



Advisory
Strategy
Competency

CLASSIFICATION OF MSME & ITS BENEFITS



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About Us



Singapore

ASC Group started in 1995 as a CA firm with a view to offer all accounting and financial services for individuals and corporates under one roof.

Canada

Delhi

Noida

Gurugram

Mumbai

Bangalore

Chennai

Pune

It has a team of more than 300+ people including 120 experts comprising of Chartered Accountants, Company Secretaries, Advocates, Insolvency Professionals and Management Professionals. Being Registered Office in Delhi, it has several branches in India like Noida, Gurugram, Mumbai, Bangalore, Chennai, Pune and overseas countries with a branch office set up in Singapore and Canada.

ASC Group is offering services through many interlinked entities: Alok Sinhal & Co. (the original Chartered Accountant firm), Themis and Dike (the legal arm of the ASC group), ASC Consulting Private Limited (catering to multinationals doing business in India), ASC(S) Consulting Pte. Ltd. (serving to corporates located in Singapore), ASC Ventures Corp (serving to corporates located in Canada) etc.

**Personal
Attention**



**Practical
Expert
Advice**



**Positive
Solutions**

The Firm's rich heritage is apparent in the values for which we stand – integrity, reliability & proficiency. It is our considered policy to provide professional services in a conservative manner with due attention to the security and propriety of the transactions involved.

Our Journey so far



1995

Year of Inception With 2 people and limited set of clients

Become a team of 10 people and shifted to Lajpat Nagar, Delhi Office

2002

2009

Established 2nd offices in Gurgaon and become a team of 50 People

Established International taxation and Foreign Trade policy business vertical

2010

2011

Became a member of the esteemed EuraAudit International, France

Published a book on "All India VAT : A Ready Reckoner"

2012

2013

Built a strong team of 150 experts. Published books on All India Tax : Ready Reference

Established 3rd office in Mumbai and launched the legal Metrology & BIS vertical featured in 'Bureaucracy Today'

2014

2015

Established 4th office 18000 sq ft 6 story building with modern amenities

Established 5th office in Singapore providing outbound services. Become a team of 190+ experts

2016

2017

Established Insolvency & bankruptcy vertical and Sourcing solutions Vertical

Established 6th office in Bangalore. Set up in Japan desk for Japanese clients

2018

2019

Established 7th Office in Canada and 8th office in Chennai. And having Team of more than 300 People

2020

Established 9th office in Pune.

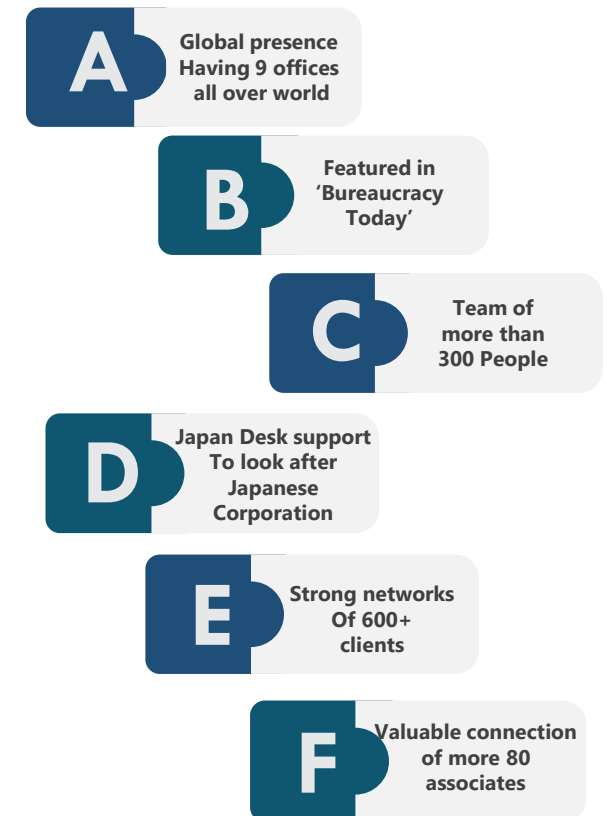
Why ASC?



ASC GROUP ADVANTAGE



WHAT MAKES US EXCEPTIONAL?



