

Compendium of MSME Policy and Incentive Schemes of Haryana



Committee for MSME & Start-up
The Institute of Chartered Accountants of India
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New Delhi

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Abbreviations

BRAP	Business Reform Action Plan
CFC	Common Facility Centre
CFS	Container Freight Station
CGTMSE	Credit Guarantee Fund Trust for Micro and Small Enterprises
COVID-19	Coronavirus-2019
DC	Development Commissioner
DFS	Department of Financial Services
DIC	District Industries Centre
DICCI	Dalit Indian Chamber of Commerce and Industry
DIEPC	District Enterprise and Promotion Centre
DPIIT	Department for Promotion of Industry and Internal Trade
EBU	EV Battery Manufacturing or Assembly Units
EMD	Ernest Money Deposit
EoDB	Ease of Doing Business
EPB	Export Promotion Bureau
EPF	Employee Provident Fund
ESDM	Electronics System Design and Manufacturing
ESDP	Entrepreneurship Skill Development Programme
EVMU	Electric Vehicle and its components manufacturing units
FCI	Food Corporation of India
GDP	Gross Domestic Product
GoUP	Government of Haryana
IAS	Indian Administrative Services

ICD	Inland Container Depot
ILO	Indian Labour Organization
INR	Indian Natural Rupees
IT	Information Technology
KPI	Key Performance Indicator
LDM	Local District Manager
MRO	Maintenance, Repair and Operations
MSME-DI	Micro Small Medium Enterprises -Development Institutes
MSME-TC	Micro Small Medium Enterprises – Technology Centres
MVP	Minimum Viable Product
NABARD	National Bank of Agriculture and Rural Development
NAVY	Niryat Awasthapna Vikas Yojna
NIC	National Informatics Centre
NSIC	National Small Industries Corporation
ODOP	One District One Product
PAN	Personal Account Number
PSU	Public Sector Undertaking
RCS	Regional Connectivity Scheme
SAMPADA	Scheme for Agro-Marine Processing and Development of Agro-Processing Clusters
SC	Schedules Caste
SFAC	Small Farmer's Agri-Business Consortium
SGST	State Gross service Tax
SIDBI	Small Industries Development Bank of India
SMEVCF	A Small, Medium Enterprise Venture Capital Fund
SPRS	Single Point Registration Scheme

SPV	Special Purpose Vehicle
ST	Scheduled Tribe
SUCC	Stand Up Connect Centres
UP	Haryana
UPIIEPP	Haryana Industrial Investments and Employment Promotion Policy 2017
VCF	Venture Capital Assistance Fund

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1. Introduction of MSME

Haryana is one of the leading states in terms of industrial production, Haryana is the second- largest contributor of food grains to India's central pool and accounts for more than 60% of the export of Basmati rice in the country, third-largest exporter of software and one of the preferred destinations for IT/ITeS facilities. Haryana has a population growth rate during 2011-2021 of 11.25%. Its estimated population in 2021 is 2.85 Crores* an increase of around 35 lakhs from 2011. With an area covering 1.3% of the country, Haryana contributed near 3.32% to India's GDP in 2019-20. Between FY16-21, the state's Gross State Domestic Product (GSDP) increased at a CAGR of 9.07% to Rs. 7.65 trillion in 2020-21.

As per, HARYANA unorganized manufacturing survey of 2017, there are about 9.7 lakh MSMEs in state and about 20 lakh people are being provided employment through them. With more than 1,00,000 MSMEs and total investment exceeding Rs.20,000 crore and generating employment for more than 10 lakh persons, the major MSME footprint is in automobile, food & beverages, textiles, engineering and metals sector. The manufacturing MSME spectrum in the state comprises both state of the art medium enterprises (majorly located in Panipat, Faridabad and Gurugram) as well as a large number of traditional micro and small enterprises (majorly located in Panchkula, Ambala, Karnal, Rohtak, Kaithal etc.)

Comprising of 14.20% (approx. 90 lakh) of MSMEs in the country, HARYANA is emerging as the country's next growth frontier with its large consumer base, rapidly improving physical infrastructure, abundant availability of manpower, and reform-oriented proactive governance. The policy environment and business climate of the state provides significant opportunities for entrepreneurs to create a global footprint.

