

FREQUENTLY ASKED QUESTIONS

General Information and Business Continuity Plans for MSMEs

Q1. I am a nano business - street vendor. Footfalls have come down to almost nil now. What are some of the things I can do to bring my daily business to where it was before?

It would be great if you can start door to door delivery of the products to increase customers. Ensure that you follow all the Covid -19 safety precautions to make customers feel secure to buy your products. Offer online payment options like Google pay, Paytm, PhonPe etc. to make payments easier for your customers. You can also consider creating a WhatsApp broadcast group so that you can share details about your products to your frequent customers. This will not only help increase business but will also help in maintaining a good connection with your frequent customers. You could also consider shifting the location of your business to an area that has higher traffic, for the purpose of better visibility and increased footfalls. Another suggestion is that you can switch your business to any of the current essential products. For assistance in funding, you can apply for a loan through the government's street vendor loan scheme.

<https://www.policeresults.com/street-vendor-10000-loan-yojana/>

Q2. I am a small business and have been unable to procure supplies (machinery, material etc.) from my suppliers. I have also forgone advance payment in some cases, and this is not being refunded either. I know that this is a tough situation for our suppliers as well, but I would like to know if there is any active action, I can take against this non delivery issue.

You can login to the MSME Samadhan portal and raise a complaint. <https://samadhaan.msme.gov.in/>. Ministry of MSME has taken an initiative for filing online application by the supplier MSME unit against the buyer of goods/services before the concerned MSEFC of his/her State/UT. These can be viewed by MSEFC Council for their actions. Online complaints raised will also be visible to the Concerned Central Ministries, Departments, CPSEs, State Government, etc. for pro-active actions. You can also visit the MSME Helpline an initiative of Indian MSME Helpline Private Limited which is promoted by professionals of national repute. It is a one stop solution for the MSMEs to start/run their business (<https://www.msmehelpline.com>). Further any queries and issues related to the MSME business can be addressed in the <https://msme.gov.in> site under the Grievance Monitoring

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System. The NSIC (National Small Industries Corporation) monitors the various needs of government small scale industries <https://dcmsme.gov.in/partners/nsic.htm>.

Q3. I am a small business and I want to understand the different stimulus packages available under Aatmanirbhar Bharat. Can you help summarise the same?

The Atmanirbhar Bharat Abhiyan was the economic relief package announced by the Prime Minister and is mainly focused on strengthening the micro, small and medium enterprises. The highlight of this scheme is the collateral free loans to MSME's which is fully generated by the centre. The main features of the Atmanirbhar Bharat Abhiyan Package are summarised below:

1. Collateral-free loan of Rs. 3 lakh crores will be provided, Government is planning to infuse Rs. 20,000 crores in the stressed MSMEs. A fund of Rs. 50,000 crores will be infused into MSMEs showing potential growth. The existing classifications of MSMEs have been redefined. Global tender cannot be raised for government procurement up to Rs. 200 crore and local trade fairs are also not allowed. The RBI has also raised the Ways and Means advance limits of States by 60% and enhanced the Overdraft duration limits. Also provided relaxation in Statutory and Compliance matters, such as income tax returns and GST returns.
2. Government proposes to pay EPF amount on behalf of employees as well as employers for 3 months which is extended to August 2020 (6 months), in addition to this, the EPF contribution is cut to 10%.
3. Also, Rs. 45,000 crores will be infused in NBFCs under the partial credit guarantee scheme and Rs. 30,000 crores will be infused in microfinance institutions.
4. Six months additional time will be given to the Government contractors to complete the pending projects. The government has also advised the states and the concerned authorities to extend the registration and completion of the real estate projects under RERA.
5. Till March 31, 2020, TDS/TDS rates have been reduced by 25% and this is applicable on all payments made to contracts, dividends, etc. The date for filing income tax returns is now extended to November 30, 2020, from earlier July 31, 2020. Also, Vivad se Vishwas Scheme has also been extended till December 31, 2020. For details please visit: <https://www.india.gov.in/spotlight/building-atmanirbhar-bharat-overcoming-covid-19> & <https://www.thehindu.com/business/Economy/coronavirus-package-how-will-the-covid-19-relief-for-msmes-help/article31603575.ece>

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Q4. I am a small business seeking to register as an MSME. Can you help with the steps required and the pre-requisites applicable?

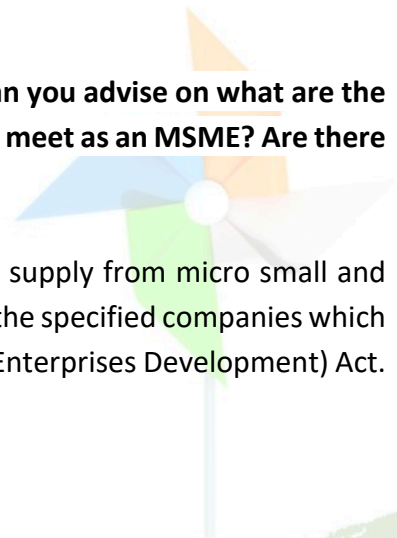
To register your business as an MSME, you can visit <https://udyamregistration.gov.in/Government-India/Ministry-MSME-registration.htm> and submit your application online. It is mandatory to have your Aadhar number for the registration process. Upon completion of the registration process, you will receive a certificate online and a permanent registration number. This entire process is paperless, free of cost and no documents need to be uploaded. The PAN & GST linked details on investment and turnover of the MSME will be taken automatically from Government databases. Having a PAN & GST number is mandatory from 01.04.2021.

