 6% depending on the type of business activity conducted by the registered person/business entity.
- The maximum loan amount offered by Banks/NBFCs is up to Rs. 2 crore (Collateral-free loans) with the repayment tenure of up to 5 years, may exceed as per requirements.
- PMMY: Benefits of PMMY Through Pradhan Mantri Mudra Yojana, you can take a loan ranging from Rs 50,000 to Rs 10 lakh as per your need. The loan is collateral free and there is no processing fee.

What is PM Modi scheme for small business?

PMMY is a scheme that provides loans up to Rs. 10 lakh to MSEs involved in manufacturing, processing, trading, or service activities. The loans are given by banks and other lending institutions through micro units development and Refinance Agency Ltd.

What is the limit of MSME CC?

The Scheme covers collateral free credit facility (term loan and/ or working capital) extended by eligible lending institutions to new and existing micro and small enterprises up to Rs. 100 lakh per borrowing unit.

SUBSIDIES

Who is eligible for MSME subsidy?

- To be eligible for all such government support measures, MSMEs are required to register with the government and get an MSME or Udyam Certificate.

What are the subsidy loans in Telangana?

Quantum of loan:

- **PROJECT COST CAPITAL SUBSIDY** For projects costing up to Rs.25,000- 50% of the project cost. For projects costing more than Rs.25000 – 25% of the project cost, with a minimum of Rs.12,500 & maximum of Rs.20,000

What is minority subsidy loan in Telangana?

The Telangana State Minorities Finance Corporation extends financial assistance to the eligible & economically backward class Minority Communities viz; Muslims, Sikhs, Parsis, Buddhists & Jains in the State of Telangana by way of lending Subsidy with Bank Linkage under Economic Support Scheme for setting up business.

How do avail MSME benefits?

To support and promote MSMEs, the Government of India, through various subsidies, schemes, and incentives, promote MSMEs through the MSME Act. To avail of the benefits under the MSME Act from the Central or State Government and the Banking Sector, MSME Udyam Registration is required.

What is the GST exemption limit for MSME?

- 20 lakhs, has been increased to Rs. 40 lakhs.
- The yearly limit for the composition program was increased to Rs 50 lakhs for the services and
- Rs 1.5 cr for commodities. Those who deal in the composition would be allowed to provide the services

Custom Duty Concession

- Under Custom Duty Concession the assistance is provided for following activities:
Application for grant of concessional rate of customs duty under “Project Import” Scheme in respect of imported machinery and equipments for initial setting up of the project/for effecting substantial expansion of the project in respect of Automotive Sector is to be sent to the Department of Heavy Industry.

What is the MSME discount on electricity bill?

- Enterprises having Udyam Registration can avail concession in electricity bills by giving an application to electricity board along with Udyam Registration Certificate.
- The KERC had allowed a rebate of 50 paise per unit in energy charges in 2022 itself, but it is being extended to MSMEs now, a circular from Bescom stated.(Karnataka)

What are the tax concession given to MSME?

- One of the significant tax benefits available to MSMEs in India is the concessional tax rate. Under Section 115BA of the Income Tax Act, 1961, certain domestic manufacturing companies, including MSME, are eligible for a reduced tax rate of 25% instead of the standard rate of 30%
- MSMEs with a turnover of up to ₹250 Crores are eligible for an income tax exemption under Section 80J of the Income Tax Act. This exemption is available for 7 years from the year of incorporation.
- "Micro enterprises with a turnover of up to Rs 2 crore and certain professionals with a turnover of up to Rs 50 lakh can avail the benefit of presumptive taxation. I propose to provide enhanced limits of Rs 3 crore and Rs 75 lakh, respectively, to taxpayers whose tax receipts are no more than 5% of total receipts.
- MSMEs can also avail of a tax rate of 22% under section 115BAA, provided that they comply with certain conditions. Any domestic company, including MSMEs, can avail of this reduced tax rate by calculating their total income without considering various deductions, depreciation, and set-offs. These companies are also exempt from the payment of maximum alternate tax under section 115JB

What are the tax concession given to MSME? -P2

- New manufacturing domestic companies can also opt for a 15% tax rate under section 115BAB. The requirement under this section includes all the conditions under section 115BAA. Besides this, the company needs the following:
 - To be set up and registered on or after October 1, 2019.
 - It cannot claim deductions under section 80-ID.
 - It cannot be engaged in any other businesses.