It is evident from the above information that the MSME sector serves as a backbone of manufacturing sector in Haryana with the presence of many traditional clusters which includes agriculture, leather, handloom, handicrafts, Automobile, etc. there are about 9.7 lakh MSMEs in state and about 20 lakh people are being provided employment through them. But, due to increased competition, environmental regulations, requirement of technology upgradation and infrastructure requirements, MSMEs are struggling to see the growth and development in the state.

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Classification of enterprises. As per new classification criteria of manufacturing and service units notified on 26.06.2020, an enterprise shall be classified as a micro, small or medium enterprise on the basis of the following criteria, namely:

- i. A micro enterprise, where the investment in plant and machinery or equipment does not exceed **one crore rupees** and turnover does not exceed **five crore rupees**;
- ii. A small enterprise, where the investment in plant and machinery or equipment does not exceed **ten crore rupees** and turnover does not exceed **fifty crore rupees**; and
- iii. A medium enterprise, where the investment in plant and machinery or equipment does not exceed **fifty crore rupees** and turnover does not exceed **two hundred and fifty crore rupees**.

Below is the number of MSMEs currently registered in Haryana:

Type	No. of Units in Haryana (in lakhs)
Micro	1.25
Small	0.30
Medium	0.01
Total MSME	1.56

Table 1: Estimated number of enterprises

2. Entrepreneurship Development and the MSME Sector in Specific state

An entrepreneur is a catalyst for economic development, a change agent with vision and creativity. The development led by entrepreneurship attracts the possibility of new products, services and organizational forms, but it also enables a process of personal, economic, social and cultural value creation which fosters new approaches to economic development and its evaluation. Entrepreneurship plays a significant role in shaping the level of economic development, an urgent of developing countries like India, wherein the share of youth is quite large and capability of the employment sector, limited.

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Entrepreneur development is the process of improving the skills and knowledge of entrepreneurs and enhancing the capacity to develop, manage and organise a business venture by considering the risks involved in it. Potential entrepreneurship development requires to be supported by a business ecosystem that is conducive to its emergence, easy finance, expertise, infrastructure, skills and a high level of motivation for change.

India initiated its efforts in this direction through the National Skills Development Policy, 2009, and later, the National Policy for Skill Development and Entrepreneurship in 2015. Wherever possible the government has directed its offices and other public sector undertakings to support new Start Ups and MSMEs by giving priority to purchase their products. All these efforts are bearing fruit because the government of India has focused on infrastructural development. E.g., Construction of highways, dams, increasing internet connectivity etc. The government of India has recently introduced schemes like Make in India, Start-up India, Skill India and Digital India which have been started keeping in view the need to reduce migration of Indian skilled and unskilled labour overseas and give a booster for employment generation.

Though many initiatives have been undertaken, institutional reforms have fallen behind leaving a yawning gap between good intentions and poor practice. This is a result of **dissonance in the central and state governments initiatives** which have been implemented in a segmented and piecemeal approach not catering to the end-to-end requirements in which a business operates. E.g., the focus has been mainly on creating physical infrastructure while productivity upgradation through soft intervention has limited push. There is a **greater need for R&D funding, labour market reforms, the commercialization of traditional knowledge, integration of rural academic institutes, MSMEs and industry for innovation, infrastructure development in rural areas, simplifying the business procedure**, etc.

HARYANA ranked 16th in India for its Ease of Doing Business (EoDB). This was a result of implementation of some reforms suggested by the Department for Promotion of Industry and Internal Trade (DPIIT) including and not limited to labour regulation, online single window, access to information & transparency, land administration, construction permit, settlement of commercial disputes, and inspection enablers.

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Currently, there is scope for revamping the ongoing entrepreneurship development initiatives in the state to make it more holistic and comprehensive. There are differential development needs of MSMEs based on size and scale of operations, hence the initiatives can be suitably modified to offer differential packages. As a strategy, there is a need to adopt a differential development approach for varied business models. Larger complex businesses require multiple long-term interventions executed in parallel while addressing the needs of different segments while a more focused and specific out-come oriented intervention is more apt for smaller businesses. The focus could also be firmly placed on achieving systemic change in selected sectors. This would mean investing in the long-term build-up of local capacities for technical support and general business development services, and for developing the required institutional framework for MSME oriented research, vocational education and finance.

