

## Udyam Registration Of MSME

written by Mirza Aslam Beg | August 11, 2020



The Government of India has launched various schemes that offer to support, strengthen and promote the growth of micro, small and medium enterprises (MSME). The Ministry of Micro, Small and Medium Enterprise vide notification dated 26<sup>th</sup> June, 2020 has brought into light the concept of 'Udyam Registration "UR"' [1]. UR can be availed by the enterprises working in both, the manufacturing as well as in the service sector.

### What Is It?[2]

The procedural format for registration was quite cumbersome and a tedious bureaucratic process that used to require a lot of paperwork. However, with the introduction of UR, the entities can easily get themselves registered online with no hustle. It is pertinent to note that the online portal for UR is the only Government Portal for MSME (Udyam) Registration.

### Who Is Eligible?

Any person who contemplates establishing a micro, small, medium enterprise may get registered online through UR.

### Process For Online Registration[3]

- Any entity may file UR vide online portal only on the basis of self-declaration. There is no requirement to upload documentary proofs.
- The form for registration is available on the UR portal at <https://udyamregistration.gov.in/UdyamRegistration.aspx>.
- No fee is charged for filing the form.
- The entity is then referred to as "Udyam" in the online Portal and is assigned a permanent identification number called "UR Number".
- Aadhaar number is mandatory.
- In cases where an enterprise owns an Aadhar Card then the Aadhaar number shall be of the proprietor in the case of a proprietorship firm, of the managing partner in the case of a partnership firm and of the 'Karta' of a Hindu Undivided Family (HUF).
- The organization or authorised signatory has to provide its GSTIN and PAN along with its Aadhaar number in case it is a Company, a Limited Liability Partnership, a Cooperative Society or a Society or a Trust.
- In case an enterprise is duly registered as an Udyam with PAN, any deficiency of information for previous years, for the period it did not have PAN shall be filled up on the basis of self-declaration.
- An enterprise can only once apply for UR, provided that any number of

activities including manufacturing or service or both may be specified or added in the single registration.

- Whoever intentionally misrepresents or suppresses any information and the figures at the Registration or update process shall be liable for a penalty.
- Upon completion of the online registration process, an e-certificate, namely is issued in favour of the entity.

#### Process For Udyam Registration of Existing Enterprises

- It has been made mandatory for all existing enterprises to register again on the UR portal from 1st day of July 2020.
- Re-classification shall be done in accordance with the new notification.
- The enterprises that were already registered prior to 30th June 2020, shall continue to be valid only for a period up to the 31<sup>st</sup> day of March 2021.
- An enterprise registered with any other organization under the MSME shall register itself under UR.

#### Procedure For Updation of Information And Transition Period In Udyam Classification

- An enterprise having UR Number shall update its information online on the Registration portal based on self-declaration including the details of the ITR and the GST return for the previous financial year and any other additional information.
- Failing to update the relevant information within the specified period on the portal will render the enterprise liable for suspension of its status.
- The classification of the enterprise will be updated on the basis of the information furnished or gathered from government sources including ITR or GST return.
- A communication will be sent to the enterprise about the change in the status in case of graduation of an enterprise (from a lower to a higher category) or reverse-graduation (slipping to lower category).
- In case of an upgradation of an enterprise and its consequent re-classification, an enterprise will maintain its prevailing status until the expiry of one year from the end of the year of registration.
- In case of reverse-graduation of an enterprise, the enterprise will continue in the existing category till the closure of the financial year and it will be given the benefit of the changed status only with effect from the 1st day of April of the next financial year.

#### Interpretation

- UR is mandatory for all MSMEs in India.
- MSME having UR Number will have to update their information on UR Portal, including the details of ITR and GST returns for the previous year. In case it fails in providing information to Udyam Portal, then it may lead to suspension of its MSME status.
- The online registration process will assist MSMEs as a step by step guide and would help in knowing the process in simple terms being a one-stop portal for a smooth registration process.
- The new process for registration will draw benefits for all registered MSMEs, such as credit linked capital subsidy scheme, International recognition for increased exports and protection against delayed payment.
- MSMEs can easily grab the benefit of enjoying easy and collateral-free bank loans. The credit guarantee scheme reassures the lender that, in the event of an MSE unit, which availed collateral-free credit facilities, fails to discharge its liabilities, the Guarantee Trust would bear the responsibility

of the loss incurred by the lender[4].

- MSMEs can participate in the global trade fairs that will help capture recognition for their business irrespective of medium or small in size.
- *By getting registered under UR Portal, the MSME will get benefits such as tax rebates and preferences while issuing Government tenders.*
- The fee for trademark is subsidized for entities registered under UR.
- Special subsidy is offered to entities registered as MSMEs for the patent registration process.
- MSMEs can participate in government tenders. MSMEs are offered a waiver in security deposit in government tenders and departments.
- The registration as an MSME provides protection against delayed payments.
- The MSMEs become eligible for Mudra Loan Scheme, a scheme that provides refinance support to MSMEs.
- Can register under The National Small Industries Corporation (NSIC), that provides various schemes and NSIC promotes the participation of the small entities by granting privilege in rental etc. Participation in these events exposes the MSMEs to international practices and strengthen their business effectiveness.
- MSMEs can get registered on msmemart.com which is India's largest ecommerce portal for business to business trade at a transparent platform. This would help the MSMEs grow their business.
- It helps the government to keep a check on the remittance of the GST and ITR.
- An exemption of a 1 % interest rate on Bank overdraft to the registered MSMEs.
- The Ministry of MSME is implementing the ISO Certification Reimbursement Scheme for Micro & Small Enterprises for reimbursement of certification expenses. The scheme provides reimbursement of 75% of the certification expenses up to a maximum of Rs.75,000/- (Rupees seventy five thousand only) to each unit as one-time reimbursement only to those MSEs which have acquired Quality Management Systems and /or Environment Management Systems and / or Food Safety Systems Certification[5].

#### Conclusion

The various new measures of assisting MSMEs will surely be a boon to the sector in the existing era of economic crises crushing the various sectors. The launch of the UR portal helps save time and expenditure of MSME for getting registered. Furthermore, various schemes that enhance international recognition of this sector and subsidies help to prevent the ruination of this sector due to the financial burden. The MSME sector will feel more secure in terms of economic strength for sustaining the business, the recently launched e-portals being an additional saviour for dealing with all sorts of issues.

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- [1] Press release by Ministry of MSME  
<https://pib.gov.in/PressReleaseDetailm.aspx?PRID=1634558>
  - [2] MSME registration online consultancy  
<https://www.msmereregistration.org/faq>
  - [3] Official gazette notification  
[http://www.dcmsme.gov.in/IndianGazzate\\_0.pdf](http://www.dcmsme.gov.in/IndianGazzate_0.pdf)
  - [4] MSME registration online consultancy  
<https://www.msmereregistration.org/faq>
  - [5] MSME registration online consultancy

<https://www.msmereregistration.org/faq>

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