



HANDBOOK ON MICRO, SMALL AND MEDIUM ENTERPRISES (MSMEs) SECTOR



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By



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PREFACE

India has changed. Young educated professionals and uneducated spirited individuals are together redefining the business landscape of India. Business in India is no longer confined to mean patriarchal predominance in specific sectors. It has now become a much larger word referring to infinite possibilities. As every entrepreneur will know – the foundation of creating successful ventures rests on hard work. However, when that hard work is backed with a lieu of initiatives aimed at fostering entrepreneurship and promoting innovation by creating an ecosystem that is favourable for growth, it definitely creates empowered and successful micro, small and medium enterprises.

With 6.3 crore units spread across the country, the MSME sector contributes around 6.11% of the manufacturing GDP and 24.63% of the GDP from service activities. The sector has emerged as a highly vibrant and dynamic sector of the Indian economy, fostering entrepreneurship and generating employment opportunities at comparatively lower capital cost, next only to agriculture. The Government also provides initiatives and programs for growth and development of the sector by focusing on key areas such as credit support, technological assistance, infrastructure development, skill development and training, enhancing competitiveness and market assistance.

“Handbook on Micro, Small and Medium Enterprises (MSMEs) Sector” introduces the MSME sector and familiarizes with the setting up and registration of MSME enterprises, the various legislations applicable and regulatory obligations and initiatives & schemes for development available to the MSME sector.

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Introduction to Micro, Small and Medium Enterprises Sector

Worldwide, the micro, small and medium enterprises have been accepted as the engine of economic growth and the foundation for promoting equitable development. These enterprises constitute over 90% of total enterprises in most of the economies and are credited with generating the highest rates of employment growth and account for a major share of industrial production and exports.

In India, in recent years the MSME sector has consistently registered higher growth rate compared to the overall industrial sector. The major advantage of the sector is its employment potential at low capital cost. MSMEs are complementary to large industries as ancillary units and this sector contributes significantly in the inclusive industrial development of the country. The MSMEs are widening their domain across sectors of the economy, producing diverse range of products and services to meet demands of domestic as well as global markets.

The micro small and medium enterprises (MSMEs) sector, with more than 6.33 crore enterprises, is one of the largest employment provider in the country. It fosters entrepreneurship and generates self-employment opportunities at comparatively lower capital cost, next only to agriculture and hence forms an important part of the Indian economy.

It is a highly heterogeneous sector and according to the National Sample Survey (NSS) 73rd round, conducted by National Sample Survey Office, Ministry of Statistics & Program Implementation during the period 2015-16, there were 633.88 lakh unincorporated non-agriculture MSMEs in the country engaged in different economic activities which have been creating 11.10 crore jobs in the rural and the urban areas across the country. As per the Press Information Bureau, the share of MSME Gross Value Added (GVA) in all India Gross Domestic Product (GDP) in the year 2021-2022 was 29.15%, and its %age share of export of MSME related products in All India Export was 45.56% in the year 2023-2024 (up to September 2023). The total employment recorded on the MSME Udyam Registration Portal as on 06.12.2023 was 15.50 crore.

In case of new registrations as MSME, MSMEs in Service Sector comprise a larger proportion of registrations as compared to those MSMEs in Manufacturing Sector. And as per distribution, Micro MSMEs constitute the vast majority of the enterprises followed by the Small Enterprises and the Medium Enterprises of the total number of registrations.

As per the Annual Report 2022-2023 of the Ministry of MSME, the State of Uttar Pradesh and West Bengal had the largest number of estimated MSMEs in the country with a share of 14% each, as per the NSS 73rd Round of the period 2015-16.



Types of Enterprises and Difference Between MSMEs and Startup Enterprises

A business organization is formed and administered by laws or principles in order to engage in business and other allowed activities. There can be a variety of business entities in India:

- Sole Proprietorship
- Partnership Firm
- Limited Liability Partnership
- One Person Company
- Small company
- Public Limited Company
- Private Limited Company
- Unlimited Company
- Joint ventures
- Branch Office of foreign company
- Subsidiary of Foreign company
- Non-Government Organization (NGO)
- Cooperatives
- Dormant company
- Public sector undertaking (PSU)
- Trusts
- MSME Enterprise by virtue of classification and registration as such
- Startup Enterprise by virtue of recognition and registration as such

With India's growing economy and the diversity of the MSME sector, the Government had set out two major initiatives to facilitate innovation and investment in India and serve as a pathway to progress for MSME sector.

Startup India, Standup India Initiative

To nurture innovation, boost economic growth and create employment opportunities, on 16th January, 2016, the Government of India launched the 'Start-up India' initiative. A start-up is a newly established small business. Vide the notification G.S.R. 127 (E) dated 19th February 2019 issued by DPIIT, the following is the eligibility criteria for an entity to be considered as a Start-up:

The entity should be incorporated as a private limited company (as defined in the Companies Act, 2013) or registered as a partnership firm (registered under section 59 of the Partnership Act, 1932) or a limited liability partnership (under the Limited Liability Partnership Act, 2008) in India and-

- (i) an entity is considered as a Start-up up to ten years from the date of its incorporation/ registration;
- (ii) the entity has an annual turnover not exceeding INR100 crore for any of the financial years since incorporation/registration;
- (iii) the Entity should not have been formed by splitting up or reconstructing an already existing business; and
- (iv) it should work towards development or improvement of a product, process or service and/or have scalable business model with high potential for creation of wealth & employment. Earlier, the criteria for period was seven years and turnover was twenty-five crore rupees.

Recognition as a 'Start-up' by The Department for Promotion of Industry and Internal Trade (DPIIT), ensures a number of benefits to the business.

Make in India Initiative

'Make in India' initiative was launched by the Government of India on 25 September 2014 to encourage companies to manufacture their products in India and also increase their investment. As per the current policy, 100% Foreign Direct Investment (FDI) is permitted in most 25 sectors covered under this initiative.

The 'make in India' initiative looks to provide an opportunity to MSME sector to enhance their infrastructure by facilitating investment in this sector. The Foreign Direct Investment (FDI) in MSMEs is subject to the sectoral caps, entry routes and other relevant sectoral regulations.

Difference Between MSME and Startup Enterprise

Business enterprises may differ from one another on the basis of their business model, growth trajectory, and focus. Most entities evolve from micro to small to medium and to large entities. Thus, at any point in time there is a distribution of these entities across the spectrum.

An enterprise may register as a Startup or a Micro, Small, and Medium Enterprise (MSME) with the Government (provided it satisfies the conditions for registration), depending upon its growth aspirations and strategies. Though registration of an enterprise as a Startup or MSME is not compulsory, however, registration as such will make it possible for it to avail of incentives, exemption and development schemes of the Government panned out for such kind of enterprises.

The terms "Startups" and "MSMEs" are often used interchangeably. However, while startups and MSMEs contribute significantly to the Indian economy, they possess distinct characteristics that set them apart viz. growth aspirations, risk appetite, funding models, innovation strategies, and regulatory environments.

Startups are innovative, technology-driven ventures with high growth potential. Innovation is at the core of startups. They are typically founded by entrepreneurs seeking to develop innovative solutions or introduce new products or services. Startups in India are known for their potential to scale rapidly and often operate in technology, e-commerce, fin-tech, health tech, and other emerging industries. The Government has established policies and initiatives to support startups, such as the Startup India initiative, tax exemptions, and simplified compliance procedures.

MSMEs encompass a wide range of businesses across various sectors. They are classified based on their annual turnover and investment in plant and machinery/equipment. MSMEs in India can be traditional enterprises engaged in manufacturing, trading, or providing services. They play a vital role in India's economy, contributing to employment generation, regional development, and inclusive growth. The Government has provided various

incentives and programs for creating a favorable business environment for MSMEs and promoting their growth and development.

Understanding the unique features and distinctions between startups and MSMEs is crucial for aspiring entrepreneurs.



Classification of Enterprises as Micro, Small or Medium Enterprise

In accordance with Section 7 of the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006, the Central government may classify any class or classes of enterprises, whether proprietorship, Hindu undivided family, association of persons, co-operative society, partnership firm, company or undertaking, by whatever name called into Micro, Small or Medium enterprises, on the basis of their investment in Plant and Machinery or Equipment and on basis of turnover.

An Enterprise under section 2(e) of the MSMED Act 2006, 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 or engaged in providing or rendering of any service or services.

Thus, Manufacturing Enterprises and Enterprises rendering Services can be classified as Micro, Small or Medium Enterprise on the basis of its investment in plant and machinery or equipment and on the basis of its turnover, as follows:

Classification of Enterprises

Vide Ministry of Micro, Small and Medium Enterprises (MoMSME) Notification No. S.O.2119(E) dated 26th June 2020 (Revised Classification applicable w.e.f 1st July 2020), An enterprise shall be classified as a micro, small or medium enterprise on the basis of the following criteria, namely: --

- (i) a micro enterprise, where the investment in plant and machinery or equipment does not exceed 1 crore rupees and turnover does not exceed 5 crore rupees;
- (ii) a small enterprise, where the investment in plant and machinery or equipment does not exceed 10 crore rupees and turnover does not exceed 50 crore rupees; and

- (iii) a medium enterprise, where the investment in plant and machinery or equipment does not exceed 50 crore rupees and turnover does not exceed 250 crore rupees.

Composite criteria for classification

- (1) A composite criterion of investment and turnover shall apply for classification of an enterprise as micro, small or medium.
- (2) If an enterprise crosses the ceiling limits specified for its present category in either of the two criteria of investment or turnover, it will cease to exist in that category and be placed in the next higher category but no enterprise shall be placed in the lower category unless it goes below the ceiling limits specified for its present category in both the criteria of investment as well as turnover.
- (3) All units with Goods and Services Tax Identification Number (GSTIN) listed against the same Permanent Account Number (PAN) shall be collectively treated as one enterprise and the turnover and investment figures for all of such entities shall be seen together and only the aggregate values will be considered for deciding the category as micro, small or medium enterprise.

Calculation of Investment in plant and machinery or equipment

- (1) The calculation of investment in plant and machinery or equipment will be linked to the Income Tax Return (ITR) of the previous years filed under the Income Tax Act, 1961.
- (2) In case of a new enterprise, where no prior ITR is available, the investment will be based on self-declaration of the promoter of the enterprise and such relaxation shall end after the 31st March of the financial year in which it files its first ITR.
- (3) The expression —plant and machinery or equipment of the enterprise, shall have the same meaning as assigned to the plant and machinery in the Income Tax Rules, 1962 framed under the Income Tax Act, 1961 and shall include all tangible assets (other than land and building, furniture and fittings).
- (4) The purchase (invoice) value of a plant and machinery or equipment, whether purchased first hand or second hand, shall be taken into account excluding Goods and Services Tax (GST),

on self-disclosure basis, if the enterprise is a new one without any ITR.

- (5) The cost of certain items shall be excluded from the calculation of the amount of investment in plant and machinery viz. the cost of pollution control, research and development, industrial safety devices and such other items as may be specified, by notification, shall be excluded.

Calculation of turnover

- (1) Exports of goods or services or both, shall be excluded while calculating the turnover of any enterprise whether micro, small or medium, for the purposes of classification.
- (2) Information as regards turnover and exports turnover for an enterprise shall be linked to the Income Tax Act or the Central Goods and Services Act (CGST Act) and the GSTIN.
- (3) The turnover related figures of such enterprise which do not have PAN will be considered on self-declaration basis for a period up to 31st March, 2021 and thereafter, PAN and GSTIN shall be mandatory.
- (4) The exemption from the requirement of having GSTIN shall be as per the provisions of the Central Goods and Services Tax Act, 2017



How to Set up A MSME Unit

The Micro, Small and Medium Enterprises (MSME) sector has emerged as a highly vibrant and dynamic sector of the Indian economy over the last five decades. It contributes significantly in the economic and social development of the country and therefore the Government too grants various benefits to this sector by way of schemes and finances so as to enable more units to be set up in this sector.

Any enterprises, whether proprietorship, Hindu undivided family, association of persons, co-operative society, partnership firm, company or undertaking, by whatever name called may be classified as micro, small or medium enterprise on the basis of its investment in plant and machinery or equipment and on basis of turnover. Therefore, firstly the enterprise must start a business by choosing a type of business entity it wants to set up as. The different type of legal entities which can be chosen to conduct business are - Sole Proprietorship, One Person Company, Partnership Firm, Limited Liability Partnership, Private Limited Company and Public Limited Company. The choice of the business entity is dependent on various factors such as taxation, owner liability, compliance burden, and investment and funding and exit strategy.

The main steps involved in setting up a Micro, Small & Medium Enterprise are as below:

Project Selection

Conceptualizing the MSME with respect to selection of product to be manufactured/ service to be provided and process technology to be decided. The location of the project keeping in mind availability of raw material and locational advantages or disadvantages is of utmost importance.

Technology and Machinery

Technology and Machinery needs to be selected. One of the major deficiencies in the case of micro, small and medium enterprises is the prevalence of outdated production and management methods due to non-availability of funds, hindering the efficient operation of micro, small and medium-scale units. However, the Ministry of MSME provides facilities for technology up-gradation, modernization, quality improvement

and infrastructure to MSMEs. To provide right stimulus to the growth of industry in the country – particularly to micro, small and medium enterprises, Ministry has established Technology Centers across India. These were earlier known as Tool Rooms and Technology Development Centers.

Arranging Finance

No business can function without finance. MSME could require the following types of finance - Long and medium term loans; Short term or working capital requirements; Risk Capital; Seed Capital/ Marginal Money; Bridge loans etc. Financial assistance in India for MSME units is available from a variety of institutions. The important ones are:

- (i) Commercial/Regional Rural/Co-operative Banks.
- (ii) SIDBI: Small Industries Development Bank of India (refinance and direct lending)
- (iii) SFCs/SIDCs: State Financial Corporations (e.g. Delhi Financial Corporation)/State Industrial Development Corporations.

