

UNLEASHING PROFESSIONAL OPPORTUNITIES IN GOVERNMENT SUBSIDIES AND INCENTIVE SCHEMES FOR MSMEs INCLUDING PLI SCHEME

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Flow of Today's Presentation

- Definition of MSME
- Registration Process of MSMEs
- GEM Portal for MSMEs
- TReDS Portal for MSMEs
- MSME Samadhan
- MSMEs in Eyes of Income Tax Act 1961 (Section 43B)
- Various Subsidies & Incentives to MSMEs
- Production Link Incentive Scheme (PLI)
- Fund Raising Opportunities for MSMEs

Flow of Today's Presentation

- Other Opportunities for CAs in MSME Practice –
 - LEI Registration
 - MPCB Registration
 - Startup Registration
 - Factory License Registration
 - Trademark Registration

Universe of MSMEs in India

- Total No. of MSMEs Enterprises in India – 6.50 Crores approx.
- Total No. Registered MSMEs on Udyam Platform – 3.02 Crores
 - Micro – 2.95 Crores
 - Small – 5.79 Lacs
 - Medium – 0.54 Lacs
- MSME segment contribute 30% of GDP of India (India total GDP is approx. 3 Trillion USD)
- MSMEs account for approx. 45% of overall exports and approx. 40% of the total manufacturing output in India
- MSME sector Generates approx. 15 Crores Direct Jobs Across Industries in India

Challenges of MSMEs in India

- Lack of enough Finance in the absence of Collateral security
- Timely recovery of dues from the customers
- Competition from Large Businesses
- Lack of skilled labours to operate new technologies

(Success of MSME sector is critical to the Success of Indian Economy and the Govt. is committed to Supporting and promoting MSMEs)

New Definition of MSMEs

- Revised Definition of MSME Enterprise (For Both Manufacturing & Service) (Revised in Year 2020)

| Type of Enterprise | Investment in P&M | Total Turnover |
|--------------------|-----------------------------|------------------------|
| Micro Enterprise | Upto Rs. 1.00 Crore (and) | Upto Rs. 5.00 Crores |
| Small Enterprise | Upto Rs. 10.00 Crores (and) | Upto Rs. 50.00 Crores |
| Medium Enterprise | Upto Rs. 50.00 Crores (and) | Upto Rs. 250.00 Crores |

- Is Export turnover included???

Some Important Definitions

▪ **Manufacturing Enterprises:**

These are those enterprises which are engaged in the manufacture or production of goods relating to industry specified in the first schedule to the industries (Development and Regulation) Act, 1951 or employment of plant and machinery to add value to the final product.

▪ **Plant & Machinery:**

The meaning of “plant and machinery or equipment”: This 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. The investment shall include only all tangible assets. This excludes land and building, furniture & fittings.

(P&M cost Excluding GST and on Historical Cost).

Activities Excluded from Definition of MSME

- Forest and Logging
- Fishing and aquaculture
- Wholesale, retail trade (Now covered only for Bank loan priority sector benefit purpose)
- Activities of households as employees for domestic personnel
- Undifferentiated goods and services producing activities of private households for own

Registration Process of MSMEs

- Portal for MSME registration is Udyam Registration Portal
- A permanent registration number will be given after registration
- After completion of the process of registration, a certificate will be issued online
- There will be no need for renewal of Registration
- No any Government Registration fee

Registration Process of MSMEs

- MSME Registration is free, paperless and based on **self-declaration**
- No documents or proof are required to be uploaded for registering an MSME
- Only Adhaar Number will be enough for registration
- 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)

Registration Process of MSMEs

- PAN & GST linked details on investment and turnover of enterprises will be taken automatically from Government data base

Requirements for MSME Registration

- Name of Entity
- PAN Number of Entity
- Date of Incorporation
- Date of commencement of Business
- DIC Jurisdiction area applicable to Company / unit
- Activity of entity (As per NIC classification)
- Mobile No. of person
- E Mail ID
- GST number, if applicable

Requirements for MSME Registration

- Adhar Number of Proprietor / Partner / Director etc.
- Address of Registered Office
- Address of Manufacturing unit / units
- Number of Employees
- Bank Account Number and IFSC code

Benefits of MSME Registration

- Eligible for registration on GEM portal and its benefits
- Eligible for TReDS Portal registration
- Eligible for MSME Samadhan
- Eligible for Various State and Central Government Subsidies
- Eligible for classification under Priority sector for Banks and concessional rate of interest
- Eligible for CGTMSE collateral free loan from Banks
- Eligible for machinery finance under scheme of SIDBI at concessional rate of interest
- Benefits under Income Tax Act Section 43B (Payment within 45 days else disallowance)

GEM Portal for MSMEs

Benefits of GEM Portal Registration

What is GEM Portal:

The Government e-Marketplace (GeM) is basically an e-commerce portal operated by the Government of India. It is an online platform where sellers and government buyers meet to facilitate the procurement of Goods & Services that are required by different Government Departments, Organizations, and Public Sector Undertakings.