Similarly, there is a great scope of collaboration for central sponsored schemes of entrepreneurship development with state sponsored schemes of this nature. In the current set-up, the central schemes have more focus more on the components related with training and skill development of the potential entrepreneurs while some of the states are focussing on critical aspects like access to finance, market linkages etc. Each of these programs have its own strength and weaknesses. The state schemes have a definite advantage in terms of greater outreach, better mobilization mechanism and close monitoring capabilities while central schemes have better financial strength and regularity of operations. If synergy could be established in execution of state and central schemes for entrepreneurship development, it would not only create a comprehensive offer for potential entrepreneurs but also be more impactful in outcomes across all aspects business development like financial assistance, technology assistance and upgradation, infrastructure development, skill development and training, enhanced competitiveness and market assistance to MSMEs.

Looking into the above, there is a **need for to synergize various initiatives by the government and offerings by private players in order to provide end to end value chain needs of a business**. This entails providing handholding support in the form of registration help, information dissemination and advisory services to MSMEs in the establishment, development and promotion of services and products developed by them.

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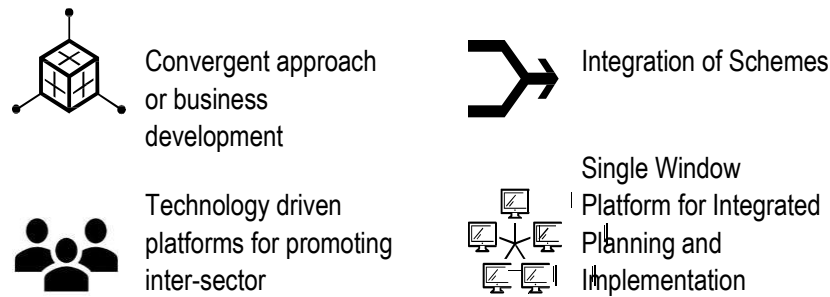


Figure 1 : Integrated Business Development Approach

Key features of the Integrated Business Development:

- 1. Integration of various government schemes-** State schemes from various ministries which offer sector specific interventions and other complementary support like Haryana Chief Minister Youth Self Employment Scheme, Scheme for Promoting Establishment of Private Industrial Parks 2017, One District One Product: Margin Money Scheme, should be bundled with national level schemes like StartUp India, StandUP India, Single Point Registration Scheme (SPRS) and Entrepreneurship Skill Development Plan to provide a holistic business development. For example: ESDP intends to strengthen the capability of entrepreneurs for developing successful business ventures, by conducting training programmes. There are 4 modules for aspiring and existing entrepreneurs. Due to limited geographic reach and resources with MSME-Development Institutes (MSME-DIs) and MSME Technology Centres (TCs), the offtake of the scheme has not been very encouraging during last 5 years. To combat this, Ministry of Micro Small and Medium Enterprises (MoMSME) has allowed more central and state government organizations to work as Implementation Agencies in order to broaden the outreach.

A brief understanding about the benefit of these schemes is provided below:

1. Central Schemes

- **StartUP India:** The primary objective of this scheme is promotion of start-ups, generation of employment, and wealth creation through simplification and handholding of applications, Funding & Incentives and Incubation & Industry- Academia Partnerships.

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- **StandUp India:** Stand Up India Scheme facilitate bank loans between 10 lakh and 1 crore to at least one scheduled caste (SC) or Scheduled Tribe, borrower and at least one woman per bank branch for setting up a greenfield enterprise. This enterprise may be in manufacturing, services or the trading sector.
- **SPRS** is a developmental scheme of National Small Industries Corporation (NSIC) to assist the MSEs in India by exempting them from Earnest Money Deposit (EMD) in Government Purchases
- **ESDP:** The scheme ensures promotion of new enterprises, capacity building of the existing MSMEs and inculcating entrepreneurial culture in the country through the building and promotion of training aids, equipment and other related infrastructure to enhance the quality of training activities in the EDCs, MSME DIs and TCs and training activities at HQ level.

2. State Schemes

- **Scheme for Promoting Establishment of Private Industrial Parks 2017:** This scheme provides interest subsidy reimbursement for industrial parks/estates and Agro Parks developed by the private sector and a 100% exemption/reimbursement to developers and 50% exemption to individual buyers (first) on stamp duty.
- **ODOP - Margin Money Scheme:** This scheme benefits with not whole but a margin of the project cost. The applicants receive it in the form of subsidy to set up the project.