Presumptive tax scheme

- There are several presumptive tax schemes that MSMEs can opt for and reduce their tax liability. All these schemes can be availed subject to the fulfilment of specific conditions. For instance:
 - Section 44AD is available to eligible businesses with a total turnover or gross receipt of ₹2 crore or less.
 - Presumptive taxation scheme under section 44ADA is available for professionals.
 - Good carriage businesses can opt for section 44AE.
- MSMEs can compare their tax liability under the applicable presumptive tax scheme and opt for it if beneficial.

New Tax Benefits

- This year's Union Budget extended the tax benefits for new and eligible start-ups. These eligible start-ups were provided with a three consecutive year tax incentive during the first ten years of their incorporation. While it was available for eligible start-ups established before March 31, 2022, it has now been extended to March 31, 2023.
- As mentioned above, section 115BAB allowed a reduced 15% tax rate for newly incorporated domestic manufacturing companies. In this year's Union Budget, the finance minister proposed extending the last date for commencement of production or manufacturing from March 31, 2023 to March 31, 2024.

Are MSME exempted from tender fee?

- MSMEs bidders are exempted from payment of BID FEES and EARNEST MONEY DEPOSIT (EMD). The Start ups bidders are exempted from payment of Earnest Money Deposit (EMD).

Stamp duty in Telangana?

The Telangana government issued orders exempting micro, small, medium enterprises (MSMEs) and street vendors from paying stamp duty.

What is 15 lakh subsidy for MSME?

This scheme provides an upfront subsidy of 15% on institutional credit up to Rs.1 crore (i.e. a subsidy cap of Rs.15 lakh) for identified sectors/subsectors/technologies.

What is MSME subsidy?

Margin Money subsidy ranges from 15% to 35% of project cost for projects up to Rs. 50 Lakh in Manufacturing sector and Rs. 20 Lakh in the Service sector, MSME Loan for New and Existing Businesses.

Interest Subvention Scheme

- **Applicability of the Interest Subvention Scheme:** An MSME can claim interest subvention for the total of its working capital or term loan sanctioned by an eligible institution up to the extent of Rs.100 lakh. The subsidy under this scheme is the interest subvention on the outstanding balance of the loans taken by MSMEs.
- The MSMEs can also claim interest subvention on the outstanding balance of the incremental or fresh amount of working capital sanctioned or disbursed to them by more than one scheduled commercial bank.
- The government extended this scheme to cover co-operative banks, which became eligible lending institutions under the scheme since the outbreak of COVID-19. Accordingly, fresh or incremental term loans or working capital extended by co-operative and scheduled commercial banks from 3rd March 2020 till 31st March 2021 were eligible for coverage under the scheme.

Eligibility of Interest Subvention Scheme

- All MSMEs meeting the following criteria are eligible under the scheme:
 - MSMEs having valid Udyog Aadhaar Number (UAN)
 - MSMEs having a valid GSTN. However, the MSMEs which are not eligible to obtain GST need not have a GSTN, and they can apply for this scheme by submitting their Permanent Account Number (PAN), or the concerned bank must categorise their loan account as MSME.
- Trading activities are covered under the scheme even without UAN.
- MSME exporters availing interest subvention for post-shipment or pre-shipment credit under the department of commerce are not eligible for assistance under the scheme.
- MSMEs already availing interest subvention under any of the state/central government schemes will not be eligible under the scheme.

Benefits Provided Under the Interest Subvention Scheme

- Under this scheme, interest relief is provided on the outstanding loans/balance of the MSMEs at 2% p.a. from the date of disbursal of the loan or the notification date of this scheme, whichever is later. The interest subvention of 2% is provided to the MSMEs on the fresh/incremental amount of working capital sanctioned or new/incremental term loan disbursed by the eligible institutions.

Implementing Agency of Interest Subvention Scheme

- The Small Industries Development Bank of India (SIDBI) is the implementing agency for the interest subvention scheme. All lending institutions should submit accurate data and monitor the interest subvention scheme. The nodal office of eligible institutions must submit to the SIDBI their half-yearly claims in the format provided by the interest subvention scheme guidelines for claim submission of the scheme.
- MSMEs can directly apply for obtaining interest subvention on the outstanding working capital or term loan with the eligible lending institutions. The interest subvention would be released based on the claim duly certified by the Statutory Auditors of the eligible lending institutions.
- The SIDBI will release interest subvention amount subject to the availability of funds from the government. The Ministry of MSME is the final authority for all interest subvention matters, and their decision would be binding and final. The receipt of funds by the eligible lending institutions are treated as utilisation certificates of the fund.