- GEM Portal was launched in August 2016
- It took pace of registrations in the year 2020 onwards

Who Can Be Seller on GEM Portal

Who can be seller on GEM Portal ? ? ?

- Any OEM Manufacturer
- Authorised Channel Partners of OEMs
- Authorised Dealers of OEMs
- In Case of Imported Goods, Authorised Importers of OEMs
- Can CA Firms register themselves on GEM portal as service Providers???

ICAI Clarification on GEM portal

The ICAI vide *Announcement dated March 04, 2022* issued clarification with regard to chartered accountants in Practice/Firms of chartered accountants registering themselves on Government e-marketplace (“GeM”) Portal.

It is hereby clarified that the Chartered Accountants in Practice/Firms of chartered accountants are permitted to register on GeM Portal for rendering professional services. The information being published on the portal should be in compliance with the provisions of Code of Ethics.

Who Can Be Buyers on GEM Portal

Who can be Buyers on GEM Portal ? ? ?

- Central and State Govt Ministries (Railway, Defense)
- Public Sector Enterprises
- Public Sector Banks
- Public Sector Finance Companies
- Public Sector Insurance Companies
- Local Bodies like BMC, PMC etc. in Maharashtra

Why to Use GEM Portal

Why you should choose GeM

11,895

Product Categories

576,434

Order Value (Cr.)

311

Service Categories



Rich Listing of Products /
Services



Integrated Payment System



Multiple Procurement Modes -
Direct Purchase / Bid / RA



Great Transparency and Speed
of Procurement



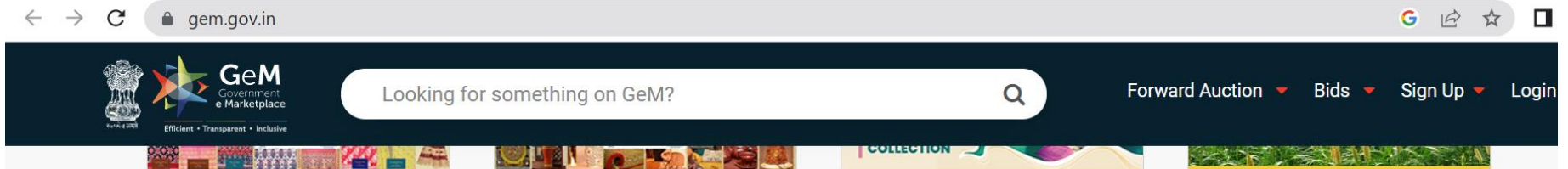
Online Ordering and Contract
Generation

Some Date Points of GEM Portal

- Till Date approx. 8.16 Lacs sellers registered on GEM portal
- Processed orders worth Rs. 1.52 Lakh Crores in FY 2022-23
- In FY 2021-22 it was Rs. 1.06 Lakh crores orders processed on GEM portal

Benefits of GEM Portal Registration

Some Popular Product Categories:



Popular Product Categories

OXYGEN GAS & ACCESSORIES

- Oxygen Concentrator
- Oxygen Flow Meter
- Compressed oxygen IS:309
- O2 Gas Cylinders - Steel
- HF Nasal O2 Therapy Unit



[View All](#)

MEDICAL

- Hand Sanitizer
- Air Pollution
- Mask
- Surgical Gloves
- Covid-19 Kit
- for...



[View All](#)

SARAS COLLECTION

- Handicrafts
- Handloom
- Texti..
- Personal Care..
- Accessories



[View All](#)

FURNITURE

- Office Chair
- Computer Desk
- Lounge Chair
- Storage Rack



[View All](#)

FIRE SAFETY

- Fire
- Extinguishers
- Sprinklers
- Smoke
- Detectors Fire
- Alarms



[View All](#)

COMPUTERS

- Desktop PC
- Monitor
- PC Software
- Printers & MFDs



[View All](#)

Benefits of GEM Portal Registration

GeM Portal Advantages for Sellers

- Sellers get access to the National Public Procurement market.
- There is no fee or charge for registration.
- The sellers will be able to view the reasons for rejection if the consignee rejects goods.
- Direct access to government organizations and departments.
- Price can be changed based on the market conditions.

TReDS Portal for MSMEs

Benefits of TReDS Portal Registration

What is TReDS Portal:

- Trade Receivables Discounting System is a step by the RBI to regulate the trade receivables between MSMEs, Large Corporates and Financiers.
- TReDS is an institutional mechanism set up in order to facilitate the discounting of trade receivables of MSMEs from corporate buyers through invoice discounting by multiple financiers.
- This step is deemed to augment the trade account receivable management of the micro small & medium enterprises.
- 3 portals available for TReDS:
 - www.rxil.in
 - www.m1exchange.com
 - www.invoicemart.com

Benefits of TReDS Portal Registration

Benefits of TReDS Portal:

- Easy Access to Working Capital
- Collateral Free Funding
- Get Funds in 24Hrs
- Seamless & Secure Digital Platform
- Faster Business Expansion & Growth
- Off Balance Sheet Bill Discounting
- Competitive Discount Rates