For loans from financial institutions and commercial banks a formal application needs to be made. The details of documentation that need to be provided with the loan application are indicated below:

- Documentation for Loan Application
- Balance Sheet and Profit Loss Statement for last three consecutive years of firms owned by promoters
- Income Tax Assessment Certificates of Partners/Directors
- Proof of Possession of Land/Building
- Architect's estimate for construction cost
- Partnership deed/Memorandum and Articles of Associations of Company
- Project Report
- Budgetary Quotations of Plant and Machinery

A sanction or rejection letter is issued by bank after its assessment of the application. After receiving a sanction letter, applicants need to indicate

in writing their acceptance of terms and conditions laid down by Financial Institutions/Banks.

Subsequently, loan is disbursed according to the phased implementation of the project. In today's environment there are other choices apart from commercial banks and Government owned financial institutions. These options include venture capital funds and non-government finance companies.

Udyam Registration

Any person who intends to establish a micro, small or medium enterprise may file Udyam Registration online in the Udyam Registration portal, based on self-declaration with no requirement to upload documents, papers, certificates or proof. On registration, an enterprise (referred to as "Udyam" in the Udyam Registration portal) will be assigned a permanent identity number to be known as "Udyam Registration Number". An e-certificate, namely, "Udyam Registration Certificate" shall be issued on completion of the registration process. A GST number is not mandatory for MSME registration unless the business has an annual turnover above ₹ 40 lakhs.

To register an MSME unit:

- Go to the Udyam Registration Portal
- If you're a new entrepreneur, click the option "For New Entrepreneurs who are not Registered yet as MSME or those with EM-II"
- Enter your Aadhaar number and name
- Click "Validate and Generate OTP"
- Enter the OTP you receive on your registered mobile number
- Enter the type of organization and PAN number

You can download your MSME certificate by:

- Going to the Udyam registration portal
- Clicking "Print Udyam Certificate"

- Entering your Udyam application number and registered mobile number or email address
- Entering the OTP you receive

Approvals and Clearances

An entrepreneur has to obtain several clearances or permissions depending upon the nature of his unit and products manufactured.

- Product Specific Clearances
- Environment & Pollution Related Clearances
- Regulatory or Taxation Clearances

Furnishing Information related to Enterprise

For facilitating the promotion and development and enhancing the competitiveness of MSMEs, the Ministry of MSME vide Gazette Notification No. 750(E) dated 29.07.2016 had notified the MSME Development(Furnishing of information) Rules, 2016 under which all MSMEs are to furnish information relating to their enterprises online to the Central Government in the data bank maintained by it at www.msmedatabank.in. This data bank will enable the Ministry to streamline and monitor the schemes and pass on the benefits directly to MSMEs. It will also provide the real-time information about the status of MSMEs under various parameters. Data Bank is helpful to MSME units, who can now update their enterprise information as and when required without visiting any government office and also update information about their products/ services, which can be accessed by government departments to do procurement under Public Procurement Policy of Government of India.

Compliances and Disclosure Requirements

MSME has to adhere to various regulations, laws, and guidelines set by the government as well as ensure compliances with respect to the legislative framework governing the type of enterprise it is incorporated as. MSMEs also need to comply with numerous statutory, tax, and regulatory requirements to ensure smooth operations and avoid legal issues:

- Tax Compliance, GST Registration and Filing, Income Tax Return (ITR), Advance Tax Payments

- Regulatory Compliance depending on type of business entity e.g. Companies Act 2013 annual filings, board meetings, and financial statements, Shops & Establishment Act Factories Act (if applicable) etc.
- Statutory Compliance, compliance with health, safety, labor laws,
- Contribution to Employees' State Insurance (ESI) and Provident Fund (PF)
- Disclosures required under various applicable legislations

The MSMED Act 2006 requires certain additional information to be furnished in the Annual Accounts of enterprises, which are subjected to an audit under any law for the time being in force and who are buyers of goods or services from micro or small enterprises. The disclosure requirements in Section 22 of the Act requires any buyer, whose annual accounts are audited under any law for the time being in force, to furnish additional information in his annual statement of accounts.

The Act strengthens provisions relating to delayed payments to SME's by specifying a maximum credit period and higher penal interest if delayed beyond that period. Further, Section 32 of the Act repeals the provisions of 'Interest on Delayed payments to Small Scale and Ancillary Industrial Undertakings Act, 1993' that was applicable to some of the enterprises covered under this Act.



Registration Procedure of MSME

Udyam Registration is an electronic certificate issued by the Indian government to Micro, Small, and Medium-sized Enterprises (MSMEs) operating in the country. It has replaced the earlier Udyog Aadhaar Memorandum (UAM) registration process. While Udyam registration is not mandatory, it offers significant benefits to MSMEs, making it advantageous for them to apply for this registration.

Before the MSMED Act, 2006, there was a system of registration by small scale industrial units to the District Industries Centres (DICs). Subsequently, as per the provisions of the MSMED Act, 2006, MSMEs used to file Entrepreneurs Memorandum (Part-I) at District Industries Centres (DICs) before starting an enterprise. After commencement of production, the entrepreneur concerned used to file Entrepreneurs Memorandum (Part-II) / [EM-II]. In 2015, the MoMSME notified the Udyog Aadhaar Memorandum (UAM) based on self-declared information, vide gazette notification [SO No. 2576(E)] dated 18-09-2015 in order to promote ease of doing business for MSMEs.

Vide Ministry of Micro, Small and Medium Enterprises (MoMSME) Notification No. S.O.2119(E) dated 26th June 2020, a new form and procedure for filing the memorandum known as 'Udyam Registration' has been specified, which came into effect from 1st July, 2020.

Udyam Registration

- (1) Any person who intends to establish a micro, small or medium enterprise may file Udyam Registration online in the Udyam Registration portal, based on self-declaration with no requirement to upload documents, papers, certificates or proof.
- (2) On registration, an enterprise (referred to as "Udyam" in the Udyam Registration portal) will be assigned a permanent identity number to be known as "Udyam Registration Number"
- (3) An e-certificate, namely, "Udyam Registration Certificate" shall be issued on completion of the registration process.

Registration process

- (1) The form for registration shall be as provided in the Udyam Registration portal.

- (2) There will be no fee for filing Udyam Registration.
- (3) Aadhaar number shall be required for Udyam Registration.
- (4) The Aadhaar number shall be of the proprietor in the case of a proprietorship firm, of the managing partner in the case of a partnership firm and of a karta in the case of a Hindu Undivided Family (HUF).
- (5) In case of a Company or a Limited Liability Partnership or a Cooperative Society or a Society or a Trust, the organisation or its authorised signatory shall provide its GSTIN and PAN along with its Aadhaar number.
- (6) In case an enterprise is duly registered as an Udyam with PAN, any deficiency of information for previous years when it did not have PAN shall be filled up on self-declaration basis.
- (7) No enterprise shall file more than one Udyam Registration: Provided that any number of activities including manufacturing or service or both may be specified or added in one Udyam Registration.
- (8) Whoever intentionally misrepresents or attempts to suppress the self-declared facts and figures appearing in the Udyam Registration or updation process shall be liable to such penalty as specified under section 27 of the Act.
- (9) In case of any proprietorship enterprise not registered under any Act or rules of the Central Government or the State Government, the proprietor may use his or her PAN for registration of the enterprise in the Udyam Registration portal and for all other types of enterprises PAN shall be mandatory.

Registration of existing enterprises

- (1) All existing enterprises registered under EM–Part-II or UAM shall register again on the Udyam Registration portal on or after the 1st day of July, 2020.
- (2) All enterprises registered till 30th June, 2020, shall be re-classified in accordance with this notification.

- (3) The existing enterprises registered prior to 30th June, 2020, shall continue to be valid only for a period up to the 31st day of June, 2022.
- (4) An enterprise registered with any other organisation under the Ministry of Micro, Small and Medium Enterprises shall register itself under Udyam Registration.

Updation of information and transition period in classification

- (1) An enterprise having Udyam Registration Number shall update its information online in the Udyam Registration portal, including the details of the ITR and the GST Return for the previous financial year and such other additional information as may be required, on self-declaration basis.
- (2) Failure to update the relevant information within the period specified in the online Udyam Registration portal will render the enterprise liable for suspension of its status.
- (3) Based on the information furnished or gathered from Government's sources including ITR or GST return, the classification of the enterprise will be updated.
- (4) In case of graduation (from a lower to a higher category) or reverse-graduation (sliding down to lower category) of an enterprise, a communication will be sent to the enterprise about the change in the status.
- (5) In case of an upward change in terms of investment in plant and machinery or equipment or turnover or both, and consequent re-classification, an enterprise shall continue to avail of all non-tax benefits of the category (micro or small or medium) it was in before the re-classification, for a period of three years from the date of such upward change.
- (6) In case of reverse-graduation of an enterprise, whether as a result of re-classification or due to actual changes in investment in plant and machinery or equipment or turnover or both, and whether the enterprise is registered under the Act or not, the enterprise will continue in its present category till the closure of the financial year and it will be given the benefit of the changed status only with effect from 1st April of the financial year following the year in which such change took place.

Extension of Non-tax benefits

Ministry of MSME, vide notification no. S.O. 4926 (E) dated 18.10.2022, has amended Notification No. S.O. No. 2119(E) dated 26.06.2020 to extend the non-tax benefits to MSMEs. The amendment provides that “In case of an upward change in terms of investment in plant and machinery or equipment or turnover or both, and consequent re-classification, an enterprise shall continue to avail of all non-tax benefits of the category (micro or small or medium) it was in before the re-classification, for a period of three years from the date of such upward change.”

Facilitation and grievance redressal of enterprises

- (1) The Champions Control Rooms functioning in various institutions and offices of the Ministry of Micro, Small and Medium Enterprises including the Development Institutes (MSME-DI) shall act as Single Window Systems for facilitating the registration process and further handholding the micro, small and medium enterprises in all possible manner.
- (2) The District Industries Centres (DICs) will also act as Single Window facilitation Systems in their Districts.
- (3) Any person who is not able to file the Udyam Registration for any reason including for lack of Aadhaar number, may approach any of the above Single Window Systems for Udyam Registration purposes with his Aadhaar enrolment identity slip or copy of Aadhaar enrolment request or bank photo pass book or voter identity card or passport or driving licence and the Single Window Systems will facilitate the process including getting an Aadhaar number and thereafter in the further process of Udyam Registration.
- (4) In case of any discrepancy or complaint, the General Manager of the District Industries Centre of the concerned District shall undertake an enquiry for verification of the details of Udyam Registration submitted by the enterprise and thereafter forward the matter with necessary remarks to the Director or Commissioner or Industry Secretary concerned of the State Government who after issuing a notice to the enterprise and after giving an opportunity to present its case and based on the findings, may amend the details or recommend to the Ministry of Micro, Small or Medium Enterprises, Government of India, for cancellation of the Udyam Registration Certificate.

Udyam Assist Platform (UAP)

A Memorandum of Understanding (MoU) was signed between the Ministry of MSME and Small Industries Development Bank of India (SIDBI) for operationalization of Formalization Project for bringing Informal Micro Enterprises into the formal ambit and subsequently, an online Udyam Assist Platform (UAP) has been launched. The UAP facilitates online registration of informal micro enterprises through assist process for generation of Udyam Registration Number (URN) and Udyam Assist Certificate.

Benefits of MSME Registration:

- Access to loans at lower interest rates and with less collateral than other businesses.
- Government incentives like subsidies, tax breaks, and technical assistance.
- Access to international trade shows, exhibitions, and business meetings.
- Free ISO certification or reimbursement for ISO certification expenses.
- Protection against delayed payments as the MSME Act, 2006, requires MSME payments to be made within 15–45 days of the invoice or billing.
- MSME registered businesses qualify for an electricity bill concession.
- The government provides marketing and promotion assistance to MSME registered businesses.
- The government provides technology upgradation support to MSME registered businesses.
- Industrial units with Udyam Registration are exempt from paying stamp duty and registration fees.



Regulation and Administration of MSMEs

The administration of the MSME sector falls under the Ministry of Micro, Small and Medium Enterprises (MoMSME) of the Government of India. After the enactment of Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 on 2nd October 2006, a separate Ministry of Micro, Small and Medium Enterprises (M/o MSME) was formed on 9.5.2007 by the merger of erstwhile Ministry of Small Scale Industry (SSI) and Ministry of Agro & Rural Industries (ARI).

The Ministry of MSME consists of Small & Medium Enterprises (SME) Division, Agro & Rural Industry (ARI) Division, Administration & Financial Institutions (AFI) Division, Integrated Finance Wing (IFW) and Data Analytics and Technical Co-ordination (DATC) Wing, besides the Office of the Development Commissioner (DC, MSME) as an attached office and other subordinate organizations.

A number of statutory and non-statutory bodies work under the aegis of the Ministry of MSME. These include the Khadi and Village Industries Commission (KVIC), the Coir Board, National Small Industries Corporation (NSIC), National Institute for Micro, Small and Medium Enterprises (NIMSME) and Mahatma Gandhi Institute for Rural Industrialization (MGIRI) etc. Implementation of policies, various programs and schemes for providing infrastructure and support services to MSME's is undertaken through these offices.

The Office of the Development Commissioner (O/o DC-MSME) is an attached office of the Ministry of MSME, headed by the Additional Secretary & Development Commissioner (AS&DC) MSME and is the apex body to advise, coordinate and formulate policies and programmes for the development and promotion of the MSME Sector in the country.

Khadi & Village Industries Commission (KVIC) established under the Khadi and Village Industries Commission Act, 1956 is a Statutory Organization under the aegis of the Ministry of MSME, engaged in promoting and developing Khadi and Village Industries for providing employment opportunities in the rural areas.

The Coir Board is a statutory body established under the Coir Board Industry Act, 1953 for promoting overall development of the coir industry and improving the living conditions of the workers engaged in this traditional industry.

The National Small Industries Corporation Ltd. (NSIC) is an ISO 9001-2015 certified Government of India Enterprise under Ministry of Micro, Small and Medium Enterprises (MSME). NSIC has been working to promote aid and foster the growth of micro, small and medium enterprises in the country.