What are major benefits of MSME from central government?

- Collateral Free Loans.
- Overdraft Interest Subvention.
- Subsidy on Patent Registration.
- Industrial Promotion Subsidy.
- Timely Payments by Buyers.
- Free ISO Certification.



SME DIVISION SCHEMES:

- International Cooperation
- Assistance to Training Institutions (ATI)
- Marketing Assistance

Development Commissioner (DC-MSME) Schemes

1. Credit Guarantee
2. Credit Linked Capital Subsidy for Technology 5 Upgradation
3. ISO 9000/ISO 14001 Certification Reimbursement
4. Micro & Small Enterprises Cluster Development Programme
5. Micro Finance Programme
6. MSME Market Development Assistance (MDA)
7. National Awards (Individual MSEs)
8. National Manufacturing Competitiveness Programme
 - i. Marketing Support/Assistance to MSMEs (BARCODE)
 - ii. Entrepreneurial and Managerial Development of SMEs through Incubators
 - iii. Enabling Manufacturing Sector to be Competitive through QMS & QTT
 - iv. Building Awareness on Intellectual Property Rights (IPR)
 - v. Lean Manufacturing Competitiveness for MSMEs
 - vi. Design Clinic for Design Expertise to MSMEs-Manufacturing Sector (DESIGN)
 - vii. Marketing Assistance & Technology Upgradation
 - viii. Technology and Quality Upgradation Support to MSMEs S

NSIC Schemes:

- 1. Performance and Credit Rating
- 2. Bank Credit Facilitation
- 3. Raw Material Assistance
- 4. Single Point Registration
- 5. Infomediary Services
- 6. Marketing Intelligence Services Lease
- 7. Bill Discounting
- 8. NSIC Infrastructure
 - i. Exhibition Hall, Hyderabad
 - ii. IT Incubator
 - iii. Exhibition-cum-Marketing Development Business Park
 - iv. Software Technology and Business Parks
 - v. Exhibition Grounds, New Delhi

ARI Division Schemes

1. Prime Minister's Employment Generation Programme (PMEGP)
2. Janshree Bima Yojana for Khadi Artisans
3. Market Development Assistance (MDA)
4. Science and Technology Scheme
5. Coir Udyami Yojana
6. Coir Vikas Yojana
 - i. Export Market Promotion
 - ii. Skill Upgradation & and Mahila Coir Yojana
 - iii. Development of Production Infrastructure (DPI)
 - iv. Personal Accident Insurance Scheme for Coir workers
 - v. Trade and Industry Related Functional Support Services (TIRFSS)
 - vi. Domestic Market Promotion Scheme
7. Aspire (Scheme for promotion of innovation, entrepreneurship and agro-industry)
8. Revamped Scheme of Fund for Regeneration of 60 Traditional Industries (SFURTI)

MINISTRY OF SKILL DEVELOPMENT AND ENTREPRENEURSHIP

- 1. Udaan training programme for unemployed youth of J&K
- 2. National Skill Certification & Monetary Reward 64 (STAR scheme)
- 3. Pradhan Mantri Kaushal Vikas Yojana

MINISTRY OF LABOUR AND EMPLOYMENT SCHEMES

1. Apprenticeship Training
2. Craftsmen Training (ITIs)
3. Skill Development in Districts Affected by Left Wing Extremism
4. Skill Development Initiative (SDI)
5. Upgradation of 1396 ITIs through PPP

MINISTRY OF HEAVY INDUSTRIES AND PUBLIC ENTERPRISES

1. Capital Goods Scheme
2. Excise duty concession to PWDs
3. Custom Duty Concession

MINISTRY OF YOUTH AFFAIRS & SPORTS SCHEMES

1. Financial Assistance for Promotion of Youth Activities and Training(FAPYAT)
2. National Programme for Youth and Adolescent 81 Development (NPYAD)
3. National Youth Corps (NYC)

MINISTRY OF NEW AND RENEWABLE ENERGY SCHEMES

1. Development/Upgradation of WM and MHP
2. Development of Solar Parks and Ultra Mega Solar Power Projects
3. RDD&D and Manufacture of New and Renewable Energy
4. Wind Resource Assessment in uncovered/new areas 89 under