MSME SAMADHAAN

MSME Samadhaan and Its Benefits

What is MSME Samadhaan:

MSME SAMADHAAN- Mechanism to resolve Delayed Payments to Micro and Small Enterprises under Micro, Small and Medium Enterprise Development (MSMED) Act, 2006

It falls under MSMED Act 2006

- The Micro, Small and Medium Enterprise Development (MSMED) Act, 2006 contains provisions of Delayed Payment to **Micro and Small** Enterprise (MSEs). (Section 15- 24).
- State Governments to establish Micro and Small Enterprise Facilitation Council (MSEFC) for settlement of disputes on getting references/filing on Delayed payments. (Section 20 and 21)

Some Key Data of MSME Samadhaan

Applications & Cases status of Micro and Small Units (MSEs)

1,63,989

Applications filed by MSEs

[More info](#)

15236

Applications Mutually Settled

[More info](#)

38237

**Applications yet to be viewed by
MSEFC Council**

[More info](#)

42697

**Applications Rejected by MSEFC
Council**

[More info](#)

32487

Cases Disposed by MSEFC Council

[More info](#)

35332

**Cases Currently under
Consideration by MSEFC**

[More info](#)

View of MSME Samadhaan Website

← → ↻ samadhaan.msme.gov.in/MyMsme/MSEFC/COM_MSEFC_EntLogin.aspx



समृद्धि यामो
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



English ▾

Case Filing for Entrepreneur/MSE Units

Check Case Status

Factsheets ▾

Officer Login



Entrepreneur Validation

* Please Select the Type of MSME Registration

Udyog Aadhaar Number Udyam Registration Number

If you have Udyam Registration, kindly validate your Udyam Registration Number with Mobile Number as in Udyam Registration and file application. Otherwise Register in Udyam Registration by [Clicking Here](#) and come back to MSME Samadhaan portal.

Instructions for Entrepreneur Validation:

A. Important Note : Before you proceed to file application of delayed payment, please see following.

- 1.You should be ready with the scanned PDF documents of work orders of Respondent and invoices generated by you against those work orders.
- 2.Each file size should not be more than 2MB.

B. Please follow the process below to File application

1. Enter Your Udyam Registration Number
2. Enter Your Mobile Number as in Udyam Registration
3. Enter verification code as displayed
4. Click on Validate Udyam Registration button to receive your OTP on email registered during Udyam Registration.

Start

MSME Samadhaan and Its Benefits

Nature of assistance:

- 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.

Who can apply

- Any Micro or small enterprise (**Not Medium**) having **valid Udyam Registration** can apply.
- Registration of case on MSME Samadhaan website is free of cost
- A professional like CA can assist in filing of application on portal
- MSME Samadhaan is available only for Manufacturers and Service Providers. (**Not for Wholesale and retail Traders**)
- Can a CA firm also file case under MSME Samadhan to recover its dues????

MSME Samadhaan and Its Benefits

Key Documents Required:

- PDF documents of work orders of Respondent and invoices generated against those orders
- In case the purchase order is oral an affidavit to that effect is to be submitted

MSME Samadhaan and Its Benefits

Salient Features:

- The buyer is liable to pay compound interest with the monthly rests to the supplier on the amount at the **three times** of the bank rate notified by RBI in case he does not make payment to the supplier for his supplies of goods or services within 15days / 45 days of the acceptance of the goods/service rendered. (Section 16)

MSME Samadhaan and Its Benefits

Salient Features:

- State Governments to notify (i) Authority for filing Entrepreneur Memorandum (ii) Rules of MSEFC and (iii) Constitution of MSEFC.
- All States/UTs have notified Authority for Filing Entrepreneur's Memorandum, have Notified rules of MSEFC and all the 37 States/UTs have constituted MSEFCs, as per provisions laid down under MSMED Act 2006.

MSME Samadhaan and Its Benefits

Salient Features:

- Every reference made to MSEFC shall be decided within a period of **ninety days** from the date of making such a reference as per provisions laid in the Act.
- MSEFC gives a chance of 3 hearings to both the parties and thereafter within 90 days, decide the case.
- If the Appellant (buyer of goods) wants to file an appeal, no application for setting aside any decree or award by the MSEFC shall be entertained by any court unless the appellant (buyer of goods) has **deposited with it, the 75%** of the award amount. (Section 19)

MSME Samadhaan and Its Benefits

Salient Features of MSME Samadhaan Online Portal:

- The portal facilitates the entrepreneurs in monitoring the delayed payments effectively.
- The information on the portal will be available in the public domain.
- The MSMEs will also be empowered to access the portal and monitor their cases.
- The CEOs of PSEs and the secretary of the Ministries concerned will also monitor the delayed payment of MSEs and issues quickly.
- Enterprises can register the cases if they do not get the amount within 15 days / 45 days from PSUs or government agencies.

MSMEs In The Eyes of Income Tax Act 1961

Support to MSMEs in Income Tax Act

Why this new section 43B came into picture???