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Micro, Small and Medium Enterprises (MSME) sector has emerged as a highly vibrant and dynamic sector of the Indian economy over the last seven decades. MSMEs not only play crucial role in providing large employment opportunities at comparatively lower capital cost than large industries but also help in industrialisation of rural & backward areas, thereby, reducing regional imbalances and assuring more equitable distribution of national income and wealth. MSMEs are complementary to large industries as ancillary units and this sector contributes enormously to the socio-economic development of the country.

Establishment of specific funds for the promotion, development and enhancing competitiveness of these enterprises, notification of schemes / programmes for this purpose, preference in Government procurements to products and services of the micro and small enterprises, more effective mechanisms for mitigating the problems of delayed payments to micro and small enterprises are some of the features of MSMEs.

Therefore, to support and promote MSMEs, the Government of India through various subsidies, schemes and incentives promote MSMEs through the MSMED Act, however to avail the benefits, MSME Registration is required. Though the MSME registration is not statutory, it is beneficial for business as it provides a range of benefits such as eligibility for lower rates of interest, excise exemption scheme, tax subsidies, power tariff subsidies, capital investment subsidies and other support.

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The Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) was enacted for the promotion and development and enhancing the competitiveness of Micro, Small and Medium Enterprises. It includes enterprises engaged in both manufacturing / production and in services and defines investment threshold in plant & machinery / equipment for MSME to qualify as Micro, Small or Medium. However, **Trading companies are not covered by this scheme** because MSME is to support start-up's with subsidies and benefits, but trading companies are just like middlemen i.e. a link between manufacturer and customer, hence not covered under the scheme.

I. 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 or employing plant and machinery in the process of value addition to the final product having a distinct name or character or use. ***The Manufacturing Enterprise are defined in terms of investment in Plant & Machinery.*** Investment in plant & machinery is the original cost excluding land & building and the items specified vide notification no. S.O.1722(E) dated October 5, 2006 (given in next slide).

II. Service Enterprises

The enterprises engaged in providing or rendering of services and are ***defined in terms of investment in equipment*** (original cost excluding land & building and furniture, fittings and other items not directly related to the service rendered or as may be notified under the MSMED Act, 2006).

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1. The Central Government specifies the following items, the cost of which shall be excluded while calculating the investment in plant & machinery in the case of the enterprises:
 - i. Equipment such as tools, jigs, dyes, moulds and spare parts for maintenance and the cost of consumables stores;
 - ii. Installation of plant and machinery;
 - iii. Research and development equipment and pollution controlled equipment
 - iv. Power generation set and extra transformer installed by the enterprise as per regulations of the state electricity board;
 - v. Bank charges & service charges paid to the national small industries corporation or the state small industries corporation;
 - vi. Procurement or installation of cables, wiring, bus bars, electrical control panels (not mounded on individual machines), oil circuit breakers or miniature circuit breakers which are necessarily to be used for providing electrical power to the plant and machinery or for safety measures;
 - vii. Gas producers plants;
 - viii. Transportation charges (excluding sales-tax or value added tax and excise duty) for indigenous machinery from the place of the manufacture to the site of the enterprise;
 - ix. Charges paid for technical know-how for erection of plant and machinery;

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x. such storage tanks which store raw material and finished produces and are not linked with the manufacturing process; and

xi. fire fighting equipment.

2. While calculating the investment in plant and machinery refer to paragraph 1 above, the original price thereof, irrespective of whether the plant and machinery are new or second handed, shall be taken into account provided that in the case of imported machinery, the following shall be included in calculating the value, namely;

- Import duty (excluding miscellaneous expenses such as transportation from the port to the site of the factory, demurrage paid at the port);
- Shipping charges;
- Customs clearance charges; and
- Sales tax or value added tax.

