

## STUDY OF FINANCIAL PACKAGE FOR MSME UNDER ATMANIRBHAR BHARAT ABHIYAN AND VARIOUS TAX RELIEF

CA Ujwal Dhokania, Research Scholar, CKT College of Arts, Science and  
Commerce Email: ujwaldokania@gmail.com

**Dr. Ashok D Wagh (Research Guide)**  
(Principal, BNN College of Arts, Science and Commerce, Bhiwandi)  
Contact: 9421539231 Email: askwagh@gmail.com

---

### Abstract:

Micro, Small and Medium Enterprises (henceforth called MSME) sector is the backbone of Indian economy. These MSMEs are classified as micro, small and medium based on their investment in their business. While micro enterprises are equally distributed over rural and urban India, small and medium ones are predominantly in urban India. In other words, micro enterprises essentially refer to a single man or a woman working in their own from home. COVID -19 Pandemic which affected badly to World, Prime Minister of India came up with the Scheme of Atmanirbhar Bharat Abhiyan. Under this scheme various Financial Packages were offered to overcome the Economic Crisis. This Paper Mainly deals with the Study of Financial Packages allocated to MSME Sector in India under the Scheme of Atmanirbhar Bharat Abhiyan and Major Direct and Indirect tax Benefits Provided to MSME's.

**Keywords:** *MSME, Atmanirbhar Bharat Abhiyan, Financial Package, Tax Reliefs*

### INTRODUCTION:

Micro, Small and Medium Enterprise (MSME) Sector is a very important sector of any economy including that of Indian economy. As per Annual Report of Ministry of MSME 2017-18 there is a vast network of about 63.38 million Micro, Small and Medium Enterprises in India. The sector contributes about 45% to manufacturing output, more than 40% of exports, over 28% of the GDP while creating employment for about 111 million people. MSMEs were first defined under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) which was

enacted on October 02, 2006. Before enactment of MSMED Act Small Scale Industries were covered under Industrial Development and Regulation Act, 1951.

As per the 'Atmanirbhar Bharat' scheme announced on 13th May, 2020-

- ✓ Definition of MSMEs will be revised
- ✓ Investment limit will be revised upwards
- ✓ Additional criteria of turnover also being introduced.
- ✓ Distinction between manufacturing and service sector to be eliminated.

### Existing and Revised Definitions of MSMEs

Existing MSME Classification			
Classification	Micro	Small	Medium
Mfg Enterprises	Investment <Rs.25 Lakhs	Investment < Rs.5 Cr.	Investment < Rs.10 Cr.
Service Enterprises	Investment < Rs.10 Lakhs	Investment < Rs.2 Cr.	Investment < Rs.5 Cr.
Revised MSME Classification			
Mfg Enterprises & Services	Investment < Rs.1 Cr and Turnover < Rs.5 Cr	Investment < Rs.10 Cr. and Turnover < Rs.50 Cr.	Investment < Rs.20 Cr. and Turnover <Rs.100 Cr.

Table:1 Existing & Revised Definition of MSME

Atmanirbhar Bharat Abhiyan (Self Reliant India) is based on following:

The Five pillars of Atmanirbhar Bharat focus on:

- Economy
- Infrastructure
- System
- Vibrant Demography and
- Demand

The Five phases of Atmanirbhar Bharat are:

- **Phase-I:** Businesses including MSMEs
- **Phase-II:** Poor, including migrants and farmers
- **Phase-III:** Agriculture
- **Phase-IV:** New Horizons of Growth
- **Phase-V:** Government Reforms and Enablers

## OBJECTIVES OF THE STUDY

1. To understand the various financial packages allotted to MSME Sector.
2. To study how the MSME's will be affected with the Financial Packages allotted to them.
3. To study the various Direct & Indirect tax reliefs for MSME's by the Government.