National Institute for Micro, Small and Medium Enterprises (NIMSME) was originally set up as Central Industrial Extension Training Institute (CIETI) in 1960. The Institute was shifted to Hyderabad in 1962 as a registered society in the name of Small Industry Extension Training Institute (SIET). After the enactment of MSMED Act, 2006, the Institute was rechristened as National Institute for Micro, Small and Medium Enterprises.

The National Board for Micro, Small and Medium Enterprises (NBMSME) was established by the Government under the Micro, Small and Medium Enterprises Development Act, 2006 and Rules made thereunder. It examines the factors affecting promotion and development of MSME, reviews existing policies and programmes and make recommendations to the Government in formulating the policies and programmes for the growth of MSME.



Legislations Applicable to MSMEs

Recognizing the importance of MSME sector in India, the Government of India passed the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 which came into force on 2nd October 2006. The Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 is the main legislation governing MSMEs. The Coir Industry Act, 1953 and the Khadi and Village Industries Commission Act, 1956 are the main legislations governing Coir MSMEs and Khadi MSMEs respectively. Various categories of laws are applicable to the MSME sector viz., Fiscal Laws; Foreign Exchange Laws; Foreign Trade Laws; Labour & Industrial Laws; Environmental and Safety Laws; Laws applicable to various forms of business organization; Intellectual Property Laws; Competition Law; Banking & Financial Institutions Laws; Industry Specific Laws etc.

The Micro, Small and Medium Enterprises Development Act, 2006 (MSMED ACT 2006)

The importance and contribution of the SME sector to the economic growth and prosperity is well established. Their role in terms of employment creation, upholding the entrepreneurial spirit and innovation has been crucial in fostering competitiveness in the economy. Towards meeting the National developmental objectives, it is imperative for the industrial sector to grow at a faster pace supported by a vibrant SME sector. Towards this, Government's policy initiatives like enactment of the Micro Small and Medium Enterprises Development Act, 2006, pruning of reserved SSI list, advising Financial Institutions to increase their flow of credit to the SME sector, are all initiatives towards boosting entrepreneurship, investment and growth.

The Micro, Small and Medium Enterprises Development Bill 2005, having been passed by both the houses of Parliament, received the assent of the President on 16th June 2006. It came on the Statute Book as the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006) and come into force from 02nd October, 2006.

One of the primary objectives of the Act is to make provisions for ensuring timely and smooth flow of credit to SME's and minimize sickness amongst them.

The MSMED Act 2006 comprises of VI Chapters divided into 32 sections:

- Chapter I –Preliminary (sections 1 & 2)
- Chapter II – National Board for Micro, Small and Medium Enterprises (Sections 3 to 6)
- Chapter III – Classification of Enterprises, Advisory Committee and Memorandum of Micro, Small and Medium Enterprises (Sections 7 & 8)
- Chapter IV – Measures for Promotion, Development and Enhancement of Competitiveness of Micro, Small and Medium Enterprises (Sections 9 to 14)
- Chapter V- Delayed Payments to Micro and Small Enterprises (Sections 15 to 25)
- Chapter VI – Miscellaneous (Sections 26 to 32)

Other Legislations - A representative list of Acts applicable to Micro, Small Scale and Medium Industries:

I. Registration related Laws and laws relating to formation of business enterprise

- The Micro, Small and Medium Enterprises Development (MSMED) Act, 2006
- The Industries (Development and Regulation) Act, 1951
- The Companies Act, 2013
- The Indian Partnership Act, 1932
- The Multi-State Co-operative Societies Act, 2002 and respective State Co-operative Acts
- The Limited Liability Partnerships Act 2008
- The Indian Trusts Act,1882

II. Labour related Laws

- The Employees State Insurance Act, 1948
- The Employees’ Provident Funds and Miscellaneous Provisions Act,1952

- The Child and Adolescent Labour (Prohibition and Regulation) Act, 1986
- The Contract Labour (Regulation and Abolition) Act, 1970
- The Equal Remuneration Act, 1976
- The Industrial Disputes Act, 1947
- The Maternity Benefit Act, 1961
- The Minimum Wages Act, 1948
- The Payment of Bonus Act, 1965
- The Payment of Gratuity Act, 1972
- The Payment of Wages Act, 1936
- The Employers' Liability Act, 1938
- The Factories Act, 1948
- The Plantations Labour Act, 1951
- The Trade Unions Act, 1926
- The Employee's Compensation Act, 1923

Since 2019, the Government of India set to codify and reform 29 central labour laws into four labour codes:

- The Code on Wages 2019 - received the President's assent and was notified in Official Gazette on 8th August 2019 but the full Code is yet to be made effective. Provisions of the Code relating to Central Advisory Board were made effective vide Notification No. S.O. 4604(E) dated 18th December 2020. The Code subsumes 4 central Acts.
- The Industrial Relations Code 2020 – received the President's assent on 28th September 2020 and was notified in Official Gazette on 29th September 2020 but is yet to be made effective. It subsumes 3 central Acts.
- The Code on Social Security 2020 - received the President's assent on 28th September 2020 and was notified in Official

Gazette on 29th September 2020 but is yet to be made effective. It subsumes 9 central Acts.

- The Occupational Safety, Health and Working Conditions (OSH) Code 2020 - received the President's assent on 28th September 2020 and was notified in Official Gazette on 29th September 2020 but is yet to be made effective. It subsumes 13 central Acts.

III. Environment related Laws

- The Environment (Protection) Act, 1986
- The Public Liability Insurance Act, 1991
- The Water (Prevention and Control of Pollution) Act, 1974
- The Air (Prevention and Control of Pollution) Act, 1981
- The Atomic Energy Act, 1962
- The Forest Conservation Act 1980
- The Indian Forest Act, 1927
- The Wildlife Protection Act, 1972

IV. Tax related Laws

- The Income Tax Act, 1961
- The Goods and Services Tax Act 2017

V. Laws related to contract and transfer of property and other laws

- The Transfer of Property Act, 1882
- The Indian Contract Act, 1872
- The Registration Act, 1908
- The Indian Stamp Act, 1899
- The Powers of Attorney Act, 1882
- The Architects Act 1972

- The Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013

VI. Laws related to Product & Process

- The Bureau of Indian Standards Act 2016
- The Drugs and Cosmetics Act, 1940
- The Pharmacy Act, 1948
- The Legal Metrology Act 2009
- The Insecticides Act, 1968
- The Prevention of Food Adulteration Act, 1954
- The Food Safety and Standards Act, 2006

VI. Laws relating to Intellectual Property

- The Trade Marks Act, 1999
- The Geographical Indications of Goods (Registration and Protection) Act, 1999
- The Designs Act, 2000
- The Patents Act, 1970
- The Copyrights Act, 1957
- The Protection of Plant varieties and Farmers Rights Act, 2001
- The Semiconductor Integrated Circuits Layout-Design Act, 2000
- The Biological Diversity Act 2002

VIII. Laws relating to Consumer protection and Competition

- The Consumer Protection Act, 2019
- The Competition Act, 2002



Public Procurement From MSME & GeM Platform

To provide marketing support to Micro and Small Enterprises (MSEs), Ministry of MSME has notified the Public Procurement Policy for Micro and Small Enterprises (MSEs) Order, 2012 under the MSMED Act, 2006 which is effective from 1st April, 2012 and has become mandatory w.e.f. 1st April, 2015. India had launched “Support and Outreach Programme” for MSME sector on 2nd November, 2018, and had announced 12 key initiatives, which would help in the growth and expansion of MSMEs across the Country. One of the above mentioned announcements inter-alia pertained to Public Procurement Policy, making it mandatory for public sector companies to procure 25%, instead of 20% of their total purchases, from MSEs including a special provision of 3% procurement for women entrepreneurs.

In pursuance of the said announcements, Public Procurement Policy for MSEs Order, 2012 was amended vide Gazette Notification No. S.O. 5670(E) dated 9th November, 2018. The amended Policy mandates 25% annual procurement from MSEs by Central Ministries/ Departments/ Central Public Sector Enterprises (CPSEs), which also includes 3% procurement from MSEs owned by women entrepreneurs.

An amendment in the ‘Public Procurement Policy for MSEs Order, 2012’ was notified vide Gazette Notification No. S.O. 5745(E) dated 08.12.2022 to “Consider the requests of the Central Ministries/Departments/PSUs for exemption, on a case to case basis, from procuring certain items from the reserved list for MSEs through open tendering”.

The Ministry of MSME had launched “MSME-SAMBANDH Portal” on 8th December, 2017, which helps in monitoring the procurement by Central Government Ministries, Departments and CPSEs and enables them to share the list of required products/services from MSEs.

Government e Marketplace (GeM) Platform

GeM Platform is a dedicated electronic market or ecommerce portal for procurement and selling of different goods and services by various Government organizations. The Government e Marketplace (GeM) is a 100% Government owned & National Public Procurement Portal, set

up as a Section 8 company (under the Companies Act 2023) under the administrative control of the Department of Commerce, Ministry of Commerce and Industry, for procurement of goods and services by Government Ministries, Central & State Departments, Public Sector Undertakings (PSUs) and Autonomous Bodies.

GeM facilitates online procurement of common use Goods & Services required by various Government Departments / Organisations / PSUs and aims to enhance transparency, efficiency and speed in public procurement. It provides the tools of e-bidding, reverse e-auction and demand aggregation to facilitate the government users, achieve the best value for their money.

The GeM platform was established through the Government of India (Allocation of Business) Rules, 1961, vide notification dated 8th December 2017 which made the following entry – “32. Development, operation and maintenance of National Public Procurement Portal—Government e Marketplace”.

Being an open marketplace that focuses solely on being a platform for Government buyers to meet sellers and conduct business, the purchases through GeM by Government users have been authorized and made mandatory by Ministry of Finance by adding a new Rule No. 149 in the General Financial Rules, 2017.

There are many benefits for MSMEs registering on the Government e-Marketplace (GeM) portal, including:

- Access to a national public procurement market
- There are no fees or charges for registering on GeM.
- GeM has special provisions and sections for MSMEs
- GeM is a fully online, paperless, and contactless platform.
- GeM has eliminated additional verification layers, which reduces the lead time for government procurement.
- GeM registration eliminates the need for intermediaries.
- GeM provides MSMEs with access to more potential suppliers, which expands their market reach.

- GeM has helped create and maintain government positions, which supports the growth of the MSME sector.
- MSMEs can receive prompt online payment because intermediaries have been eliminated.

Registering a micro, small, or medium enterprise (MSME) on the Udyam portal, which is a one-time exercise and doesn't require renewal, automatically registers the unit on the Government e-Marketplace (GeM) portal, and enables the MSME to sell goods and services directly to the government digitally via the Government e-Marketplace (GeM) portal.



Delayed Payments to MSME Sector

Chapter V (sections 15 to 25) of the MSMED Act 2006, relates to delayed payments to Micro and Small enterprises. The buyer who takes any goods/services from micro and small enterprises is liable to make payment for those goods/services on or before the date agreed upon between him and the supplier micro/small enterprise (which should not exceed 45 days from day of acceptance/deemed acceptance) in writing or where there is no agreement in writing in this behalf, he is liable to make payment for those goods/services before the appointed day.

Where the buyer fails to make payment of the amount to the supplier, as mentioned above, the buyer shall, notwithstanding anything contained in any agreement between the buyer and the supplier or in any law for the time being in force, be liable to pay compound interest with monthly rests to the supplier on that amount from the appointed day or, as the case may be, from the date immediately following the date agreed upon, at three times of the bank rate notified by the Reserve Bank.

Which day will be taken as “appointed day” has been defined in section 2(b) of the MSMED Act 2006 to mean the day following immediately after the expiry of the period of 15 days from the day of acceptance or the day of deemed acceptance of any goods or any services by a buyer from a supplier.

For this purpose “the day of acceptance” means,—

- (a) the day of the actual delivery of goods or the rendering of services;
or
- (b) where any objection is made in writing by the buyer regarding acceptance of goods or services within 15 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.

And “the day of deemed acceptance” means, where no objection is made in writing by the buyer regarding acceptance of goods or services within 15 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.

For any goods supplied or services rendered by the supplier, the buyer shall be liable to pay the amount due with interest thereon as provided and if there is any dispute with respect to the same, any party to the dispute may make a reference to the Micro and Small Enterprises Facilitation Council (MSEFC) established in various states by the State Governments, MSEFC of the State after examining the case filed by MSE unit will issue directions to the buyer unit for payment of due amount along with interest as per the provisions under the MSMED Act 2006 and every reference made shall be decided within a period of ninety days from the date of making such a reference.

Requirement to specify unpaid amount with interest in the annual statement of accounts

Section 22 of the Micro, Small and Medium Enterprises Development Act 2006, lays down the 'Requirement to specify unpaid amount with interest in the annual statement of accounts'.

Furthermore, Vide Notification G.S.R 679(E) dated 4th September 2015, the Ministry of Corporate Affairs has also specified that 'total outstanding dues of micro enterprises and small enterprises' will be a part of 'Trade Payables' under 'Current Liabilities' in the Balance Sheet. Accordingly, the above Notification inserted sub-para 'FA' after sub-para F in para 6 of Part I of Schedule III to the Companies Act 2013, under the heading "Notes: General Instructions for preparation of Balance Sheet".

Therefore as per the MSMED Act and the above Notification, the following details relating to Micro, Small and Medium Enterprises shall be disclosed in the notes:-

- (a) the principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier at the end of each accounting year;
- (b) the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;
- (c) the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;

- (d) the amount of interest accrued and remaining unpaid at the end of each accounting year; and
- (e) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.

Under section 23 of the MSME Act 2006, notwithstanding anything contained in the Income-tax Act, 1961, the amount of interest payable or paid by any buyer, under or in accordance with the provisions of this Act, shall not, for the purposes of computation of income under the Income-tax Act, 1961, be allowed as deduction.