2. **Provide integrated business development services-** With integrated business development services approach, **MSMEs should be hand-held in their business starting from registration to promotion of their product/service in a competitive landscape.** This would entail handholding support in the form of registration help, information dissemination and advisory services across the following 6 pillars:

- ▶ Leveraging sector specific government schemes

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- ▶ Access to Market to identify and evaluate a products export potential
- ▶ Human Resource Development for capacity building among local artisans
- ▶ Technical Advisory for Product Development & Design
- ▶ International Business Opportunities through Quality Control
- ▶ Access to Finance for Working Capital Support



Figure 2: Pillars of entrepreneurial support

- 3. Networking of Entrepreneurs:** There is currently limited and individual driven networking channels functional for entrepreneurs. Only few efforts have been observed towards development of a formal set-up for promoting inter-sector interactions, a lack of which limits the learning opportunities and fast adoption of best working practices. The integrated business development approach should focus on **technology driven platforms for promoting inter- sector communications and transactions.**
- 4. Single-Window Platform:** An **absence of a comprehensive single window platform** is one of the key missing enablers of the HARYANA entrepreneurial ecosystem. While the launch of champions portal by Nivesh Mitra is an attempt in the right direction, the effective usage of the portal and providing professionally managed services for MSMEs at the state level is the true target. The impact of the portal can be enhanced by **providing access to e-learnings, guides to set-up businesses in similar sectors, online applications and follow-up for scheme applications, success stories, access to finance, market & technology etc.**

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With the help of this approach, potential entrepreneurs and youth will get better understanding, knowledge and skill set required to undertake the operations of their business in more efficient manner.

3. State Specific Incentive Scheme for Micro, Small and Medium Enterprises

The state of Haryana has been leading in the export of handicrafts, processed food, engineering goods, carpet, readymade garments and leather products. It is famous for the traditional products manufactured by local Micro, Small and Medium Enterprises (MSMEs) in the state and possess immense potential for generating employment. Key growth drivers in the state include:

- ▶ **Indigenisation:** With the advent of **Make in India** and enhanced focus on locally manufactured products, there is huge opportunity for investments and outputs by large players and their MSME vendors to **indigenise and/or enable import substitution** particularly adapting to research and development, innovation and global technologies.
- ▶ **Government procurement policy and procurement by large domestic and foreign industries:** A favourable procurement policy complemented by the huge industrial base in the state supports MSME vendors to grow their business in the state. Currently, Haryana has **mandated 25 per cent procurement by the state government departments and public sector undertakings (PSU) from the state MSMEs**. Besides this, the state government has fixed a sub-quota of **3 per cent** and **4 per cent** for compulsory procurement from the MSME units owned by women and scheduled caste/scheduled tribe (SC/ST) entrepreneurs respectively as well as a 5 per cent procurement from 'green enterprises', which are operated on eco-friendly standards and do not harm environment.

To encourage indigenous and specialized products in the state, the Haryana government has launched schemes like the **HARYANA Agri business and food processing policy, Micro, Small & Medium Enterprises Promotion Policy 2020, and Haryana Enterprise and employment policy 2020**. The following section will give a brief of the state governments policies and central and state government schemes available to entrepreneurs in Haryana.

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Policies

1. Industrial Investment and Employment Promotion Policy 2020, Government of Haryana

The Industrial Investment & Employment Promotion Policy of Haryana 2020 will strive to leverage the inherent strengths of the state while developing new ones and tackling its underlying weaknesses considering the economic dynamics at play at the Indian, Asian and the Global level. The policy will aim to create a framework to stabilize and make existing industries more competitive as well as attract and realize new international and national investments in the industrial sector. The key features of this policy include:

