



Advantage MSME

Benefits of MSME Registration

Pune ICAI
1st June 2019

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- Important Provisions of MSME Act 2006
- Government Initiatives



Intro...

- MSME = **M**icro, **S**mall & **M**edium **E**nterprises
- Earlier known as SMEs or SSIs
- Mnf & Service units with low/medium Invt in P&M or Equipment.
- Mudra, Startup, Stand up are all aimed to strengthening the MSME sector.



Strength...

- 6.5 cr units, include Home, cottage, village, tiny units
- 11 cr + workforce, Second biggest after Agri.
- 6,000+ products
- Contributes about 8% to GDP, 45% to the total manufacturing output and 40% to the exports
- Growth rate of 13% YoY





मै एक लघु उद्योजक हूँ, I am MSME,

What is the problem??

Biggest problems for MSMEs today

- *longer Credit Periods*
- *Lengthy litigations*
- *Lack of access to formal bank finance*
- *Lack of Awareness about Govt. Initiatives*

What is the Solution?

MSMED ACT & Govt Initiatives

Advantage

Micro Small & Medium Enterprises Development (MSMED)

Act 2006

[6 Chapters – 32 Sections]

MSMED Act 2006 – Objectives

- 1. To facilitate promotion, development and enhance competitiveness amongst SMEs.
- 2. To regulate the credit period and to improve liquidity position of SMEs.
- 3. To provide a single legal framework for quick resolution of disputes

Registration – Udyog Aadhaar

- Discretionary to - Micro & Small Entp.
Medium (Service) Entp.
- Compulsory to - Medium (Mnf) Entp.

Udhyog Aadhar (From Sep-2015)

- Registration is online, self-declaration based
- No documentation no filing fee
- Details Req – Bank Ac, Aadhaar, PAN

Technology makes difference



सत्यमेव जयते

भारत सरकार
सूक्ष्म , लघु और मध्यम उद्यम मंत्रालय
Government Of India
Ministry of Micro, Small & Medium Enterprises



एक कदम स्वच्छता की ओर

National Portal for Registration of Micro, Small & Medium Enterprises

[Update Udyog Aadhaar](#)

[Officer's Login](#)

[Print](#)

[Verify UAM](#)

स्वच्छ भारत

Udyog Aadhaar

Makes the registration process easier for the small business sector

MSME

आधार

Keep your Mobile with you during registration.

68,31,551

Udyog Aadhaar
(From Sept 2015)

21,96,902

Entrepreneur Memorandum
(2007-2015)

15,63,974

Small Scale Industries
(upto 2006)

1,05,92,427

MSME Enterprise-
Registered

1,61,087

MSME Databank
Units

MSMED ACT 2006 – Classification

Defined based on “Investment” in P & M/Equipment (TURNOVER)

| Type of Unit | Manufacturing | Service | New Defin. |
|--------------|---------------|-----------|------------|
| | P&M | Equipment | Turnover |
| Micro | 25 Lk | 10 Lk | 5cr |
| Small | 5 Cr | 2 Cr | 75cr |
| Medium | 10 Cr | 5 Cr | 250cr |

CREDIT PERIOD

S15: Buyers Liability to make Payment

Where any supplier supplies any goods/services, the buyer ***shall*** make payment thereof on or before the date agreed upon between him and the supplier in ***writing***.

Where there is no agreement in this behalf, before the ***appointed day***;

In no case the period agreed upon between the supplier and the buyer in writing shall exceed ***forty-five days*** from the ***day of acceptance*** or the ***day of deemed acceptance***.

- ***Appointed Day***: the day following immediately after the expiry of the period of fifteen days from the day of acceptance
- ***Day of Acceptance***: the day of the actual delivery of goods/rendering of services.
In case of written objection (***within fifteen days***) - the day on which such objection is removed by the supplier
- ***Day of Deemed Acceptance***: ***The day of the actual delivery of goods/rendering of services***

Credit period interpreted

| Appointed Day, Day of Acceptance, Day of Deemed Acceptance | | | | |
|--|-------------------------|--|--|---------------|
| SN | Scenario | Deciding date | Payable within (days) | Credit Period |
| S 1 | No agreement, no Query | Day of delivery (deemed acceptance) | 15 of delivery | 15 |
| S 2 | No agreement, but Query | Day of acceptance (15 days from delivery) | 15+15 days i.e. 30 days from delivery | 30 |
| S 3 | Agreement, but no Query | Max 45 days from delivery | 45 days of delivery | 45 |
| S 4 | Agreement & Query | Max 45 Days from deemed acceptance (15 days from delivery) | 15 days+ 45 days | 60 |

S16: Interest on Delayed Payments

Where any buyer fails to make payment to the supplier as per Section 15 – he is liable to pay **Compounded interest with monthly at three times of the bank rate**

Present Bank rate - 6.25% hence ROI u/s 16 is **18.75%**

S17: Payment with Interest

Buyer shall be liable to pay the amount ***with interest*** thereon as provided under section 16.