Half yearly return

Vide M/o MSME Notification No S.O. 5622(E). dated 2nd November 2018, the Central Government has also directed that all companies who get supplies of goods or services from micro and small enterprises and whose payments to micro and small enterprise suppliers exceed forty-five days from the date of acceptance or the date of deemed acceptance of the goods or services as per the provisions of the Act, shall submit a half yearly return to the Ministry of Corporate Affairs stating the following:

- (a) The amount of payments due; and
- (b) The reasons of the delay



Lending to MSME Sector

Detailed guidelines/instructions on lending to the Micro, Small and Medium enterprises sector are available in the Reserve Bank of India (RBI) Master Direction FIDD.MSME & NFS.12/ 06.02.31/2017-18 dated July 24, 2017 in Master Direction – Reserve Bank of India [Lending to Micro, Small & Medium Enterprises (MSME) Sector] - Directions, 2017. The Reserve Bank of India has, has issued these guidelines to banks relating to lending to the Micro, Small and Medium Enterprises as defined in the MSMED Act, 2006.

Applicability

In terms of Gazette Notification S.O. 2119 (E) dated June 26, 2020, an enterprise shall be classified as a micro, small or medium enterprise on the basis of certain criteria. Further, as per the abovementioned Direction, such MSMEs should be 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 or engaged in providing or rendering of any service or services. Such enterprises are required to register online on the Udyam Registration portal and obtain 'Udyam Registration Certificate'. For Priority sector lending (PSL) purposes banks shall be guided by the classification recorded in the Udyam Registration Certificate (URC).

Retail and Wholesale trade are included as MSMEs for the limited purpose of priority sector lending and are allowed to be registered on Udyam Registration Portal.

The certificate issued on Udyam Assist Portal (UAP) to Informal Micro Enterprises (IMEs) shall be treated at par with Udyam Registration Certificate for the purpose of availing Priority Sector Lending benefits.

Priority Sector Lending to MSME

'Priority Sector' means the sectors specified in the Master Direction on Priority Sector Lending (PSL) – Targets and Classification dated September 4, 2020 as updated from time to time. All bank loans to MSMEs conforming to the above guidelines qualify for classification under priority sector lending. Following are the provisions in this regard:

1. Factoring Transactions (not applicable to Regional Rural Banks (RRBs) and Urban Co-operative Banks (UCBs))
 - ‘With Recourse’ Factoring transactions by banks which carry out the business of factoring departmentally wherever the ‘assignor’ is a Micro, Small or Medium Enterprise would be eligible for classification under MSME category on the reporting dates.
 - The borrower’s bank shall obtain from the borrower, periodical certificates regarding factored receivables to avoid double financing/ counting. Further, the ‘factors’ must intimate the limits sanctioned to the borrower and details of debts factored to the banks concerned, taking responsibility to avoid double financing.
 - Factoring transactions pertaining to MSMEs taking place through the Trade Receivables Discounting System (TReDS) shall also be eligible for classification under priority sector.
2. Khadi and Village Industries Sector (KVI) - All loans to units in the KVI sector will be eligible for classification under the sub-target of 7.5 percent prescribed for Micro Enterprises under priority sector.
3. Other Finance to MSMEs
 - Loans up to ₹50 crore to Start-ups, as per definition of Ministry of Commerce and Industry, Govt. of India that conform to the definition of MSME.
 - Loans to entities involved in assisting the decentralized sector in the supply of inputs and marketing of output of artisans, village and cottage industries.
 - Loans to co-operatives of producers in the decentralized sector viz. artisans, village and cottage industries (Not applicable for UCBs).
 - Loans sanctioned by banks to NBFC-MFIs and other MFIs (Societies, Trusts etc.) which are members of RBI recognised SRO for the sector for on-lending to MSME sector as per specified conditions (not applicable to RRBs, SFBs and UCBs)

- Loans to registered NBFCs (other than MFIs) for on-lending to Micro & Small Enterprises as per specified conditions (not applicable to RRBs, SFBs and UCBs)
- Credit outstanding under General Credit Cards
- Overdraft to Pradhan Mantri Jan-Dhan Yojana (PMJDY) account holders as per prescribed limits and conditions, will qualify as achievement of the target for lending to Micro Enterprises.
- Outstanding deposits with SIDBI and MUDRA Ltd. on account of priority sector shortfall.

Targets / sub-targets for lending to MSME sector

1. Priority Sector Guidelines for MSME sector
Scheduled Commercial Banks shall adhere to the targets/sub-targets for lending to the MSME sector and related aspects as laid down in the Master Direction on Priority Sector Lending (PSL) – Targets and Classification dated September 4, 2020 as updated from time to time.
2. In terms of the recommendations of the Prime Minister’s Task Force on MSMEs, banks are advised to achieve:
 - i) 20 per cent year-on-year growth in credit to micro and small enterprises,
 - ii) 10 per cent annual growth in the number of micro enterprise accounts and
 - iii) 60 per cent of total lending to MSE sector as of the corresponding quarter of the previous year to micro enterprises.

Common guidelines / instructions for lending to MSME sector

1. Issue of Acknowledgement of Loan Applications to MSME borrowers
Banks are advised to mandatorily acknowledge all loan applications, submitted manually or online, by their MSME borrowers and ensure that a running serial number is recorded

on the application form as well as on the acknowledgement receipt. Banks are further advised to put in place a system of Central Registration of loan applications, online submission of loan applications and a system of e-tracking of MSE loan applications.

2. Collateral

Banks are mandated not to accept collateral security in the case of loans up to Rs.10 lakh extended to units in the MSE sector. Banks are also advised to extend collateral-free loans up to ₹ 10 lakh to all units financed under the Prime Minister Employment Generation Programme (PMEGP) administered by KVIC.

Banks may, on the basis of good track record and financial position of the MSE units, increase the limit to dispense with the collateral requirement for loans up to Rs.25 lakh (with the approval of the appropriate authority).

Banks are advised to strongly encourage their branch level functionaries to avail of the Credit Guarantee Scheme cover, including making performance in this regard a criterion in the evaluation of their field staff.

3. Composite loan

A composite loan limit of Rs.1 crore can be sanctioned by banks to enable the MSE entrepreneurs to avail of their working capital and term loan requirement through Single Window.

4. Revised General Credit Card (GCC) Scheme

Banks which are eligible to issue credit cards under the Master Direction -Credit Card and Debit card- Issuance and Conduct Directions, dated April 21, 2022 (as updated from time to time), may issue General Credit Cards to individuals/entities sanctioned working capital facilities for non-farm entrepreneurial activities which are eligible for classification under the priority sector guidelines. The terms and conditions of the credit facilities extended in the form of GCC shall be as per the Board approved policies of the banks, within the overall framework laid down by Reserve Bank. Guidelines on collateral free lending for micro and small units issued from time to time shall apply. Banks shall adhere to the instructions on reporting GCC data as issued by RBI from time to time.

5. Streamlining flow of credit to Micro and Small Enterprises (MSEs) for facilitating timely and adequate credit flow during their 'Life Cycle'

In order to provide timely financial support to Micro and Small enterprises facing financial difficulties during their 'Life Cycle', guidelines were issued to banks vide circular FIDD.MSME & NFS.BC.No.60/06.02.31/2015-16 dated August 27, 2015 on the captioned subject. Banks are advised to review and tune their existing lending policies to the MSE sector by incorporating therein the following provisions so as to facilitate timely and adequate availability of credit to viable MSE borrowers especially during the need of funds in unforeseen circumstances:

- i) To extend standby credit facility in case of term loans
- ii) Additional working capital to meet with emergent needs of MSE units
- iii) Mid-term review of the regular working capital limits, where banks are convinced that changes in the demand pattern of MSE borrowers require increasing the existing credit limits of the MSMEs, every year based on the actual sales of the previous year.
- iv) Timelines for Credit Decisions

6. Debt Restructuring Mechanism for MSMEs

- i) Banks are advised to follow the guidelines/instructions on debt restructuring pertaining to MSMEs contained in the 'Master Circular - Prudential norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances' as updated from time to time.
- ii) All commercial banks are also advised in terms of RBI circular RPCD.SME& NFS. BC.No.102/06.04.01/2008-09 dated May 4, 2009 to do the following:
 - a) put in place loan policies governing extension of credit facilities, Restructuring/ Rehabilitation policy for revival of potentially viable sick units / enterprises (now read with guidelines on Framework for Revival and Rehabilitation of Micro, Small and Medium

Enterprises issued on March 17, 2016) and non-discretionary One Time Settlement scheme for recovery of non-performing loans for the MSE sector, with the approval of the Board of Directors and

- b) give wide publicity to the One-Time settlement scheme implemented by them, by placing it on the bank's website and through other possible modes of dissemination. They may allow reasonable time to the borrowers to submit the application and also make payment of the dues in order to extend the benefits of the scheme to eligible borrowers.
- c) implement recommendations with regard to timely and adequate flow of credit to the MSE sector.

7. Framework for Revival and Rehabilitation of MSMEs

The Ministry of Micro, Small and Medium Enterprises, Government of India, vide their Gazette Notification dated 29th May, 2015 had notified a 'Framework for Revival and Rehabilitation of Micro, Small and Medium Enterprises' to provide a simpler and faster mechanism to address the stress in the accounts of MSMEs and to facilitate the promotion and development of MSMEs. After carrying out certain changes in the captioned Framework in consultation with the Government of India, Ministry of MSME so as to make it compatible with the existing regulatory guidelines on 'Income Recognition, Asset Classification and Provisioning pertaining to Advances' issued to banks by RBI, the guidelines on the captioned Framework along with operating instructions were issued to banks on March 17, 2016.

The revival and rehabilitation of MSME units having loan limits up to ₹25 crore would be undertaken under this Framework. The revised Framework supersedes RBI earlier Guidelines on Rehabilitation of Sick Micro and Small Enterprises issued vide circular RPCD.CO.MSME& NFS.BC.40/06.02.31/2012-2013 dated November 1, 2012, except those relating to Reliefs and Concessions for Rehabilitation of Potentially Viable Units and One

Time Settlement, mentioned in the said circular.

The salient features of the Framework are as under:

- i) Before a loan account of an MSME turns into a Non-Performing Asset (NPA), banks or creditors should identify incipient stress in the account by creating three sub-categories under the Special Mention Account (SMA) category as given in the Framework
 - ii) Any MSME borrower may also voluntarily initiate proceedings under this Framework
 - iii) Committee approach to be adopted for deciding corrective action plan
 - iv) Timelines have been fixed for taking various decisions under the Framework
8. Structured Mechanism for monitoring the credit growth to the MSE sector

In view of the concerns emerging from the deceleration in credit growth to the MSE sector, an Indian Banking Association (IBA)-led Sub-Committee (Chairman: Shri K.R. Kamath) was set up to suggest a structured mechanism to be put in place by banks to monitor the entire gamut of credit related issues pertaining to the sector. Based on the recommendations of the Committee, banks are advised to:

- strengthen their existing systems of monitoring credit growth to the sector and put in place a system-driven comprehensive performance management information system (MIS) at every supervisory level (branch, region, zone, head office) which should be critically evaluated on a regular basis;
- put in place a system of e-tracking of MSE loan applications and monitor the loan application disposal process in banks, giving branch-wise, region-wise, zone-wise and State-wise positions. The position in this regard is to be displayed by banks on their websites.

Institutional arrangements

1. Specialised MSME branches

Public sector banks are advised to open at least one specialised branch in each district. Further, banks have been permitted to categorise their general banking branches having 60% or more of their advances to MSME sector as specialised MSME branches in order to encourage them to open more specialised MSME branches for providing better service to this sector as a whole. As per the policy package announced by the Government of India for stepping up credit to MSME sector, the public sector banks would ensure specialised MSME branches in identified clusters/centres with preponderance of small enterprises to enable the entrepreneurs to have easy access to the bank credit and to equip bank personnel to develop requisite expertise. Though their core competence will be utilized for extending finance and other services to MSME sector, they will have operational flexibility to extend finance/render other services to other sectors/borrowers. Banks may take care to train the officials posted in such branches appropriately.

2. Empowered Committee on MSMEs

As part of the announcement made by the Union Finance Minister, Empowered Committees on MSMEs are constituted at the Regional Offices of Reserve Bank of India, under the Chairmanship of the Regional Directors with the representatives of SLBC Convenor, senior level officers from two banks having predominant share in MSME financing in the state, representative of SIDBI Regional Office, the Director of MSME or Industries of the State Government, one or two senior level representatives from the MSME Associations in the state, and a senior level officer from SFC/SIDC as members.

3. Banking Codes and Standards Board of India (BCSBI)

BCSBI in collaboration with the Indian Banks' Association (IBA), Reserve Bank of India (RBI) and member banks had evolved the 'Code of Bank's Commitment to Micro and Small Enterprises' - which set minimum standards of banking practices for member banks to follow when they are dealing with Micro and Small Enterprises.

4. Micro and Small Enterprises Sector – The imperative of Financial Literacy and consultancy support

Keeping in view the high extent of financial exclusion in the MSME sector, it is imperative for banks that the excluded units are brought within the fold of the formal banking sector. The lack of financial literacy, operational skills, including accounting and finance, business planning etc. represent formidable challenge for MSE borrowers underscoring the need for facilitation by banks in these critical financial areas. Moreover, MSE enterprises are further handicapped in this regard by absence of scale and size.

5. Cluster Approach

All State Level Bankers' Committee (SLBC) Convenor banks are advised to incorporate in their Annual Credit Plans, the credit requirement in the clusters identified by the Ministry of Micro, Small and Medium Enterprises, Government of India. They are also encouraged to extend banking services in such clusters / agglomerations which have come up and identified subsequently by SLBC / DCC members.

The Ministry of Micro, Small and Medium Enterprises has approved a list of clusters under the Scheme of Fund for Regeneration of Traditional Industries (SFURTI) and Micro and Small Enterprises Cluster Development Programme (MSE-CDP) located in 121 Minority Concentration Districts. Accordingly, appropriate measures have been taken to improve the credit flow to the identified clusters of micro and small entrepreneurs from the Minority Communities residing in the minority concentrated districts of the country.



Foreign Direct Investment In MSME

Foreign Direct Investment (FDI) is an enabling policy, which is uniformly applicable in the country irrespective of scale and size of eligible investee entities. To promote FDI, the Government has put in place an investor-friendly policy, wherein most sector/activities including Micro, Small and Medium Enterprises (MSMEs) except certain strategically important sectors/activities are open for 100% FDI under the automatic route, subject to sectoral laws, regulations/rules, security conditions and state/local/laws/regulations.

