



# **Udhyam Registration and its benefits**

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# Introduction

- Background
- Transition from Udyog to Udyam
- Registration process and criteria
- Disconnect - Issues
- Benefit- Protection from delayed payments
- Benefit- Collateral Free Finance Scheme

# Background

- Stands for Micro Small and Medium Enterprises.
- Plays an important role in economic stability.
- The enterprise is regarded as BACKBONE of industrial development.
- They have emerged as dynamic and vibrant sector of economy.

# Role of MSME In India

- Employment generation
- Production
- Export contribution
- Utilising resource optimally
- Increase GDP

# Udyog to Udyam

- Name changed from Udyog aadhaar to Udyam portal
- Registration on Udyam Registration portal.
- No fee for filing Udyam Registration
- Go to website <https://udyogaadhaar.gov.in>

# Activities not covered under MSME

NIC Code	Activity
2	Forestry and logging
3	Fishing and aquaculture
45	Wholesale and retail trade and repair of motor vehicle and motorcycles
46	Wholesale trade except of motor vehicles and motor cycles 47
47	Retail Trade Except of Motor Vehicles and motor cycles
97	Activities of households as employees for domestic personnel
98	Undifferentiated goods and services producing activities of private households for own use
99	Activities of extraterritorial organization and bodies

# Re-Registration of existing enterprises

- 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.
- All enterprises registered till 30th June, 2020, shall be reclassified in accordance with this notification.
- The existing enterprises registered prior to 30th June, 2020, shall continue to be valid only for a period up to the 31<sup>st</sup> day of March, 2021.

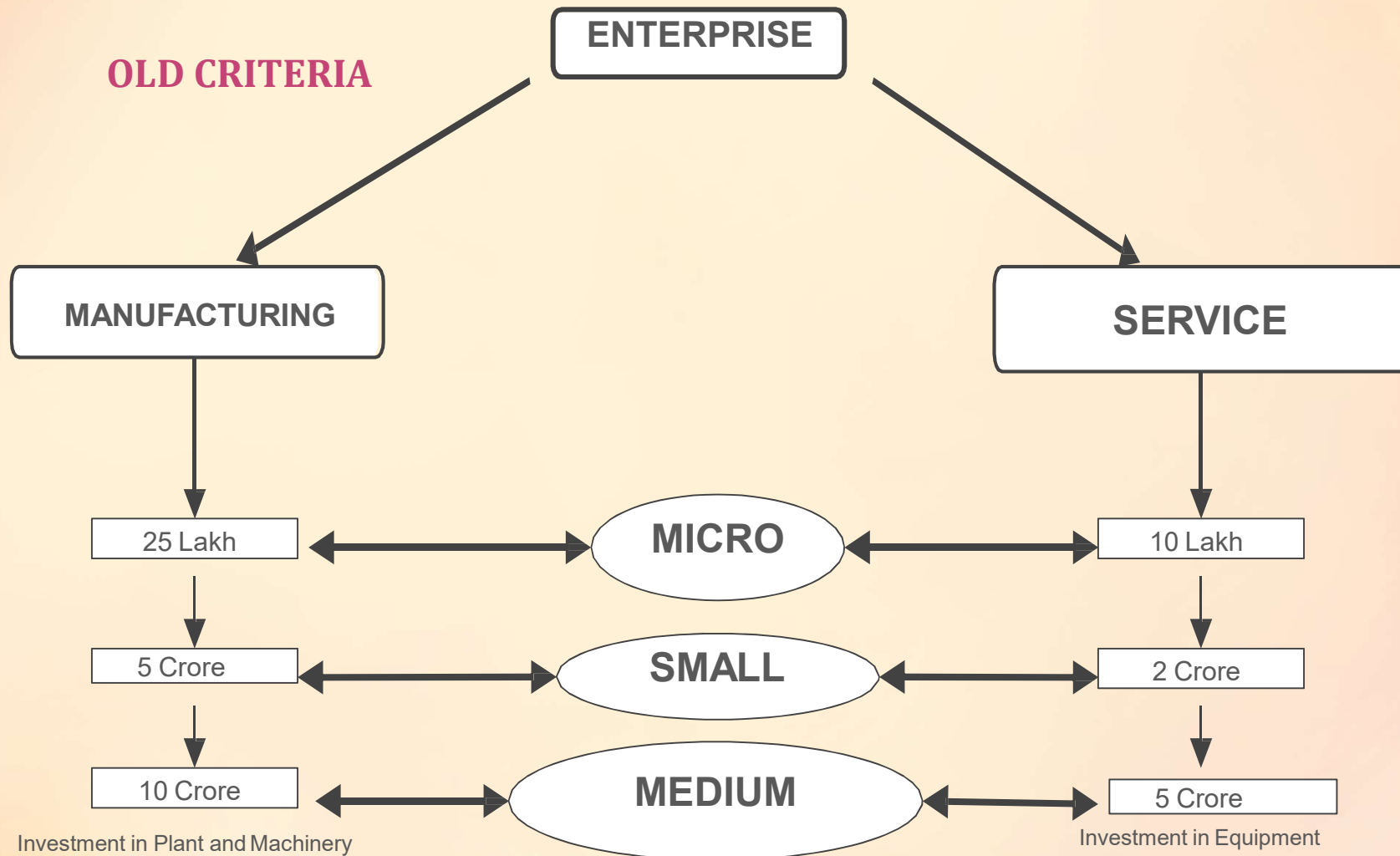
# New registration in Udyam- Information list