Interest not deductible under Income Tax Act.

Interest Paid by Corporates

(Disclosed in Annual Reports)

| | 2015-16 | | 2016-17 | | 2017-18 | | (Rs. Cr) |
|----------------|-----------|------|-----------|------|-----------|------|--------------|
| COMPANY | Delay Pay | Int | Delay Pay | Int | Delay Pay | Int | TOTAL |
| TATA MOTORS | 122.51 | 1.17 | 88.32 | 1.72 | 95.50 | 2.55 | 5.44 |
| M&M | 690.76 | 6.11 | 500.13 | 6.26 | 1169 | 6.85 | 19.22 |
| BAJAJ | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |

Section 22 reporting

INTEGRATED REPORT 1-65

STATUTORY REPORTS 66-184

FINANCIAL STATEMENTS 185-353



Notes Forming Part of Financial Statements

47. Other notes:

i) Micro, Small and Medium Enterprises Development Act, 2006

The information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company. The amount of principal and interest outstanding during the year is given below :

(₹ in crores)

| | | As at March 31, 2018 | As at March 31, 2017 |
|---|-------------|-------------------------|-------------------------|
| (a) Amounts outstanding but not due as at March 31, | | 141.59 | 125.11 |
| (b) Amounts due but unpaid as at March 31, | - Principal | 0.69 | - |
| (c) Amounts paid after appointed date during the year | - Principal | 95.50 | 88.32 |
| (d) Amount of interest accrued and unpaid as at March 31, | - Interest | 2.55 | 1.72 |
| (e) Amount of estimated interest due and payable for the period from April 1, 2018 to actual date of payment or May 23, 2018 (whichever is earlier) | - Interest | 0.17 | 0.18 |

DISPUTE RESOLUTION



S18: Arbitration and Conciliation

- Dispute with regard to any amount due under section 17, to be referred to the MSE Facilitation Council.
- The Council shall conduct conciliation - Arbitration Act, 1996.
- Where the conciliation fails, dispute shall be taken up for arbitration and decided in 90 days

MSME Samadhan



सत्यमेव जयते

MINISTRY OF MICRO, SMALL & MEDIUM ENTERPRISES
GOVERNMENT OF INDIA

Ministry of Micro Small and Medium Enterprises

(Government of India)

