

On the left side of the slide, there is a dark grey arrow pointing to the right, positioned at the top. Below it, several thin, light blue lines curve downwards and to the right, creating a decorative graphic element.

MICRO SMALL & MEDIUM ENTERPRISES (MSME)

**A Presentation on Process & Benefits for
Small & Medium Real Estate Developers**

MSME in India – Current Scenario

- ▶ Contributes 30% of GDP, 45% of the manufacturing output, and approximately 49% of the country's exports.
- ▶ India has approximately 6.3 crore MSME's. The number of registered MSME grew 18.5% y-o-y to reach 25.13 lakh (2.5 million) units in 2020 from 21.21 lakh (2.1 million) units in 2019.
- ▶ MSME is dominated by micro enterprises at 22.06 lakh (2.2 million) units in 2020 from 18.70 lakh (1.8 million) units in 2019, while small enterprise units went up from 2.41 lakh (0.24 million) units to 2.95 lakh (0.29 million) units.
- ▶ Govt. is aggressively pursuing to increase MSME turnover to 50% of GDP.



MINISTRY OF MICRO, SMALL & MEDIUM ENTERPRISES
GOVERNMENT OF INDIA

MSME DEFINITION REVISED

EARLIER MSME CLASSIFICATION

Distinction between Manufacturing and Service Sector

Unified (Single) Criterion: Investment in Plant & Machinery and Equipments

Manufacturing Enterprises
Not more than Rs. 25 lakh

Enterprises rendering Service
Not more than Rs. 10 lakh

Manufacturing Enterprises
Not more than Rs. 5 cr.

Enterprises rendering Service
Not more than Rs. 2 cr.

Manufacturing Enterprises
Not more than Rs. 10 cr.

Enterprises rendering Service
Not more than Rs. 5 cr.

REVISED MSME CLASSIFICATION

Distinction between Manufacturing & Service Sector Eliminated

Composite Criterion: Investment in Plant & Machinery/Equipment and Annual Turnover

Manufacturing Enterprises & Enterprises rendering Service
Investment in P&M/ equipment: Not more than Rs.1 cr. & Annual Turnover; not more than Rs. 5 cr.

Manufacturing Enterprises & Enterprises rendering Service
Investment in P&M/ equipment: Not more than Rs.10 cr. & Annual Turnover; not more than Rs. 50 cr.

Manufacturing Enterprises & Enterprises rendering Service
Investment in P&M/ equipment: Not more than Rs.50 cr. and Annual Turnover; not more than Rs. 250 cr.

MICRO

SMALL

MEDIUM

UDYAM REGISTRATION

- All eligible MSME's to register on <https://udyamregistration.Gov.In/>
- Digital interface
- Paperless registration process
- UDYAM registration is free of cost
- Secure process with low possibility of data breach
- Easy access to portal through OTP process
- All documents are auto populated in the backend with various govt. Departments like IT , GST , aadhaar etc.
- Allows seamless integration for availing benefits & incentives

NIC Codes for Registration of Real Estate Business

- Division 68 : Real Estate Activities
- Group 681 : Real Estate Activities with Own or Leased Property
- Group 682 : Real Estate Activities on a fee or contract basis

For a detailed list of NIC Codes please visit www.mospi.nic.in

Key Benefits of MSME

- ▶ Bank Loans (Collateral Free)
- ▶ Tax & Excise Benefits
- ▶ Subsidy on Patent Registration
- ▶ Overdraft Interest Rate Exemption
- ▶ Industrial Promotion Subsidy Eligibility
- ▶ Protection against Delayed Payments
- ▶ Concession on Electricity Bills
- ▶ ISO Certification Charges Reimbursement

Bank Schemes

- ▶ The government announced Rs. 3 lakh crore (US\$ 40.85 billion) collateral-free automatic loans for MSME businesses.
- ▶ In union budget 2021, funds worth Rs. 10,000 crore (US\$ 1.36 billion) for 'Guarantee Emergency Credit Line' (GECL) facility was extended to eligible MSME borrowers.
- ▶ MSME holders are offered easy loans with a lower rate of interest applicable for all public and private sector banks.
- ▶ Enterprises with **MSME certificate** have a benefit of 1% exemption on the interest rate on overdraft.

