



# Exploring opportunities in the MSME sector

## Prioritisation of MSMEs in the Government's stimulus package

The Government of India (GoI) announced a special stimulus package on 12 May 2020 to build a self-reliant India (Atmanirbhar Bharat) by extending support to businesses facing difficulties during the COVID-19 crisis. The GoI announced that it will focus on micro, small and medium enterprises (MSMEs) and assist them by boosting liquidity, ensuring enhanced availability of funds and relaxing compliance requirements. In addition, the focus of the Centre and the state governments on procurement from MSMEs is expected to further strengthen the sector.

## New definition of MSMEs

The definition of MSMEs has been amended to enhance investment limits and introduce turnover criteria. This enhancement of investment limits will bring more companies under the category of MSMEs. The new amendment is explained in the table below.

### Revised classifications of MSMEs

Classification	Micro	Small	Medium
Manufacturing and services	Investment <INR 1 crore Turnover <INR 5 crore	Investment <INR 10 crore Turnover <INR 50 crore	Investment <INR 50 crore Turnover <INR 250 crore

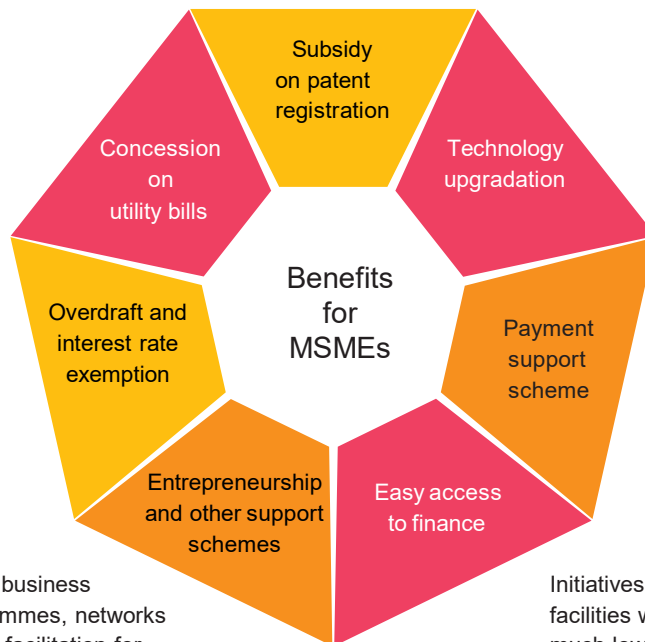
## Benefits for MSMEs

Enterprises registered as MSMEs are given up to 50% subsidy for registering their patents.

Enterprises registered as MSMEs can avail direct benefits on their electricity and other eligible utility bills.

MSMEs can avail discounts on interest rates on overdraft facilities from banks as well as under the Credit Guarantee Trust Fund Scheme.

Schemes for assistance in setting up business incubators, start-up promotion programmes, networks of technology centres, mentoring and facilitation for fundraising, etc.



The Credit Linked Capital Subsidy Scheme (CLCSS) for technology upgradation provides capital subsidy to eligible MSMEs for upgrading their technology.

Payment of MSME dues to be cleared by public sector undertakings (PSUs) within 45 days and failure to do so will result in PSUs paying interest to MSME suppliers.

Initiatives that allow MSMEs to avail credit facilities without providing collaterals and at much lower interest rates than regular loans.

**Various Central and state government policies offer multiple advantages to MSMEs for public procurement, e.g. the Defence Procurement Policy and the Uttar Pradesh Procurement Policy, which gives 25% preference to MSMEs.**

Would your enterprise like to explore the multiple opportunities in this sector? PwC can provide end-to-end support to MSMEs on this journey.

## How PwC can help

### Initial assessment and advisory

- Conduct a thorough assessment of eligibility criteria in line with the amended MSME regulations.
- Seek clarification on the revised MSME policies from various Government departments.
- Analyse cost benefits, especially with regard to the amended regulations.
- Map state/Central Government policies to help MSMEs know more about their eligibilities under Government procurement policies.

### Assistance in obtaining MSME registration

- Assist MSMEs in documentation, preparing applications and seeking clarification, if any, from the respective Government authorities while registering themselves.
- Assist MSMEs in obtaining registration.

### Assistance in availing disbursements under MSME schemes

- Identify and shortlist preferred schemes for seeking benefits.
- Assist MSMEs in preparing application and documentation support.
- Assist in seeking specific clearances for operations.
- Assist in obtaining disbursements under eligible schemes.

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If you have any further queries, we would be happy to discuss them with you.

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