- Aadhaar Number
- Name of Owner/Promoter
- Social Category
- Business Name
- Type of Organization
- Address
- Date of Commencement
- Bank Details
- Key Activity
- Number of persons employed
- Investment in Plant & Machinery / Equipment
- Turnover
- District Industry Center (DIC)



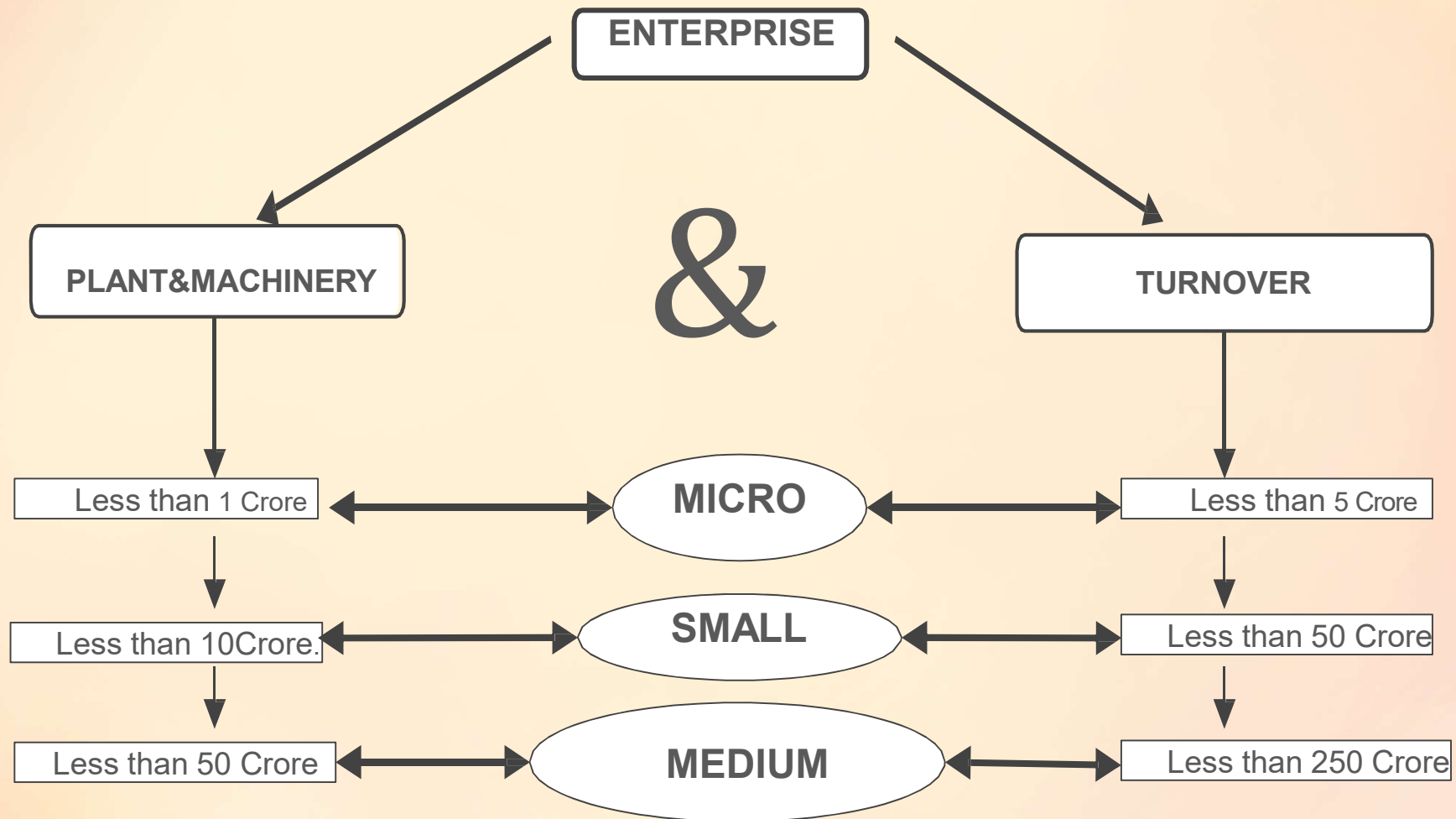


The MSMED Act, 2006 defined the Micro, Small and Medium Enterprises based on the investment in plant and machinery for those engaged in manufacturing or production, processing or preservation of goods and (ii) on the investment in equipment for enterprises engaged in providing or rendering of Services.



## NEW CRITERIA

- No separate limit for manufacturing and service enterprise
- Classification for MSME is explained below :-



## Calculation of investment in plant and machinery or equipment

- 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.
- 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.
- 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).

## Calculation of investment in plant and machinery or equipment

- 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.
- The cost of certain items specified in the Explanation I to subsection (1) of section 7 of the Act shall be excluded from the calculation of the amount of investment in plant and machinery.

## Calculation of Turnover

- 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.
- 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.
- 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

## Transition period for re-classification

- In case of an upward change (From lower category to higher category) in terms of investment in plant and machinery or equipment or turnover or both, Enterprise will maintain its prevailing status till expiry of one year from the close of the year of registration.
