



Ayana Legal

THE BUZZ

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Monthly Newsletter by Ayana Legal

A fact in fact

- The United Nations General Assembly has designated 27th June as "Micro-, Small, and Medium-sized Enterprises Day"
- According to the UN, MSMEs account for 90% of businesses, 60 to 70% of employment and 50% of GDP worldwide.
- As per the UN, 4 out of 5 new positions in the formal sector were created by MSMEs.
- A study by IFC shows that women constitute a fifth of the total workforce in the MSME sector
- MSME products accounted for 43.59% of All India Exports for the year 2022-2023
- Over 3 crore MSMEs have been registered in India from 1st July 2020 to 4th December 2023

MICRO, SMALL AND MEDIUM ENTERPRISES (MSME)

MSME refers to certain classes of enterprises that meet a certain level of investment towards plant, machinery or equipment. These enterprises can belong to any industry. One of the aims of MSMEs is to facilitate economic activity across local and marginalised sections.

Classification

Where the investment in Plant and Machinery or Equipment is:

- (i) Micro Enterprises: Not more than Rs.1 crore; Annual Turnover not more than Rs. 5 crore
- (ii) Small Enterprises: Not more than Rs.10 crore; Annual Turnover not more than Rs. 50 crore
- (iii) Medium Enterprises: Not more than Rs.50 crore; Annual Turnover not more than Rs. 250 crore

Procedure For Registration

To register as an MSME one must fill the prescribed form at the Udyam registration online portal. There is no fee for filing Udyam registration. This registration is based on self-declaration and requires no additional documents or proof. Only Aadhar number will be required of either the proprietor, or of the karta in the case of a Hindu Undivided Family (HUF). For a Company or other entity, the entity or its authorised signatory shall provide GSTIN, PAN along with Aadhaar number. PAN and GST linked details on investment and turnover of enterprises will be taken automatically from Government data bases.

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SDG and MSME

According to the UN, promotion of MSMEs worldwide can help in achieving all the 17 Sustainable Development Goals. Some of these include:

Goal 1 - End poverty in all forms

Goal 8 - Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

Goal 10. Reduce inequality within and among countries

noting that MSMEs create 90% of total employment in the private sector and are crucial in increasing income of the 40% of the world's population.

Thank You

We at Ayana Legal thank you for your continued support and patronage. We look forward to being back with our next edition soon.

Disclaimer

This newsletter is solely for the purpose of providing information and the content provided is not and should not be construed as legal advice.

Certificate of Registration

Upon successful registration, a permanent registration number will be given and a certificate will be issued online. This certificate shall have a dynamic QR Code from which the details about the enterprise can be accessed.

Once registration is granted, no renewal is required.

Schemes for MSMEs

The Government has announced multiple schemes to foster MSME growth, some of these include:

1. Credit Linked Capital Subsidy for Technology Upgradation

To facilitate upgradation of technology in Micro and Small Enterprise (MSE) through institutional finance. This scheme provides upfront subsidy of 15% on institutional credit of upto Rs. 1 Crore for identified sectors/technologies.

2. Credit Guarantee Fund Trust for Micro and Small Enterprise

This scheme makes available collateral-free credit to the micro and small enterprise (MSE) sector only. A loan of up to an upper limit of Rs. 500 lakh can be availed for individual MSE.

3. International Cooperation (IC)

Aims to encourage MSME participation and delegation to other countries for exploring new areas of technology, facilitating joint ventures, participation in international exhibitions and trade fairs etc. IC scheme provides financial assistance of up to 95% of airfare and space rent for entrepreneurs. Assistance is provided on the basis of size and type of the enterprise.

4. MSME Market Development Assistance (MDA)

The scheme offers funding up to 75% in respect of to and fro air fare for participation by MSME entrepreneurs in overseas fairs/ trade delegations. The scheme also has provision of funding for producing publicity material (up to 25% of costs), sector specific studies (up to Rs.2 lakh) and for contesting anti-dumping cases (50% up to Rs.1 lakh) - for individual MSMEs & associations.