Latest amendment in Section 43B of IT act in recent finance bill (Clause h of Section 43B):

- Any payment payable to **MSE (only micro and small)** supplier beyond the time limit of as specified in MSMED Act 2006, shall be allowed as deduction in the year of actual payment has been made.

Support to MSMEs in Income Tax Act

Possible Effects of amendment in Section 43B of IT Act:

- This section applicable from 1st April 2024 onwards
- Disallowance u/s 43B is only for the suppliers who are Micro and Small. **Not applicable for Medium enterprises.**
- **Section 23 of MSMED Act** specifically prohibits the assessee from claiming the deduction of **expenses of interest paid** to MSME supplier for delayed payment
- If the payment due to MSME supplier is less than 15 days / 45 days at the time of end of financial year, if it is paid after end of financial year but before filing of IT return, it should be allowed as deduction in that year only.

Support to MSMEs in Income Tax Act

Possible Effects of amendment in Section 43B of IT Act:

- In case of purchase of any Capital Goods from MSME supplier, which has been capitalised as asset in books by the buyer, it should not be disallowed under Section 43B
- In case cheque has been issued by the buyer to MSME supplier and MSME supplier has not deposited the cheque within specified time of 15 days / 45 days, in such case there should not be disallowance under Section 43B

Support to MSMEs in Income Tax Act

Things to be done by the Buyer to avoid disallowance under Section 43B:

- A declaration of MSME status along with Udyam Registration Certificate should be obtained from MSME supplier
- Master data in accounting software is required to be updated
- Where no communication regarding MSME status is received from supplier even after proper efforts, the written communication can be kept as record. In this case the disallowance under Section 43B should not attract.
- In case any defect in goods is observed, an objection **in writing** shall be made within 15 days to the MSME supplier.

Various Subsidies and Incentives to MSMEs

Subsidies to MSMEs

Various Government Subsidies and Incentives for the MSMEs in Maharashtra :

- **Central Government and State Govt Focus on the MSME Development**
- **Type of Subsidy i.e. Front Ended and Back Ended Subsidy and Credit Linked and Non Credit Linked Subsidies**
- **Various Schemes of Subsidies of Central and State Government for MSMEs**

Subsidies for MSMEs

State Government
Subsidies

Central Government
Subsidies

WHY Maharashtra?

Advantage Maharashtra

1. Strategically Located

2. Well Developed Infrastructure (Road, Rail, Sea Ports, Air Ports)

3. Abundant Qualified and Skilled Labours

4. Established Industrial Eco System

5. Conducive Policy Environment and Proven Track Record

State Govt Subsidies for MSMEs

- **Package Scheme of Incentives 2019**
- **TUFS policy under PSI for Technical Upgradation**
- **Scheme of Incentives for Women Entrepreneur - 2017**
- **Maharashtra Electronics Policy - 2016**
- **Maharashtra Electric Vehicle Policy - 2018**
- **Chief Minister Employment Generation Programme (CMEGP)**
- **Chief Minister Food Processing Policy**
- **Maharashtra TUFS Policy for Textile Industry**

Central Govt. Subsidies for MSMEs

- **National Agri Infra Fund (3% Interest Subsidy)**
- **PM Kisan SAMPADA Yojana**
- **NABARD Subsidy for Agri Infra**
- **APEDA Subsidy For Food Processing Sector**
- **NHB / NHM Subsidy for Horticulture sector**
- **National Subsidy for Cold Storages**

Package Scheme of Incentives 2019 for MSMEs in Maharashtra

Overview of PSI 2019 for MSMEs

Procedural Rules Under PSI 2019 were laid down Vide G.R. I.E. & L.D. No. IDL-7079/(2540) /IND-8, dated 11/8/1980 which were later amended vide G.R., I.E. & L.D. No. IDL-1088 / (6564) / IND-8 dated 20/7/1989 and G.R., I.E. & L.D. No. IDL-1089 / (7186) / IND-8 dated 27/3/1991

TOTAL BUDGET ALLOCATION FOR PSI-2019 IS RS. 3000 Crores

Objective and Purpose of PSI 2019

PSI Scheme Started in the Year 1964 and got renewed every 5 years thereafter

Objective:

Policy Envisages grant of fiscal and non fiscal incentives to MSMEs to ensure higher and sustainable economic growth of the state

Purpose:

- Dispersal of Industries to lesser developed areas of the state**
- Local Employment Generation**
- Higher and inclusive industrial growth**
- Further improve the conducive industrial climate**

Highlights of MH. State Schemes

| MH. State Govt Schemes | Benefits | Applicability (New and Expansion Both) |
|--|---|---|
| Package Scheme of Incentives 2019 | Upto 100% of FCI – Revenue Linked | All Manufacturing Industries, Food Processing, Bio-Technology, Information Technology |
| Special Policy for Women Entrepreneur - 2017 | Fixed + Upto 100% of FCI – Revenue Linked | All Manufacturing Industries, Food Processing, Bio-Technology, Information Technology |