Vide Notification No. 1/2023 dated 31st March 2023, the Ministry of Commerce and Industry, notified the Foreign Trade Policy 2023 which came into effect from 1st April 2023. The policy has taken various steps to enable MSME and give it impetus for reaching international markets.



E-Commerce, Exports of Goods and Services & MSME

The MSME sector has been experiencing robust growth in exports in recent years. MSMEs have been participating in export markets through various sectors like handicrafts, handloom textiles, ayurveda and herbal supplements, leather goods, imitation jewellery, and wooden products. There are various schemes and programs to encourage MSMEs to enter in international trade e.g.:

- International Cooperation (IC) Scheme which promotes bilateral cooperation with other countries, exposes MSMEs to international markets, and shares best management practices
- Free display of products at international exhibitions whereby MSMEs can display their products at international exhibitions abroad at no cost
- The Ministry of MSMEs organizes mega international exhibitions, conferences, seminars, workshops, summits, and buyer-seller meets

The Foreign Trade Policy(FTP) 2023 has a stated objective to enable cross-border E-Commerce for artisans, weavers, craftsmen and MSMEs, in coordination with stakeholder Departments.

Regulatory Requirements for exports:

- The export of goods is governed by the export policy notified by Director General of Foreign Trade (DGFT), from time to time.
- Exporters must be well aware of the export policy related to their products.
- Based on the Indian Tariff Classification (Harmonised System) [ITC(HS)] classification the regulatory requirements for export from India and requirements at buyers' country need to be confirmed.
- On the basis of the ITC(HS) classification, the Export Policy broadly classifies the goods as 'Free', 'Restricted' and 'Prohibited'.
 - i. Free - All goods can be exported freely if they are not mentioned specifically in the Export Policy (Schedule-II) of ITC(HS) 2022.

- ii. Restricted - An Export Authorization is required to export restricted goods, and must be exported as per the procedures/conditions specified.
- iii. Prohibited - These items cannot be exported at all.
- Certification Requirement is applicable on the exported products. For e.g. for pharma exports, certification is required from Central Drugs Standard Control Organisation (CDSCO) etc.
- The documentation required for undertaking E-Commerce Exports from India - Permanent Account Number (PAN), Bank Account & Authorized Dealer (AD) Code of the concerned bank branch, Goods & Services Tax (GST) Number, Importer-Exporter Code (IEC)
- Product-specific permissions and documentary requirements may vary for different products.

High potential export products which MSMEs should focus on:

- Textiles, handloom and apparel
- Leather & Leather goods
- Handicrafts and Home Décor
- Beauty and Personal care
- Semi-precious jewellery & accessories
- Automotive parts
- Ayush and Herbal products
- Spices and food products
- Tea and Coffee
- Engineering goods
- Religious artifacts

RBI Guidelines on Export of Goods and Services:

- It is obligatory on the part of the exporter to realise and repatriate the full value of goods to India within 9 months from the date of exports.
- For goods exported to a warehouse established outside India, the proceeds should be realised within 15 months from the date of shipment of goods.
- RBI also allows AD Category – I banks to extend the payment period from the export date up to 6 months at a time, regardless of the invoice value, as long as certain conditions are met.
- Regarding manner of receipt of export proceeds, MSME should see the Foreign Exchange Management (Manner of Receipt & Payment) Regulations, 2016, as in RBI Master Circulars (as amended from time to time).
- Processing of export related receipts through Online Payment Gateway Service Providers (OPGSPs) is available for export of goods of value not exceeding \$ 10,000.
- In case an exporter is not able to realize the outstanding export dues, the exporter may either self-write off or approach the AD bank concerned, who had handled the relevant shipping along with appropriate supporting documentary evidence.
- As per the RBI Master Circular, AD Category – I Banks may consider the applications received from exporters and grant permission for opening/ hiring warehouses abroad subject to certain conditions



Programmes and Schemes for MSME Sector

The Ministry of MSME runs numerous schemes for MSMEs targeted at

- a) access to credit and financial assistances
- b) infrastructure and capacity building
- c) procurement and marketing support
- d) access to technology
- e) skill development and training
- f) performance and promotion
- g) international co-operation

1. **Prime Minister's Employment Generation Programme (PMEGP)**

Prime Minister's Employment Generation Programme (PMEGP) is a credit linked subsidy scheme for providing employment opportunities through establishment of micro-enterprises in the non-farm sector. Under the Scheme, Margin Money (Subsidy) is provided to beneficiaries availing loan from banks for setting up new enterprises. The maximum project cost admissible for setting up of new project is ₹ 50 lakh in manufacturing sector and ₹ 20 lakh in Service Sector. Subsidy of 25% and 35% of project cost is admissible for Special Categories, including SC, ST, OBC, Minorities, Women, Ex-Servicemen, Transgenders, Differently-abled, NER, Aspirational Districts, Hill and Border areas, and 15% and 25% of project cost for General Category applicants for urban and rural areas respectively. Units in Aspirational Districts and Transgenders have been included in the Special Category. Geo-tagging of the PMEGP units have been initiated for capturing the details of the products and services offered by the units and to create market linkages for them.

2. **Credit Guarantee Trust Fund for Micro and Small Enterprises (CGTMSE)**

The Credit Guarantee for Micro and Small Enterprises (CGTMSE) was introduced in the year 2000 to facilitate credit access to MSEs in the country. Guarantees are provided for extending collateral free lending to Micro and Small Enterprises through banks and financial institutions (including NBFCs). 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 ₹ 500 lakh per borrowing unit. The guarantee cover provided under this scheme varies from 75 % to 85% depending upon the quantum of loan and type of beneficiary. A nominal amount towards an Annual Guarantee Fee for the credit facility sanctioned is charged on the outstanding loan amount. This scheme has been revamped in the year 2023 and the following features have been added in the scheme w.e.f. 1st April, 2023:

- i. Enhancement of ceiling limit of Guarantee coverage from ₹ 2 crore to ₹ 5 crore;
- ii. The Annual Guarantee fees reduced from 0.75% to 0.37%; and
- iii. Increase in threshold limit from ₹ 5 Lakh to ₹ 10 lakh for waiver of legal action.

3. **Credit Guarantee Scheme for Subordinate Debt (CGSSD) for Stressed MSMEs**

Subordinate debt will provide a substantial help in sustaining and reviving the MSMEs which have either become NPA or are on the brink of becoming NPA. Promoter(s) may infuse this amount in MSME unit as equity and thereby enhance the liquidity and maintain debt-equity ratio. In a situation, where an outright loan is difficult, sub-debt with guarantee will provide the requisite financing to the MSME Units.

This Scheme seeks to extend support to the promoter(s) of the operational MSMEs which are stressed and have become NPA as on 30th April, 2020 and standard as on 01th November, 2016. Promoter(s) of the MSMEs are given credit equal to 50% of their stake (equity plus debt) or ₹ 75 lakh whichever is lower. The

maximum tenor for repayment is 10 years. There is a moratorium of 7 years on payment of principal. Guarantee for the sub-debt - 90% guarantee coverage comes from the scheme / trust and remaining 10% from the promoter(s) concerned.

4. Self-Reliant India (SRI) Fund

SRI Fund is aimed at providing growth capital to the deserving and eligible units of MSME Sector. The Fund aims to provide capital support to the Daughter Funds for onward provision to MSMEs as growth capital, through equity, quasi-equity and debt to achieve the following:

- a. Supporting faster growth of MSME businesses, thereby igniting the economy & creating several employment opportunities.
- b. Supporting enterprises which have the potential to graduate beyond the MSME bracket and become National/ International champions.
- c. Supporting MSMEs which will help make India self-reliant by producing relevant technologies, goods and services.

The structure of the fund is as follows:

The MoMSME has established, through NSIC Venture Capital Fund Limited (NVCFCL) , an AIF, christened as Self Reliant India (SRI) Fund, having Mother Fund-Daughter Fund structure for ensuring availability of growth capital to the MSMEs, through equity/quasi-equity/ equity like structured instruments. This will encourage MSMEs in moving towards listing on the Stock Exchanges, and growing beyond the bracket of MSME.

The AIF will be anchored by NSIC Venture Capital Fund Limited (NVCFCL), a wholly owned subsidiary of The National Small Industries Corporation (NSIC), a Mini-Ratna Corporation of the Government of India under the Ministry of Micro, Small and Medium Enterprises (MoMSME).

5. Micro and Small Enterprises Cluster Development Programme (MSE-CDP)

The Micro and Small Enterprises Cluster Development Programme (MSE-CDP) was launched in the year 2003. The objective of

the scheme is to enhance the productivity and competitiveness of Micro and Small Enterprises (MSEs) by extending financial assistance as Government of India (GoI) grant for establishment of Common Facility Centers (CFCs) in the existing clusters and for establishment of new /upgradation of existing Industrial Areas / Estates / Flatted Factory Complex. MSE-CDP is a demand driven scheme and Central Sector Scheme.

- i. Common Facility Centers (CFCs): The GoI grant will be restricted to 70% of project cost (₹ 5.00 - 10.00 crore) and 60% of project cost (₹ 10.00 - 30.00 crore). In case of NE & Hill States, Island territories, Aspirational Districts, LWE affected districts and clusters with more than 50% micro/village or women owned or SC/ST owned units, GoI grant will be 80% of project cost (₹ 5.00 - 10.00 crore) and 70% of project cost (₹ 10.00 -30.00 crore). The CFC project with cost more than ₹ 30.00 crore can also be considered but the GoI assistance would be calculated by taking into account the maximum eligible project cost of Rs.30.00 crore.
- ii. Infrastructure Development: The GoI grant will be restricted to 60% of project cost (₹ 5.00 - 15.00 crore) for setting up of new Industrial Estate/ Flatted Factory Complex and GoI grant will be 50% of project cost (₹ 5.00 - 10.00 crore) for up-gradation of existing Industrial Estate / Flatted Factory Complex. In case of NE & Hill States, Island territories, Aspirational Districts, LWE affected districts and clusters with more than 50% micro/village or women owned or SC/ST owned units, GoI grant will be 70% of project cost (₹ 5.00 - 15.00 crore) for setting up of new Industrial Estate/ Flatted Factory Complex and 60% of project cost (₹ 5.00 - 10.00 crore) for up-gradation of existing Industrial Estate / Flatted Factory Complex. The ID project with cost more than ₹ 10.00 crore/15.00 crore can also be considered but the GoI assistance would be calculated by taking into account the maximum eligible project cost of ₹ 10.00 crore/15.00 crore.

6. Scheme of Fund for Regeneration of Traditional Industries (SFURTI)

The Scheme was launched in 2005-06 and revamped in 2014-15. The objectives of the scheme is to organize traditional industries

and artisans into clusters to make them competitive and provide support for their long term sustainability, sustained employment, to enhance marketability of products of such clusters, to equip traditional artisans of the associated clusters with the improved skills, to make provision for common facilities and improved tools and equipment for artisans, to strengthen the cluster governance systems with the active participation of the stakeholders, and to build up innovative products, improved technologies, advanced processes, market intelligence and new models of public-private partnerships.

The scheme covers three types of interventions:

- i. Soft interventions – Activities to build general awareness, counseling, skill development and capacity building, exposure visits, market development initiatives, design and product development, etc.
- ii. Hard interventions – Creation of common facility centres, raw material banks, upgradation of production infrastructure, warehousing facility, tools and technological upgradation, etc.
- iii. Thematic interventions – Interventions on a cross-cutting basis for brand building, new media marketing, e-commerce initiatives, research and development, etc.

The financial assistance provided for any specific project shall be subject to a maximum of ₹ 5 (five) crore to support Soft, Hard and Thematic interventions. For Regular Cluster (upto 500 artisans), the per cluster budget limit is ₹ 2.50 crore and for Major Cluster (more than 500 artisans) the per cluster budget limit is ₹ 5.00 crore.

7. A Scheme for Promoting Innovation, Rural Industry & Entrepreneurship’ (ASPIRE)

A Scheme for Promotion of Innovation, Rural Industry and Entrepreneurship (ASPIRE) aims to create employment opportunities in the agro-rural sector. ASPIRE scheme was approved for continuation from 2021-22 to 2025-26. The revised guidelines were issued on 28.01.2022. There are 2 components under ASPIRE:

- a. Livelihood Business Incubator (LBI): An entity set up for imparting skill development and incubation programs for promoting entrepreneurship and employment generation in

agro-rural sector with special focus on rural and underserved areas.

- b. ASPIRE Fund of Funds (FoF): Managed by SIDBI, the FoF was created with a focus to invest through Alternate Investment Funds (AIFs), in early-stage start-ups in need of support and nurturing to succeed in developing technology and business enterprise in the areas of innovation, entrepreneurship, developing forward and backward linkages with multiple value chain of manufacturing and service delivery in the agro-based sector. The total corpus of SIDBI FoF is ₹ 310 crore.

Earlier there was a 3rd component of ASPIRE i.e. 'Technology Business Incubator (TBI)'. Although, TBI component under the scheme has been discontinued due to convergence with the Incubation Scheme of M/o MSME. However, the TBIs approved till 31.03.2021 will be supported with the financial assistance for procurement of plant and machineries as per the previous guidelines applicable for TBI.

8. Public Procurement Policy for Micro and Small Enterprises

The Ministry of MSME, Government of India notified the Public Procurement Policy for Micro and Small Enterprises (MSEs), Order, 2012, which mandates 25% annual procurement from MSEs by Central Ministries/Departments/Central Public Sector Enterprises (CPSEs), including 4% from MSEs owned by SC/ST and 3% from MSEs owned by Women entrepreneurs. A total of 358 items are reserved for exclusive procurement from MSEs.

9. Export Promotion

The Ministry of MSME has developed a dedicated support system for export promotion from MSME Sector by establishing 59 Export Facilitation Cells (EFCs) in its field institutions, namely, MSME-Development and Facilitation Offices, MSME Technology Centres and MSME Testing Centres.