- ▶ **Stamp Duty:** Block B: 60% refund, Block C: 75% refund and block D: 100% refund
- ▶ **SGST Reimbursement:** Block B: 50% of Net SGST for first 5 years, 25% for next 3 years with cap of 100% of FCI, Block C: 75% of Net SGST for first 7 years, 35% for next 3 years with cap of 125% of FCI, Block D: 75% of Net SGST for first 10 years, 35% for next 3 years with cap of 150% of FCI.
- ▶ **Infrastructure Interest Subsidy:** Block B: 5% for Micro and Small Enterprises on term loan (max. up to INR 20.00 lakh per year) for 3 years, Block C & D: 5% for Micro and Small Enterprises on term loan (max. up to INR 20.00 lakh per year) for 5 years
- ▶ **Industrial Quality Development:** 5% per annum for 5 years
- ▶ **Electricity Duty: Block B: 100% exemption of 7 years, Block C: 100% exemption for 10 years, and Block D: 100% exemption for 12 years**
- ▶ **Testing Equipment:** 75% (up to INR 50.00 lakh) of cost for acquiring technology from premier National/International Institutes/Patented Technology from domestic/foreign companies
- ▶ Assistance Incentivizing employment generation Subsidy for 7 years in 'B' 'C' & 'D', blocks for direct employment on pay roll/contract with valid ESI/PF Number and Haryana Resident Certificate, General Category: Subsidy @ INR 30,000/- per year; SC/ Women: Subsidy @ INR 36,000/- per year
- ▶ **Credit Rating:** Reimbursement of 75% (max. up to INR 2 lakhs) on

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expenses incurred towards the credit rating carried out by SIDBI / Govt. accredited credit rating agency once in every 5 year

2. Haryana MSME Policy 2019

The MSME Policy for Haryana 2019 has further adopted a comprehensive approach by aligning itself with the Haryana Enterprise Promotion Policy 2020 and dovetailing strategies for further development growth of MSMEs with vision: "Creating Globally Competitive & Locally Relevant MSMEs in Haryana" and objective: "To generate productive investments, create new jobs by supporting in areas such as infrastructure, markets, finance, and technology"

Eligibility:

- ▶ Minimum 35 to 40 MSE units / complex
- ▶ Net worth of IA should not be less than 1.5 times of the grant sought
- ▶ IA to bring in term loan from Bank/FI for an amount not less than 20% of the project cost.
- ▶ Land to be arranged by IA either by purchase or lease of at least 30 years.

Grant in aid:

- ▶ 50% of the project cost up to max. Rs. 5 Cr.
- ▶ 40% - basic infra of GIA
- ▶ 50% - core infra of GIA.
- ▶ 10% - Common Facility of GIA
- ▶ Minimum area required – 5 acres

State Mini Lean Manufacturing Competitiveness Scheme

To enhance the manufacturing competitiveness of MSMEs through the application of various Lean Manufacturing (LM) techniques by Reducing waste, increasing productivity, introducing innovative practices for improving overall competitiveness & inculcating good management systems. following are the Lean technique for implementation, eligibility and grant:

Lean technique for implementation:

- ▶ Total Productive Maintenance

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- ▶ TPM
- ▶ 5 S Tools
- ▶ Visual Control
- ▶ Standard Operating Procedures
- ▶ Cellular Layout
- ▶ Just in Time
- ▶ Kanban System
- ▶ Kaizen

Eligibility and Grant-in-aid:

- ▶ Financial assistance of 80% of the project cost up to a maximum of INR 2 lakh per unit.
- ▶ Financial assistance as reimbursement towards consultancy fees incurred by the cluster.
- ▶ Min. 8 units required for mini cluster

Access to finance / SME Exchange listing

As per the new guidelines of SEBI, SMEs can raise equity capital through SME Exchange. The NSEs/BSEs SME exchange platforms offer an innovative platform for capital raising to high potential SMEs. The SMEs can get themselves listed on the SME exchange which entails multiple benefits in terms of raising risk capital, gaining visibility & credibility vis-a vis large corporates. This is a promising step towards enabling financial access to SMEs by providing a new source for equity and reducing their dependence on debt capital which otherwise results in distorted capital structures and stifled cash flows. However, the process of getting listed on the NSE/BSE exchange entails substantial cost investment in terms of security deposit, initial listing fees.

The roadmap towards assisting SMEs in raising capital through SME exchange is as follows:

- ▶ The state shall provide onetime support of 20% of expenditure incurred on raising of fund towards registration on NSE's/BSE's SME exchange platform up to a maximum of Rs. 5 lakhs after successful raising of equity.

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- ▶ The state shall explore the possibility of setting up a government sponsored SME equity participation fund in partnership with SIDBI and National Stock Exchange of India Limited/Bombay Stock Exchange Limited.

