

THE SINDHUK

THE WORLD'S FAVOURITE TRADING MAGAZINE



Indian People Start
MSME

Target view on
INDIAN MARKET

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MSME

BY SUTIRTHA MALAKAR

What is meant by MSME?

An Introduction. MSME stands for Micro, Small, and Medium Enterprises. In accordance with the Micro, Small, and Medium Enterprises Development (MSMED) Act in 2006, the enterprises are classified into two divisions.

“ALL OUR DREAMS CAN COME TRUE, IF WE HAVE THE COURAGE TO PURSUE THEM.”- WALT DISNEY

Benefits of MSME Registration :-

- MSME registration helps in getting government tenders.
- Under bank loan, 15% import subsidy on fully automatic machinery.
- Becomes easy to get licenses, approvals and registrations, irrespective of field of business.
- Compensation of ISO certificate expenditure.
- Helps in getting low interest rates.





MICRO, SMALL, AND MEDIUM ENTERPRISES IN INDIA – AN EXPLAINER


BY BISWAJIT MALAKAR

India's Micro, Small, and Medium Enterprises (MSMEs) base is the largest in the world after China. The sector provides a wide range of services and is engaged in the manufacturing of over 6,000 products – ranging from traditional to hi-tech items. Given the government of India's 'Make in India' push, along with a push to attract greater FDI, the Indian MSMEs sector is poised for rapid growth and integration with major global value chains. As per the official estimates, there are about 63.05 million micro industries, 0.33 million small, and about 5,000 medium enterprises in the country. The state of Uttar Pradesh has the largest number of estimated MSMEs with a share of 14.20 percent of the total MSMEs in the country. West Bengal comes as close second with a share of 14 percent, followed by Tamil Nadu and Maharashtra at eight percent. The spread of COVID-19 in India and consequent lockdown has stressed national economic growth and put financial pressure on businesses. In light of this, the government has announced changes to the way it will categorize MSMEs.

How do you qualify as an MSME in India?

The definition of who qualifies as a micro, small, and medium-sized enterprise (MSME) in India has changed based on investment and turnover. The new definition will apply to both manufacturing and services MSMEs in India.

Revision to definition announced on May 13, 2020 Enterprises with investment up to INR 10 million (US\$132,521), turnover up to INR 50 million (US\$662,715) are defined as micro units. Enterprises with investment up to INR 100 million (US\$1.3 million), turnover up to INR 500 million (US\$6.62 million) are defined as small units. Enterprises can qualify as medium-sized units if they have investment up to INR 200 million (US\$2.6 million), turnover up to INR 1 billion (US\$13.24 million). Uptil now The Micro, Small and Medium Enterprises Development (MSMED) Act, 2006, had governed the coverage and investment ceiling of MSMEs in India and the Act recognized two categories of MSMEs – manufacturing and services. Details on how the latest changes will be reflected in legal amendments is now awaited.

The background image shows a market stall with various produce. In the foreground, there are several bunches of yellow bananas and a large pile of round, light-colored fruits, possibly mangoes or apples, some in a plastic bag. A person is partially visible on the right side of the frame, wearing a white shirt. The overall scene is set against a backdrop of a building with a white lattice window and corrugated metal walls. A large, semi-transparent cyan rectangle is overlaid on the center of the image, containing the text.

“The way to get started is to quit talking and begin doing.”

- WALT DISNEY:

COVID-19 SPECIAL RELIEF ANNOUNCED IN FIRST TRANCHE OF ECONOMIC PACKAGE ON MAY 13, 2020: MEASURES THAT WILL HELP MSMEs



COVID-19 VS MSME



BY SUTIRTHA MALAKAR

As the finance minister, Nirmala Sitharaman, is expected to announce other aspects of the economic package this week, foreign investors should track announcements released on the websites of the corporate affairs ministry, MSME ministry, and the finance ministry to stay updated. Consult with our India offices so we can help your business navigate the new changes and avail of incentive schemes and regulatory relaxations. Collateral free loan of INR 3 trillion (US\$39.84 billion) for MSMEs with a turnover up to INR 1 billion (US\$13.24 million). This will benefit 4.5 million units so that they can resume work and save jobs. This scheme can be availed till October 31, 2020. For stressed MSMEs, subordinate debt provision of INR 200 billion (US\$2.65 billion) has been announced for 200,000 MSMEs. Equity infusion worth INR 500 billion (US\$6.6 billion) through special fund for MSMEs that have viable operations but need handholding due to COVID-19. A fund of funds with corpus of INR 100 billion (US\$1.3 billion) will be set aside to assist the capacity expansion of these units, including enabling them to get listed on the market should they choose that. Global tenders not allowed for government procurement of up to INR 2 billion (US\$26.5 million). To compensate for cancelled trade fairs, the Indian government will set up online market linkages. A reduction of 25 percent on the Tax Deducted at Source (TDS) and Tax Collected at Source (TCS) from May 14, 2020 to March 31, 2021. The deadline for all income tax return filings will be extended from July 31, 2020 to November 30, 2020. The Vivaad se Vishwas scheme, addressing disputes on indirect tax payments, has been extended till December 31, 2020. All pending refunds to charitable trusts and non-corporate businesses and professions, including proprietorship, partnership, LLP and co-operatives to be issued immediately. Statutory provident fund contributions for all private sector organizations and their employees covered by the EPFO will be reduced to 10 percent from 12 percent. Tax audit deadline from September 30, 2020 to October 31, 2020.

HOW CAN I GET MONEY FROM MSME?

- Micro Enterprises - investment up to Rs. 25 lakh.
- Medium Enterprises - investment above Rs. 5 crore & up to Rs....

The general conditions for getting financial assistance are: Eligibility criteria. Technical /Economic viability. Promoters contribution. Capacity to repay loan. Collateral securities/guarantee.

HOW CAN I APPLY FOR MUDRA LOAN?

How can I apply for Mudra loan? Mudra loans under Pradhan Mantri Mudra Yojana (PMMY) can be availed of from nearby branch office of a bank, NBFC, MFIs etc. Borrowers can also now file online application for MUDRA loans on Udyamimitra portal (www.udyamimitra.in).

HOW IS EMI INTEREST CALCULATED?

The mathematical formula for calculating EMIs is: $EMI = [P \times R \times (1+R)^N] / [(1+R)^N - 1]$, where P stands for the loan amount or principal, R is the interest rate per month [if the interest rate per annum is 11%, then the rate of interest will be $11 / (12 \times 100)$], and N is the number of monthly instalments.



CIBIL Score is a 3 digit numeric summary of your credit history, derived by using details found in the 'Accounts' and 'Enquiries' sections on your CIBIL Report and ranges from 300 to 900. The closer your score is to 900, the higher are the chances of your loan application getting approved. 4.

Your CIBIL score, calculated based on your credit behavior as reflected in the 'Accounts' and 'Enquiries' section of your CIR, ranges between 300-900. A score above 700 is generally considered good.

