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mccia[®]
MSME Helpline

FAQs

ON EVERY CRUCIAL
BUSINESS AREA—
FROM STARTING UP
TO SCALING UP



BUSINESS SETUP &
COMPLIANCE



GOVERNMENT
SCHEMES



FINANCE



GST



MARKETING &
BRANDING



GeM



IMPORT-
EXPORT

A Publication by

Mahratta Chamber of Commerce, Industries and Agriculture

MSME Helpline



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Disclaimer : While we have tried to take reasonable care to provide answers to the “Frequently Asked Questions”, the readers are advised to verify the correctness through their own due diligence. This document should be treated only as a Useful Reference Material. If you notice any improvements to be desired in any of the answers, kindly reach out to us at the Maharashtra Chamber of Commerce, Industries and Agriculture. This will help us to improve the document for the future readers.

21 FAQs

BUSINESS SETUP & COMPLIANCE

1. What is the best business structure for a startup: Sole Proprietorship, Partnership, LLP, or Private Limited Company?


The ideal structure depends on your goals, investment size, risk appetite, and scalability. A sole proprietorship is the simplest and cheapest to set up, with minimal compliance, but there is no legal separation between the owner and the business. A partnership suits joint ventures but involves unlimited liability unless registered as an LLP. An LLP (Limited Liability Partnership) offers flexibility with limited liability, ideal for professionals and service firms. A Private Limited Company is the most structured, preferred by startups seeking scalability, investment, and credibility, though it involves more compliance. Choose based on liability, taxation, funding, and complexity.

2. How can I change my business structure from a Sole Proprietorship to an LLP or Private Limited Company?

You cannot directly convert a proprietorship but can transition by registering a new LLP or Private Limited Company and executing a Business Transfer Agreement (BTA). This transfers brand name, contracts, licences, assets, liabilities, and goodwill. Notify banks, vendors, and clients, and update PAN, GST, Shop Act, and Udyam Registrations. Document everything clearly, especially if goodwill has been built.

3. How do I register a consultancy business (e.g., HR, cybersecurity, marketing)?

Sole consultants can register as a proprietorship with PAN, Shop Act licence, and Udyam registration. If building a team or targeting corporates, consider LLP or Private Limited. Register with the MCA, get a separate PAN, and maintain accounts. Draft strong consultancy contracts, NDAs, and protect IP. Legal structure and branding are key to sustainability.



A comprehensive starter guide for aspiring entrepreneurs, this section answers key questions on choosing the right business structure, legal registration, multi-vertical operations, post-incorporation compliance, and brand protection. It also covers licences, agreements, and compliance tips for service startups—equipping MSMEs with practical insights to launch and manage a legally sound and scalable enterprise.

Business Setup & Compliance



21 questions from this section were asked by **67%** of the MSME callers

4. How do I structure multiple business verticals legally under one brand?

You may operate multiple verticals under one LLP or Private Limited Company, if allowed in the MOA or LLP Agreement. Internally, create divisions for each. For risk separation, consider separate companies under a holding company. Each vertical may need separate licences. Maintain clear accounting and documentation for each.

5. Can I register multiple businesses under one PAN or brand?

Yes, if a sole proprietor, you can operate different businesses under the same PAN but must obtain separate licences for each. LLPs and Private Limited Companies can operate multiple verticals if permitted by the object clause. Trademarks should be filed separately. Holding company structures offer risk isolation.

6. What are the post-incorporation compliances for a Private Limited Company?

Mandatory steps include: - Filing INC-20A (Commencement of Business) within 180 days - Auditor appointment (ADT-1) within 30 days - Issuing share certificates within 60 days - Conducting first board meeting within 30 days - Maintaining statutory registers and minutes - Filing MGT-7 and AOC-4 annually

7. Which licences are required for a food business (e.g., onion dehydration, cloud kitchen)?

Key licences: - FSSAI Licence (mandatory) - Shop Act licence - Udyam registration - Local health and municipal clearance - Fire NOC and pollution clearance (if machinery used) - IEC for exports ensure packaging and labelling comply with legal metrology standards. Trademark your brand.

8. Is trademark registration mandatory before starting a brand?

Not mandatory but highly recommended. It protects your name, logo, and tagline. You may use the ™ symbol after applying, and ® after approval (6–12 months). Apply via IP India portal. Required documents: PAN, Aadhaar, business proof, and logo (if applicable).

9. What is the legal difference between owning a brand and registering a company?

Owning a brand (via trademark registration) and owning a company (via business registration) are two entirely different legal matters. A company registration gives you the right to operate a business under a legal name with limited liability (in case of LLP/Pvt Ltd). However, it doesn't automatically protect your brand name or logo from being copied. For that, you must file a trademark application. A person or company can own multiple brands, hence your company (ABC Pvt Ltd) can own brands like "Urban Chef" or "Desi Basket." Always ensure your business name and brand are protected separately to avoid future disputes, especially when growing online or franchising.

10. How do I protect a service-based business legally (e.g., coaching, IT services)?

Service-based businesses often face challenges in IP ownership, data misuse, and payment disputes. Firstly, get your business registered (proprietorship, LLP, etc.), and draft strong Service Level Agreements (SLA) that define scope, payment terms, timelines, and liability. Register your brand name/logo via trademark. Protect proprietary material like courses, code, or designs via copyright. Include clauses on non-disclosure, non-compete, and termination terms in contracts. Maintain proof of deliverables via emails, invoices, or project tracking tools. For online services, publish Terms & Conditions and Privacy Policies on your website. This legal framework helps you recover payments, defend your IP, and avoid client conflicts.

11. How can I register a family business and still retain limited liability?

If you're running a family business, avoid the risk of informal setups. Register an LLP or Private Limited Company with family members as partners or shareholders. LLP is better if you want operational flexibility and equal rights; Pvt. Ltd. is better for scaling and attracting external funding later. Define clear profit-sharing ratios, voting rights, and role/responsibilities in the LLP Agreement or Articles of Association. You can also add clauses on exit rights or decision-making powers to prevent disputes. Maintain transparency in finances by using a single business account and accurately documenting expenses. Family-run setups with proper legal structure reduce conflict and offer tax and liability protection.

12. What is a Partnership Deed and why is it important?

A Partnership Deed is a legal document that governs the relationship between two or more individuals starting a partnership firm. It defines each partner's capital contribution, profit-sharing ratio, duties, powers, and procedures for decision-making, matters relating to resignation/s or partner/s, or dispute resolution. While an unregistered partnership is legally valid, a registered deed allows partners to sue in court and enhances business credibility. The deed should be printed on stamp paper and signed by all partners in front of a notary. In the absence of a deed, the Indian Partnership Act applies standard rules which may not favour individual interests. Having a deed avoids misunderstandings and ensures smooth functioning.

13. What legal policies should be published on a firm's website for full compliance?

For any business with a website — especially e-commerce, coaching, SaaS, or services — you must publish clearly defined Terms and Conditions, Privacy Policy, Refund/Cancellation Policy, and if applicable, Disclaimer and Cookie Policy. The Terms and Conditions outline the usage rights, liability limits, and contract rules governing the relationship between the user and the business. Privacy Policy is mandatory under Indian IT law and explains how you collect, store, and use user data. For payment collection, the Refund Policy must state clear eligibility rules to avoid disputes. These documents serve as legal safeguards during customer complaints or consumer court issues.

14. How do I ensure my business is legally ready to raise funds from investors?

Before raising investment, your business must be clean on legal, financial, and structural grounds. Firstly, incorporate a Private Limited Company, as investors avoid investing in LLPs or proprietorships. Complete all post-incorporation compliances (INC-20A, auditor appointment, board meetings, share certificate issuance). Maintain clean books of accounts, issue valid invoices, and separate personal vs. business expenses. All IP (logo, brand, product designs) must be owned by the company, not founders personally — execute IP Assignment if needed. Also, maintain a clear cap table, signed founder agreements, ESOP pool (if needed), and ensure no pending legal issues. During due diligence, even one missing document can derail the investment deal.

15. What key agreements should MSMEs have?

MSMEs, regardless of industry, must ensure key agreements are documented to prevent disputes and enforce responsibilities. Start with a solid Service Agreement or Work Contract for every client, clearly defining scope, fees, and deliverables. Include Non-Disclosure Agreements (NDAs) when dealing with sensitive data or third parties. For employees or freelancers, use Employment Agreements, Freelance Contracts, and IP Assignment Agreements if they create anything for the business. If you have co-founders or partners, draft a Founder's Agreement or Partnership Deed/LLP Agreement with exit, equity, and decision-making clauses. For tech or design, use Licensing Agreements. These documents legally safeguard your income, IP, and reputation, and boost investor confidence.

