

Micro, Small & Medium Enterprises Registration

In accordance with the provision of Micro, Small & Medium Enterprises Development (MSMED) Act, 2006 the Micro, Small and Medium Enterprises (MSME) are classified in two Classes:

(a) Manufacturing Enterprises- The enterprises engaged in the manufacture or production of goods pertaining to any industry specified in the first schedule to the industries (Development and regulation) Act, 1951). The Manufacturing Enterprises are defined in terms of investment in Plant & Machinery.

(b) Service Enterprises: The enterprises engaged in providing or rendering of services and are defined in terms of investment in equipment.

The limit for investment in plant and machinery / equipment for manufacturing / service enterprises, as notified, vide S.O. 1642(E) dtd.29-09-2006 are as under:

Manufacturing Sector	
Enterprises	Investment in plant & machinery
Micro Enterprises	Does not exceed 25 lakh rupees
Small Enterprises	More than 25 lakh rupees but does not exceed 5 crore rupees
Medium Enterprises	More than 5 crore rupees but does not exceed 10 crore rupees
Service Sector	
Enterprises	Investment in equipments
Micro Enterprises	Does not exceed 10 lakh rupees
Small Enterprises	More than 10 lakh rupees but does not exceed 2 crore rupees
Medium Enterprises	More than 2 crore rupees but does not exceed 5 crore rupees

Benefits of MSME Registration-

MSME Registration is pre-requisite for several schemes of Government of India. MSME Registration provides following benefits to the company-

Credit Linked Capital Subsidy Scheme for Technology Upgradation - The Scheme was launched in October, 2000 and revised w.e.f. 29.09 2005. The revised scheme aims at facilitating Technology Upgradation of Micro and Small Enterprises by providing 15% capital subsidy (12% prior to 2005) on institutional finance availed by them for induction of well established and improved technology in approved sub-sectors/products. The admissible capital subsidy under the revised scheme is calculated with reference to purchase price of Plant and Machinery. Maximum limit of eligible loan for calculation of subsidy under the revised scheme is also been raised Rs. 40 lacs to Rs. 100 lakh w.e.f. 29-09.2005.

Credit Guarantee Scheme - The Credit Guarantee Fund Scheme for Micro and Small Enterprises (CGMSE) was launched by the Government of India to make available collateral-free credit to the micro and small enterprise sector. Both the existing and the new enterprises are eligible to be covered under the scheme. The collateral free loan can be availed by Micro & Small Enterprises with the help of Credit Guarantee Fund Trust for Micro & Small Enterprises (CGTMSE). Website- <http://www.cgtmse.in>

Performance and Credit Rating Scheme for MSMEs : Government of India provides subsidy for the rating of Micro & Small Enterprises on the basis of their MSME Registration. The subsidy is up-to 75% of the total rating fees. MSMEs can avail the Rating from Rating Agency ~~XXXXXX~~.

ISO 9000/ISO 14001 Certification Reimbursement Scheme- Reimbursement of expenses for acquiring Quality Management System (QMS) ISO 9000 certification/environment management (EMS) ISO 14001 certification to the extent of 75% or Rs.75,000/- whichever is lower- For individual Micro & Small Enterprises.

MSME MDA (Market Development Assistance) - The scheme offers funding upto 75% in respect of to and fro air fare for participation by MSME Entrepreneurs in overseas fairs/trade delegations. The scheme also provide for funding for producing publicity material (upto 25% of costs) Sector specific studies (upto Rs. 2 lakhs) and for contesting anti-dumping cases (50% upto Rs. 1 lakh) - *for individual MSMEs & Associations.*

» **Participation in the International Exhibitions/ Fairs** - For registered Small & Micro manufacturing enterprises with DI/DIC.

» **Financial Assistance for using Global Standards (GS1) in Barcoding** - Bar codes are the series of black lines and white spaces printed on product packages or attached as tags which you would have noticed on consumer products. Ministry of MSME, provides the financial assistance for reimbursement of 75% of one-time registration fee for getting the Bar Code Registration (Under SSI-MDA Scheme) w.e.f. 1st January,2002 and 75% of annual recurring fee for first three years.

Benefit of Priority Sector Lending -- As Per Circular no. RPCD. No. RRB.BC. 20 /03.05.33/2007-08 issued by RBI, the MSEs registered as per MSME Act 2006, should be classified in priority sector lending. The interest rates for loans granted under priority sector lending are less as compared to normal loans.

Protection in Delay of Payments - As per MSME Development Act 2006, no buyer can delay the payment for goods or services received from registered micro & small enterprise. And the agreement for payment of such amount should not exceed 45 days. If the buyer fails to pay the amount within 45 days, then as per act the micro or small enterprise can charge them the compound interest rate on monthly basis 3 times the interest rate prescribed by RBI.

➤ **MSME Registration is Mandatory for getting registered with NSIC which provides following benefits-**

15% Price Preference with Government Purchase Departments - Several Public Sector Units owned by Government give preference to micro & small enterprises. The quotations given by units registered as Micro or Small enterprise will be given 15% price preference as compared to large companies.

Waiver of Earnest Money & Security Deposit - At several tenders & contracts the micro & small enterprises get waiver in earnest money & security deposit. Hence it reduces the requirement of working capital for MSEs and avoids blockage of money.

After MSME registration the company becomes eligible for all schemes of Government of India for MSMEs.

Further details about all above schemes can be seen on website of Government of India- <http://www.dcmsme.gov.in>