Q5. I am a small business. I want to understand how NACH credit scheme works. Does it apply to any kind of business?

NACH stands for National Automated Clearing House and was introduced by National Payment Corporation of India (NPCI). NACH is an electronic payment service that helps banks, corporate sectors, government and other financial institutions to handle bulk payments thereby saving on operational costs and time. Using NACH Credit, an institution/corporate/organisation can make payments to multiple beneficiaries by making a single debit to the bank account of the user institution. Salary from corporates, dividends, pension, interest and subsidies, etc. are some of the instances in which NACH Credit is applicable. Using NACH Debit, banks and other financial institutions can accept payments in large volume without interference / barriers of the third party. Through NACH Debit, bulk payments like utility charges can be collected through single settlements. Large number of payments like EMI, loans, electricity bills, water, tax, etc. are some on the instances where NACH Debit is applicable.

Q6. I am a small business. Under the current exceptional scenarios can you advise on what are the minimum compliances relating to financial management I have to meet as an MSME? Are there any government guidelines?

In MSME, the Specified Companies are those companies who get supply from micro small and medium enterprises. MSME Form 1 is a mandatory compliance for the specified companies which are defined in Section 9 of the MSMED (Micro, Small and Medium Enterprises Development) Act.



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These specified companies file the MSME Form 1 on a half-yearly basis to the MCA (Ministry of Corporate Affairs). After the MSME registration, there are certain other compliances that needs to be followed by the Specified Companies. The Specified Companies need to check whether their suppliers are registered under the MSME Act. If registered, they need to verify if there are any pending dues which has exceeded 45 days from the date of acceptance of the services or goods by the company. Also, the company has to either close or file a return of the particulars of the pending dues stating the reason for the delay in the MSME Form1. The government guidelines which needs to be adhered can be accessed in the link. <https://msme.gov.in/nmcpc>

Q7. I am a small business. What are the most effective methods of communication to reach Government authorities with queries and challenges? Are there any helplines, websites or email addresses that we need to be aware of as small businesses?

MSME Helpline is an initiative of Indian MSME Helpline Private Limited and is promoted by professionals of national repute. It is a one stop solution for the MSMEs to start/run their business <https://www.msmehelpline.com/>. Further any queries and issues related to the MSME business can be addressed in the <https://msme.gov.in> site under the Grievance Monitoring System. Also, the NSIC monitors the various needs of government small scale industries <https://dcmsme.gov.in/partners/nsic.htm>. Alternatively, the Centralized Public Grievance Redress and Monitoring System (CPGRAMS) is another online web-enabled system where grievances lodged by citizens are received by the Nodal officer (Commissioner Co-ordination) and then forwarded electronically to the concerned officer (Chief Commissioner / Director General) for redressal and appropriate action. Please find shared the links for grievance registration for MSME units, alternative helpline for small businesses and also start-ups. Links: https://www.startupindia.gov.in/content/sih/en/about_us/faqs.html.

Q8. I am a small business awaiting client payments that have been delayed due to the COVID-19 situation. What are my options to recover these payments?

The Indian government has introduced several initiatives to protect the payments of registered Micro, Small or Medium Enterprises (MSMEs). A company or any other entity who has registered themselves under MSME and are facing problems to recover long pending dues from their customers can file a complaint on MSME Samadhan Portal. Your customer will receive a notice from the Micro and Small Enterprise Facilitation Council (MSEFC).

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Q9. I am an MSME and had started my business during the lockdown with a loan. Unfortunately, the business has not taken off and now I have no money left to restart the business or pay my loans? What options do I have to survive in this climate?

The government has offered new schemes for MSMEs to restart their business. The GECL facility will help BEs/ MSMEs to augment their net working capital, to meet operational liabilities and restart their businesses during the COVID-19 crisis. The Guaranteed Emergency Line of Credit [GECL] is a scheme whereby a lender [referred to as Member Lending Institution or MLI in the Scheme] gives a top-up loan of 20% of the outstanding facility as on 29th February 2020. This top up facility is entirely guaranteed by NCGTC. The other option is to avail the Credit Guarantee Fund Scheme for Micro and Small Enterprises (CGS). It was launched by the Government of India (GoI) to make available collateral-free credit to the micro and small enterprise sectors. Both the existing and the new enterprises are eligible to be covered under the scheme. You can visit your nearest bank/NBFC to get further details.

