



GARV & Affiliates



IN THIS ISSUE

MSME - The Growth Catalyst for Economy

MSME enterprises are the pillars of any economy and act as a catalyst for growth of the economy. Therefore, to support and promote MSMEs, the Government of India provides support in the form of subsidies, schemes and incentives.

MSME eligibility criteria has been revised by the Government of India on 13.05.2020 based on investment in plant & machinery, equipments and on turnover.

This newsletter summarises the important aspects related to the existing and new MSME structure and eligibility criteria.

Previous Provisions

The existing criteria for MSME Classification Page 2

Revised Criteria

New limits for classification as MSME Page 2

Major Benefits under MSME Scheme

Existing Benefits Page 3

New Benefits

Announced on 13.5.2020 Page 3

Contact Us

Page 5

FOR MORE INFORMATION

Write to us at info@garvca.com

Website: www.garvca.com

Previous Provisions

Previously MSME was classified into two categories:-

- Manufacturing enterprise and
- Service enterprise.

1. Manufacturing Enterprises:

The enterprises engaged in the manufacture or production of goods pertaining to any industry specified in the first schedule to the industries (Development and Regulation) Act, 1951) or employing plant and machinery in the process of value addition to the final product having a distinct name or character or use.

2. Service Enterprises:

The enterprises engaged in providing or rendering of services.



Revised Criteria

Classification	EXISTING LIMITS (Manufacturing Enterprises)	EXISTING LIMITS (Service Enterprise)	REVISED LIMITS Manufacturing & Services
Micro Enterprises	Investment <Rs. 25 lacs	Investment < Rs.10 lacs	Investment <Rs. 1 Crore and Turnover <Rs. 5 Crores
Small Enterprises	Investment <Rs. 5 Crores	Investment <Rs. 2 Crores	Investment <Rs. 10 Crore and Turnover <Rs. 50 Crores
Medium Enterprises	Investment <Rs. 10 Crores	Investment <Rs. 5 Crores	Investment <Rs. 20 Crore and Turnover <Rs. 100 Crores

Major Benefits under MSME Scheme

- Protection against delayed payments - Interest may be claimed from customer for delay beyond 45 days
- Collateral free Loans from banks for micro and small enterprises (Credit Guarantee Fund Scheme);
- Concession on electricity/power utility bills;
- Reservation policies to manufacturing sector (SSI);
- Special consideration for International Trade Fairs;
- Eligible for various government subsidies;
- Reimbursement of ISO certification charges.
- 50 percent subsidy on patent registration;
- Availability of Govt. tenders which are open only to MSME

New Benefits for MSMEs

announced by the government on 13.05.2020

- **Collateral-Free Loans** to Business/MSMEs upto 20% of entire outstanding credit as on 29.02.2020
 - Borrowers with upto Rs. 25 crore outstanding and Rs. 100 crore turnover eligible
 - Loans to have **4 year tenor** with **moratorium of 12 month** on Principal repayment
 - **Interest** to be **capped**
 - Scheme can be availed till **31st Oct 2020**
 - **No guarantee fee, no fresh collateral.**
- Rs 20,000 crores Subordinate Debt for **Stressed MSMEs**
 - Govt. will facilitate provision of **Rs. 20,000 crs** subordinate debt
 - Functioning MSMEs which are **NPA or are stressed** will be eligible
 - Promoters of the MSME will be given debt by banks, which will then be infused by promoter as equity in the Unit.
- Rs 50,000 cr. Equity infusion for MSMEs through **Fund of Funds**
 - Fund of Funds with **Corpus of Rs.10,000crores** will be set up.
 - Will provide equity funding for **MSMEs with growth potential and viability.**
 - **Fund structure will help leverage Rs.50,000 cr of funds**
 - Will **encourage MSMEs to get listed** on main board of Stock Exchanges.
- **e-market linkage** for MSMEs to be promoted to act as a replacement for trade fairs and exhibitions.
- MSME receivables from Govt and CPSEs to be released in 45 days

MSME is the buzz word now and MSMEs are mushrooming in the country with regular support from the government. We hope this article gives you a brief understanding about eligibility and benefits of MSME registration in India.

To avail the benefits under the MSMED Act from Central or State Government and the Banking Sector, MSME Registration is required.

Feel free to contact us for any other queries or assistance in this regard.



Contact Us

**GARV
& Affiliates**

OUR OFFICES

Call us:

+7980392654

CS Uma Agarwal

Unit No. 403, 4th Floor

Shantiniketan Building

8 Camac Street

Kolkata – 700017

19, R. N. Mukherjee Road

Eastern Building, 1st Floor

Kolkata - 700001

Email: info@garvca.com

Website: www.garvca.com