Benefits for MSMEs:

- ▶ Better capital raising opportunities.
- ▶ With govt. as a stakeholder might reduce the cost of raising capital through debt.
- ▶ Better visibility / credibility

Grant-in-aid:

- ▶ Onetime support of 20% of expenditure incurred on raising of fund towards registration on NSE's/BSE's SME exchange platform.
- ▶ Up-to a maximum of INR 5 lakh after successful raising of equity

Other Major incentives:

1. State SFURTI
2. Credit Linked Advanced Technology Adoption

Grant-in-aid for State SFURTI: Heritage Cluster (1000 artisans) – INR 3 Cr., Major Cluster (500 artisans)– INR 1.5 Cr., Mini Cluster (250 artisans) – INR 0.75 Cr.

Grant-in-aid for Credit Linked Advanced Technology Adoption: 25% or max. up to Rs. 15 lakh of advanced machinery cost

3. HARYANA Food Processing Industry Policy 2017, Government of Haryana

The main objective of the Haryana Food Processing Industry Policy 2017 is to ensure fair and remunerative price of the produce to the growers, value addition to the price of raw produce, promote setting up of food processing industries, easy availability of processed food products to consumers at competitive prices, generation of new employment opportunities to build capacities and increase the skill level of the manpower in this sector and also make available additionally required manpower. The key features of this policy include:

- ▶ **Capital Investment Subsidy @35%** up to Rs 5cr for storage, packaging and transport infrastructure.

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- ▶ **Food Park:** 50% of total project cost with maximum limit of INR 10 crore (C&D block) and minimum 10 acres of land & at least 5 units to be set-up
- ▶ **Additional Grants-in-aid** 25% Capital Investment Subsidy on FCI (fixed capital investment) limited to INR 50 lakhs – A & B (Only for units to be setup in Food Parks) & Rs1crore for C.
- ▶ **Backward & forward linkages:** Support for creating backward & forward linkages for perishable agri-horti produce- 50% Capital Investment subsidy on project cost limited to Rs. 3.5 cr. in “C” & “D” blocks and Rs. 2.5 cr. In “A” and “B” blocks
- ▶ **Interest Subsidy for purchase of reefer vehicle/ mobile cooling van:** 50% of capital investment subsidy limited to Rs. 50 Lakhs per project and up-to 4 movable infrastructure per project.
- ▶ **Market fee reform:** 100% exemption on market fees in respect of procurement of agriculture / horticulture produce used as raw material by food 29 processing industries within state.

4. Role of Chartered Accountants in MSME

It has been said that Chartered Accountants are the real managers of the economy. Considering Indian economy has approx. 6.3 Cr. MSMEs currently who contribute to 29% of GDP, hence CAs play major and important role in the development and promotion of MSME sector. The type of services practitioners can offer have been divided in below two categories:

1. Non- Compliance Areas: MSMEs market in India is very dynamic, and the regulatory environment which governs MSMEs operations is also constantly changing and, as a corollary, the demands of business advisory services are being evolved. MSMEs themselves are different in size, age, sector, location, and growth profile and are run by owners, managers with different capabilities and motivation. With the paradigm shift post COVID 19, the demand of management consultancy services has been increasing for MSMEs as they not only need guidance in terms of re- establishment or access to finance; they are looking forward to plan out strategy to sustain with business continuity plans in future. Few of such consultancy services have been outlined below:

i. Preparation of Project Reports/ project Financing : In order to take

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benefit of Government schemes, MSMEs or group of MSMEs are required to prepare a 'Detailed Project Report' (DPR) which outlines the **business model of the project, technical specifications** and most importantly **financial projections** of the project being undertaken. MSMEs do not have adequate knowledge and support to prepare such project reports. Chartered Accountants can come forward in this area to support MSMEs in taking up the project in accordance with government schemes and prepare their DPR which can be submitted to government for approvals.