16. How does a firm expand to other states in India legally?

Apply for Shop Act and Professional Tax in the new state. Pass a board resolution (if applicable), open a branch account, and update your address with authorities. Obtain additional licences if manufacturing or warehousing.

17. How to shut down a Proprietorship or LLP?

To close a proprietorship, simply stop operations and inform relevant authorities. Cancel GST (if registered), Shop Act license, and Udyam certificate. File final income tax returns and keep records for up to 6 years. There is no formal closure filing required, but notify your bank to close the account to avoid misuse. To close an LLP, apply for strike off under MCA by filing Form 24. Ensure all dues are cleared, no activity in last 1 year, and obtain a No Objection Certificate (NOC) from partners. File final ITR, ROC Form 11, and Form 8 before closure. Keep all closure documentation for audit trail.

18. Risks of running an unregistered business?

Running an unregistered business may seem simple but exposes you to several risks. Firstly, you cannot enforce contracts in court, meaning any client who defaults on payment can walk away. Banks will not offer business loans without registration, and you will not be eligible for government schemes or MSME benefits. Without licensing (like Shop Act, Udyam), your activities may be deemed illegal or blacklisted by platforms like Zomato, Amazon, etc. Also, personal liability becomes unlimited — your savings, property, and assets are at risk. Not having contracts or

agreements leads to conflicts with clients, vendors, or co-founders. It's always better to formalize — it protects your rights and builds credibility.

19. How should a service startup with a small team manage compliance?

If you run a small service-based startup (e.g., IT, HR, design, coaching), focus on lightweight but mandatory compliances. Choose either LLP or Private Limited form of company, depending on scalability. Maintain a simple accounting system (like Zoho, Vyapar, or CA-maintained Tally). File income tax annually and ROC forms like Form 11 and 8 for LLP or AOC-4 and MGT-7 for Pvt Ltd. Draft basic client agreements, maintain payment receipts, and separate personal vs. business expenses. For your team, use proper freelance or employment contracts, and comply with POSH guidelines. Outsource bookkeeping to a CA or use an online compliance platform. Keep digital copies of all documents — this reduces audit stress and boosts investor trust.

20. What is a Founders' Agreement and when is it needed?

A Founders' Agreement is a critical document when two or more people start a business together — especially for startups and Pvt. Ltd. type of firms. It defines roles, responsibilities, equity shares, decision-making rights, IP ownership, vesting schedules, and exit clauses. It also includes non-compete, confidentiality, and dispute resolution terms. Without this agreement, conflicts between co-founders can lead to legal battles and stalled operations. Draft it before incorporation or equity issue. It prevents founders from walking away with IP, shares, or clients, and is often required during funding rounds. Use this document to protect your startup's long-term stability.

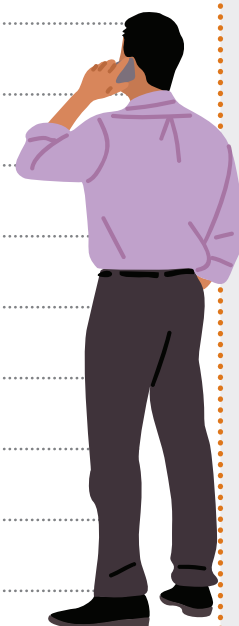
21. What is Udyam Registration and its benefits?

Udyam registration is the official MSME (Micro, Small, and Medium Enterprises) registration in India. It is available to proprietorships, LLPs, companies, and other entities engaged in manufacturing or services. Once registered on the Udyam portal using Aadhaar and PAN, you receive a unique Udyam number. Benefits include priority in government tenders, access to subsidized loans, interest subvention, and collateral-free credit. Banks and NBFCs offer faster approvals to Udyam-certified entities. It also provides protection under the Delayed Payments Act, which helps you get paid by clients (including corporates and PSUs) within 45 days or with interest. It's free to register and easy to update.



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FAQs

GOVERNMENT SCHEMES

1. What are the general government schemes available?

General government schemes available are: PMEGP (Prime Minister's Employment Generation Programme), CMEGP (Chief Minister Employment Generation Programme), and CGTMSE (Credit Guarantee Fund Trust for Micro and Small Enterprises) for funding support. PMEGP and CMEGP, which provide capital subsidies to promote new business ventures, while CGTMSE enables collateral-free loans by providing a credit guarantee to banks and financial institutions. If you plan to export your products, Interest Subvention for Export Credit scheme is available. Technology upgradation can also be supported under the MSME Champions Scheme. It's important to register your business under Udyam Aadhar to access these schemes easily.

2. I have Udyam Aadhar. Are there any funding or subsidy facilities linked to it?

Yes, Udyam Aadhar registration opens access to many funding schemes. With Udyam, you can apply for government programs focused on technology upgradation, working capital loans, and business expansion. You then become eligible for CGTMSE loans, where the government guarantees your loan to reduce risk for banks. Udyam registration is also often required for participating in government tenders and MSME-focused support programs, both at the central and state levels.

A concise reference for MSMEs seeking government support, this section outlines key schemes like Udyam Registration, CGTMSE, PMEGP, Stand-Up India, and ZED Certification. It highlights funding opportunities, subsidies, credit access, export assistance, and technology upgrade incentives—equipping entrepreneurs to navigate the ecosystem of central government benefits effectively.

Government Schemes



21 questions from this section were asked by **90%** of the MSME callers

3. I'm facing challenges in upscaling due to high fixed costs and funding limitations. Can the government help?

Yes, there are financial support schemes that help MSMEs deal with fixed costs and fund expansion. You can apply for working capital loans under CGTMSE, which are collateral-free and help with liquidity. If you are setting up new infrastructure, PMEGP and CMEGP can help with subsidies on capital investments. You can also reduce some fixed costs by applying for energy-efficient solutions under SIDBI's Sustainable Finance Scheme. Preparing a clear business proposal with a breakdown of your fixed costs and funding needs will help in getting approvals quickly from banks or government departments.

4. I want to buy land from MIDC. What is the process, and what documents are needed?

To purchase industrial land from MIDC (Maharashtra Industrial Development Corporation), you must first register your company and apply through the MIDC portal for land allotment. The process involves submitting a business proposal, project report, and financial projections. Once land is approved, you need to provide documents such as Udyam Aadhar, PAN, company registration, director KYC, and proof of funding source. MIDC may also ask for project timelines, investment estimates, and employment commitment. After approval, an allotment letter is issued, and legal documentation is completed before land possession is given.

5. I want to explore loan schemes and export-related government support. What are the options?

If you're an MSME looking to explore both loan schemes and export-related government support, there are several options available. For business funding, you can consider MUDRA loans under the PMMY scheme (up to ₹20 lakh, collateral-free), CGTMSE loans (guaranteed by the government for amounts up to ₹5 crore), or the Stand-Up India scheme, which supports women and SC/ST entrepreneurs with loans between ₹10 lakh and ₹1 crore for greenfield enterprises. SIDBI also offers targeted financial products like soft loans for machinery, working capital, and expansion. On the export front, support is available through schemes such as RoDTEP (duty remission), EPCG (zero duty on capital goods for exporters), and TIES (infrastructure support). Additionally, the Interest Equalisation Scheme provides subsidised interest rates on export credit, while EXIM Bank and ECGC offer export finance and risk insurance. Exporters can also get help with marketing through MAI/MDA schemes that fund participation in global trade fairs and buyer-seller meets. To access these, you'll need an Import Export Code (IEC) and should consider registering with an Export Promotion Council relevant to your sector.

6. I've already availed CGTMSE, Electronics Subsidy, and PLI. What other schemes can I explore now?

Since you have already accessed the major production and funding schemes, you can now explore international market expansion. The International Cooperation Scheme under the Ministry of MSME offers support for participating in global exhibitions and B2B meetings. It reimburses costs like airfare, stall charges, and promotional expenses. You can also connect with export promotion bodies like the Electronics and Computer Software Export Promotion Council (ESC) or Engineering Export Promotion Council (EEPC) for support in exports, buyer connect programs, and trade missions. There is also the Interest Subvention Scheme, which lowers borrowing costs by reimbursing a portion of the interest on loans, making capital more affordable. These schemes help in gaining new markets and increasing export volumes.

7. A woman entrepreneur has just started an agri-business. What schemes are available for her?

For women entrepreneurs, especially in agriculture, there are specialized schemes that provide both financial and operational support. The Mudra Loan under Pradhan Mantri MUDRA Yojana offers collateral-free loans of up to ₹20 lakhs at lower interest rates. These loans can be used for purchasing machinery, storage, or working capital. Women entrepreneurs also receive preference in bank approvals and easier terms. If the business involves the export of agricultural products, you can also connect with AEFC AEFC (Agricultural Export Facilitation Centre) for export facilitation and support in meeting international standards.