Highlights of MH. State Schemes

| MH. State Govt Schemes | Benefits | Applicability (New and Expansion Both) |
|---|-----------------------------------|--|
| Maharashtra State Electronics Policy - 2016 | Upto 100% of FCI – Revenue Linked | All types of electronics manufacturing units, Semi Conductors etc. |
| Maharashtra Electric Vehicles Policy - 2018 | Upto 100% of FCI – Revenue Linked | Manufacturing of Electric Vehicles, EV Components, EV Battery, EV Battery Components, Charging Stations etc. |

PSI 2019 for MSMEs

Key Features of PSI 2019 for MSMEs:

- Available on Investment in Land, Building, Plant & Machinery
- Available for New as well as expansion Projects
- Entire Maharashtra is Distributed under 7 Zones i.e. A, B, C, D, D+, No Industry Area and Aspirational Districts
- Capital Subsidy from 30% to 100% of FCI (Fixed Capital Investment) based on Area Classification
- Subsidy Available for a period of 7 to 10 Years period based on Location and Zone
- Back End Subsidy and not Credit Linked

PSI 2019 for MSMEs

Key Definitions Under PSI 2019:

1. Definition of MSME (Old Definition)

| Manufacturing Enterprise | Investment In Plant & Machinery |
|--------------------------|---------------------------------------|
| Micro | Upto Rs. 25 Lacs |
| Small | > Rs. 25 Lacs and upto Rs. 5 Crores |
| Medium | > Rs. 5 Crores and Upto Rs. 10 Crores |

Note: PSI subsidy as Medium Enterprise also available for units having Gross FCI upto Rs. 50 Crores (New Category)

PSI 2019 for MSMEs

Key Definitions Under PSI 2019:

2. New Unit:

A New Unit shall mean a Unit which is set up for the first time by an entity in the Private Sector / Co-operative Sector / State / Joint Sector in any Taluka where there is no Existing Unit set up by the said entity, provided that such Unit satisfies the following conditions:

- a) It is not an Existing Unit.
- b) At least one of the Effective Steps is completed on or after the 1st April, 2019 for setting up the Unit.
- c) It is not formed as a result of re-establishment, mere change of ownership, change in the constitution, reconstruction or revival of an Existing Unit.

Effective Steps under PSI 2019

- Following Effective steps (atleast one) to be completed on or after 1.4.2019 by New **unit** to claim Subsidy under PSI 2019:

Constitution of Firm / Company / LLP

Effective Possession of Land

Effective Steps

Udyam Registration

MPCB Consent to Establish

Key Definitions Under PSI 2019:

3. Fixed Capital Investment:

The term Fixed Assets (FCI) shall mean and include:

- (i) Land
- (ii) Building
- (iii) Plant and Machinery
- (iv) Land development cost
- (v) Installation Charges & Pre Operative Expenses
- (vi) R&D Expenses

Applicability & Coverage of PSI 2019

The PSI 2019, as may be amended from time to time is applicable from 1.4.2019 to 31.3.2024.

Coverage of PSI 2019:

Industries Listed in the First Schedule of the Industries (Development & Regulation) Act, 1951

Manufacturing Enterprise as Defined in MSMED Act 2006

Bio Technology Manufacturing Units as specified by Govt from Time to Time

IT Manufacturing Unit registered with DIC

Mechanised Food & Agro Processing Units including Dairy, Grain Processing, Poultry, Non Alcoholic Beverages from Fruits & Vegetables

Thrust Sectors Under PSI 2019

Electric
Vehicles

Aerospace &
Defense
Manufacturing

Textile
Machinery
Manufacturing

Sports & Gym
Equipment
Manufacturing

Bio Technology
& Medical
Devices
Manufacturing

Agro & Food
Processing

IT Products
Manufacturing

Mineral Based
Manufacturing
Industries

Bio Fuel
Production

Electronic
System & Semi
Conductor
Manufacturing

Nuclear Power
Plant
Equipment
Manufacturing

Basket of Incentives for MSMEs

| Taluka Classification | Incentive % | Eligibility Period (In Years) |
|---|-------------|-------------------------------|
| A | - | - |
| B | 30% | 7 |
| C | 40% | 7 |
| D | 50% | 10 |
| D+ | 60% | 10 |
| Vidharba, Marathwada, Ratnagiri, Sindhudurg & Dhule | 80% | 10 |
| No Industry Districts, Naxalism Affected Areas and aspirational areas like Nandurbar | 100% | 10 |

PSI 2019 for MSMEs

- For Food / Agro Processing units, additional subsidy of 20% and additional period of 2 years

Area Classification Near Mumbai

| District | Group A | Group B | Group C | Group D | Group D+ |
|----------------|--|---------|----------------------------|---------|----------|
| Greater Mumbai | Greater Mumbai | | | | |
| Thane | Thane, Kalyan, Ullhasnagar, Ambarnath, Bhivandi@ | Murbad | Bhivandi \$ Shahpur | | |