- In case of reverse-graduation of an enterprise (From higher category to lower category), 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.

# Benefits of MSME Registration In India

- **Protection against Delayed Payments**
- **Collateral Free Finance Schemes -i.e Mudra Loan, CGTMSE, TReDS**
- Preference in Procurement by PSU for Goods
- Overdraft Interest Rate reduction
- Subsidy on Patent Registration
- Industrial Promotion Subsidy Eligibility
- Concession in Electricity Bills
- ISO Certification Charges Reimbursement

## Protection Against Delayed Payment

- Enterprise registered and supplies any goods or services to a buyer then the buyer is required to make the payment on or before the agreed date ( maximum 45 days) of payment or within 15 days( if no agreed terms) from the day they had accepted the goods
- If the buyer delays the payment for more than 45 days after accepting the products or services then the buyer has to pay compound interest at monthly rests on the delayed amount .
- The interest rate is three times the rate that is notified by the Reserve Bank of India.
- Reporting in Annual report as per Companies Act, 2013
- Filing of form MSME1 as per Companies Act, 2013
- Disallowance of Interest under Income Tax Act, 1961



**Hon'ble PM Shri Narendra Modi talking about MSME Samadhaan portal**



## MSME Samadhaan portal for delayed payments

- State Governments are to establish Micro and Small Enterprise Facilitation Council (MSEFC) for settlement of disputes on Delayed payments.
- Any Micro or small enterprise having valid Udyog Aadhar(UAM) can apply.
- MSEFC has to settle the dispute within a period of ninety days from the date of making such a reference as per provisions laid in the Act.
- If the Appellant wants to file an appeal, no application for setting aside any decree or award unless the appellant has deposited the 75% of the award amount.