8. My business is more than 2 years old. Which schemes apply to me now?

If your business has crossed the two-year incorporation period, then Seed Fund and PMEGP may no longer be applicable. However, you still have several funding and support options.

a. CGTMSE (Credit Guarantee Scheme):

- Offers collateral-free loans up to ₹2 crore.
- You can apply through your bank.

b. MUDRA Loans (under PMMY):

- For all kinds of micro and small businesses.
- No need to provide security or collateral.
- Also available via banks.

Along these schemes, there are various banks that cater to the financial needs of such businesses.

These schemes are designed to help established businesses grow, meet working capital requirements, and fund expansion without needing collateral.

9. What government schemes support capital investment or upgrading machinery in MSMEs?

SIDBI's Sustainable Finance Scheme supports capital investments aimed at reducing energy use or improving efficiency. Under the MSME Champions Scheme, funds are available to adopt automation, software, or digital tools. SIDBI's GIFT Scheme gives MSMEs cheaper loans and subsidies to adopt green technologies via interest rebates and capital cost subsidies on green projects. These schemes are designed to help MSMEs stay competitive and productive. To apply, keep machinery quotations, your balance sheet, and investment plan ready for submission. The SIDBI 4E scheme provides loans of ₹10 lakhs to ₹5 crores at 6.4-7.5% interest to MSMEs for implementing energy efficiency measures and sustainable technology upgrades.

10. What tax exemptions and rebates are available for MSMEs?

There are several tax-related benefits that MSMEs can claim to reduce their financial burden. Under the GST Composition Scheme, MSMEs with annual turnover up to ₹1.5 crore can pay a flat GST rate instead of the full rate, reducing compliance and taxes. Under Income Tax Section 44AD (Presumptive Taxation), small businesses can declare profit at a fixed percentage of revenue, avoiding complex accounting. Startups registered with DPIIT can claim 100% income tax exemption for the first three years under Section 80-IAC. Exporters can claim benefits under RoDTEP, which refunds duties and taxes paid on exported goods.

11. Are there any location-based incentives or subsidies for businesses setting up in industrial zones?

Yes, both central and state governments offer location-based incentives to promote industries in backward or underdeveloped areas. Businesses that set up operations in specific MIDC zones or industrial clusters may get discounts on land cost, reduced electricity tariffs, stamp duty exemptions, and additional subsidized interest on loan for purchase of Capital Equipment. These incentives vary from state to state and depend on whether the location falls under industrial promotion zones. You should check with your state's MSME department or DIC (District Industries Centre) for zone-specific subsidies and eligibility criteria.

12. Are there any government schemes that support participation in international trade fairs or exhibitions?

Yes, the International Cooperation Scheme helps MSMEs participate in international trade fairs and exhibitions. The government reimburses up to 100% of economy class airfare for one representative and subsidizes stall rent and shipping costs for display items. This scheme is designed to promote Indian MSMEs in global markets and help them connect with international buyers and partners. To avail this, you need to apply before the event and submit details like company profile, export readiness, and event relevance. Post-event reporting is also mandatory for reimbursement (max. INR 1,50,000). The Ministry of Commerce and Industry has a list of exhibitions abroad where the exporters who are members of the concerned Export Promotion Council can avail subsidy in participation in an exhibition overseas and allied expenses.

13. I have an innovative idea, but no funds to test or launch it. Is there any government support for such ideas?

Yes, the MSME Innovative Scheme provides support for startups and small businesses working on new ideas, products, or technologies. This scheme helps fund activities like prototype development, product testing, market validation, and even patent filing. If your idea has potential, you can apply for grants under the incubation support category. To apply, you will need to submit a project report explaining your innovation, expected outcomes, and estimated costs. You can also collaborate with recognized incubators or innovation centers to get additional technical and strategic support. Some Banks also have facility to sanction loans for preliminary activities before the entity starts generating revenue

14. Are there any schemes that support brand building or marketing for MSMEs?

Yes, several schemes support branding and marketing for small businesses. Under the ZED (Zero Defect Zero Effect) Certification, MSMEs get guidance and financial support to improve product quality and market presence. While it's mainly a quality certification, it helps improve customer confidence and marketing outcomes. Additionally, the MSME Market Development Assistance (MDA) offers support for domestic marketing, buyer-seller meets, and creating marketing tools like catalogs, banners, or sample kits. Participating in trade fairs and exhibitions—both domestic and international—also helps in brand building and is subsidized under various schemes like the International Cooperation Scheme. The TEAM (Trade Enablement and Marketing) scheme further supports MSMEs by helping them build digital storefronts, product catalogues, and packaging for wider market access through the ONDC platform.

15. I run a small services business (not manufacturing). Are these schemes still applicable to me?

Yes, most MSME schemes are applicable to both manufacturing and service sector businesses. Whether you're running a consultancy, salon, repair service, or IT support business, you can register under Udyam Aadhar and become eligible for:

- Collateral-free loans under CGTMSE
- Funding for business expansion under PMEGP or MUDRA

- Tax benefits under presumptive taxation and GST Composition Scheme
- Marketing and technology upgrade support under MSME Champions Scheme
- The key is to ensure proper business registration, documentation, and clarity in your financial records when applying.

16. What schemes support MSMEs in adopting digital tools or automation?

To promote technology adoption and digitization, the MSME Champions Scheme offers financial and technical assistance for upgrading to digital platforms, automation tools, accounting software, customer management tools (CRMs), and e-commerce setups. Another option is SIDBI's Digital Prayaas, which provides quick loans for businesses shifting to digital systems. These upgrades improve productivity, reduce errors, and enable better financial tracking. Costs for software subscriptions, basic hardware (like POS systems or scanners), and training are often eligible under this scheme. Further, if you want to automate in a sustainable manner, SIDBI GIFT provides interest rebates and subsidies on capital investment. Having a digital roadmap or implementation plan helps while applying.

17. My business is seasonal. During the off-season, managing expenses is hard. Any relief available?

If your business operates seasonally—such as agriculture-based or festival-related products—you may face cash flow challenges during non-peak months. In such cases, working capital loans through CGTMSE or MUDRA help manage short-term cash needs. These are often structured with flexible repayment terms. Additionally, you can request a moratorium period from your lender, where you delay loan EMI for a few months after borrowing. While this isn't a subsidy, it gives you time to generate income before starting repayments. Planning your expenses during the peak season and maintaining a reserve fund will also help.

18. I want to expand into e-commerce or sell through online platforms. Does the government support this?

Yes, MSMEs are encouraged to explore online marketplaces through programs like MSME Digital Saksham and support from GeM (Government e-Marketplace) onboarding. Though not a direct subsidy, these platforms offer:

- Free or subsidized training for listing and selling products online
- Help with digital payment systems, inventory management, and logistics
- Access to GeM portal, where you can sell products/services directly to government departments

You can also receive assistance through District Industries Centres (DICs) or TEAM Scheme for training and technical support related to e-commerce expansion.

19. My startup is in the idea stage. I haven't generated revenue yet. Can I still get any financial help?

Yes, early-stage startups with no revenue can apply under the Startup India Seed Fund Scheme (SISFS) and the Incubation component of the MSME Innovative Scheme. These schemes don't require you to show profits or turnover. Instead, you need to present a clear business plan, proof of innovation, and potential for market application. The funds can be used for product development, prototype testing, and market trials. You'll need to connect with an approved incubator that can recommend your project to the funding authority. Even without revenue, your startup may qualify if your idea solves a real-world problem or improves industry efficiency.

20. Can I apply for multiple government schemes at the same time?

Yes, in many cases you can apply for more than one government scheme, provided they serve different purposes and don't offer overlapping benefits. For example, you can:

- Avail a CGTMSE loan for working capital
- Apply for the PMEGP subsidy for setting up a new unit
- Use the International Cooperation Scheme for attending trade fairs

However, each scheme has its own eligibility criteria and documentation. It's important to disclose if you've already availed other schemes while applying. Avoid duplication of claims, especially in subsidies, to stay compliant and ensure approval of future applications.

21. Where should I go or whom should I contact to apply for these schemes?

To apply for government schemes, you can start by visiting these portals and offices:

- Udyam Registration Portal (udyamregistration.gov.in) – for MSME registration
- MSME Sampark / Champions Portal – to explore available schemes
- Bank branches or NBFCs – for CGTMSE, MUDRA, or PMEGP loan applications
- District Industries Centre (DIC) – for local support and document processing
- NSIC and export promotion councils – for export support
- Approved incubators and startup hubs – for innovation and startup funding

Make sure your financials, business plan, KYC documents, and project reports are ready. Many schemes now allow online application with status tracking, reducing the need for repeated office visits.



