



# RECENT DEVELOPMENT IN MSME'S THROUGH SELF RELIANT INDIA SCHEME

**CMA Gadde Shareesh**  
Practicing Cost Accountant

**R**ecently GOI called for self-reliant India ("Atmnirbhar Bharat"). To support this scheme government has announced various measures to MSMEs sectors. Some of them are 3 lakh crore collateral free automatic loans, sub ordinate debt support for stressed MSMEs, Equity infusion for MSMEs through Fund of Funds, Dis-allowance of global tenders, providing e market linkage and New Definition to MSMEs.

In this article we are discussing new rules issued by government for classification of MSME Business and registration procedure through online mode.

## **New Definition of MSME:**

An entity can be a micro, small or medium enterprise based on new definition defined by Government of India and as follows:

- i. For micro enterprise investment in plant & machinery or equipment should be below 1 crore rupees and turnover below 5 crore rupees
- ii. For small enterprise investment in plant and machinery or equipment should be below 10 crore rupees and turnover below 50 crores
- iii. For medium enterprise investment in plant and machinery or equipment should be below 50 crore rupees and turnover below 250 crores rupees.

## **What to be included in Plant & Machinery or Equipment:**

- For existing MSME registrant's investment calculation for plant & machinery or equipment will be linked to Income tax Return (ITR) of the prior year filed with the Tax Department.
- For new registrant's Investment calculation will be based on self-certified basis submitted by promoter and such details will be taken on actual basis after filling of income tax returns.
- Definition as per income tax 1961 to be taken for the purpose of MSME investment in Plant & machinery or Equipment and all rules as defined in income tax rules 1962 will be considered for assigning values to investment.
- Valuation of plant & machinery or equipment does not include GST paid on new purchase or second hand purchases.
- Section of 7 of MSME Act 2006 defines certain items to be excluded from the calculation of cost for plant & machinery or equipment. Such details are as follows:
  1. Tools, jigs, dies, moulds and spare parts
  2. Installation costs
  3. R & D equipment's
  4. Power generation set and transformer
  5. Bank charges
  6. Items relating to electrical power
  7. Gas producer plants
  8. Transportation charges
  9. Technical know how
  10. Firefighting equipment
  11. Storage tanks

### **What to be included in Turnover:**

- All exports whether it is services or goods to be excluded while considered turnover figures for MSME enterprise
- All turnover information will be linked to particulars mentioned in ITR or GSTR. Those who does not have PAN & GSTN, turnover will be considered on self-declaration basis for first time.
- All units with Same PAN & GSTN will be considered as one enterprise and collectively turnover and enterprise values taken for the purpose of determining the type of enterprise
- If enterprises crosses limits automatically it will be classified and placed into next category. But for placing lower category both investment and turnover will be considered.

### **Registration Process**

All entities who wish to obtain MSME certificate has to file Udyam registration in online portal based on self-declaration basis and no proof to be submitted for approval. Once registration process is completed, enterprises will be assigned identity number which will be referred as Udyam Registration Number. And also registration certificate will be issued on completion of process. No registration fees will be charged for the purpose of registration. There is no need for periodical renewal of certificate

### **Steps for registration in Udyam Portal:**

Step 1: Aadhar number is mandatory for Udyam registration and first validation happen with aadhar.

Step 2: Basic details are to be filled in online form based on type of entity.

Step 3: PAN and GSTIN has to be provided compulsory and validated by portal

Step 4: Final Submit with mobile OTP validation

Step 5: Generation of registration number

Step 6: Obtain registration certificate after processing of application

Existing registrant's done before 30<sup>th</sup> June 2020 has to make fresh application before 31<sup>st</sup> March 2021 to get the status of MSME's.

### **Benefits of MSME Registration**

1. Loans without collaterals
2. Enterprises registered under MSME can avail subsidy of patent registration
3. Subsidy for Industrial promotion by the government
4. Customers of MSME has to make payment regular payment and if they delays more than 45 days then delayed enterprise are liable for penalty
5. Overdraft facility with reduced interest rates
6. MSME can claim expenses spent for registration of ISO certification.

**Conclusion:** With new changes in MSME sector government may achieve desired growth through the support of small and medium businesses. Government is providing numerous support to achieve the target of self-reliant India.