# MSME Samadhaan portal for delayed payments

➤ <https://samadhaan.msme.gov.in/>



# **Collateral Free Finance Scheme Factoring Platform For MSME- TReDS**

- Unified platform for Sellers, Buyers and Financiers
- Eliminates Paper
- Easy Access to Funds
- Transact Online
- Competitive Discount Rates
- Seamless Data Flow
- Standardised Practices

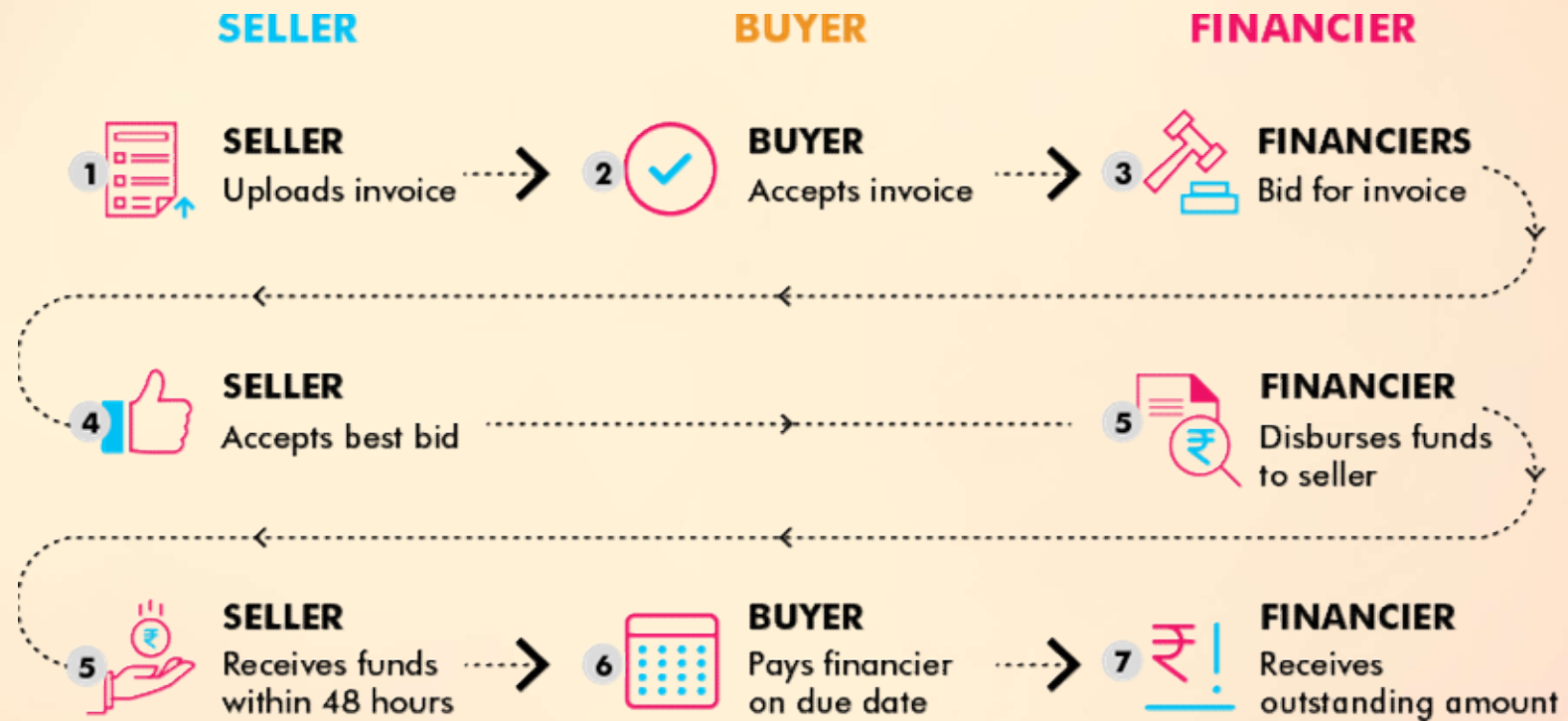
# Collateral Free Finance Scheme Factoring Platform For MSME



( joint venture between Axis Bank and mjunction services)



# Factoring



# Reverse Factoring

**BUYER**

**FINANCIER**

**SELLER**



**BUYER**

Uploads invoice



**FINANCIERS**

Bid for invoice



**BUYER**

Accepts best bid



**FINANCIER**

Disburses funds to seller



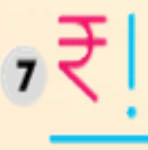
**SELLER**

Receives funds within 48 hours



**BUYER**

Pays financier on due date



**FINANCIER**

Receives outstanding amount



**Thank you**