10. Scheme for providing financial assistance to Khadi institutions under MPDA

Government has introduced w.e.f 01.04.2010, a flexible, growth stimulating and artisan oriented Market Development Assistance (MDA) Scheme, in place of the erstwhile system of Rebate. The financial assistance being extended currently under Modified Market Development Assistance (MMDA) for Cotton/Muslin, Wool and Polyvastra shall be calculated @ 35% on Prime Cost (cost of raw material + conversion charges up to grey cloth + processing charges), excluding margin [establishment expenditure (25%) and trading (3%), insurance (1%) & bank interest (4%)] and for Silk Khadi shall be calculated @ 20% on Prime Cost (cost of raw material + conversion charges up to grey cloth + processing charges), excluding margin [establishment expenditure (25%) and trading (3%), insurance (1%) & bank interest (4%)]. The quantum of MMDA shall be distributed to the khadi institutions (KIs) of Cotton/ Woolen Khadi & Polyvastra- (i) producing institutions (34%), (ii) Selling institutions (17%), (iii) Artisans (35%) & (iv) Karyakartas (14%). Where a Khadi institution is involved both in production and selling activities, the amount of assistance shall be 51% of the MMDA and in case of Silk Khadi the quantum of MMDA shall be distributed to the KIs (i) producing institutions (40%), (ii) Selling institutions (20%), (iii) Artisans (30%) & (iv) Karyakartas (10%). Where a Khadi institution is involved both in production and selling activities, the amount of assistance shall be 60% of the MMDA. The producing institutions shall utilize their entitled MMDA for procuring tools & equipment / up-gradation of technology, engaging designers & consultants for improving the existing designs and introduction of new designs, Value addition to post fabric process and Engaging technicians for maintenance of Charkhas/ Looms/ and other equipment. The selling Institutions shall utilize their entitled MMDA for all sales promotional activities by way of introduction of computerization/ bar-coding/ billing/ debit / credit card swiping machine, accounts, renovation of sales outlets, Introduction of mobile sales van, participation in domestic and international exhibitions, Extension of sales discount/ discount on whole sales for clearance of stock and Capacity building of sales personnel.

11. MSME Champions

MSME Champions scheme has been formulated through Standing Finance Committee (SFC) by merging all 6 components of erstwhile Technology Upgradation Scheme (TUS) for a period of 5 years i.e., 2021-22 to 2025-26. It is a Holistic Approach to unify, synergize and converge various schemes and Interventions with a single purpose. The end objective is to pick up clusters and enterprises and modernize their processes, reduce wastages, sharpen business competitiveness and facilitate their National and Global reach and excellence. There are 3 components under the new MSME Champions scheme, the details of which are as below:

1. MSME-Sustainable (ZED) - launched on 28th April, 2022
2. MSME-Competitive (Lean) - launched on 10th March, 2023
3. MSME-Innovative (for Incubation, IPR, Design and Digital MSME) – launched on 10th March, 2022

The Digital MSME will be interlinked with all the other components of the MSME Champions Scheme.

12. Technology Centres

Technology Centres (also known as Tool Room & Technical Institutions) are concentrated on an integrated Development of the relevant sector of industries to help MSME. Total 18 MSME Tool Rooms & Technical institutions have been established PAN India serving in the relevant sectors. The Technology Centres are providing trained personnel, consultancy in tooling and upgradation of technologies/products in sectors like General Engineering, Foundry & Forging, Electronics, Electrical Measuring Instruments, Fragrance & Flavour, Glass, Sport Goods, and Footwear designing, besides conducting skill development training programmes.

13. Entrepreneurship Skill Development Programme (ESDP)

The Office of the Development Commissioner (O/o DC-MSME) has launched the Entrepreneurship and Skill Development Programme (ESDP) with the objective of motivating young persons representing different sections of the society. The ultimate objective is to promote new enterprises, build capacity of existing MSMEs and inculcate entrepreneurial culture in the country. This scheme

(ESDP) is implemented across the length and breadth of the country. The Activities/programs under the ESDP Scheme includes the following modules:

1. One day Entrepreneurship Awareness Programme (EAP)
2. Six weeks' Entrepreneurship-cum-Skill Development Programme (E-SDP)
3. One-Week Advance E-SDP
4. One week duration Management Development Programme (MDP) and
5. Advance MDP

14. National SC-ST Hub (NSSH)

The scheme is aimed at promoting entrepreneurship amongst the SC/ST and to fulfil the 4% procurement mandate by the CPSEs as laid down in the Central Government Public Procurement Policy and to boost entrepreneurship among SC/STs. For capacity building, market linkages and enhancement of competitiveness of SC/ST entrepreneurs, various interventions and financial assistance in the form of subsidies under various components of NSSH scheme have been introduced. Various interventions/sub schemes under the NSSH are:

1. Special Credit Linked Capital Subsidy Scheme (SCLCSS): 25% capital subsidy is provided to the SC/ST owned MSEs on institutional finance (maximum subsidy - Rs.25 Lacs) for procurement of Plant & Machinery / Equipment without any sector specific restrictions.
2. Capacity Building Training programs for skill / entrepreneurship development and distribution of toolkits post completion of training.
3. Special Marketing Assistance Scheme (SMAS): Marketing support to the SC/ST enterprises for the enhancement of competitiveness and marketability of their products by way of facilitating their participation in 4 domestic and 2 international exhibitions / trade fairs in a financial year.

4. Financial assistance for registration under Single Point Registration Scheme – 100% subsidy on registration fee and applicant has to pay token payment of Rs.100 plus GST.
 5. Reimbursement of Bank loan processing fee i.e. 80% or Rs.1 lac (excluding GST and all other applicable taxes) whichever is less in a financial year
 6. Reimbursement of Bank charges on Performance Bank Guarantee (PBG) i.e 80% or Rs.1 Lac (excluding GST and all other applicable taxes) whichever is less in a financial year.
 7. Reimbursement of Testing charges for testing of raw materials / products i.e. 80% or Rs.1 Lac (excluding GST and all other applicable taxes) whichever is less in a financial year.
 8. Reimbursement of Membership fee of Export Promotion Councils i.e. 80% or ₹ 20,000/- (excluding GST and all other applicable taxes), whichever is less in a financial year.
 9. Reimbursement of Membership fee of Government promoted e-commerce portals GeM, e-khadi, TRIFED, Tribes India, MSME Mart, etc i.e. 80% or Rs.25000/- (excluding applicable taxes), whichever is less, per financial year for new as well as renewals for SC/ST MSE.
 10. Reimbursement of short-term courses fee of top 50 NIRF ranked management institutions - 90% or Rs.1 Lac, whichever is less, maximum of 2 courses in a financial year. For maximum on-ground penetration and to provide handholding support to SC/ST entrepreneurs across their business lifecycle, 15 National SC/ST Hub Offices (NSSHOs) have been opened across the country which are also providing the handholding support for market linkage, bank loan facilitation etc.
- 15. Promotion of MSMEs in NER and Sikkim Scheme**

The Scheme includes components viz., (i) Setting up of new and modernization of existing Mini Technology Centre, Development of new and existing Industrial Estates and (ii) Development of Tourism Sector.

16. Raising and Accelerating MSME Performance Programme (RAMP) Scheme

Raising and Accelerating MSME Performance Programme (RAMP) Scheme aims at strengthening institutions and governance at the Centre and State, improving Centre-State linkages and partnerships and improving access of MSMEs to market and credit, technology upgradation and addressing the issues of delayed payments and greening of MSMEs. Three sub-schemes were launched under RAMP viz.,

- (i) MSE-GIFT (MSE Green Investment and Financing for Transformation, with an outlay of ₹ 478 crore for providing interest subvention and guarantee for MSE loans for identified green technologies)
- (ii) MSE-SPICE (MSE Scheme for Promotion of Investment in Circular Economy), with an outlay of ₹ 472.50 crore for providing 25% capital subsidy to MSEs for adopting circular economy
- (iii) MSE Scheme on Online Dispute Resolution for Delayed Payments with an outlay of Rs.188.97 crore.

ZED certification has been made free for MSME women entrepreneurs.

17. 'MSME - Trade Enablement and Marketing (MSME-TEAM) Scheme

Launched during the Udyami Bharat event on 27.06.2024, with an outlay of ₹ 277.35 crore for promotion of digitalisation of trade and commerce among MSMEs, the initiative enables and assists micro and small enterprises to onboard e-commerce platforms by assisting in catalogue preparation, account management, logistics and packaging. The Scheme aims at digital empowerment of 5 lakh MSEs, out of which 2.5 lakh MSEs will be women entrepreneurs owned MSEs. This will significantly enhance their access to market and contribute to their capacity building.

18. International Co-operation Schemes

Under the scheme, financial assistance is provided on reimbursement basis to the eligible Central/State Government

organizations/Industry Associations to facilitate participation of MSMEs in the international exhibitions held abroad, organizing international conference in India as well as reimbursement of various costs involved in export of goods and services with the aim of technology upgradation, modernization, joint venture etc.

The Ministry of Micro, Small and Medium Enterprises (MoMSME) and its organizations, through its various schemes and programmes, have been providing support to the Indian MSME sector by giving them exposure of the international market; latest technologies; sharing of experiences and best management practices in the international arena. In continuation of this, long term agreements, Memorandum of Understanding/Joint Action Plan with 19 countries have been entered into. In addition to the above, National Small Industries Corporation (NSIC) has also signed MoUs with MoMSME.

19. Promotion of Khadi, Village Industries (KVI) and Coir Sector

As a part of rationalization exercise, the Government of India merged all the existing KVI schemes/sub-schemes/components and brought these under one umbrella scheme, namely, Khadi and Gramodyog Vikas Yojana (KGVY) in 2019 and accordingly, the guidelines of the Scheme were issued by the Ministry on 8th November, 2019, with the following three components:

- a. Khadi Vikas Yojana - This sub-scheme offers end to end support in promoting Khadi Industry in the country, with the aim of increasing Khadi Production, sales, number of artisans and also employment opportunities. Under this, financial assistance is also provided for improving Infrastructure for Khadi Production.
- b. Gramodyog Vikas Yojana - This sub-scheme focuses on promoting traditional skills of rural artisans, with the main aim of meeting the developmental needs of the Village Industry sector.
- c. Khadi Grant – This is meant for meeting establishment expenses of KVIC Officers/employees.

Major Schemes being implemented by Khadi & Village Industries Commission (KVIC)

- Prime Minister's Employment Generation Programme (PMEGP)
- Modified Market Development Assistance (MMDA)
- Interest Subsidy Eligibility Certificate (ISEC) Scheme
- Work-shed Scheme for Khadi Artisans
- Strengthening of Infrastructure of Existing Weak Khadi Institutions and Assistance for Marketing Infrastructure
- Khadi Reform and Development Programme (KRDP)
- Honey Mission
- Kumbhar Shashaktikaran Programme
- Village Industries
- Science & Technology (S&T)
- Capacity Building

Schemes implemented by Coir Board

- Coir Vikas Yojana (CVY)
- Science & Technology (S & T) and Skill Upgradation Programmes
- Mahila Coir Yojana (MCY)
- Entrepreneurship Development Programme (EDP)
- Regular Training Programmes
- Export Market Promotion
- Domestic Market Promotion
- Welfare Measures
- Trade and Industry Related Functional Support Services (TIRFSS)

Few recent initiatives to support MSMEs via the Union Budget 2024-25:

- A credit guarantee scheme to allow MSMEs to purchase machinery and equipment without collateral or a third-party guarantee. MSMEs in manufacturing can access collateral free loans with up to INR 100 crore as guarantee.
- Mudra loan limit for the 'Tarun' category has been increased to ₹20 lakh (which was earlier Rs.10 lakh) for borrowers who have previously repaid loans under this category.
- The onboarding turnover threshold for buyers on the Trade Receivables Discounting System (TReDS) platform has been lowered from ₹500crore to ₹250crore.
- Mechanism to facilitate bank credit support to MSMEs under distress, thus maintaining their financial stability and the continuity of their operations.
- Over 100 National Accreditation Board for Testing and Calibration Laboratories (NABL) accredited food testing labs would be set up with the aim of ensuring quality and safety of food products.
- Creation of e-commerce hubs that will encourage exports, through public-private partnerships, aimed at assisting MSMEs to reach international markets, increase their worldwide competitiveness and help them in entering the export market.
- 12 plug-and-play industrial parks to be developed under the National Industrial Corridor Development Programme in India (NICDP).