Few of the schemes of Government of Haryana (GoH) and Government of India (GOI) where MSMEs of UP are looking out for assistance are **One District one Product (ODOP), SFURTI, MSE-CDP, Pradhan Mantri Formalisation of Micro food processing Enterprises (PM-FME) Scheme, Prime Minister Employment Generation Programme (PMEGP), Mukhyamantri Yuva Swavalamban Yojana (MYSY)**

- ii. **Handholding MSMEs to avail benefit of schemes:** CAs can play an important role for creating awareness among stakeholders. Capacity building for the MSME is the need of the hour. However, occasional workshops and awareness events organised for MSMEs are helpful to them only to an extent, as they need continuous guidance to understand the scheme applicable for their sector/ business where benefit can be availed. Considering Chartered Accountants are reliable and trustworthy for their MSME clients and understand their business well; they can extend handholding support to MSMEs in applying for the schemes/ policy benefits and guide end to end steps involved in the process. Few examples where MSMEs need continuous support for availing govt. subsidies/ benefits can be **SGST Reimbursement/ Refunds in case of exports.**
- iii. **Certification for schemes:** The projects sanctioned under various schemes of government also require various certifications from MSMEs such as utilisation certificate, certificate for Net- worth and income of MSMEs etc., which can be catered by Chartered Accountants.
- iv. **Long-term Strategic Partner:** Chartered Accountants can become term strategic partners. They can provide sound business advice to

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minimize business risk. The right advice from an impartial professional can be the difference between success and failure. Chartered Accountants in public practice have the skills, knowledge and experience to improve the business practices. A Chartered Accountant can be the business partner for the long haul, continuously adding values to the business

v. Business Performance Improvement/ Process Transformation:

Corporates increasingly face more complex business issues and need to rapidly change to keep pace with today's dynamic market. As competition grows and a larger number of industries head for a shakeout, improving business performance (efficiency and effectiveness) is a survival imperative. Meeting the rising expectations of key stakeholders in companies has led to a greater focus on ensuring better returns on investment. Having addressed all obvious areas of improvement, companies are now increasingly looking to develop more innovative ways to improve performance on lead- time, cost, quality and service-related parameters. Most management teams realize that developing and implementing improvement initiatives take up a significant amount of their time and efforts. By engaging Chartered Accountants as consultants, they are able to ensure that the initiative does not lose steam after the initial hype, as so often happens when the initiatives are taken up internally. Chartered Accountants can assist the management in providing the following services:

- ▶ Improving customer satisfaction
- ▶ Reducing process cycle cost
- ▶ Enhancing quality of delivered services

vi. Due Diligence for implemented projects: As government need to monitor the success of the projects sanctioned under various schemes, due diligence audit can be conducted by chartered accountants practitioners to fulfil this requirement. The due diligence is done to assess if project is running as per compliances norms of government, funds sanctioned have been utilised in reasonable manner, etc.

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2. Compliance related/ Statutory work areas:

Practitioners have developed their multi-disciplinary skills based over and above the book-keeping. MSMEs make use of their services to ensure compliance with various laws and regulations. Such major areas are:

- i. **Audit of accounts:** Various laws require audit of accounts to be done by Chartered Accountants, e.g. under Companies Act, Income Tax Act. Some of the MSMEs in business are incorporated under the Companies Act, 1956. Such MSMEs are required to get their accounts audited under the provisions of Companies Act, 1956. Similarly, various provisions under the Income Tax Act also require audit of financial statements particularly under section 44AB of the Income Tax Act, 1961. In the case of MSMEs, SMPs are mostly conducting such audits. Under the Income Tax Act, a number of other sections also require audit/certification of the statements by Chartered Accountant. Some of these sections are 35D, 35E, 44AD, 80I, 80IA.
- ii. **Compliance of tax laws:**
 - ▶ **Income Tax:** Chartered Accountants are widely perceived to be the best equipped professionals to render all types of line and service function in the area of taxation. They can actively contribute as line managers in all areas of taxation, tax planning and tax management. In fact tax planning is becoming a highly specialized service which can be the exclusive preserve of practitioners. Outsourcing is the order of the day and practitioners are well-placed to give this essential value-addition. The tax audit has been exclusively given to Chartered Accountants where most of the Small and Medium Practitioners are involved. There are nearly two dozen certifications to be done by practitioners under the various provisions of the Income Tax Act. They can also render a useful service in verifying whether the deductions given under the provisions of Section 10A & 10B have been correctly claimed.
 - ▶ **Goods and Service Tax (GST):** With new regime of indirect tax, the requirement of chartered accountant professionals in day-to-day business has been increasing. CAs can serve the society by providing the services such as consultancy on the applicability and levy of Goods and Service Tax Laws, assisting

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in the structuring of the transactions and agreements in relation to inter-state and intra-state sales in order to minimize tax incidents, availment of input credits adequately. The various type of services professionals can provide are:

- i. Registration for GST
- ii. Filing of GST returns
- iii. Computation of GST amount
- iv. GST audits
- v. Consultancy to manage business in accordance with GST laws (viz. Invoicing, E- way Bill etc.)