MSME SAMADHAAN- Delayed Payment Monitoring System



एक कदम स्वच्छता की ओर

English ▾

Case Filing for Entrepreneur/MSE Units

Check Case Status

Factsheets ▾

Officer Login

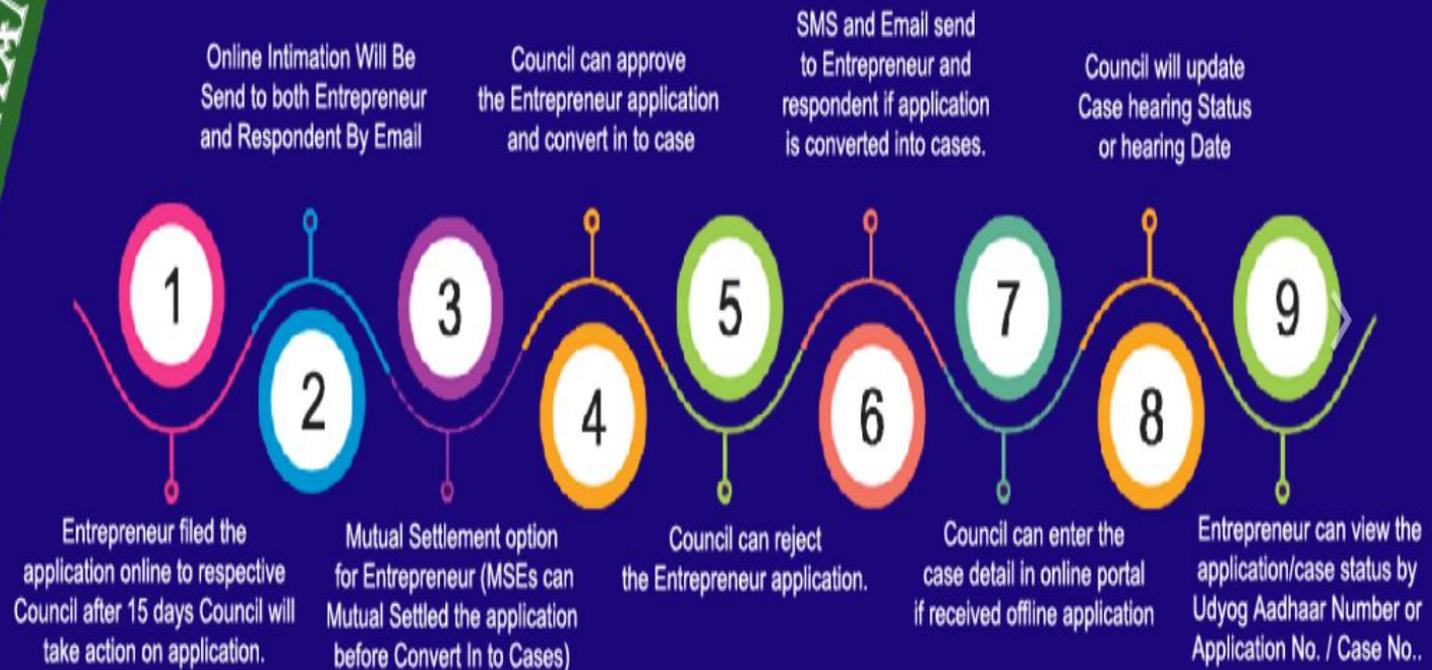


Ministry of Micro, Small
and Medium Enterprises

Government of India

सत्यमेव जयते

MSME SAMADHAAN





Advantage Government Initiatives

Initiatives

| | | | | |
|---|---------------------------------------|---|---------------------------|------------------------------------|
| Facilitating Provisions of MSMED Act | MCA Circular | TReDS Platform | | |
| Banking Initiatives | Priority Sector classification | 2% interest subvention | Bank loan restructuring | 59 minute loan portal |
| Ease of doing Business | EMD exemption | 25% Govt Procurement | GeM – compulsory for PSUs | Single consent - pollution control |
| Labor reforms | Labor law filing on annual basis only | Social Security for MSME Sector Employees | | |

New MCA circular on MSME reporting

MCA Notification - 22 January, 2019

- 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 section 9 of the **MSMED Act** - hereafter referred to as “Specified Companies”

Reporting Requirement

- The requirement is twofold;
- 1. Filing of 'One time' details of outstanding dues to **MICRO OR SMALL ENTERPRISES** suppliers existing on the date of notification (**i.e. 22nd Jan 2018**) – to be filed within 30 days from the date of publication of this notification i.e. **before 1st May 2019**
- 2. Filing of **half yearly return** of dues to **MICRO OR SMALL ENTERPRISES** suppliers by 31st October for the period from April to September and by 30th April for the period from October to March.

Procedure

- 1) Firstly identify your MSME registered suppliers and ask for their registration certificate.
- 2) If there are any such suppliers who are Registered under MSME Act and if the payments to them are due for more than 45 days from the date of acceptance of the goods and services, then details of such suppliers shall be furnished in Form MSME-1

Procedure...

3) Information required in respect of such supplier to be submitted with ROC in Form MSME-1

- Total outstanding amount due on 22nd January 2019
[For One time return, which has to be submitted by 30th May 2019]
- Name of Supplier
- PAN of Supplier
- Date from which such amount is due

4. Reasons for delay in payment to be given

TReDS (Trade Receivable E Discounting System)

- It is an electronic platform that allows auctioning of trade receivable.
- Commonly known as 'bills discounting',
- Parties involved
 - Seller – SME
 - Buyer – Corporate, PSU
 - Banks
- All companies with a TO > Rs. 500 cr, compulsory on TReDS

[TReDS NSE.mp4](#)

Loan Restructure- Jan 2019

- One-time restructuring of existing loans to MSMEs classified as 'standard' without a downgrade
- The aggregate exposure, (incl NF), of banks and NBFCs to the borrower does not exceed ₹250 million as on January 1, 2019.
- The borrower's account is in default but is a 'standard asset' as on January 1, 2019 and continues to be classified as a 'standard asset' till the date of implementation of the restructuring.
- **7 lk msmes & loan of 1lk cr, expected to be restructured**

2% interest subvention for all GST registered MSMEs:

- 2% interest subvention shall be given for all GST registered MSMEs, on fresh or incremental loans upto Rs. 1 crore.
- Available for both TL and CC
- For exporters, who receive loans in the pre-shipment and post-shipment period, the rebate gets increased from 3% to 5%.