Area Classification Near Mumbai

| District | Group A | Group B | Group C | Group D | Group D+ |
|----------|--|-----------------------|---------------------------------------|-----------------|---|
| Palghar | Vasai Palghar | Dahanu | | | Jawhar Mokhada Talasari Wada Vikramgh ad |
| Raigad | Alibaug@ Uran Panvel Karjat@ Khalapur Pen Roha | Alibaug\$ Sudhagad | Karjat\$ Mahad Mangaon Murud | Shrivardh an | Poladpur Mhasala Tala |

Area Classification Near Mumbai

| District | Group A | Group B | Group C | Group D | Group D+ |
|------------|---------|---------|----------------------|----------|--|
| Ratnagiri | | | Ratnagiri Chiplun | Khed | Guhagar Dapoli Lanja Mandangad Rajapur Sangameshwar |
| Sindhudurg | | | | Vengurla | Kankavali Kudal Sawantwadi Malvan Deogad |

Basket of Incentives for MSMEs under PSI

- Stamp Duty Exemption on Purchase of Land
- SGST Payable on Total Sales
- Interest Subsidy on Term Loan
- Electricity Tariff
- Electricity Duty Exemption

Under 4.8 Clause

- 5% TUFS subsidy for units in A Zone (for Expansion P&M)
- Other subsidies on Installation of Power Saving Equipments, Electric Audit, Installation of Effluent Treatment Plant (ETP) etc.

Subsidy for Expansion Units

What is an Expansion Unit:

- A Unit in Production prior to 1.4.2019
- A unit which has been granted EC or has availed any incentive under earlier Schemes

Subsidy for Expansion Units

Conditions for Expansion:

- Additional Investment should be more than 25% of the Gross FCI of immediate Previous year
- Increase in capacity by at least 25%
- Increase in employment by at least 10%

Implementing Agencies

- For: Micro and Small Enterprises: District Industries Centre (DIC)
- For Medium Enterprises: Regional Joint Director of Industries (JDI)

Basic Requirements to claim PSI Subsidy

- **Land Should be NA**
- **Building Plan Approved by Town Planning**
- **Udyam Registration**
- **MPCB Consent to Establish**
- **MPCB Consent To Operate**
- **Project to be Appraised by a Bank / SICOM**

Process of Obtaining PSI Subsidy

- Acquisition of Project Land (NA Land must)
- Take Stamp Duty Exemption on Land Purchase (If Applicable)
- Town Planning Approved Building Plan Must
- Preparation of Project Report
- Project Finance Term Loan Approval From Bank (If Needed)
- MPCB Consent To Establish
- Complete Project
- Obtain MPCB Consent to Operate
- Apply for PSI Subsidy application within 30 days of 1st Billing
- Obtain Eligibility Certificate
- Submission of Yearly Claims of SGST, Bank Interest, Electricity Tariff etc.

Role of CAs in Subsidy Practice

- **Advisory services to clients explaining them policies**
- **Preparation of Project Reports**
- **Filing of various applications of subsidy with department**
- **Filing of yearly claim documents**
- **Liaisoning with Govt Departments**
- **Providing various certificates during obtaining EC**
- **Providing Certificates during filing yearly claims**

- **MSME Samadhan Filing of application**
- **Udyam Registration (indirect benefit)**
- **GEM Portal (indirect benefit)**
- **TReDS Portal (indirect benefit)**

State Govt Subsidy

Chief Minister Employment Generation Programme (CMEGP Subsidy)

CMEGP Subsidy Key Features

➤ Project Cost Eligibility Criteria

- For MSME Manufacturing Projects – Project Cost Max. Rs. 50 Lakhs

➤ Quantum of Financial Assistance Subsidy and Bank Funding Under CMEGP:

| Categories of beneficiaries under CMEGP | Beneficiary's Contribution (of project cost) | Rate of subsidy (of project cost) | |
|--|--|-----------------------------------|-------|
| | | Urban | Rural |
| Area (location of project/unit) | | | |
| General Category | 10% | 15% | 25% |
| Special Category (includes SC / ST /Women/ Ex-servicemen / differently abled) | 5% | 25% | 35% |

CMEGP Subsidy Key Features

- **It is a Credit Linked Subsidy**
- **All manufacturing units (any sector) are eligible for this subsidy**
- **Back Ended Subsidy (subsidy amt. kept with bank for 3 years)**
- **Subsidy Available on Investment in Land, Building, P&M, Furniture & Fixture, Computers, etc.**
- **Implementing and Approving Agency for CMEGP Subsidy are District level DICs**
- **Age Limit of Owner Max. 45 Years. For women extra 5 years i.e. upto 50 Years.**

State Govt Subsidy

Chief Minister Food Processing Policy - 2017

CM Food Processing Policy Key

Features

➤ Eligible Products:

- Processing of Food Products like Manufacturing of Spices, Floor, Ketchup, Dal Mill, Rice Mill, Oil Mill, Dairy Products, Cold Chain, Cold Storages, Fruits & Vegetables Processing, Pulses Processing, etc.