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21 FAQs

FINANCE

1. How do we decide the selling price of our product?

Start with a low profit margin to attract customers and understand the market. Once you know your costs and have customer feedback, gradually increase the price to find a balance between what customers will pay and what gives you a reasonable profit.

2. How can a business support organization or consultant help us with funding?

A business support organization can simplify the funding process by:

- Assessing the needs and recommending the right loan type (e.g., term, working capital, or investor funding).
- Helping you prepare a professional business plan and all required documents (PAN, Aadhaar, GST, etc.).
- Connecting you with suitable lenders to increase your chances of approval and secure better terms.

3. If we face cash flow issues with large orders. What can we do?

This is a very common challenge for growing businesses.

When you get a big order, you often have to spend money upfront—on raw materials, labour, packaging, and delivery. But the payment from the client may come 30 or even 60 days later. This creates a cash flow gap, which makes it hard to manage operations.

Instead of avoiding such orders, we can plan better. Here are some solutions:

- Ask for a partial advance payment from the customer before you start work
- Use invoice financing, where a lender gives you money upfront based on your customer invoice
- Apply for short-term credit like an overdraft or cash credit
- Partner with another business or supplier who can share the cost or resources temporarily

The idea is to manage cash in a way that you can accept large orders without stress. We'll help you set up a simple plan so your finances stay stable while your business grows.

This MSME-focused section answers key financial queries, including loan types, collateral-free credit options, government subsidies, and investor funding. It explains MUDRA loans, working capital finance, CIBIL scores, taxation benefits, and fintech platforms—equipping businesses to make informed financial decisions and access appropriate funding with clarity and confidence.

Finance



21 questions from this section were asked by **87%** of the MSME callers

4. How can we collect payments from clients who delay even after multiple reminders?

Delayed payments can really affect your cash flow, it is important to deal with them carefully but firmly.

Here's what you can do:

- Firstly, send polite but clear reminders through email or phone. Attach the invoice again and mention the due date.
- If there is still a delay, follow up with a formal written notice showcasing seriousness.
- You can also add late payment charges or interest (if you have mentioned it in your terms) to encourage timely payments.
- If the amount is large or seriously overdue, you may need to send a legal notice or get help from a collection agency.
- Make sure future deals have clear payment terms in writing, and try to collect part of the amount in advance.
- You can use MSME Facilitation Council headed by senior official of Industries Department at the regional level

We can support you in crafting polite reminder templates and set up a simple payment tracking system to ensure timely payments and protect your business's cash flow.

5. What is the best way to manage short-term financial needs?

To manage short-term financial needs, consider:

- Applying for a Cash Credit (CC) or Overdraft (OD) facility from a bank. These allow you to borrow as needed, and you only pay interest on what you use.
- Focus on timely billing and fast collection of payments from your customers to reduce the gap.
- Try to delay some of your payments to suppliers (only if they agree) so you have some flexibility.
- Avoid unnecessary expenses, and keep a close watch on daily cash flow.

6. We want to raise funds by bringing in an investor. How should we go about it?

To attract an investor, you must be well-prepared. This includes:

- Creating a clear pitch deck explaining your business model and value.
- Presenting your current financials and future growth plans.
- Stating how much money you need, its purpose, and the return for the investor.
- Be ready for questions about your business model, competition, and long-term plans.

Ensuring all legal and compliance documents are in order.

7. How can an organization plan its finances for a major expansion?

As you grow, it is crucial to structure your finances. You should:

- Set up a monthly budget so you know what's coming in and going out.
- Use basic accounting software or tools to keep records organized—this saves time and helps with tax filing too.
- Plan your cash flow for the next 6–12 months, especially if you expect big orders or expenses.
- Decide how to fund growth—maybe through profits, a bank loan, or a new investor.

8. How does an organization prepare to access loans from a Bank?

To prepare for a bank loan, have your documents and a clear plan ready:

- Make sure you have audited financial statements for the last 2–3 years. If your business is new, show your sales records and expense reports.
- Collect other key documents: PAN, Aadhaar, GST returns, and your bank statements.
- Prepare a business plan explaining your plan of action, how it will help your business grow, and how you'll repay it.
- Be honest about any past loans or liabilities.

9. I want to understand the basics of finance. Where should I start?

Start with these key terms:

- Revenue: The total money your business brings in.
- Profit: What's left after all expenses are paid.
- Cash Flow: The movement of money in and out of your business.
- Balance Sheet: What your business owns (assets) and owes (liabilities).
- Income Statement: Your profit or loss over a period.
- A cash flow statement tracks the money coming in and going out.

10. How can I get finance to start a business?

You can finance a new business through:

- Personal savings or funds from family and friends.
- Small business loans from banks or government schemes.
- Prepare a basic business plan and have your documents (PAN, Aadhaar, bank account) ready.

11. We have 250–300 monthly accounting entries. How do we manage them efficiently along with GST, MIS, and future business growth?

Move from manual to a cloud-based accounting software. This automates tasks like invoicing and GST reports. Dedicate a few days each month for updating entries and use a shared digital folder for all documents. This creates a clean record that supports future growth.

12. I'm interested in selling to foreign markets. What financial aspects should I plan for?

Expanding into foreign markets means you need to plan your finances more carefully. First, understand all the costs involved—manufacturing, labeling, packaging, logistics, and currency conversion. Build a pricing model that includes your profit margin after covering these costs.

Keep track of your total turnover, how much you're spending, and how much profit you're earning. This helps in cash flow planning and forecasting. Since overseas payments often take longer, be prepared for delayed receivables and maintain enough working capital to stay operational.

Create a plan that outlines how much investment will be needed to scale operations and how you plan to manage your funds during expansion.

13. I want to reduce the interest rate on my loan. What are my options?

The first step is to approach your current lender and request a lower rate. If your payment history is good and your credit profile has improved, they may agree to a rate cut.

You can also increase your EMI slightly to reduce the loan tenure, which results in lower overall interest paid. Another way to improve your chances is to maintain a strong credit score and reduce other liabilities, which make you more creditworthy in the eyes of lenders.

Lastly, revisit your loan terms every year. Financial institutions regularly revise their interest rate offers, and staying updated can help you get better terms in the future.

14. What's the best way to monitor profitability in a small business?

Answer: The best way to monitor profitability is with a Profit and Loss Statement, which shows your total revenue minus total expenses. Calculate your profit margin ($\text{Profit} \div \text{Revenue} \times 100$) monthly to track trends and make better decisions.

To monitor profit effectively:

- Record all sources of income—product sales, services, other earnings.
- Record all business expenses, including rent, salaries, inventory, marketing, etc.
- Subtract the total expenses from total income.

You can also calculate profit margin ($\text{Profit} \div \text{Revenue} \times 100$) to see how efficiently your business is operating. Review these numbers monthly or quarterly to understand trends and make decisions like increasing prices or reducing costs.

15. How do I calculate the breakeven point for my business?

Answer: The breakeven point is where your revenue equals your expenses. Use this formula: $\text{Breakeven Point} = \text{Fixed Costs} \div (\text{Selling Price per Unit} - \text{Variable Cost per Unit})$. This tells you how many units you need to sell to cover all costs before you start making a profit.

16. How do I evaluate the financial health of my business?

Review key indicators regularly:

- Profitability: Are you consistently earning more than you spend?
- Cash Flow: Is incoming cash sufficient to cover bills?
- Debt Levels: Is your loan repayment manageable?
- Growth Rate: Are revenues and profits increasing?

17. How should I manage multiple income sources in my business?

If your business earns money from different products or services, you should track them separately to know which ones are performing well and which ones aren't.

- Use separate income categories in your accounting software.
- Track the direct expenses associated with each income stream.
- Calculate the profit for each source individually.
- Review monthly or quarterly to decide where to invest more time or money.

18. How can I track inventory financially and prevent losses?

Inventory is tied to both your revenue and your costs, hence tracking it correctly is crucial. Use accounting software that includes inventory management to record stock movements.

- Update stock levels regularly when items are purchased or sold.
- Perform physical inventory checks to match system records.
- Monitor slow-moving items and offer discounts to clear them.
- Calculate the inventory turnover ratio to see how fast you sell your stock.

Poor tracking can lead to overstocking, expired products, or theft. Good tracking helps you save costs and serve customers efficiently.

19. How can I maintain financial discipline as a business owner?

Financial discipline means being consistent and responsible with how you handle your money. To maintain it:

- Follow a well-planned monthly budget.
- Avoid mixing personal and business finances.
- Keep your accounting books updated and accurate.
- Pay taxes and EMI on time to avoid penalties.
- Review your reports monthly to track spending and earnings.
- Don't make impulsive financial decisions—plan your investments and growth.