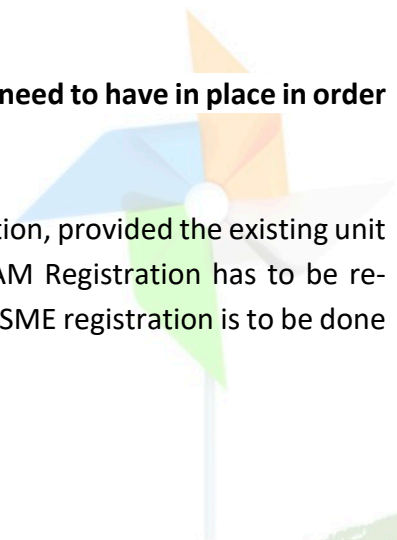
Q10. I am an MSME and I am unable to make loan repayments/instalment payments currently? Is there any relief scheme that I can leverage for this challenge?

You can avail any loan and try developing your business to generate income to pay the instalments. Muthoot Fincorp Ltd. has launched a special Gold Loan Scheme for businesses - "Ashwas Dinam Gold Loan" The features are maximum loan value against gold, steady interest rate for 180 days, 24x7 online repayment options, reducing interest on daily payments.

Muthoot Blue Restart India Pradhan Gold Loan is another excellent choice for businesses and individuals for restarting their businesses which has reasonable interest rates and quick processing. The features are maximum value for gold, loan from Rs 5,00,00, Interest rates starting from 11.99%, Maximum Tenure up to 9 Months.

Q11. I am an MSME/Small Business. What are the mandatory policies I need to have in place in order to restart my business?

An existing and new business can apply for MSME/Udyam Registration, provided the existing unit is functioning and meets the threshold limits for registration. UAM Registration has to be re-registered for Udyam registration to avail the benefits of MSME. MSME registration is to be done



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in the government portal of <https://udyamregistration.gov.in/Government-India/Ministry-MSME-registration.htm>. Aadhaar Card is the only document required for MSME registration. MSME registration is fully online and no proof of documents is required. PAN and GST linked details on investment and turnover of enterprises will be taken automatically by the Udyam Registration Portal from the Government databases. The Udyam Registration Portal is fully integrated with Income Tax and GSTIN systems. There is no expiry of the Udyam Registration Certificate. As long as the entity is ethical and financially healthy there will be no expiry of the certificate. You may visit <https://msme.gov.in/> for the in-depth details on Acts, Rules, Schemes, Documents, notifications and procedures to restart your business. You may also visit <https://www.indiacode.nic.in/> for understanding all the Central enactments/Legislations which are in force and their subordinate legislations made from time to time enacted by the Central, States and Union Territory Administrations.

Q12. I run a service business and I have a steady customer base with good prospects. I am seeking investment for sustaining operations through loans, but I am unable to convince the institutions favourably. Is there a set of prerequisites I need to look at?

If your loan is rejected, identify the reason for the rejection of your loan application before you apply again. Do not keep applying incessantly as every request from a bank/lender to your credit rating agency takes a hit on your ratings. If you are not getting a loan at the moment, evaluate your present financial situation. If you don't want to go through the bank loan application process, you can apply loan from an alternative lender like an NBFC or MFI. The basic prerequisites for applying for a loan include details such as; Purpose of Loan, Business Experience, Business Plan, Credit History, Personal Information, Financial Statements, Collateral and Cash Flow.

Q13. We are a financial institution. If the customer has not explicitly exercised his right to moratorium, can we continue to seek EMI payments from them? Do we have an obligation to make them aware of the moratorium?

As per RBI, all commercial banks (including regional rural banks, small finance banks and local area banks), co-operative banks, all-India Financial Institutions and NBFCs (including housing finance companies and micro-finance institutions) have been permitted to allow the moratorium relaxation to its borrowers. Lending Institutions may use their discretion to allow a moratorium. It is not necessary to provide a compulsory moratorium of Six months - it can be less than Six

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months as well. Though there is no obligation, it is always better to inform the customer about the options available. If borrowers continue to settle their obligations on time after the publication of the moratorium, this does not prevent them from applying the moratorium during the emergency state period. For example, if a borrower did not refuse the moratorium offer within the prescribed timeframe and did pay one due loan instalment, in the month thereafter the moratorium will automatically apply to that borrower if he fails to pay the next loan instalment.

Q14. We have recently lost the earning member of the family to the COVID-19 pandemic. What are the relief steps the government/other organizations have taken to help such families?

There are insurance schemes offered by various State government and public / private organisations subject to certain conditions. Most of them covers the medical expense for Covid-19 hospitalisation and treatment. For Government employees, Employee Provident Fund Organisation (EPFO) has announced death relief fund of Rs.3.9 lakhs in case the employee dies of Covid-19. National Family Benefit Scheme provides a lump sum family benefit of Rs.10,000/- to the bereaved households in case of the death of the primary breadwinner irrespective of the cause of death. The scheme is applicable to people in the age bracket of 18-64 years. You may get in touch with your nearest local self-government / panchayat / municipal / corporation authorities for more details and support / relief schemes in line with your background and eligibility criteria.