Various measures including ongoing schemes to ensure sufficient financial accessibility and seamless credit to Micro, Small and Medium Enterprises (MSMEs) include the following:

- Prime Minister's Employment Generation Programme (PMEGP) - a major credit-linked subsidy programme aimed at generating self-employment;
- Pradhan Mantri Mudra Yojna (PMMY) - for providing loans up to ₹ 10 lakh, to non-corporate, non-farm micro/small enterprises;

- Credit Guarantee Scheme – to strengthen credit delivery system and to facilitate the flow of credit to the Micro and Small Enterprise sector without the hassles of collateral and third party guarantee;
- Collateral free loan up to a limit of ₹ 5 crore (w.e.f. 01.04.23) to MSEs with guarantee coverage up to 85 % for various categories of loan through Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) under Credit Guarantee Scheme.
- ₹ 50,000 crore equity infusion through Self Reliant India (SRI) Fund;
- Launch of Udyam Assist Platform on 11.01.2023 to bring Informal Micro Enterprises (IMEs) under the formal ambit of MSME for availing the benefits under Priority Sector Lending;
- Inclusion of Retail and Wholesale traders as MSMEs for the purpose of availing Priority Sector Lending benefits, w.e.f. 02.07.2021;
- Non-tax benefits extended for 3 years in case of an upward change in status of MSMEs;
- Roll out of Raising and Accelerating MSME Performance (RAMP) programme with an outlay of Rs.6,000 crore over 5 years.
- Trade Receivable Discounting System (TReDS) to facilitate the financing of trade receivables of MSMEs from corporate and other buyers including government departments and public-sector undertakings (PSUs) through multiple financiers electronically:

Support and Outreach Programme for MSMEs announced on 2nd November, 2018 (and its status as on 01.01.2024) is as under:

- Launch of 59-minute loan portal to enable easy access to credit for MSMEs. In-principle approval of loans up to ₹ 1 crore through the portal. Portal link through GST portal.
- 2% interest subvention for all GST registered MSMEs, on incremental credit. [Note - The scheme was in operation till 31.03.2021]
- Increase in interest rebate from 3% to 5% for exporters who receive loans in the pre-shipment and post-shipment period. [Note - The

Interest Equalization Scheme was extended up to 31.03.2024 vide RBI circular dated 08.03.2022]

- Companies with turnover of more than Rs.500 crore to be brought on the Trade Receivables e-Discounting System (TReDS) to enable entrepreneurs to access credit based on upcoming receivables. [Note - Gazette notification issued.]
- All CPSUs to be onboarded on TReDS Platform.
- Central Public Sector Undertaking (CPSUs) units to make mandatory procurement of 25% instead of 20% from MSEs. [Note - Gazette Notification issued.]
- CPSUs to make mandatory procurement of 3% from Women Entrepreneurs out of 25% mandatory procurement.
- CPSUs to compulsorily be part of Public Procurement Portal GeM- Government e-Marketplace.
- 20 Hubs and 100 Spokes in the form of Tool Rooms for Technological Upgradation to be established across the country with a fund allotment of ₹ 6000 crore. [Note – The scheme has been approved for implementation upto 2025-26]
- Clusters for Pharma MSMEs to be formed and supported with 70% Govt. of India assistance
- Only one annual return to be filed for 8 Labour laws and 10 Union regulations to simplify Government procedures.
- Computerized random allotment for visits to firms by Inspectors to simplify Government procedures.
- Environment Clearance and Consent to establish unit, under air pollution and water pollution laws, to be merged into a single consent. Return to be accepted on the basis of Self-Certification.
- Ordinance has been promulgated to enable entrepreneurs to correct the minor violations under the Companies Act through simple procedures rather than to approach Courts. [Note - Ordinance promulgated on 02.11.2018 by the Ministry of Corporate Affairs has now become Companies (Amendment) Act, 2019.]



Professional Opportunities in MSME Sector

The MSME sector is a dynamic and vibrant sector of the Indian economy. As the economy is growing, it is undergoing important structural changes which are making an impact on MSME sector too. This creates a requirement for a virtual assistance professional – a single person or an association of persons – who like an outsourced service provider, offers highly skilled assistance in the requirements of the micro, small or medium enterprise, just like the professional does for large organizations. Various areas can be tremendous opportunity areas in the MSME sector.

Technology and Innovation

Entrepreneurship is driven by technology and innovation. It is envisioned that the MSME sector will be upgraded through modern and new technologies to achieve global quality standards. Niche markets will be identified and developed for MSME products, including khadi and coir products. Technology will be the foremost factor for enhancing the global competitiveness of Indian MSME Sector. There will be tremendous opportunity in technology acquisition and support.

Skilled Manpower

India has a large capital of human resources. There is tremendous opportunity in the MSME sector for skilled manpower. Skill development and training of existing workers and entrepreneurs is necessary for enhancing managerial capabilities, brand building capacity and developing new marketing channels.

Credit and Finance Availability

Credit availability in the MSME sector is a major cause of concern. Apart from access to bank credit, alternate routes for equity funding through angel funding, venture capital, private equity etc. as well as facilitating entry to capital markets through Initial Public Offers (IPOs) and specialized exchanges for SMEs is on the cards. The Government too proposes to attract investors to the MSME sector by appropriate regulatory framework and other incentives.

Carbon Credits for MSMEs

Public awareness of the threat of climate change has risen sharply in the last couple of years and an increasing number of businesses, organizations and individuals are looking to minimize their impact on the climate. Reaping the benefits of the new instruments like carbon credit, environment and ecological balance have gained global significance. The MSME sector is required to be empowered to face the future challenges. However, the MSMEs will need the help of professionals in the field of carbon credits & environmental issues and experts from Government sector to help them to get the benefit of carbon credit.

Professional Opportunities in MSME Sector

MSMEs even though small in size, are an enterprise, and in being so, a huge list of laws of the country become applicable to them. These laws will be enacted either by the Central Government or State Government. The MSMED Act 2006 too lays down certain technicalities for MSMEs. At the same time knowledge of certain important provisions under Industrial (Development and Regulation) Act, 1951 is required. The entrepreneurs may or may not have such technical knowledge and expertise to comply with the innumerable requirements expected of the MSMEs.

The Professionals, being aptly equipped with their varied knowledge are the ideal persons to assist the MSMEs in this respect by performing the following services:

1. Counseling of MSMEs for the rights and benefits available to them. Advising MSME for simpler and faster flow of funds and ensure accurate targeting of the beneficiaries of the schemes.
2. Assistance in obtaining credit and finance availability
3. Advisory role in formation, Registration, taxation and foreign direct investment. With the introduction of Goods and Services Tax (GST), the professionals will need to perform both advisory and assistance with respect to the same
4. Assistance in compliance with the technicalities laid down by the MSMED Act 2006 itself like: Classification of industries; Registration under the Act; Procedure of Registration; Disclosure Requirement etc.
5. Ensuring compliance with rules and guidelines pertaining to MSMEs

6. MSMEs even though small in size, are an enterprise, and a huge number of laws of the country become applicable to them. The entrepreneurs may not necessarily have such technical knowledge and expertise to comply with the innumerable requirements expected of the MSMEs and the professionals can assist in the same.
7. Assistance in obtaining several clearances or permissions depending upon the nature of unit and products manufactured.
8. Help large scale enterprises form systems to ensure that they comply with the deadlines for payment of any goods or services supplied by MSMEs.



Useful Websites

Micro, Small and Medium Enterprises

1. Ministry of Micro, Small and Medium Enterprises - <https://msme.gov.in/>
2. Single window access to useful links specific to MSMEs - MyMSME - <https://my.msme.gov.in/MyMsme/Reg/Home.aspx>
3. Public Procurement Policy monitoring portal - https://sambandh.msme.gov.in/PPP_Index.aspx
4. Online placement portal - <https://sampark.msme.gov.in/>
5. Delayed payment monitoring system - https://samadhaan.msme.gov.in/MyMsme/MSEFC/MSEFC_Welcome.aspx
6. Udyam Registration (UR) - <https://udyamregistration.gov.in/Government-India/Ministry-MSME-registration.htm>
7. Udyam Assist Platform - <https://udyamassist.gov.in/faq>
8. MSME Champions portal - <https://champions.gov.in/Government-India/Ministry-MSME-Portal-handholding/msme-problem-complaint-welcome.htm>
9. MSME databank - <https://www.msmedatabank.in/>
10. MSME Dashboard - <https://dashboard.msme.gov.in/dashboard.aspx>
11. Development Commissioner - <https://dcmsme.gov.in/>
12. Khadi and Village Industries Commission (KVIC) - <https://www.kvic.gov.in/kvicres/index.php>
13. Coir Board - <http://coirboard.gov.in/>
14. National Small Industries Corporation (NSIC) - <https://www.nsic.co.in/>
15. Schemes of NSIC - <https://msme.gov.in/schemes/schemes-national-small-industries-corporation>

16. National Institute for MSMEs (NIMSME) - <https://www.nimsme.org/>
17. Mahatma Gandhi Institute for Rural Industrialization - <https://mgiri.org/>
18. SFURTI - <https://sfurti.msme.gov.in/SFURTI/Home.aspx>
19. ASPIRE - <https://aspire.msme.gov.in/ASPIRE/AFHome.aspx>

Trade Promotion, Industry Associations & Export Promotion Councils

1. India Trade Promotion Organisation (ITPO) (<https://www.indiatradefair.com/>) is the premier trade promotion agency of the Ministry of Commerce & Industry, Government of India.
2. Federation of Indian Export Organisations (<https://fieo.org/>) is the apex trade promotion organisation in India set up by the Ministry of Commerce, Government of India, and the private trade and industry segment in 1965.
3. Three important websites have been developed and maintained by FIEO:
 - Indian Trade Portal – containing trade information of 98 Countries - <https://www.indiantradeportal.in/>
 - Indian Business Portal – exclusive marketplace for exporters registered in India - <https://www.indianbusinessportal.in/>
 - Ease of Logistics Portal - brings Exporters and Logistic service providers on a single platform.
4. National Chambers of Commerce:
 - Confederation of Indian Industry (CII) (<https://www.cii.in/>)
 - Federation of Indian Chambers of Commerce & Industry (FICCI) (<https://www.ficci.in/api/home>)
 - Federation of Indian Export Organisations (FIEO) (<https://fieo.org/>)
 - Federation of Indian Micro and Small & Medium Enterprises (FISME) (<https://fisme.org.in/>)
 - Associated Chambers of Commerce and Industry of India (ASSOCHAM) (<https://www.assochem.org/>)
 - Indian Chamber of Commerce (<https://indianchamber.org/>)

5. Industry Associations in India:

- National Association of Software and Services Companies (NASSCOM) (<https://nasscom.in/>)
- Automotive Components Manufacturers Association of India (ACMA) (<https://www.acma.in/>)
- Builders' Association of India (<https://www.baionline.in/>)
- Cement Manufacturers' Association (<https://www.cmaindia.org/>)
- Consulting Engineers Association of India (<https://www.ceai.org.in/>)
- All India Plastics Manufactures Association (<https://www.aipma.net/>)
- Indian Drug Manufacturers Association (IDMA) (<https://idma-assn.org/>)
- All India Distillers' Association (<https://www.aidaindia.org/>)
- Indian Electrical & Electronics Manufacturers' Association (IEEMA) (<https://ieema.org/>)
- Indian Chemical Council (<https://www.indianchemicalcouncil.com/>)
- Hotel Association of India (<https://hotelassociationofindia.com/>)
- National Restaurant Association of India (<https://nrai.org/>)
- Federation of Hotel & Restaurant Associations of India (FHRAI) (<https://www.fhrai.com/>)
- Indian Machine Tool Manufacturers' Association (<https://www.imtma.in/>)
- Internet Service Providers Association of India (ISPAI) (<https://www.ispai.in/>)
- Internet and Mobile Association of India (IAMAI) (<https://www.iamai.in/>)

- Indian Small Scale Paint Association (<http://www.isspa.org/>)
 - The Solvent Extractors' Association of India (<https://seaofindia.com/>)
 - Electronic Industries Association of India (<https://elcina.com/>)
 - The Fertiliser Association of India (FAI) (<https://www.faidelhi.org/>)
 - Indian Sugar Mills Association (<https://www.indiansugar.com/>)
 - Tools & Gauge Manufacturers Association of India (<https://www.tagmaindia.org/>)
 - Indian Association of Tour Operators (<https://www.iato.in/>)
 - Indian Agro & Recycled Paper Mills Association (<https://www.iarpma.org/>)
 - Self Employed Women's Association (<https://www.sewa.org/>)
 - Organization of Plastic Processors of India (<https://oppindia.org/>)
 - Pesticides Manufacturers & Formulators Association of India (<https://www.pmfaiindia.org/>)
 - Cellular Operators Association of India (COAI) (<https://coai.com/home>)
 - Indian Wind Turbine Manufacturers Association (<https://www.indianwindpower.com/>)
 - Manufacturers Association for Information Technology (<https://www.mait.com/>)
 - Indian Footwear Components Manufacturers Association (<https://www.ifcoma.org/>)
 - Indian Tea Association (<https://www.indiatea.org/>)
6. Regional / State Level Chambers of Commerce:
- The Cochin Chamber of Commerce & Industry (<https://www.cochinchamber.org/>)

- The Federation of Andhra Pradesh Chambers of Commerce and Industry (<https://www.fapcci.in/>)
 - Indian Merchants Chamber (<https://www.imcnet.org/>)
 - Bombay Chamber of Commerce & Industry (<https://bombaychamber.com/>)
 - Gujarat Chamber of Commerce and Industry (<https://www.gujaratchamber.org/>)
 - Gurgaon Chamber of Commerce and Industry (<http://www.gurgaonchamber.org/>)
 - Goa Chamber of Commerce and Industry (<https://www.goachamber.org/>)
 - Southern Gujarat Chamber of Commerce and Industry (SGCCI) (<https://sgcci.in/>)
 - Kanara Chamber of Commerce and Industry (<https://www.kanarachamber.com/>)
 - Udaipur Chamber of Commerce and Industry (<https://ucciudaipur.com/>)
 - Bengal National Chamber of Commerce & Industry (<https://www.bncci.com/>)
 - Delhi Chamber of Commerce (<http://www.delhichamber.com/>)
 - Rajasthan Chamber of Commerce & Industry (<https://www.rajchamber.com/>)
 - Southern India Chamber of Commerce (<https://sicci.in/>)
7. Bi-Lateral Chambers of Commerce:
- Indo-American Chamber of Commerce (<https://www.iaccindia.com/>)
 - American Chambers of Commerce in India (<https://amchamindia.com/>)
 - Indo-Arab Chamber of Commerce & Industries (<https://iacci.org/>)

- Indo-American Chamber of Commerce of Greater Houston (<https://www.iaccgh.com/>)
 - Indo-Canada Chamber of Commerce (<https://www.iccconline.org/>)
 - Georgia Indo-American Chamber of Commerce (<http://giacc.net/>)
 - Indo German Chamber of Commerce (IGCC) (<https://indien.ahk.de/>)
 - Indo-Italian Chamber of Commerce & Industry (<https://www.indiaitaly.com/>)
 - Indo-Thai Chamber of Commerce (<https://itccthailand.com/>)
 - SICC - Swiss-Indian Chamber of Commerce (<https://sicc.ch/>)
 - US - India Chamber of Commerce (<https://www.usaindiachamber.org/speaker.php>)
 - Indo-French Chamber of Commerce & Industry (<https://www.ifcci.org.in/>)
 - Florida Indo-US Chamber of Commerce (<https://indo-us.org/>)
 - Kuala Lumpur & Selangor Indian Chamber of Commerce and Industry (<https://klsicci.com.my/>)
8. International Trade Organizations:
- For Trade related Organizations outside India - https://fieo.org/view_section.php?lang=0&id=0,34,552

9. Export Promotion Councils

The Export Promotion Councils (EPCs) are set up with the objective to promote and develop Indian exports. Each Council is responsible for promotion of a particular group of products/projects/ services. As on 31.7.2023, there are a total of 39 Export promotion councils and commodities boards, out of which there are 30 EPCs and 9 Commodities Boards.