Disciplined financial management builds long-term business stability and makes it easier to raise funds or face emergencies confidently.

20. What financing products can help with working capital gaps?

For working capital gaps, you can avail:

Overdraft or cash credit limits

- Invoice/bill discounting
- Factoring services
- Trade credit from suppliers
- Working capital loans (short-term)
- Purchase order financing

21. My books are not clean — no regular GST, no income tax returns. Will I get funding?

Honestly, this makes it difficult. Most financial institutions rely on your documents — GST returns, income tax returns, and bank statements — to assess your business health. If there are gaps or irregularities, it is a red flag. But it is not the end. Start cleaning up:

- File pending GSTs
- Declare income
- Open a separate current account for business.

Even doing this for 3–6 months can help you apply for funding in the future. If you're not ready for a full loan, start small — like using credit cards responsibly, building banking history, or working with fintech platforms that accept alternative data like digital invoices.



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21 FAQs

GST

1. What is GST, and how is it beneficial for a business (2025)?

GST (Goods and Services Tax) is a unified indirect tax system that has replaced multiple taxes such as VAT, excise duty, service tax, and CST. It has simplified India's tax structure and created a single national market by subsuming various state and central levies. For businesses, GST reduces the cascading effect of taxes through the mechanism of Input Tax Credit (ITC), where you can offset tax paid on inputs against tax payable on outputs. It enhances transparency, ensures better tax compliance, and improves creditworthiness, especially while seeking loans or working with government tenders or export orders. In 2025, further simplifications, such as auto-populated returns, e-invoicing for businesses above five crores, and real-time tracking of ITC through GSTR-2B, will make GST even more helpful for honest taxpayers.

2. How to tackle GST problems within a company?

To tackle GST issues effectively, a company must first set up an internal compliance process. Assign a responsible person or outsource to a GST consultant who monitors return filing schedules and reconciliations. Use robust GST-enabled accounting software (like Zoho Books, Tally Prime, or Busy) for accurate billing, GST calculation, and auto-generation of returns. Regularly reconcile the GSTR-2B (auto-populated from vendors) with your purchase register to identify mismatches or ineligible ITC. Always check the GST portal for open notices or pending actions under the "Dashboard" or "View Notices" tab. If you receive a notice like REG-17 (show cause for cancellation) or DRC-01A (demand notice), respond promptly through the portal with explanations and proof of compliance. Filing accurate and timely returns (GSTR-1, GSTR-3B, and annual GSTR-9) helps prevent penalties and account blocks.

This section simplifies the Goods and Services Tax system, outlining who needs to register, key benefits, return types, and schemes like QRMP and Composition. It also explains input tax credit, e-invoicing, e-way bills, reverse charge mechanism, and penalties—making it a practical reference for ensuring compliance and optimising tax efficiency.

GST



21 questions from this section were asked by **78%** of the MSME callers

3. How does GST work with the GeM portal?

The Government e-Marketplace (GeM) mandates that suppliers must be GST-registered and must provide their GSTIN while registering on the portal. All products/services listed on GeM must reflect the correct HSN/SAC code along with the applicable GST rate. The tax amount is auto-calculated by the GeM system during order generation. If a supplier's GSTIN becomes inactive or is cancelled due to non-filing, the GeM account may be deactivated. Furthermore, incorrect HSN codes or invoice mismatches may lead to delayed or rejected payments from government buyers. GeM also requires sellers to upload GST-compliant invoices, and the GST returns must reflect these B2G transactions correctly. Therefore, maintaining an active GST status and regular filing is crucial for uninterrupted business through GeM.

4. How can GST be implemented effectively in a company?

Effective implementation of GST in a company starts with proper registration. Choose the correct constitution (proprietor, LLP, Pvt Ltd), use the appropriate principal place of business, and correctly select HSN/SAC codes. Adopt a GST-compliant invoicing and accounting system that can automatically compute tax liability, prepare return formats, and reconcile ITC. Train your accounts and sales teams on GST concepts like tax invoice formats, e-way bill generation, reverse charge mechanism (RCM), and filing timelines. Create an internal compliance calendar and conduct monthly reviews of GSTR-1 vs GSTR-3B vs books. For businesses with turnover > ₹5 crore, implement e-invoicing and e-way bill integration. Maintain a separate file for all GST challans, returns, and notices for audit purposes.

5. What is the GST Amnesty Scheme 2025?

The GST Amnesty Scheme 2025 is a relief scheme announced by the government to help taxpayers regularise their pending GST compliance. It allows taxpayers who haven't filed GST returns for several months or years to do so with significantly reduced late fees. For instance, GSTR-3B and GSTR-1 late fees may be capped at ₹500 or ₹1000 per return, regardless of the delay period. The scheme also allows those whose registrations were cancelled due to non-filing to apply for revocation using Form REG-21, provided all pending dues are cleared. This scheme is a one-time opportunity and typically runs for a fixed time window (e.g., 3–6 months). MSMEs should act swiftly to avail of this and clean up old GST defaults to avoid further penalties or legal action.

6. Can GST be levied while exporting? Is it refunded?

Exports are treated as zero-rated supplies under GST. This means exporters do not have to pay GST on exported goods/services. There are two ways to export: (1) Export under LUT (Letter of Undertaking) without payment of IGST and claim a refund of the ITC accumulated on inputs and input services; or (2) Export by paying IGST and claim a refund of the IGST paid. In both cases, the exporter needs to file refund applications using Form RFD-01 within 2 years of the export date, attaching documents like the shipping bill, invoice, and FIRC/BRC. The government has also streamlined automatic refund processing through the ICEGATE and GST portal linkage. Exporters must also ensure correct classification, HSN code declaration, and e-invoicing (if applicable) to avoid refund rejections.

7. How can we increase the margin in services after GST?

To improve margins, service providers should fully utilise Input Tax Credit (ITC) on allowable business expenses like office rent, internet, software subscriptions, consulting fees, and even promotional services. Educate B2B clients that the 18% GST they pay is claimable as ITC, so it does not increase their cost. Keep operational costs lean by outsourcing non-core tasks (like GST compliance) and avoiding penalties. Avoid opting for the Composition Scheme if you primarily serve B2B clients, since it restricts ITC claims. Additionally, reprice services to clearly show pre-GST value, ensuring the margin is preserved while GST is treated separately.

8. What are the GST filing requirements for MSMEs?

GST filing for MSMEs depends on their turnover and registration type. Regular taxpayers must file GSTR-1 (sales details) and GSTR-3B (summary return). If turnover exceeds ₹ five crore, both are filed monthly; those with up to ₹ five crore can opt for quarterly filing under the QRMP scheme. Businesses with a turnover above ₹2 crore must also file GSTR-9 (annual return), and above ₹5 crore, GSTR-9C (audit report) is mandatory. MSMEs under the Composition Scheme (turnover up to ₹1.5 crore) file CMP-08 quarterly and GSTR-4 annually, but cannot claim Input Tax Credit. Filing even NIL returns is mandatory, and late filing leads to penalties and interest. Accuracy is essential, as mismatches in ITC or sales can trigger notices.

9. Should I add GST in bills?

You should add GST to your bills only if you are a registered GST taxpayer. The tax invoice must include your GSTIN, the applicable HSN/SAC code, the tax rate (5%, 12%, 18%, or 28%), and a clear breakup of CGST/SGST/IGST. Charging GST without being registered is a punishable offence under the GST law and can lead to heavy penalties. If your turnover is below ₹20 lakhs (₹40 lakhs for goods-only suppliers), you may be exempt. Still, if you sell via online platforms or do interstate trade, registration is mandatory regardless of turnover.

10. What is the GST compliance process for skincare products?

Skincare products mostly fall under HSN 3304 and usually attract 18% GST. Some premium cosmetic products may go up to 28%, while ayurvedic or herbal formulations may fall under 12% depending on ingredients and classification. Businesses must ensure accurate HSN code application, especially when dealing with multiple product types. GST compliance includes timely filing of GSTR-1 and GSTR-3B, proper recordkeeping of raw material inputs and packaging purchases, and claiming eligible Input Tax Credit (ITC). Selling via e-commerce platforms like Nykaa or Amazon requires GST registration regardless of turnover, and TCS collected by platforms must be reconciled monthly. Brands should also comply with labelling laws under Legal Metrology and FSSAI, where applicable.