➤ Project anywhere in Maharashtra

➤ It is a Credit Linked Subsidy

➤ Back Ended Subsidy (subsidy amt kept with bank)

➤ Subsidy Available on Investment in Land, Building, P&M

➤ Max. Subsidy is Rs. 50 Lacs or 30% of Project cost, whichever is less

State Govt Subsidy

Maharashtra State TUFS Subsidy for Textile Sector

➤ Eligible Products:

- Cotton Ginning & Pressing
- Spinning Mills
- Weaving & Powerlooms
- Technical Textiles
- Knitting / Hosiery / Garment / Apparel manufacturing
- Processing of Yarn
- Composite Units

➤ Project anywhere in Maharashtra

➤ **Subsidy rates based on Type**

- **Yarn Processing – 40%**
- **Composite Unit – 30%**
- **Spinning Unit – 25%**

➤ **It is a Capital Subsidy (Based on investment in P&M)**

Some Other State Govt Subsidies

Other Maharashtra State Govt Subsidies

- **Maharashtra Tourism Policy 2016**
- **Maharashtra Agro Tourism Policy 2020**
- **Maharashtra Electric Vehicle Policy**
- **Maharashtra Electronics Policy 2016**
- **Maharashtra IT/ITES Policy 2023**
- **Maharashtra Fintech Policy 2018**
- **Maharashtra MAGNET Subsidy for Food Processing**
- **Maharashtra SMART Subsidy for Food Processing**
- **Maharashtra Logistics Policy**

Central Govt Subsidy

NHB Subsidy For Cold Storages

NHB Subsidy for Cold Storages - Key Features

➤ Eligible Products:

- Construction of Agri Product Cold Storage
- Expansion of Cold Storages

➤ Project anywhere in India

➤ Credit linked subsidy

➤ Back Ended Subsidy

➤ Subsidy @35% of Project Cost

➤ Max Capacity of Subsidy 10,000 MT

➤ Minimum Capacity 5,000 MT

➤ Capital Cost Per Tonne of Cold Storage capped to Rs. 8000 Per MT

Central Govt Subsidy

National Agri Infra Fund Scheme

National Agri Infra Fund - Key Features

➤ Eligible Products:

- Cold Storages
- Agri Warehouses
- Nursery
- Tissue Culture
- Seed Processing
- Organic Input Production
- Cold Chains, Refer Vans etc.
- Primary Processing Units (Cleaning, Grading, Sorting etc.)
-

➤ Project anywhere in India

➤ Credit linked subsidy

National Agri Infra Fund - Key Features

- **Subsidy is Interest Subsidy of 3% on Term Loan (upto Rs. 2 Crores)**
- **Project Can be of more than Rs. 2 Crores**
- **Period upto the Term Loan period (Max 7 years)**
- **Credited after end of Year Directly in Bank Account**
- **Eligible Banks are Nationalised Banks, Private Banks, Scheduled Co Operative Banks**
- **Can apply for this subsidy even after disbursement from Bank**

Central Govt Subsidy

PM Kisan SAMPADA Yojana – Creation / Expansion of Food Processing Units

Creation / Expansion Food Processing

Unit Subsidy:

➤ Eligible Products:

- Fruits & Vegetable Processing
- Milk Processing
- Meat / Poultry / Fish Processing
- Ready to Eat / Ready to Cook / Breakfast Cereals / Snacks / Bakery / products
- Grains / Pulses Processing
- Oil Seed Milling
- Rice Milling
- Natural Food Flavours / Food Colours manufacturing

➤ Project anywhere in India

➤ Credit linked subsidy

➤ Front Ended Subsidy (release in 2 installments)

Creation / Expansion Food Processing

Unit Subsidy:

- **Subsidy is 35% of Project Cost**
- **Max Subsidy Rs. 5 Crores**
- **Available on Investment on Building Civil Cost, Plant & Machinery (Not on Land investment)**

Other Central Govt Subsidies

Other Central Govt Subsidies

- **PM Kisan SAMPADA Yojana – Integrated Cold Chain Scheme**
- **PM Kisan SAMPADA Yojana – Operations Green Scheme**
- **PM Kisan SAMPADA Yojana – Scheme for Setting Up of Food Testing Laboratories**
- **PM Kisan SAMPADA Yojana – Scheme for Creation of Agro Processing Clusters**
- **MOFPI Scheme for Setting up of Mega Food Park Infrastructure**
- **APEDA Subsidy for Food Processing Sector (Agricultural and Processed Food Products Export Development Authority)**

Other Central Govt Subsidies

- **Central Gove ATUFS Subsidy for Textile Sector**
- **NDDDB Subsidy for Animal Husbandry Infra Development**

Production Linked Incentive Scheme of Central Govt. (PLI)

Background of PLI Scheme

- **PLI Scheme was Launched in March 2020**
- **Allocated Funds for PLI Incentives of Rs. 1.97 Lakh Crores approx.**
- **Target to Generate Additional 60 Lakhs new employment**
- **To Generate Additional Domestic Sales of Rs. 30 lakh Crores in Next 5 years**