MINISTRY OF DEVELOPMENT OF NORTH EASTERN REGION SCHEMES

1. Capacity Building and Technical Assistance (CB&TA)
2. North Eastern Development Finance Corporation Ltd. (NEDFi)
 - i. Corporate Finance
 - ii. Equipment Finance
 - iii. Initiative for Development of Entrepreneurs in Agriculture (IDEA)
 - iv. Micro Finance 95
 - v. NEDFi Equity Fund 96
 - vi. NEDFi Opportunity Scheme for Small Enterprises (NoSSE)
 - vii. North East Entrepreneur's Development (NEED)
 - viii. North East Handlooms Handicrafts (SNEHH)
 - ix. Rupee Term Loan (RTL)
 - x. Working Capital Term Loan (WCTL)
 - xi. WCTL for Contract Finance
 - xii. Women Enterprise Development (WED)
3. North-Eastern Region Urban Development Programme 1
4. North-East Rural Livelihoods Project (NERLP)
5. Advertising and Publicity

Department Of Biotechnology (DBT) Scheme

- Bio-Technology (BT)
- Bio-Technology (Phase-1)
- Animal/Agriculture/Marine Bio-Technology/Bio- Resource Programme
- Bio-Technology Industry Partnership Programme 218 (BIPP)
- Bio-Technology Industry Research Assistance 218 Programme (BIRAP)
- Bio-Technology Ignition Grant (BIG)

MINISTRY OF SOCIAL JUSTICE SCHEMES

- Women related schemes 238 1. Gender Budgeting 238 2. Support to Training and Employment 238 Programme for Women (STEP)
- Rajiv Gandhi National Fellowship (RGNF)
- Scheduled Caste welfare
- NGO working for SC Organisations
- Scheme of Venture Capital Fund for Scheduled Castes

MINISTRY OF TEXTILES SCHEMES

- Additional Grant for Apparel Manufacturing Units for Integrated Textile Park (SITP)
- Catalytic Development Programme (CDP) in 224 Project Mode
- Comprehensive Handloom Cluster Development (CHCD) Mega Handloom Cluster (12th Plan)
- Comprehensive Handlooms Development Scheme (CHD)
- Yarn Supply
- Pashmina Wool Development
- Design and Technology Up-gradation
- Babasaheb Ambedkar Hastshilp Vikas Yojana
Human Resource Development (HRD)

MINISTRY OF TOURISM SCHEMES

- Time-share Resorts
- Tented Accommodation
- Motels Accommodation
- Hotel Accommodation
- Travel Trade
- Capacity Building for Service Providers (Institutes)
- Marketing Development Assistance (MDA)
- Publicity and Marketing.
- Refresher Courses for Regional Level Guides
- Rahul Sankrityayan Paryatan Puraskar Yojna
- Stand-alone Restaurants
- Hunar-Se-Rozgar Tak - Sena Ke Sahyog Se (Creating Employable Skills)

MINISTRY OF TRIBAL AFFAIRS

- National Scheduled Tribes Finance & Development Corporation Schemes
- 1. Design and Technology Up-gradation
- 2. Babasaheb Ambedkar Hastshilp Vikas Yojana
- 3. Human Resource Development (HRD)

MINISTRY OF URBAN DEVELOPMENT SCHEMES

- National Urban Information System(NUIS)
- North-Eastern Region Urban Development Programme (NERUDP)
- Pooled Finance Development Fund

MINISTRY OF WOMEN AND CHILD DEVELOPMENT

- **Women related schemes**
 - Gender Budgeting
 - Support to Training and Employment
 - Programme for Women (STEP)

Can A CHARTERED ACCOUNTANT OR A CA FIRM REGISTERED UNDER MSME ACT.

- yes, a Chartered Accountant (CA) can register for Udyam, which is the new registration process for Micro, Small, and Medium Enterprises (MSMEs) in India.
- YES. The Chartered Accountant Firm may be registered as a Micro or Small enterprise and may be entitled to the invocation of the jurisdiction of the MSME Act for other purposes

What are the new rules for MSME payment?

The textile industry voices apprehension regarding a new provision, Section 43B(H), introduced in the Finance Act 2023, mandating payment for goods supplied by MSMEs within 45 days.

What does section 43B(h) mean for MSMEs?