11. What to do if GST payments are pending for 6+ months?

Immediately log in to the GST portal and file all pending GSTR-3B and GSTR-1 returns. Pay the tax dues along with applicable 18% interest and ₹50 per day late fee. If your GSTIN has been suspended or cancelled due to non-filing, you must first file all backlog returns, pay the dues, and then submit Form REG-21 with a proper explanation for the delay. Attach supporting payment challans and compliance declarations. Avoid ignoring notices like REG-17 or DRC-01A, as they may escalate into adjudication or prosecution.

12. GST account blocked for 2 years; received notice – what to do?

If your GST account has been blocked due to 2 years of non-filing, it is likely cancelled or suspended. You'll receive a notice in Form REG-17. To rectify this, immediately file all pending returns with late fees and 18% interest. Use Form DRC-03 to pay outstanding tax liabilities voluntarily. Then, submit Form REG-21 for revocation within 30 days of cancellation. Attach a justification letter explaining the delay, and payment proofs of all dues.

13. GST TDS on scrap material purchase – when applicable?

GST TDS is applicable only when a government department, PSU, or local authority makes a supply contract exceeding ₹2.5 lakh. If you're a private company purchasing scrap, TDS under GST does not apply. However, if you're a government buyer, you must deduct 2% GST (1% CGST + 1% SGST or 2% IGST) and file it in GSTR-7. The supplier will receive this TDS credit in their GSTR-2A and can use it to offset tax liability. Maintain the supplier invoice, contract copy, and payment advice for audit purposes.

14. GST application rejected and fine imposed – what to do next?

If your GST application has been rejected, first log in to the GST portal and review the rejection reason under “My Applications.” It could be due to incorrect documents, a wrong business category, or incomplete verification. You must correct the issue and reapply with proper documentation. If a fine has been levied, pay it via Form DRC-03 before reapplying. In some cases, you may need to approach the jurisdictional GST officer for manual resolution. If the rejection was due to a clerical error on the department’s part, you may file an appeal to the Appellate Authority within 3 months of the rejection order.

15. How can we simplify GST return filing and compliance?

Simplifying GST compliance requires a structured approach. First, use automated accounting software that integrates with the GST portal. Create a monthly checklist to file GSTR-1 (sales), GSTR-3B (summary), and GSTR-9 (annual). Reconcile GSTR-2B with your purchase register to verify ITC accuracy. Even if there is no business activity, file NIL returns to avoid late fees. For Composition Scheme businesses, file CMP-08 every quarter and GSTR-4 annually. Maintain vendor-wise ITC ledgers, track e-invoice compliance if turnover is above ₹5 crores, and respond promptly to any notices via the dashboard.

16. How do we claim Input Tax Credit (ITC) effectively?

To claim ITC effectively, ensure all purchase invoices are from GST-compliant vendors who have filed GSTR-1 on time, as their details must reflect in your GSTR-2B. Claim ITC only on business-related expenses and not on blocked credits (e.g., food, gifts, motor vehicles for personal use). Make payment to vendors within 180 days of invoice; otherwise, ITC must be reversed. Match the ITC claimed in books monthly with GSTR-2B. Any discrepancies should be corrected via vendor communication or DRC-03 if necessary. Maintain digital copies of invoices, proof of payment, and ITC reconciliation reports for audits.

17. What are the GST implications for selling online or exporting goods?

Selling on e-commerce platforms like Amazon, Flipkart, or Meesho requires mandatory GST registration, even if your turnover is below ₹20 lakhs. You must file regular returns, and TCS collected by platforms must be reported and reconciled. Exporting goods or services qualifies as zero-rated supplies under GST. You can export under LUT without IGST or pay IGST and claim refunds via RFD-01. Maintain complete documentation, such as shipping bill, tax invoice, and FIRC/BRC. If exporting digital services, registration under OIDAR rules may also apply. Timely compliance helps prevent refund rejections and departmental queries.

18. How can we avoid GST penalties and interest charges?

Avoiding penalties starts with the timely and accurate filing of returns. Set calendar alerts for GSTR-1, GSTR-3B, GSTR-9, and GSTR-7 (TDS, if applicable). Always reconcile GSTR-2B with your books before claiming ITC. Avoid using fake invoices or claiming ineligible ITC, as that leads to DRC-01 notices and audits. File NIL returns even if there's no transaction to avoid daily late fees. If you detect errors, voluntarily pay taxes using Form DRC-03. Monitor the GST portal regularly for notices or system-generated discrepancies and respond within the deadlines mentioned.

19. How to register for GST and start a current account?

To register, go to gst.gov.in and select "New Registration." Use PAN, Aadhaar (for OTP), business address proof, and photo. Upload the utility bill/rent agreement for the business premises. Once your application is verified and ARN is approved, you'll receive a GSTIN within 7 days. After registration, download the GST certificate and approach any bank (like HDFC, ICICI, SBI) to open a current account using your GSTIN, PAN, and proof of business. Many banks now offer online onboarding linked with GST verification and UDYAM registration.

20. Do you want guidance on business registration and tax structure comparisons?

A sole proprietorship is easy to start, but offers no limited liability and is taxed under personal slab rates. LLPs are better for partnerships with shared liability and have a flat 30% tax. Pvt Ltd

or OPCs are suited for larger-scale, investor-backed businesses and are taxed at 22% Corporate Tax (15% for new manufacturing units). GST applies equally across these structures based on turnover and the nature of supply. Women entrepreneurs don't get special GST rebates but can access schemes like MUDRA or SIDBI incentives. For consultancy firms offering services in international markets, a Pvt Ltd or LLP offers better credibility, especially for foreign payments under FEMA and RBI rules. GST on exports of services is zero-rated with a refund available.

21. Discuss GST, compliance, and company name change services

To change a company's name under GST, first update the name with the Ministry of Corporate Affairs or the PAN database. Then file an amendment via Form REG-14 on the GST portal, selecting "Core Fields." Upload the required documents, including the board resolution, new PAN (if applicable), ROC certificate, and bank letter. Also, update your name across platforms like GeM, MSME, DGFT, invoice software, and e-commerce portals to avoid future mismatches in documents and compliance blocks.



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21 FAQs

MARKETING & BRANDING

1. How can I increase my customer base in metropolitan cities?

- Use local SEO techniques (Google My Business, area-specific keywords)
- List your business on Pune-based directories and local marketplaces
- Join Pune-based B2B forums and LinkedIn, and Facebook groups
- Run targeted Google Ads and Facebook campaigns for the Pune region

2. How to increase visibility and grow personal branding as a service provider?

- Regularly post expert content on LinkedIn
- Share client testimonials and case studies
- Use a professional photo and consistent branding
- Attend webinars, speak at events, and join local business groups
- Optimize your LinkedIn profile with keywords

3. What are some ways to market manufacturing services effectively?

- Use offline networking (industry events, vendor meets)
- Prepare a strong elevator pitch
- Invest in digital brochures or videos showing your processes
- Highlight quality standards and production capacity
- Connect with procurement managers on LinkedIn
- Create Short Videos, presentations, social media promotions
- Participate in b-2-b exhibitions

This section outlines essential marketing and branding strategies tailored for MSMEs. It covers low-cost digital outreach, brand identity creation, leveraging government schemes, and the use of tools like Google Business and WhatsApp. With a focus on practical, scalable methods, it helps small businesses build visibility, credibility, and customer trust in competitive markets.

Marketing & Branding



21 questions from this section were asked by **68%** of the MSME callers

4. How can I scale my business through marketing?

- Invest in paid ads (Google Ads, Facebook and Instagram Boost, LinkedIn Ads)
- Use mass email campaign platforms campaigns to promote offers
- Collaborate with B2B partners for cross-promotion
- Regularly update your GMB profile and SEO strategy
- Build a referral or loyalty program for your customers

5. What are affordable ways to do marketing for a sole proprietorship?

- Use free platforms such as like WhatsApp Business, Google My Business, Facebook, and Instagram for promotions of your business/ services.
- Showcase consistency in creating engaging and informative content regularly
- Attend local networking events and offer referral incentives
- Distribute digital brochures and use local WhatsApp groups
- Avail subsidies for packaging design, transportation, and packaging materials through Trade Enablement and Marketing under the MSME RAMP.

6. What are effective branding strategies for a new business?

- Develop a niche product or service that solves a real problem
- Create a professional brand identity (logo, tagline, theme colors)
- Build a consistent social media presence
- Use storytelling and customer testimonials to build trust

7. What are the key strategies for international and domestic client acquisition?

- Optimize your LinkedIn profile and post regular updates
- Use email marketing tools such as like ActiveCampaign or Mailchimp for mass emailing and promotion
- Enhance website SEO for domestic and global keywords
- List your products on platforms such as India Trade Portal, IndiaMART, ExportHub, and Amazon

8. How do I start and promote a franchise business?

- Start with a franchise model document outlining benefits, pricing, and process
- Promote the franchise through LinkedIn, Franchise portals, and IndiaMART
- Attend business expos and pitch events for networking and connecting with potential investors
- Offer marketing support and brand recognition to attract franchisees

9. What is lead separation, and how does it help in business growth?

- Lead separation refers to categorizing leads based on their source, interest level, budget, and readiness to purchase. It allows businesses to:
- Prioritize high-quality leads
- Assign the right follow-up team (sales/support)
- Improve conversion rates
- Reduce marketing costs through targeted efforts
- Use CRM tools or spreadsheets to manage lead segmentation efficiently.

