
MSME's Way Forwards Loans and Government Schemes



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What you will learn today ?

- Story of MSME
- Definition of MSME's
- How to Register
- Various Govt Schemes for MSME's
- Loans for MSME's



Story of MSME's

- MSME's Stand for Micro, Small and Medium sector Enterprises
- It was based on Gandhian Model
- During Pre-Liberalization (before 1991) India followed Industrial Policy Resolution 1948 that defined the role of state in Industrial Development
- Despite numerous protection MSME remained small and technology backward
- Post Liberalization era 1991-2006 was golden era for MSME.

Contribution of MSME to Economy

- The MSME sector is regarded as the backbone of the Indian economy.
- 50% of India's Total Export
- MSME Employs 50 Million workforces, almost 40% of countries' workforce
- 36 Million MSME units in India, contributing 95% of all Industrial Units
- Produces more than 600 products contributing 8% of the GDP



Why MSME

- It creates large scale employment
- It helps to maintain economy stability in terms of growth and leverages export
- Encourage Inclusive Growth
- Plays Important role under “Make in India” Policy.



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Challenges faced by MSME

- Ease of Doing business for MSME
- Lack of adequate and timely access to finance and capital
- Outdated Technologies
- Tax & Compliances
- Lack of Infrastructure
- Skilled Manpower



Amendment of MSME Definition

Earlier MSME Classification

Criteria: Investment in Plant & machinery or Equipment

Classification	Micro	Small	Medium
Manufacturing Enterprises	Investment < Rs.25 lacs	Investment < Rs.5 Cr.	Investment < Rs.10 Cr.
Service Enterprises	Investment < Rs.10 lacs	Investment < Rs.2 Cr	Investment < Rs.5 Cr.

Revised MSME Classification

Composite Criteria: Investment and Annual Turnover

Classification	Micro	Small	Medium
Manufacturing and Service	Investment < Rs. 1Cr & Turnover < 5Cr	Investment < Rs. 10Cr & Turnover < 50Cr	Investment < Rs. 20 Cr & Turnover < 100Cr

Benefits of MSME Registration

- Helps in getting government tenders
- Loans without collaterals
- Subsidy on Patent Registration and Industrial promotion
- Overdraft facility along with interest rate exemptions
- Concession on Electricity
- Protection against delayed payment
- ISO Certification charges reimbursement
- Tax Rebates offered to MSME's
- There are few government tenders which are only open to MSME



Registration of MSME

- Fill the MSME Form : Online or Offline
- Individual can file MSME form for more than one industry
- Fill the personal details like Name, Aadhar Card, Industry Name, PAN Details, Mobile No. Bank Details
- No Registration fees to be paid. Its free
- Person can provide self certified copies
- Upload the form
- You will get the MSME certification via email or online copy

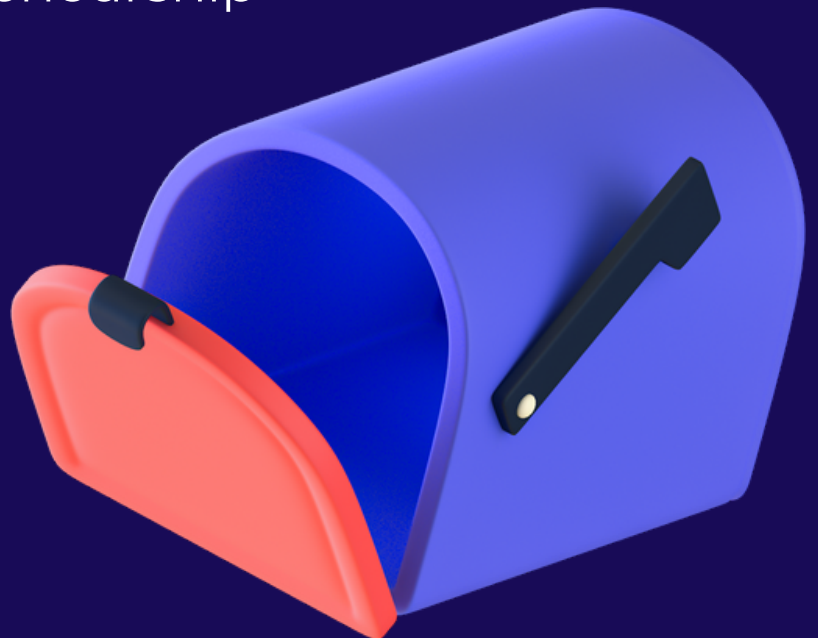
Document Checklist for Registration

- Business Address Proof
- Copies of Purchase and Sales Bills
- Partnership Deed / MOA and AOA
- Copy of Licenses and bill of machinery purchased



MSME Scheme Launched by Govt.

- Udyog Aadhar Memorandum
- Zero Defects Zero Effects
- Quality Management Standards and Quality Technology tools
- Grievance Monitoring Scheme
- Incubation
- Credit Linked Subsidy Scheme
- Women Entrepreneurship



MSME Loan Scheme

MUDRA Loans

- To provide support to the small business owners
- Further classified under 3 categories :
 - Shishu - Loan upto 50,000
 - Kishore – Loan upto 5 Lacs
 - Tarun – Loan upto 10 lacs

CGTMSE Loans

- The loan is backed without any collateral external collateral
- Maximum Loan amount upto 2 Cr
- Also provides Rehabilitation assistance with a credit cap of 1 Cr



MSME Loan Scheme

- For Business units providing Rural Employment Generation
- In this scheme beneficiary invest close to 5%-10% of the project cost and govt grants subsidy of 15%-35% of the project
- Banks offer term loan for the project



How to apply for MSME loan

- Visit udyogaadhaar.com website
- Fill Information like Aadhaar Number, Name of Entrepreneur click on Validate and OTP
- You will receive the OTP, fill that and click on Validate an application form will appear
- Fill the required details
- Click on “Submit”
- After you click Submit, Page will ask for confirmation, Click “OK”
- You will receive OTP, Fill the OTP and click submit
- You will see Registration Number, Note for reference

Documents required for MSME loan

- Duly filed application form
- Identity Proof
- Residence Proof
- Age Proof
- Bank Statement for last 12 months
- Business Registration Proof
- Proprietor / Company PAN card
- Partnership Deed Copy
- Company Financial Statements



Banks offering MSME loan

- State Bank of India
- HDFC Bank
- Allahabad Bank
- Central Bank of India
- ICICI bank
- Bajaj Finserv
- Oriental Bank of Commerce
- Union Bank of India
- Indian Bank



FAQ's

Is MSME registration voluntary or compulsory?

Ans. MSME registration is totally voluntary, and businesses do it to utilise the benefits offered under it.



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FAQ's

Is credit score important for MSMEs in getting MSME loans?

Ans. Yes, possessing a good credit score is always an added advantage for MSMEs.



FAQ's

What is the validity of the Provincial Registration Certificate (PRC)?

Ans. The validation of a Provincial Registration Certificate (PRC) is for 5 years.



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When you work with Jordensky, you get a team of finance experts to take care of the tedious finance work so you can focus on growing your business.

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