Commodities Boards:

1. Coffee Board

2. Coir Board
3. Rubber Board
4. Spices Board
5. Tea Board
6. Tobacco Board
7. Agricultural and Processed Food Products Export Development Authority (APEDA)
8. Coconut Development Board
9. Marine Products Export Development Authority (MPEDA)

Export Promotion Councils:

1. Apparel Export Promotion Council
2. Basic Chemicals, Cosmetics & Dyes Export Promotion Council (CHEMEXCIL)
3. Carpet Export Promotion Council
4. CAPEXIL
5. Cotton Textiles Export Promotion Council
6. Council for Leather Exports
7. EEPIC INDIA (Formerly Engineering Export Promotion Council)
8. Electronics & Computer Software EPC
9. Export Promotion Council for Handicrafts
10. Export Promotion Council for EOUs & SEZ Units
11. Federation of Indian Export Organizations (FIEO)
12. Gem & Jewellery Export Promotion Council (GJEPC)
13. Handloom Export Promotion Council
14. Indian Oil Seeds & Produce Export Promotion Council (IOPEPC)

15. Indian Silk Export Promotion Council
16. Jute Products Development and Export Promotion Council
-(JPDEPC)
17. Pharmaceuticals Export Promotion Council of India
(PHARMEXCIL)
18. Plastics Export Promotion Council
19. Power loom Development & Export Promotion Council
20. Project Exports Promotion Council of India
21. Services Export Promotion Council (SEPC)
22. Shellac & Forest Products Export Promotion Council
(SHEFEXIL)
23. Sports Goods Export Promotion Council (SQEPC)
24. Synthetic & Rayon Textiles Export Promotion Council
25. Telecom Equipment and Services Export Promotion Council
(TEPC)
26. Wool Industry Export Promotion Council
27. Wool & Woollens Export Promotion Council
28. Mobile and Electronic Devices Export Promotion Council
(MEDEPC)
29. Export Promotion Council for Medical Devices
30. AYUSH Export Promotion Council (AYUSHEXCIL)



About The Author



CA. (Dr.) Adukia Rajkumar Satyanarayan
ICAI Central Council Member 1998-2016 and 2022-2025
Chairman of Board of Studies, ICAI
Vice-Chairman, Research Committee, ICAI
Convener – ICAI VISION Document 2049
Chairman of SAFA Committee on Education, Training and CPD
IFAC Board Technical Advisor
Author of more than 350 books & Global Business, NLP Practitioner, Professional Growth & Motivational Coach; Passionate to make everyone Speaker, Writer, Acquiring New Knowledge, Professional Qualifications, Growth in Business & Promotion As CEO
Member IFAC-PAIB committee 2001-04; Member IFRS SMEIG London 2018-2020
Ex-director - SBI Mutual Fund, BOI Mutual Fund, Global Mediator and International arbitrator
B. Com (Hons), M. Com, FCA, FCS, FCMA, LL. B, LLM (Constitution), MBA, Ph. D, Dip CG, Dip IFRS (UK), DLL&LW, Dip IPR, Dip in Criminology, Mediation, IP(IBBI), MBF, Dip HRM, Dip Cyber Law
20+ Certificate courses; 75+ Self Development Courses
Student of: MA (Psychology), MA (Economics), PGD CSR, PGD Crime Investigation, IBBI (RV) ++++++
Ranks ALL INDIA 1st in Inter CA; 6th in CA Final; 3rd in CMA Final, 5th in Mumbai University +++
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Current Positions

- ICAI Central Council Member
- Chairman of Board of Studies, ICAI
- Vice-Chairman, Research Committee, ICAI
- Convener – ICAI VISION Document 2049
- Chairman of SAFA Committee on Education, Training and CPD
- IFAC Board Technical Advisor

Contribution to the Profession & Economy

1. Served on almost all committees of ICAI as Member and/or Chairman/Vice-Chairman:
2. International Member of Professional Accountants in Business Committee (PAIB) of International Federation of Accountants (IFAC) from 2001 to 2004
3. Member of Inspection Panel of Reserve Bank of India
4. Member of J.J. Irani Committee (which drafted Companies Bill 2008)
5. Member of Secretarial Standards Board of ICSI
6. Member of Working Group of Competition Commission of India, National Housing Bank, NABARD, RBI, CBI etc.
7. Independent Director of Mutual Fund Company and Asset Management Company.
8. Worked closely with the Ministry of Corporate Affairs on the drafting of various enactments.
9. Served as Independent Director of SBI Funds Management Private limited and Bank of India Asset Management Co. Ltd.
10. Served as Independent director at ICAI Accounting Research Foundation - Section 8 company
11. Actively involved with ICAI as a Central Council Member during the period when the convergence to IFRS was conceptualized in India and has been instrumental in materializing the idea.

12. Group Leader at several Study Circles organized by Professional associations at Mumbai and many places in India. Some of the Study Circles were organized by: i) Study Circle of Western India Regional Council of ICAI at various places; ii) Bombay Chartered Accountants Society; iii) Chamber of Income-tax Consultants and iv) Sales Tax Practitioners' Association of Maharashtra

Contribution to Education & Training

1. Address to Insolvency and Bankruptcy Board of India
2. Address to Institute of Chartered Accountants of India
3. Address to Institute of Company Secretaries of India
4. Address to Institute of Cost Accountants of India
5. Address to Chamber of Indian Micro Small & Medium Enterprises
6. Speaker in IIA's 2013 International Conference in Orlando on Green Audit.
7. Faculty at Indian Institute of Corporate Affairs for courses on Insolvency Laws and Corporate laws.
8. Faculty Speaker in Workshop on Risk Management for Bankers organized by CAFRAL (Centre for advanced Financial Research and Learning)
9. Faculty at National Institute of Securities Management (NISM) and Indian Institute of Corporate Affairs (IICA.)
10. Addressed the Program for Principal Inspecting Officers & Inspecting Officers by Reserve Bank of India- Department of Non-Banking Supervision.
11. Addressed the National apex Chamber of Commerce and State apex Chamber of Commerce including his address to ASSOCHAM, Confederation of Indian Industry (CII), Federation of Indian Chamber of Commerce and Industry (FICCI), and All India Manufacturers Organization(AIMO).
12. Addressed the CBI officers, officers of Serious Fraud Investigation Office (SFIO), and various State Police Academies.

13. Addressed the SCOPE- Standing Conference of Public Enterprises which is an apex professional organization representing the Central Government Public Enterprises. It has also some State Enterprises, Banks and other Institutions as its members.
14. Addressed the National Academy of Audit and Accounts (NAAA)
15. Addressed Congress of Fiji Institute of Chartered Accountants

My contribution to Government and Global level

1. Member of International Federation of Accountants – professional accountants in business committee - 2001-2004
2. Addressed twice international annual seminar of Institute of Internal auditors
3. Addressed international seminar of association of certified fraud examiners
4. Addressed international seminar of ISACA
5. Gave training to official of Comptroller and Auditor General, Central Bureau of Investigations, officials of various ministries
6. Addressed to almost all training forums of Government of India
7. Visited 90% branches of ICAI and addressed students and members
8. Member of IFRS foundation - small and medium enterprises implementation group - 2018 to 2020
9. On board of SBI mutual fund, BOI Mutual fund
10. Member of Standards board of ICAI, ICSI & ICMAI
11. Addressed Reserve Bank of India officials and officers of many private and public sector banks

Positions held in Past

1. INSOL India National Committee for Regional Affairs
2. International Financial Reporting Standards (IFRS) Foundation SME Group

3. CAG Advisory Committee
4. Quality Review Board, Government of India
5. International Member of Professional Accountants in Business Committee (PAIB) of International Federation of Accountants (IFAC) from 2001 to 2004
6. Member of Inspection Panel of Reserve Bank of India
7. Member of J.J. Irani committee (which drafted Companies Bill 2008)
8. Member of Working Group of Competition Commission of India, National Housing Bank, NABARD, RBI, CBI etc.
9. President - Association of Indian Investors (A Section 8 Company)
10. Visiting Lecturer at S.P. Jain Institute of Management, Intensive Coaching Classes for Inter & Final CA organized by WIRC of ICAI.
11. Hon. Consultant to Bombay Industries Association and many trade bodies.
12. Faculty member for Entrepreneurship Development Programme of Ministry of Industrial Development, Government of India
13. Lecturer at Intensive Coaching Classes conducted by Institute of Chartered Accountants of India for Intermediate & Final C.A. students.
14. Faculty at Direct Taxes Regional Training Institute of CBDT, SFO, CBI and many regulators and banking institutions
15. Hon. Sec. of Western India Regional Council of Institute of Chartered Accountants of India in 1991-92 and Chairman of WIRC in 1997-98.
16. Hon. Sec. of All-India Importers & Exporters Association.
17. President of Rotary Club of Bombay Sea Pearl.
18. Hon. Sec. of All India Manufacturers' Organisation.
19. Hon. Sec. of Western India Chamber of Commerce

Academic Achievements

1. Graduated from Sydenham College of Commerce & Economics & was adjudged Best Student of College, winner of many Scholarships including most coveted award of the college 'Jeejeebhoy Cup for Proficiency & Character'
2. Secured Fifth Rank in Bombay University in April, 1980.
3. Received Gold Medal for highest marks in Accountancy & Auditing in B.Com. Examination.
4. Secured First Rank in Inter CA in November, 1981.
5. Received G. P. Kapadia prize for the best student of the year 1981.
6. Secured Sixth Rank in Final CA in May, 1983.
7. Secured Third Rank in Final I.C.W.A in December, 1983.

Awards and Accolades

1. Recipient of Samajratna Award by Government of Rajasthan.
2. "Rajasthan Shree" by Rajasthan Udgosh, a noted Social Organization of Rajasthan
3. Winner of Rifacimento International award for Asia's Who's Who of Men and Women of achievement. My bio data is published in Reference Asia.
4. State Trainer by the Indian Junior Chamber
5. Winner of National Book Honors Award, 2018



Some Other Publications Authored by CA (Dr.) Rajkumar Adukia

HOW TO BECOME SUPER SUCCESSFUL BY EXPLORING UNLIMITED OPPORTUNITIES

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Chief Advisor

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Mr. Rishabh Adukia

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By: CA. (Dr.) Adukia Rajkumar Satyanarayan

Author of more than 300 books & Global business, professional growth and motivational coach

Member ICAI-IPFR committee 2001-2004, Member IPFR SMEIS London 2016-2020, Supervisor - IBSB mutual fund, IBSB mutual fund, global mediator and international arbitrator, B. Com (Hons.), M. Com, FCA, FCF, FCMA, LL.B., LL.M (Constitution), Dip. CE, MBA, Dip. IPFR (S&P), D.L.L.M., Dip. CE, IPFR (S&P), CE (Investing), MBA, Cyber Law, D.L.L.M., Mutual Fund, Entrepreneurship and Business Science, Ph.D. (Medicine), IPFR (S&P), NEFT certificate courses 20 plus, self development courses 75 plus, Student of MA (Psychology), MA (Economics), PGD CSR, PGD Crime Investigation IBSB (RV) *****

Ranked ALL INDIA 1st in Inter CA, 6th in CA Final, 3rd in CMA Final, 5th in Mumbai University ***
 Chairman Institute ICAI 1997, Council Member ICAI 1998-2016 & 2022-23

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CA. (Dr.) Adukia
Rajkumar Satyanarayan

Author of more than 300 books & Global Business, Professional Growth and Motivational Coach
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 Director ICAI-IPFR committee 2001-2004, Member IPFR SMEIS London 2016-2020, Supervisor - IBSB mutual fund, IBSB mutual fund, global mediator and international arbitrator, B. Com (Hons.), M. Com, FCA, FCF, FCMA, LL.B., LL.M (Constitution), Dip. CE, MBA, Dip. IPFR (S&P), D.L.L.M., Dip. CE, IPFR (S&P), CE (Investing), MBA, Cyber Law, D.L.L.M., Mutual Fund, Entrepreneurship and Business Science, Ph.D. (Medicine), IPFR (S&P), NEFT certificate courses 20 plus, self development courses 75 plus, Student of MA (Psychology), MA (Economics), PGD CSR, PGD Crime Investigation IBSB (RV) *****

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Author's Profile

CA (Dr.) Rajkumar S Adukia

Author of more than 350 books & Global business, Professional Growth and Motivational Coach, NLP Master Practitioner, Thought Leader

Passionate to make anyone Global Speaker, Writer, Entrepreneur, Global Practitioner, Acquiring New Knowledge, Professional Qualifications, Growth in Business & Promotion As CEO.

My Profile:

Educational Qualification

- ❶ Educational Qualification - B. Com (Hons), M. Com, FCA, FCS, FCMA, LL. B, LLM, Ph. D, MBA, Dip CG, Dip IFRS (UK), DLL&LW, Dip IPR, Dip in Criminology, Mediation, IP(IBBI), MBF, Dip HRD, Dip Cyber Law
- ❷ All India Ranks - AIR 1st Rank in CA-Inter; AIR 6th Rank in CA-Final; AIR 3rd Rank in CMA-Final, AIR 5th Rank in Mumbai University
- ❸ 20+ Certificate courses; 75+ Self Development Courses
- ❹ Ex-director - SBI Mutual Fund, BOI Mutual Fund
- ❺ ICAI Central Council Member 1998-2016 and 2022-2025

CA (Dr.) Adukia left no stone unturned during his career spanning more than 40 years. He is ever enthusiastic and passionate to mentor, guide and assist in matters of professional growth, self-development and goal fulfillment. He is renowned for his competency in identifying new professional opportunities and accelerating professional growth. His education, skill-set, experience, networking aptitude and a positive go-getter mindset make him a sought after professional. Having addressed more than 100 International Conferences, he has shared his vast experience through training, workshops & professional services with banks, financial institutions, corporate, Government departments and Regulators.