Conclusion

Practitioners used to provide compliance and monitoring services to meet provisions of tax laws and audit requirements traditionally which were called as traditional services. To begin with, they started offering standard accountancy services. With changing times, the horizon of chartered accountant services has broadened. Hence, range of services related to noncompliance areas offered by practitioners to support wider business requirements of MSMEs is gaining demand. Accountants themselves have to update for changing type of advice and services which would be required by MSMEs. Overall, while professionals are changing their style and areas to provide services, they are now **beginning to develop broad- based strategy and business consultancy practices**. Hopefully, the small accounting firms and sole practitioners would soon be playing a larger role in the 'multidisciplinary' practice arena.

5. Relevant Links & Contacts for MSME State Specific

5.1 NSIC

NSIC has been working to promote, aid and foster the growth of micro, small and medium enterprises in the country. NSIC operates through countrywide network of offices and Technical Centres in the Country. In addition, NSIC has set up Training cum Incubation Centre managed by professional manpower.

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- Contact Number - +91-11-26926275, 26926370
- Website – <https://www.nsic.co.in/>
- Address - NSIC Bhawan, Okhla Industrial Estate, New Delhi - 110020, India

5.2 District Industries Centre

District Industries Centres are managed and operated at district level to provide all the necessary support services to entrepreneurs or first time business owners to start their own Micro Small and Medium Enterprises (MSMEs). DICs also promote Registration and Development of Industrial Cooperatives.

- ▶ Arrangements for credit facilities, machinery & equipment
- ▶ Development and expansion of industrial clusters
- ▶ Identification of suitable schemes
- ▶ Recognizing and financially supporting new entrepreneurs
- ▶ Preparation of feasibility reports
- ▶ Providing financial support to small units
- ▶ Providing raw materials

The functioning of DICs and their achievement is monitored by the Additional Chief Secretary (Industries) and Director of Industries & Commerce. Approximately, there are 75 District Industries Centres (DICs), one each of the districts of the state.

5.3 MSME-Development Institute

MSME – DIs are a subordinate office of Development Commissioner (MSME). There are such DIs in the state of HARYANA which cater to the promotional & developmental needs of the Micro, Small & Medium Enterprise Sector in districts as indicated in their jurisdiction list. The institute maintains a close liaison with the state industries department, Financial Institutions, Voluntary Organization and other agencies concerned with the development of Micro, Small and Medium Enterprises in the state of HARYANA It supports the developmental efforts of the agencies by:

- ▶ Providing required information on MSME sector.

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- ▶ By rendering technical consultancy and other technical inputs.
- ▶ By formal and informal interaction

5.4 Export Promotion Bureau (EPB)

The EPB interacts with the exporters on one hand and Export Promotion Councils, Agencies, Export Associations, State and Central Government Bodies on the other hand. It assists exporters in export procedure, various facilities and assistance offered by the State and Central Agencies. It also ensures the follow-up of export policy matters and miscellaneous problems of exporters. State exporters are registered by Export Promotion Bureau for providing export assistance offered by the State Government. It implements Freight Rationalisation Scheme of ICDs and Air Cargo, Market Development Assistance Scheme, State Export Award Scheme etc. Besides technical and design inputs, participation in overseas fairs/exhibitions, buyer seller meet, project study on exports are also 'initiated'.

5.5 Khadi and Village Industries Commission (KVIC)

It is an apex organisation under the MoMSME, with regard to khadi and village industries within India, which seeks to - "plan, promote, facilitate, organise and assist in the establishment and development of khadi and village industries in the rural areas in coordination with other agencies engaged in rural development wherever necessary.

5.6 Khadi and Village Industries Board (KVIB)

The objective of the Khadi and Village Industries Board is to provide maximum employment opportunities and strengthen the rural economy by establishing small scale industries and low capital investment industries.