Background of PLI Scheme

- **Initially Targeting 3 Sector:**
 - **Active Pharma Ingredient Manufacturing Sector**
 - **Electrical Components Manufacturing**
 - **Medical Devices**
- **Later during COVID in November 2020, further extended to total 14 Sectors**
- **PLI Scheme was conceived by Govt to:**
 - **Scale Up Domestic Manufacturing Capabilities**
 - **Import Substitution**
- **Both Domestic and Foreign Companies are eligible for this scheme**

Background of PLI Scheme

➤ 14 Sectors of PLI Scheme are:

1. Active Pharma Ingredient Manufacturing Sector
2. Electrical Components Manufacturing
3. Medical Devices
4. Electronic/Technology Products (Laptops, Tablets and Servers Manufacturing)
5. Pharmaceuticals drugs
6. Telecom & Networking Products
7. Food Products

Background of PLI Scheme

➤ 14 Sectors of PLI Scheme are:

8. White Goods (ACs & LED)
9. High-Efficiency Solar PV Modules
10. Automobiles & Auto Components
11. Advance Chemistry Cell (ACC) Battery
12. Textile Products
13. Specialty Steel
14. Drones and Drone Components

Success Story of PLI Scheme

- **In FY 2017-18, mobile phone imports were USD 3.6 billion, while exports were a mere USD 334 million, resulting in a -USD 3.3 billion trade deficit.**
- **By FY 2022-23, imports reduced to USD 1.6 billion, while exports surged to nearly USD 11 billion, yielding a positive net exports of USD 9.4 billion.**

Success Story of PLI Scheme

As on June 2023:

- **733 PLI Applications Approved in 14 Sectors**
- **176 MSMEs are among the approved applications**
- **Committed Investment of Rs. 3.65 Lakh Crores over 5 years**

Features of PLI Scheme

- **Respective Central Govt Ministries handle their Sector's PLI Schemes**
- **Incentive is based on Incremental Sales**
- **Incentive Based on % of Incremental Sales**
- **Each Sector has its own different % of Incentive on Sales**
- **Manufacturing in India**
- **Can be for New Unit as well as for Expansion Unit**

Features of PLI Scheme

- **Incentive when there is New CAPEX**
- **CAPEX in 1 to 5 Years**
- **Incentive is for almost 5 years in all sectors**
- **To Get Incentive Unit to Achieve Threshold CAPEX and Threshold Incremental Sales every year**
- **Open window for application and need to apply during that window period**

Some Important Definitions

- **Base Year**
- **CAPEX Year / Investment Year**
- **Performance year**
- **Incremental Sales**
- **Domestic Value Addition**

Opportunity for CAs under PLI Scheme

- **Advisory to Clients on various incentives available Under PLI**
- **Preparation of PLI Application and Online Submission**
- **Preparation of Yearly Claims**
- **Certification work during PLI Application**
- **Certification work during yearly claims**

Bank Funding Options for MSMEs

Bank Funding for MSMEs

➤ **CGTMSE Scheme Collateral Free Loans**

- **Currently Upto Rs. 5 Crores**
- **For Both Term Loan and Working Capital**
- **Insurance Premium currently around 1%**
- **Some nationalized banks are aggressive in this Scheme**

➤ **Stand Up India Scheme**

- **Loan upto Rs. 50 Lacs**
- **For Term Loan and Working Capital Both**
- **Interest rate concession for Women Entrepreneur**
- **Fast Processing**
- **Separate Department in some Nationalised Banks for this Scheme**

Bank Funding for MSMEs

- **MSME dedicated branches of PSU banks across country**
- **PSU Banks recently opened Startup dedicated branches also (SBI SME Cell, BOB SME Loan Factory, Central Bank of India, Bank of India etc.)**
- **SIDBI branches across countries catering to needs of MSMEs**
- **SIDBI loans at very concessional rates and lesser collateral security**

Other Practice opportunities for CAs in MSME Sector

LEI Registration Services

➤ Legal Entity Identifier (LEI) Registration Services

- **LEI is a 20 Digit unique code to identify parties to financial transactions worldwide**
- **Borrowers with total exposure above Rs. 25 Crores to obtain LEI by 30th April 2023.**
- **All Corporate borrowers having exposure above Rs. 10 Crores to obtain LEI by 30th April 2024.**
- **All Corporate borrowers having exposure above Rs. 5 Crores to obtain LEI by 30th April 2025.**

LEI Registration Process

- **Very Simple Online Process**
- **Need to register the entity on LEI portal authorized by RBI**
- **Submit very minimum documents online (Latest Financials and Authority Letter)**
- **Obtain LEI registration in 3 to 5 days**
- **Online Certificate**
- **Govt Fee for 1 year Rs. 4250 (Plus applicable GST)**
- **Every year renewal is there and renewal fees also**

Other Services to MSMEs by CA

- **MPCB Consent Registration**
- **Trademark Registration**
- **Factory License Registration**
- **Startup Registration**
- **Udyam Registration**
- **Advisory in Central Govt. PLI Subsidy Schemes for MSMEs and Large Units**
- **Neighboring States also have MSME policies like Gujarat, Daman, MP, Telangana, Rajasthan, Karnataka**

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(For regular Updates on various schemes for MSMEs You May like to join our WhatsApp group:

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