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The Ministry of Micro, Small and Medium Enterprises (MSME) has clarified as per notification S.O 2576(E) dated 18.09.2015 and subsequent notification no S.O 85(E) dated 10.1.2017 that **following activities are specifically not included in the manufacturing or production of commodities or rendering of services** as per Section 7 of the MSMED Act:

- Forest and Logging
- Fishing and aquaculture
- Wholesale, retail trade and repair of motor vehicle and motorcycles
- Wholesale trade except for motor vehicles and motorcycles.
- Retail Trade Except of Motor Vehicles and motor cycles
- Activities of households as employees for domestic personnel
- Undifferentiated goods and services producing activities of private households for own
- Activities of extraterritorial organisations and bodies

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Existing MSME Classification

Criteria: Investment in Plant & Machinery (for Manufacturing) or Equipment (for Service)

Classification	Micro	Small	Medium
Manufacturing Enterprises	Investment < Rs. 25 lac	Investment < Rs. 5 crore	Investment < Rs. 10 crore
Services Enterprises	Investment < Rs. 10 lac	Investment < Rs. 2 crore	Investment < Rs. 5 crore

Revised MSME Classification w.e.f. 1st July 2020 *

Composite Criteria: Investment and Annual Turnover

Classification	Micro	Small	Medium
Manufacturing & Service Enterprises	Investment < Rs. 1 crore And Turnover < Rs. 5 crore	Investment < Rs. 10 crore And Turnover < Rs. 50 crore	Investment < Rs. 50 crore And Turnover < Rs. 250 crore

** It includes the changes approved in the Special meeting of Cabinet Committee on Economic Affairs under the Chairmanship of Prime Minister Shri Narendra Modi held on 1st June 2020. Further, Export Turnover shall not be counted in the limits of turnover for any category of MSME units.*

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The schemes/ programmes undertaken by the MSME Ministry and its organisations seek to facilitate/provide:

- i. adequate flow of credit from financial institutions/banks;
- ii. support for technology up-gradation and modernisation;
- iii. integrated infrastructural facilities;
- iv. modern testing facilities and quality certification;
- v. access to modern management practices;
- vi. entrepreneurship development and skill up-gradation through appropriate training facilities;
- vii. support for product development, design intervention and packaging;
- viii. welfare of artisans and workers;
- ix. assistance for better access to domestic and export markets and
- x. cluster-wise measures to promote capacity building and empowerment of the units and their collectives.

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1. Interest Equalisation Scheme on Pre and Post Shipment Rupee Export Credit

To amplify the scope of access to credit for MSME exporters, reimbursement of interest increased to five percentage points per annum (5% p.a.), on outstanding balance of pre shipment or post shipment Rupee Export Credit.

2. Capital Subsidy

Credit Linked Capital Subsidy Scheme (CLCSS) is available to MSME for technology up-gradation, through some nationalised banks and organisations like SIDBI etc. The ceiling for loans under the Scheme is Rs. 1 crore and the subsidy available is to the extent of 15% thereof.

3. Interest

As per Section 16 of the MSME Act, the buyer who fails to pay to supplier [registered under MSME Act] **beyond 45 days** from the date of acceptance of goods or services, the buyer shall be liable to pay compound interest with monthly rests to the supplier on that amount from the appointed date at **three times of the bank rate** notified by the Reserve Bank of India.

4. Subsidy on Patent Registration

A hefty 50% subsidy is given to the Enterprise who has the certificate of registration granted by MSME. This subsidy can be availed for patent registration by giving application to respective ministry.

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5. Bank Loans (Collateral Free)

The Government of India has made collateral-free credit available to all small and micro business sectors. This initiative guarantees funds to micro and small sector enterprises. A trust named The Credit Guarantee Trust Fund Scheme was introduced by the Government Of India, SIDBI (Small Industries Development Bank Of India) and the Ministry of Micro, Small and Medium Enterprise to make sure this scheme is implemented (Credit Guarantee Scheme) for all Micro and Small Enterprise.

6. Overdraft Interest Rate Exemption

Businesses or enterprises registered under MSME can avail a benefit of 1% on the Over Draft as mentioned in a scheme that differs from bank to bank.

7. Industrial Promotion Subsidy Eligibility

Enterprises registered under MSME are also eligible for a subsidy for Industrial Promotion as suggested by the Government.

8. Fewer Electricity Bills

This concession is available to all the Enterprises that have the MSME Registration Certificate by providing an application to the department of the electricity along with the certificate of registration by MSME.

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9. ISO Certification Charges Reimbursement

The registered MSME enterprises can claim the reimbursement of the expenses that were spent for the ISO certification.

