

Ministry of MSME shows the way to make MSMEs break their Barriers and become Champions

New Classification raises the Investment limits and adds turnover as another criteria: this raises the hopes and aspirations of millions of MSMEs

Eases the Entry rules beyond comprehension; No papers required for Registering an MSME called Udyam now onwards

Effective mechanism for facilitation set up right from Registration level

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In a historic move, bold initiative and landmark decision, Ministry of Micro, Small and Medium Enterprises (MSME) has come out with a consolidated notification in the form of guidelines for classification and registration of MSMEs. It may be recalled that Ministry had published a Notification on 1st June, 2020 with new criteria for classification of MSMEs based on Investment and Turnover. It was also said that it will be effective from 1st July, 2020.

Accordingly, the MSME Ministry has moved in advance towards implementing the new norms from the next month. For this purpose, Ministry had undertaken a series of consultations with various stakeholders including the advisory committee, officials of Income Tax, GST, State Governments and MSME Associations in the month of June.

Based on the same, MSME Ministry has issued a detailed notification on 26th June, 2020.

- This Notification gives the detailed criteria for classification of MSMEs and the procedure for registration and the arrangements made by the Ministry for facilitation in this process.
- Another striking feature of this notification is that it supersedes all earlier notifications issued with regard to classification or registration of MSMEs. Now, the entrepreneurs, enterprises and the MSMEs have to refer to just this notification for matters relating with classification or registration.

- The notification also says that hereafter, an MSME will be known as Udyam, as this is more closer to the word Enterprise. Accordingly, the registration process will be known Udyam Registration.

• In another landmark and bold decision, the Ministry has also notified that:
Udyam Registration can be filed online based on self-declaration with no requirement to upload documents, papers, certificates or proof.

Officials said that this is possible because the Udyam Registration process has been fully integrated with the Systems of Income Tax and GST and the details filled in can be verified on the basis of PAN number or GSTIN details.

Other Highlights of the Notification include:

- An enterprise can be registered just on the basis of Aadhaar number. Other details can be given on self-declaration basis without any requirement of uploading or submitting any papers-thus it is a paperless exercise in true sense;
- As declared earlier, Investment in ‘Plant and Machinery or Equipment’ and ‘Turnover’ are the basic criteria for classification of MSMEs now;
- The notification clarifies that Exports of goods or services or both shall be excluded while calculating the turnover of any enterprise whether Micro, Small or Medium;
- The process of registration can be done online through the portal which will be made known to the public before 1st July, 2020, the date from which this new arrangement is going to be effective.
- In another first, the Ministry of MSME has established a strong facilitation mechanism for the MSMEs. This process is in the form of **Single Window Systems** at the district level and regional level. It will help those entrepreneurs who are not able to file the Udyam Registration for any reason. At the district level, the District Industry Centres have been made responsible for facilitating the entrepreneurs. Similarly, Ministry’s recent initiative of **Champions Control Rooms** across the country have been made legally responsible for facilitating such Entrepreneurs in registration and even thereafter.
- Those people who do not have a valid Aadhaar Number can also approach the Single Window Systems for facilitation alongwith adhaar enrollment request or identity, bank photo passbook, voter ID card, passport or driving license and the Single Window Systems will facilitate them in registering after getting the adhaar number.

Minister of MSME, Shri Nitin Gadkari while releasing the new guidelines today said that their new system of classification, registration and Facilitation of MSMEs will be an extremely simple and yet fast-track, seamless and globally benchmarked process and a revolutionary step towards **Ease of Doing Business**. These steps and strategies also give a strong message that the Ministry is standing strongly behind the MSMEs who are facing several challenges at this time.

Ministry officials are upbeat about these developments and say that this is making of a history in the Ministry. Others in the Ministry also say that this is one more step towards fulfillment of Ministry’s commitment of making Indian MSMEs **National and International Champions** and to enable them to break their barriers and capture global markets.

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