## LIMITATIONS

1. This study is limited only to MSME Sector in India.
2. This study will cover only effects of Financial Package on MSME's.
3. Tax Benefits announced till 31st May,2020 related to MSME's are covered

## RESEARCH METHODOLOGY

1. The study is based on secondary data.
2. The information has been collected from Chartered Accountant Journals, Articles, Guidance Notes issued by ICAI, Newspapers and websites

## FINANCIAL PACKAGES FOR MSME:

Six major schemes announced by the Ministry of Finance, Government of India for MSMEs under Special economic and comprehensive package of Rs.20 lakh crores are as under:

1. **Guaranteed Emergency Credit Line** wherein all MSMEs with outstanding credit of up to Rs.25 crore in the category of less than or equal to 60 days past due as on 29.02.2020 and annual turnover of up to Rs.100 crore are eligible to get up to 20% of their entire fund based outstanding as on 29.02.2020.

Under this Scheme

- Borrowers with up to Rs. 25 crore outstanding and Rs. 100 crore turnovers will be eligible.
- Loans to have 4 year tenor with moratorium of 12 months on Principal repayment
- Interest to be capped
- 100% credit guarantee cover to Banks and NBFCs on principal and interest
- Scheme can be availed till 31st Oct 2020
- No guarantee fee, no fresh collateral

2. **Up to Rs.20,000 crore subordinate debt** to functional stressed or NPA MSMEs, which will be infused as equity of the promoters in the business making them eligible even for more debt under debt equity norm,

Under this Scheme

- Two lakh MSMEs are likely to benefit
- Functioning MSMEs which are NPA or are stressed will be eligible
- Govt. will provide a support of Rs. 4,000 Cr. to CGTMSE
- CGTMSE will provide partial Credit Guarantee support to Banks
- Promoters of the MSME will be given debt by banks, which will then be infused by promoter as equity in the Unit.

3. **Rs 50,000 Cr. Equity infusion** for MSMEs through Fund of Funds Corpus of Rs.10,000 crore fund

Under this scheme

- Fund of Funds with Corpus of Rs 10,000 crores will be set up.
- Will provide equity funding for MSMEs with growth potential and viability.
- FoF will be operated through a Mother Fund and few daughter funds.
- Fund structure will help leverage Rs 50,000 cr of funds at daughter funds level
- Will help to expand MSME size as well as capacity.
- Will encourage MSMEs to get listed on main board of Stock Exchanges.

4. **Global tenders disallowed:** To support Self-Reliant India and Make in India, global tenders will not be allowed up to Rs. 200 crores under government procurement

Under this Scheme

- Indian MSMEs and other companies have often faced unfair competition from foreign companies.
- Therefore, Global tenders will be disallowed in Government procurement tenders upto Rs 200 crores
- Necessary amendments of General Financial Rules will be effected.

- This will be a step towards Self-Reliant India and support Make in India
- This will also help MSMEs to increase their business.

5. **Clearing MSME Dues:** All receivables of MSMEs from government and CPSEs shall be released within 45 days. According to an estimate these are in the range of 5.50 lakh crore which will support the liquidity of MSMEs in a big way

6. **Change in the definition of MSMEs,** encouraging them to grow faster without any fear of losing the benefits available to MSMEs

Under this Scheme

- Definition of MSMEs will be revised
- Investment limit will be revised upwards
- Additional criteria of turnover also being introduced.
- Distinction between manufacturing and service sector to be eliminated.

#### **DIRECT TAX RELIEFS:**

Under the Atmanirbhar Bharat Abhiyan followings Direct Tax Reliefs were announced by the Finance Minister of India.

1. Due dates for issue of notice, intimation, notification, approval order, sanction order, filing of appeal, furnishing of return, statements, applications, reports, any other documents and time limit for completion of proceedings by the authority and any compliance by the taxpayer including investment in saving instruments or investments for roll over benefit of capital gains under Income Tax Act, Wealth Tax Act, Prohibition of Benami Property Transaction Act, Black Money Act, STT law, CTT Law, Equalization Levy law, Vivad Se Vishwas law where the time limit is expiring between 20th March 2020 to 29th June 2020 extended to 30th June 2020.
2. Extension of last date of filing of original as well as revised income-tax returns for the FY 2018- 19 (AY 2019-20) to 31<sup>st</sup> July, 2020
3. Extension of Aadhaar PAN linking date to 30th June, 2020.