59 minute loan portal

- The MSME whose loan requirement is up to Rs. 1 crore (new or with enhancement)
- Has filed GST returns and ITR up to date
- Bank statm and promoter details submitted online.
- Basic loan appraisal is done by website and In-Principle approval is conveyed, instantly.
- Option is given to select the bank also, so that further process of accessing the bank is easy.
- This is an unsecured loan with very competitive rate of interest.

Ease of doing Business & Labor Reforms

EMD exemption – (Earlier NSIC was compulsory)

25% Govt Procurement (Earlier it was 20%. 3% from Women Enpt)

GeM – compulsory for PSUs

Single consent - pollution control (Water and CtE)

Labor law filing on annual basis only

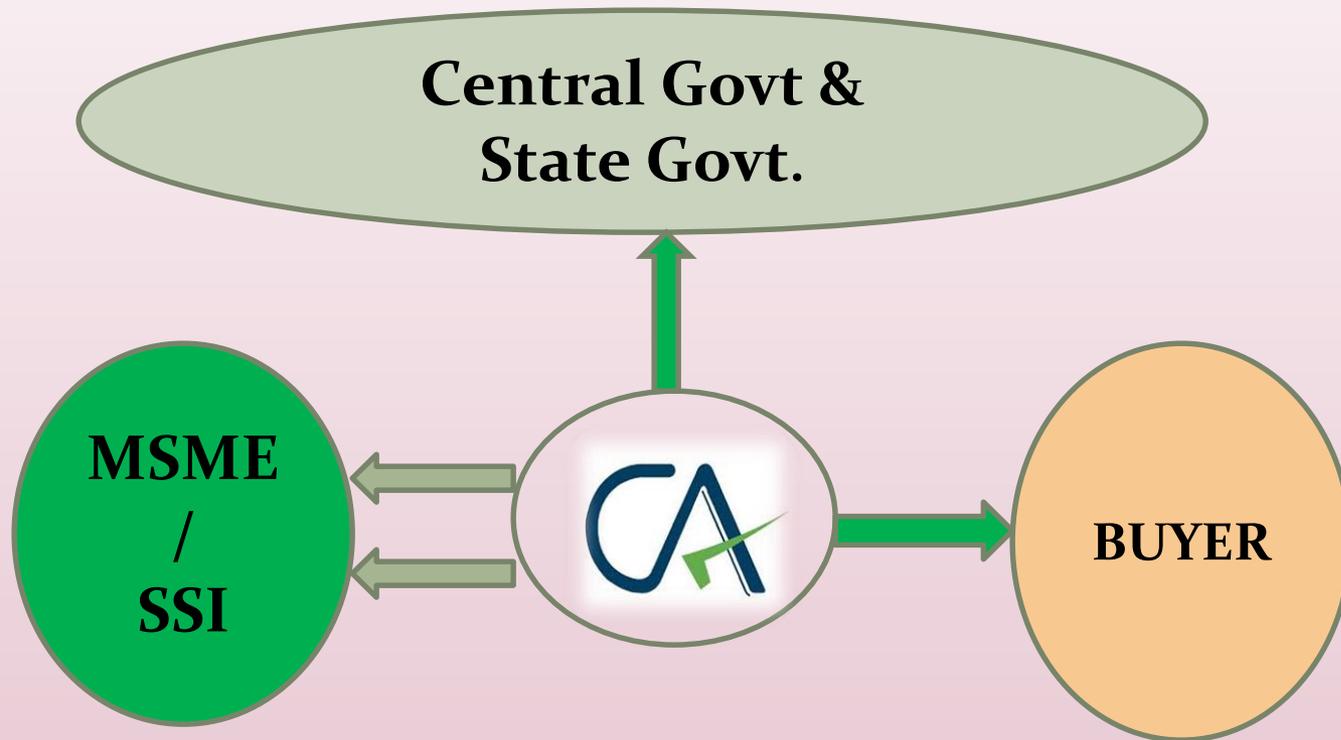
Social Security for MSME Sector Employees

Threats OR Opportunities?

- More than 60% SMEs don't know that there exists MSMED act; Many know the act but are not registered;
- Those registered don't know their rights;
- Many know the rights but they do not claim them;
- Many claim their rights but the buyer neither makes the payment on time nor he pays any interest;
- No of SMEs registered are less 15% of total numbers.

What is my role as a CA??

MSMED Act



CA in the center of Solution

We need to be solution providers

Than Q?

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