- Industry concerned over limiting the time for payment to 45 days. Specifically, the amendment introduces Section 43B (h), impacting the deduction of **overdue payments to MSMEs**.
- The Finance Act, 2023, introduces significant changes with the insertion of clause “h” in section 43B of the Income Tax Act, strengthening the enforcement of MSME payment regulations. In The Finance Bill 2023 has introduced a significant amendment to the Income Tax Act, 1961, affecting Micro and Small Enterprises (MSMEs). Specifically, the amendment introduces Section 43B(h), **impacting the deduction of overdue payments to MSMEs**.
- This article delves into the provisions, implications, and steps for compliance with the new regulation.

INCOME TAX ACT PROVISIONS:

- DELAYED PAYMENT OF PRINCIPAL In order to promote timely payments to MSMEs, The Finance Bill 2023 has introduced one more measure by amending section 43B of the Income tax act, 1961, to **disallow amount of overdue creditors registered as Micro or Small Enterprises under MSME Development Act (MSMED) 2006.**
- The new Clause (h) to Section 43B has been inserted which is applicable from assessment year 2024-25 and onwards is as under.
- 43B(h):- Any sum payable by the assessee to a micro or small enterprises, beyond the time limit specified in section 15 of the Micro, small and Medium Enterprises Development Act 2006. **shall be allowed as deduction only on actual payment.**

Provided that nothing contained in this section [except the provisions of clause(h)] shall apply in relation to

- any sum which is **actually paid by the assessee on or before the due date** applicable in his case for furnishing the return of income under sub-section (1) of section 139 in respect of the previous year in which the liability to pay such sum was incurred as aforesaid and the evidence of such payment is furnished by the assessee along with such return.”
- Thus, the amendment to **section 43B of the Act will allow the payment as deduction only on payment basis.**
- It can be allowed on accrual basis only if the payment is within the time mandated under section 15 of the MSMED Act.
- **INTEREST ON DELAYED PAYMENT** As per section 16 of the MSMED Act, the payment of interest on delayed payment is in the nature of penalty or it is **penal interest.**

Therefore, once the payment of interest on

delayed payment to MSME is regarded as a penal in nature and it is not allowed as an expenditure under Income Tax Act 1961 due to the overriding effect of section 23 of MSMED Act 2006.

As per clause 22 of the Tax Audit requires Tax Auditor to report the amount of interest inadmissible u/s 23 of the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED, Act 2006).

MSMED ACT PROVISIONS: –

- Section 2(e) “enterprise” means an industrial undertaking or a business concern or any other establishment, by whatever name called, engaged in the manufacture or production of goods, in any manner, pertaining to any industry specified in the First Schedule to the Industries (Development and Regulation) Act, 1951 (55 of 1951) or engaged in providing or rendering of any service or services; Section 2(b) “appointed day” means the day following immediately after the **expiry of the period of fifteen days from the day of acceptance or the day of deemed acceptance of any goods or any services by a buyer from a supplier.**

Explanation.—For the purposes of this clause,—

(i) “the day of acceptance” means,—

the day of the actual delivery of goods or the rendering of services; or where any objection is made in writing by the buyer regarding acceptance of goods or services within fifteen days from the day of the delivery of goods or the rendering of services, the day on which such objection is removed by the supplier;

(ii) “the day of deemed acceptance” means, where no objection is made in writing by the buyer regarding acceptance of goods or services within fifteen days from the day of the delivery of goods or the rendering of services, the day of the actual delivery of goods or the rendering of services;

Section 15 of the MSMED Act mandates payments to MSMEs within the time as per the written agreement, which cannot be more than 45 days.

If there is no such written agreement, the section mandates that the payment shall be made within 15 days.

Section 16 of the MSMED Act provides, if payment is not made within the time limit specified under section 15, then the interest payable shall be three times of the bank rate notified by the RBI.

Proposed allowing a deduction for expenditures incurred on payments only when the payment is made to support MSMEs to receive payments on time.

Is it compulsory to file MSME 1?

- According to the MSME act of 2016 from MCA, it is mandatory for specified companies to identify their MSME vendors and file MSME form 1 twice every year. October to March Period:
- If your outstanding payments to MSME suppliers fall between October and March, you must file the form by 30th April & 12 Sept 2023
- **What happens if MSME is not paid in 45 days?**
- The central government has implemented a new rule for assessment year 2024-25 under which buyers must pay for goods bought from MSMEs within 45 days of delivery and clear all dues to MSMEs before March 31, 2024, failing which the pending payment will be deemed to be income on which tax will be levied.

THANK YOU

CA AMRIT KUMAR KOTA
PARTNER SPAD AND ASSOCIATES
CHARTERED ACCOUNTANTS