4. The date for making various investment/ payment for claiming deduction under Chapter-VIA-B of Income-tax Act which includes Section 80C (LIC, PPF, NSC etc.), 80D (Mediclaime), 80G (Donations), etc. extended to 30th June, 2020. Hence the investment/payment can be made up to 30.06.2020 for claiming the deduction under these sections for FY 2019-20
5. The date for making investment/construction/ purchase for claiming roll over benefit/deduction in respect of capital gains under sections 54 to 54GB of the Income-tax Act, 1961 extended to 30th June 2020. Therefore, the investment/ construction/ purchase made up to 30.06.2020 shall be eligible for claiming deduction from capital gains arising during FY 2019-20.
6. Reduced rate of interest of 9% to be charged for non-payment of Income-tax
7. With a view to provide immediate relief to the business entities and individuals, Government in April 2020 decided to issue all the pending income tax refunds up to Rs.5 lakh immediately.
8. The due date of all Income Tax Returns for Assessment Year 2020-21 extended to 30 November, 2020. Similarly, tax audit due date extended to 31st October 2020.

### **INDIRECT TAX RELIEFS:**

Under the Atmanirbhar Bharat Abhiyan followings Indirect Tax Reliefs were announced by the Finance Minister of India

1. Last date of furnishing of the Central Excise returns due in March, April and May 2020 has been extended to 30th June, 2020.
2. Wherever the last date for completion or compliances like completion of any proceedings, issuance of any order, filing of appeal, reply or application, etc., under the Central Excise/ Customs/ Service tax, is from 20th March 2020 to 29th June 2020, the same has been extended to 30th June 2020.
3. The date for making payment to avail of the benefit under Sabka Vishwas Legal Dispute Resolution Scheme 2019 has been extended to 30th June 2020 thus giving more time to taxpayers to get their disputes resolved.

4. GSTR-3B – Relief from Interest payable on delay payment of tax and Waiver of Late fee payable on delay in filing of return under Section 47 of CGST/SGST Act
5. Extension of Due Date for filing GSTR-3B for the month of May' 2020
6. GSTR-1 –Waiver from Late fee payable on delay in filing of return under Section 47 of CGST/ SGST Act.
7. E-way Bill- E-way Bills generated whose period of validity expires during the period 20th day of March, 2020 to 15th day of April, 2020, the validity period of such e-way bill shall be deemed to have been extended till the 30th day of April, 2020

## **CONCLUSION**

It is clear from above measures, taken by government by introducing Various Financial packages under Atmanirbhar Bharat Abhiyan, government is doing its best to strengthen the MSME sector. Further Tax relief measures to the sector are expected considering current conditions. Even though the lockdown is eased, it appears that each one of us will have to adapt to the lifestyle changes necessary to keep ourselves safe from this global pandemic. Getting used to the new normal in the times of COVID-19 will be the way of life in the near future.

SMEs are the lifeblood of Indian economy especially from point of view of employment generation, entrepreneurship and equitable distribution of wealth. Much has been done by the Government for them to cope with the present crisis. It is good that the policy makers are focusing on the SMEs. However, the need of the hour is that the problems faced by the SMEs especially of liquidity and arduous procedural requirements must be continuously understood and pragmatic solutions be provided to meet these challenges. It is important that government continuously monitors whether the policy has been implemented and whether it is giving the desired results.

## **REFERENCES:**

1. Guidance Notes issued by ICAI
2. Bombay Chartered Accountants Magazines
3. MSME Act ,2006

**WEBSITES:**

- [www.icaai.org](http://www.icaai.org)
- [www.msme.gov.in](http://www.msme.gov.in)
- [www.economicstimes.indiatimes.com](http://www.economicstimes.indiatimes.com)