10. Other Benefits - Apart from various incentives, export promotion, marketing assistance, MSMEs can avail the benefits under various policies as under:

1. National Manufacturing Competitiveness Programme (NMCP) Schemes under XI plan
2. ISO 9000/14001 Certification Fee Reimbursement Scheme
3. MSME MDA
4. Scheme of Micro Finance Programme
5. Scheme of National award
6. TREAD Scheme (<http://www.dcmsme.gov.in/schemes/sidoscheme.htm>)
7. Financial support for participating in foreign expos to showcase their products.
8. Eligible for government subsidies.
9. Registration would facilitate hassle-free opening of current bank accounts in the name of the business.
10. Allow businesses to apply for government micro business loans and other such related beneficial schemes.

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11. Government tenders only for MSME
12. Loan up to 1 crore within 59 minutes through online portal
13. Interest Subvention of 2% for all GST registered MSMEs on fresh incremental loans
14. All companies with a turnover of more than 500 crores to be mandatorily on TReDS platforms to enable entrepreneurs to access credit from Banks, based on their upcoming receivables, thus, solving the problems of cash cycle
15. All PSUs to compulsorily procure 25 % from MSMEs instead of 20% of their total purchases
16. Out of 25% procurement mandated from MSME, 3% reserved for women entrepreneurs
17. All CPUs to compulsorily procure through GeM portal.
18. 100 Technology centres to be established to the cost of Rs. 6000 crore
19. Govt. of India to bear 70 percent of the cost for establishing Pharma dusters
20. Returns under 8 Labour laws and 10 Union regulations to be filed once in a year
21. Establishment to be visited by an Inspector will be decided through computerised random allotment
22. Other schemes- please refer the following link-<http://msme.gov.in/mob/SchemeNew.aspx>

Note:

- a) MSME registration is also known as Udyog Aadhar Registration and it is voluntary registration, not mandatory.
- b) If someone wishes to register for more than one industry, then they should opt for individual registration.

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1. Presentation (in buyer books)

As per Section 22, where any buyer is required to get his annual accounts audited under any law for the time being in force, such buyer shall furnish the details of principal amount and the interest due to any supplier in his annual statement of accounts.

2. Treatment as per Income Tax

As per Section 23 of the Income Tax Act, the amount of interest payable or paid by any buyer shall not be allowed as deduction.

3. Regular Half Yearly Compliances under Companies Act

Every specified company shall file a return as per MSME Form I annexed to this Order, by 31 October for the period from April to September and by 30 April for the period from October to March.

Specified companies means all companies:

- a. *who get supplies of goods or services from micro and small enterprises and*
- b. *Whose payments to micro and small enterprise suppliers exceed 45 days from the date of acceptance or the date of deemed acceptance of the goods or services.*

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1. Rs. 3 lakh crores Collateral Free Automatic Loans for Business including MSMEs

- Emergency Credit Line to MSMEs from banks and NBFCs up to 20% of entire outstanding credit as on 29.02.2020
- Borrowers with up to Rs. 25 crore outstanding and Rs. 100 crore turnover eligible
- Loans to have 4 year tenor with moratorium of 12 months on principal repayment
- Interest to be capped
- 100% credit guarantee cover to Banks and NBFCs on principal and interest
- Scheme can be availed till 31st October 2020
- No guarantee fee, no fresh collateral

2. Rs. 20,000 crore Subordinate Debt for Stressed MSMEs

- Functioning MSMEs which are NPA or are stressed will be eligible
- Promoters of the MSME will be given debt by banks which will then be infused by promoter as equity in the Unit

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3. **Rs. 50,000 crore equity infusion for MSMEs through Fund of Funds will help to expand MSME size as well as capacity and encourage MSME to get listed on main board of Stock Exchanges**
4. **Global tenders will be disallowed in Government procurement tenders up to Rs. 200 crores. This will help MSMEs to increase their business**
5. **E-market linkage for MSMEs to be promoted to act as a replacement for trade fairs and exhibitions**
6. **MSME receivables from Government and Central Public Sector Undertakings to be released in 45 days**

Our Team



Founder and CEO
Alok Kumar Agarwal



Director
Deepak Kumar



Vice President
Amit Kumar Rai



Vice President
Mayank Kumar



Asst. Vice President
Tania Kakar



Director
Anju Agarwal



Director
Shailendra Kumar Mishra



Vice President
Mayank Singhal



Vice President
Parul Agarwal



Asst. Vice President
Ankush Goyal



Director
Antaryami Nayak



Vice President
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Vice President
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