10. How can project-based companies approach clients and win contracts?

- Identify and connect with project management consultancies (PMCs) via LinkedIn or B2B directories
- Attend industry events and expos to showcase services
- Respond to tenders and RFQs posted by PSUs, corporates, and government bodies
- Maintain a strong portfolio and client testimonials to build trust

11. How do we build a strong brand identity from scratch?

- Define your brand values, target audience, and unique offering
- Design a professional logo, color scheme, and tagline
- Maintain visual and tone consistency across all platforms
- Use storytelling, testimonials, and consistent messaging
- Leverage government schemes like ZED Certification and MSME Digital Saksham for support

12. How to overcome sales and marketing challenges in a small engineering firm?

- Build a structured sales funnel with clear stages (lead > pitch > proposal > conversion)
- Improve your website SEO and include lead capture forms
- Use LinkedIn outreach and targeted email marketing
- Explore digital ads and industry partnerships for visibility
- You may increase the frequency of visiting potential customers along with digital outreach

13. How can we manage online reviews and build customer trust?

- Claim and update your Google My Business and social media pages
- Respond to all reviews (positive and negative) politely and professionally
- Encourage satisfied customers to post reviews
- Use case studies and influencer endorsements as social proof
- Maintain transparency and prompt service to enhance trust

14. What pricing strategies can MSMEs use to stay competitive and profitable?

- Strategy ● Description
- Cost-plus Pricing: Adds a fixed margin to production cost
- Value-based Pricing: Based on the product's perceived value to the customer
- Competitive Pricing: Matches or slightly undercuts competitor prices
- Dynamic Pricing: Adjusts prices based on demand and season
- Penetration Pricing: Starts low to enter the market, then gradually increases
- Premium Pricing: High pricing for premium-quality or niche products
- Analyze market data regularly and consider certifications to support pricing confidence.

15. How can we improve LinkedIn marketing performance?

- Optimize your business and personal profiles
- Post educational and industry-specific content
- Use LinkedIn Ads to target industries and job titles
- Connect with decision-makers and send tailored messages
- Join and engage in relevant groups and events

16. How much should we invest in marketing and advertising?

- MSMEs should allocate 5–10% of annual revenue for marketing. New businesses aiming for visibility may invest 10–15%, while established businesses can manage with 5–7%.

Allocate budget across:

- SEO and content marketing
 - Google Ads and Social Media Ads (PPC)
 - Influencer collaborations
 - Offline events and exhibitions
- Utilize cost-effective options like Google My Business, MSME Digital Saksham, and free digital tools to optimize spending.

17. What are the best strategies for offline brand promotion?

- Attend local events, trade fairs, and exhibitions
- Partner with chambers of commerce and local retailers
- Use print media, hoardings, and distribute flyers
- Sponsor community events or offer branded merchandise
- Implement referral and word-of-mouth programs

18. How to create a distributor-dealer network for industrial or chemical products?

- Optimize your website with product info and lead forms
- Use WhatsApp campaigns for B2B leads (via API for compliance)
- Collect data from Google My Business and reach out to garages or resellers
- Follow up with calls and product samples
- Offer incentives or credit terms for dealer loyalty

19. How do I improve marketing for export-focused businesses?

- Optimize site and product listings using tools like:
 - Export Import Data Maps
 - SEO tools with updated al
 - Websites for investor/trade insights
- Use LinkedIn outreach, Google Ads, and cross-border e-commerce platforms
- Ensure HS codes and documentation are in place
- Listing the firm on India Trade Portal and country specific trade portals

20. What's the best way to run Facebook Ads effectively for MSMEs?

- Create a Facebook Business Manager to control ad budgets and data
- Use Meta Ads with a min budget of ₹50–70 per ad for targeted local promotions
- Avoid unverified low-cost agencies; monitor ad performance directly
- Split campaigns into retargeting, awareness, and engagement categories
- Combine ads with strong landing pages or WhatsApp integration

21. How can we create viral marketing campaigns?

To create viral campaigns, MSMEs should:

- Focus on emotional or social cause-based storytelling
 - Use short-form content (Instagram Reels, YouTube Shorts)
 - Launch contests or challenges with hashtags
 - Encourage user-generated content (UGC) and influencer collaboration
 - Produce user centric content with captivating Call to Action
 - Promote using WhatsApp forwards, memes, and trending formats
 - Analyze engagement and optimize in real-time
- Programs like MSME Digital Saksham can offer digital marketing training and support



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21 FAQs

GeM

1. What is GeM, and why should I register my MSME business there?

GeM, or Government e-Marketplace, is an online platform launched by the Ministry of Commerce and Industry, Government of India, on August 9, 2016, to make public procurement faster, more efficient, and more transparent. It serves as a national public procurement portal for government entities to buy goods and services. For MSMEs, registering on GeM allows you to sell directly to government buyers, which increases your business's visibility and can lead to large orders. The platform also supports the "Make in India" initiative and provides preference to MSMEs and start-ups.

2. Who can sell on GeM?

The GeM platform is open to a wide array of legitimate businesses and service providers. Any bona fide manufacturer, authorized dealer, service provider, or reseller can register as a seller on GeM. This includes various business entities such as Proprietorships, Partnership Firms, Private Limited Companies, Public Limited Companies, Trusts, Societies, and even Central/State Government entities that offer specific goods or services. The portal encourages broad participation, including Micro, Small, and Medium Enterprises (MSMEs) and start-ups, by offering simplified registration and preferential treatment policies. The aim is to create a diverse pool of sellers, fostering competition and ensuring quality and competitive pricing for government buyers.

This section simplifies the process of registering and selling on the Government e-Marketplace (GeM) for MSMEs. It explains seller registration, document requirements, product listing, bidding procedures, and payment mechanisms. It also highlights benefits for women-led, SC/ST, and startup enterprises, making it an essential resource for small businesses aiming to tap into government procurement opportunities.

GeM



21 questions from this section were asked by **90%** of the MSME callers

3. Is GeM registration free for sellers?

Yes, the primary user registration process for sellers on the GeM portal is absolutely free of charge. GeM does not impose any fees for the initial account creation. However, sellers should be aware that while registration is free, there may be certain ancillary costs involved depending on their specific needs. For instance, obtaining a Digital Signature Certificate (DSC) from a Certifying Authority, which is mandatory for e-signing documents on GeM, incurs a cost. Additionally, if a seller opts for third-party consultancy services to assist with registration, catalogue management, or bid participation, those services will come with their own fees. The core platform access and registration provided by GeM itself remain free. For some services like brand approval, fees may also apply.

4. How do I register my MSME on GeM?

To register, go to gem.gov.in and click "Seller Registration". You will need your PAN card, an Aadhaar-linked mobile number, an active email ID, your business address, a GST certificate, UDYAM registration (if applicable), and your bank account details. The process involves entering your details and completing an OTP verification via your Aadhaar-linked mobile number to create your account. Some businesses may also need to complete a Vendor Assessment.

5. What are the prerequisites for GeM seller registration?

To register as a seller on GeM, Key prerequisites for seller registration include:

- Identity Proof: An Aadhaar number (with a linked mobile number) or a Personal PAN of the authorized signatory.
- Business Details: The official name and type of business entity.
- Business Registration Documents: The company's PAN, Corporate Identification Number (CIN) for companies, and GSTIN (if applicable).
- Financial Details: The organization's bank account details.
- Other Registrations: UDYAM Registration for MSMEs or DIPP recognition for start-ups.
- Communication: An active email address.
- Digital Signature Certificate (DSC): A Class 3 DSC is mandatory for e-signing bids and other documents.

6. Can a single entity register as both a product seller and a service provider on GeM?

Yes, a single registered entity can be both a product seller and a service provider on GeM. The platform allows businesses to list relevant categories for both goods and services they are authorized to supply. This flexibility allows a business to participate in a wider range of procurement opportunities without needing multiple registrations.