Tax Benefits

- The corporate tax has been reduced to 5% (instead of 30%, it is 25% now). This is available for those companies which have a turnover of 50 crore.
- The timeframe for the minimum alternative tax is increased by 15 years.
- The presumptive tax has been reduced by 2% for companies which have a turnover of Rs.2 crore.

Excise Exemption

- ▶ The Government of India has exempted payment of the excise duty for MSME holders whose value of turnover did not exceed Rs. 1.5 crore on the first day in the financial year.
- ▶ However; the benefit of excise exemption is only for those goods which are sold or purchased under the brand name of its manufacturer.
- ▶ For example – excise duty of 10% is levied on ready-made and made-up articles for MSME holders.

Concessions on Intellectual Property

- MSME holders or Start-ups can get a refund of up to 80% from the Government on the patent application. The government also grants a sanction of Rs. 2 Lakh for filing an International Patent application.
- The individual/company gets a rebate of 50% on trademark filing if they possess an MSME Certificate.

Protection against Delayed Payments

- ▶ Supreme court mandated provision
- ▶ Payment to MSME on agreed date or within 15 days of acceptance of goods / services
- ▶ Interest on payment if delay is more than 45 days from acceptance of goods / services
- ▶ Interest rate 3 times the rate notified by RBI

Benefits from Central Government

1. Credit Guarantee Scheme

- A trust named **Credit Guarantee Fund Trust for Micro and Small Enterprise (CGTMSE)** is established for individuals to provide a collateral free loan of up to Rs. 200 Lakhs. This scheme also includes –
 - The one-time availability for loans in North-eastern regions is reduced from 1.5% to 0.75%.
 - Promoting women entrepreneurship.
 - Loans of up to Rs. 5 Lakhs for micro-enterprises.
 - The Guarantee cover is increased from 75% to 80%.
 - The Rate of subsidy for MSME is 15%.
 - The Upper limit of the loan provided is Rs.200 Lakhs (Rs 100 Lakhs for Retail Trade).

2. ISO 9000/ISO 14001 Certification Reimbursement Scheme

- ▶ This scheme provides an incentive to all those small-scale business/industries that have **ISO 9000/ISO 14001/HACCP** certifications. These incentives are meant for technological up-gradation, quality and environment management.
- ▶ Almost 75% of the acquiring charges (certifications) are refunded which subject to a maximum of Rs. 75,000 in each case.

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

- This scheme focuses on enhancing productivity and improving the availability of different services to medium and small enterprises. The assistance is provided on Infrastructure Development (Government Contribution 60%)
- Diagnostic Study (Maximum cost Rs.2.50 Lakh)
- Soft Intervention (Government Contribution 75%)
- Setting Common Facility Centre (Government Contribution 70%)
- A separate council **Micro and Small Enterprises Facilitation Council** is established for timely resolution of disputes with the customers.

Benefits from State Government

Most of the states offer different schemes or services to promote small businesses.

- Exemption of sales tax (now sgst)
- Credit facilities,
- Developed sites for warehouse construction,
- Hire/purchase of machinery
- Electricity bill concession.

S.No	Zone	Name	Designation
1	South	Mr G Ram Reddy	VP-In charge
2	North	Mr Shobhit Mohan Das	JS-In charge
3	South	Mr Nand Kishore	Convenor
4	Central	Mr Anand Singhanian	Chair
5	East	Mr Tamal Ghosal	Co-Chair
6	North	Mr Jagjit Singh Majha	Member
7	North	Mr Gaurav Gupta	Member
8	South	Mr M Srikanth	Member
9	West	Mr Rajiv Parikh	Member
10	West	Mr Devang Trivedi	Member
11	South	Ms Sarah Jacob	Member