7. What if my PAN/GST validation fails during registration?

A failed PAN or GST validation is often due to a mismatch in information. You should ensure that the details entered on GeM exactly match the records with the Income Tax Department and GSTN. For proprietorships, the name on the PAN should match the authorized signatory's name. Try clearing your browser cache and cookies, or attempt the registration using a different browser. If the issue continues after you have verified your data, contact the relevant authorities to correct the discrepancies or reach out to GeM customer support.

8. How do I list my products/services on GeM?

After registering, go to the "Catalogue" section of your seller dashboard and select "Add New Offering". You must choose the appropriate product or service category and then input detailed specifications, including technical details, physical attributes, and pricing. You also need to upload at least three high-quality images of your product. For services, you must provide a detailed description of the scope, deliverables, and pricing. The GeM product team will review and approve your catalogue before it goes live. Providing false or misleading information can result in blacklisting.

9. What is a secondary user, and is it mandatory to create one?

A secondary user on GeM is an additional user account created by the primary user within an organization (buyer or seller). For buyer organizations, secondary users are the individuals who actually perform procurement functions, such as searching for products, creating demand, placing orders, generating Provisional Receipt Certificates (PRC), and Consignee Receipt and Acceptance Certificates (CRAC), or handling payments as DDOs/Paying Authorities. For sellers, secondary users can be assigned roles like catalogue management, bid participation, or order fulfilment. It is not mandatory for a single-person operation to create secondary users. However, for larger organizations, creating secondary users is highly recommended and often necessary to delegate tasks, streamline workflows, maintain a clear audit trail of actions, and ensure continuity of operations even if the primary user is unavailable.

10. What if I cannot find a relevant category for my product/service on GeM?

If you encounter difficulty finding a precisely relevant category for your product or service on GeM, first try searching with different keywords related to your offering. The platform has a vast, but continuously evolving, list of categories. If an exact match remains elusive, select the category that is the closest possible fit or the broadest category that still encompasses your product/service. It is crucial to clearly define your product/service in the description section to compensate for any slight category mismatch. If your product or service is truly unique or represents a new offering not yet broadly covered, GeM also provides a mechanism to, "Request for Category Creation or Update." You can submit a request through the GeM Helpdesk, providing detailed justification and specifications for the new category. GeM periodically reviews such requests and adds new categories based on market demand and government procurement needs.

11. What is OEM registration on GeM, and who needs it?

OEM (Original Equipment Manufacturer) registration on GeM is a specialized and critical verification process designed to validate that a seller is the genuine manufacturer of the products they intend to sell. This process is mandatory for manufacturers who wish to offer their products directly on GeM and especially for those participating in public procurement of specific "Quality 1 (Q1)" and "Quality 2 (Q2)" category products, which often have higher quality and reliability requirements. OEM registration ensures that the seller possesses the necessary manufacturing capabilities, quality control processes, and adheres to the specified standards, thereby enhancing trust and quality assurance for government buyers. Resellers, on the other hand, need to obtain a Manufacturer Authorization Certificate (MAC) from an approved OEM to sell their products.

12. What documents are required for Vendor Assessment?

- Documents commonly required for Vendor Assessment include:
- Latest GST Return.
- Address proof.
- Bank account details.
- A product catalogue in PDF format.
- A company profile.
- You will also need to provide basic financial details like annual turnover and employee strength

13. What is the Vendor Assessment process, and why is it required?

- Vendor Assessment is a quality check done by GeM through a third-party agency (like QCI or RITES) to confirm that sellers meet required standards. This process helps the government verify that you are a genuine and reliable seller, especially if you want to supply critical items like machinery, electronics, or chemicals. It typically happens in two stages:
- Desktop Assessment: You'll need to upload various documents such as a recent GST return, product portfolio, bank details, address proof, and basic company information.
- Video Verification: A live video call is scheduled where you'll be asked to show your office, shop, or manufacturing setup.

This rigorous assessment ensures that only credible and capable manufacturers are onboarded as OEMs. This process usually takes 10-15 working days and there may be a small assessment fee. This fee depends on your turnover or business structure and is paid directly to the third-party agency responsible for the verification, such as RITES (formerly QCI), not to GeM itself. Additionally, for some specific services, such as brand approval on the platform, certain fees may apply

14. How can sellers participate in bids/reverse auctions on GeM?

To participate in bids or reverse auctions on GeM, sellers should follow a systematic approach:

- Login: Access your GeM seller account and navigate to the "Bid/RA" section.
- Search and Filter: Use the available filters (product/service category, location, bid value, opening/closing dates) to find relevant bids matching your capabilities.
- Review Bid Details: Crucially, click on the bid to view the detailed tender document. Thoroughly review all sections, including product/service specifications, eligibility criteria (turnover, experience, certifications), delivery timelines, inspection requirements, payment terms, and any special conditions. Ensure your product/service precisely meets the buyer's requirements.
- Product/Service Listing: If your product/service is not already listed on GeM with the exact specifications required by the bid, you must list it under the correct category before participating.
- Participate: Click on the "Participate" button for the chosen bid.
- Submit Offer: Enter your competitive pricing, ensuring it is inclusive of all applicable charges and taxes (like GST). Upload all necessary supporting documents, such as product catalogues, quality certifications, manufacturer authorization certificates (if you are a reseller), financial statements, and any required declarations (e.g., GFR 144(xi) compliance).
- e-Sign and Submit: Digitally sign your bid using your Class 3 DSC and submit it before the bid closing date and time.
- Proactive engagement, meticulous attention to detail, and a clear understanding of the bid document are vital for successful participation.

15. What documents are typically required for bid participation?

- Required documents vary depending on the bid but commonly include
- Technical Bid Documents: Detailed product specifications, brochures, quality certificates, and Manufacturer Authorization Certificates (for resellers).
- Financial Bid Documents: The price bid itself, audited financial statements, and a Bid Security Declaration or Earnest Money Deposit (EMD), if applicable.

Legal/General Documents: A copy of your PAN card, GSTIN certificate, company registration documents, and a self-declaration of non-blacklisting.

16. Can I get direct orders or do I have to bid every time?

Government buyers can make direct purchases on GeM for items up to ₹50,000 without a formal tender process, as long as your product has a good rating and the lowest price available. For orders exceeding this amount, a bidding process or reverse auction may be used. For order values more than ₹50,000 & up to ₹10,00,000, Direct Purchase is available after comparison for a product that has the lowest price in the selected category.

17. What is the process after an order is placed on GeM?

After an order is placed, the seller must accept the Purchase Order (PO) on the portal. The seller then delivers the goods or services within the specified timeframe. The seller must then generate and upload an online invoice. The consignee then generates a Provisional Receipt Certificate (PRC) within 48 hours of physical receipt, followed by a Consignee Receipt and Acceptance Certificate (CRAC) within 10 days after inspection. The generation of the CRAC triggers the payment cycle, and payment is typically released to the seller within 10 days.

18. How does GeM ensure fair competition among sellers?

GeM promotes fair competition by reducing human intervention in the procurement process. All registered sellers have transparent access to bid details, allowing them to compete equally. For low to medium-value procurements, the system requires comparing at least three sellers, pushing buyers to choose the lowest price that meets the specifications. For high-value procurements, mandatory e-bidding and reverse auctions create a competitive environment. GeM also encourages broad participation from MSMEs and start-ups by offering simplified registration and preferential policies.

19. Can a seller modify their listed product/service details after it's live on GeM?

Yes, sellers can generally modify their product or service details after they are live in the catalogue. This allows them to update technical specifications, adjust pricing, change stock availability, or refresh product images. Sellers should update their product once a month so that their entry in GeM is live. However, significant changes may require re-verification or approval from the GeM product team. Providing false information can lead to penalties, including blacklisting.

20. How are disputes or grievances handled on GeM?

GeM has a structured grievance redressal mechanism to handle disputes between buyers and sellers. Buyers can formally raise issues regarding product quality or delivery delays, and sellers can respond through their dashboard. All dispute-related communication is tracked on the portal and contributes to the seller's performance score. For unresolved disputes, GeM provides options for escalation, which may involve mediation or intervention by GeM authorities, and in severe cases, penalties like account suspension or blacklisting.

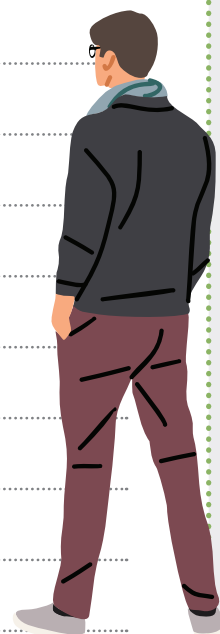
21. What is the difference between a Provisional Receipt Certificate (PRC) and a Consignee Receipt and Acceptance Certificate (CRAC)?

A Provisional Receipt Certificate (PRC) is an initial acknowledgment by the consignee that goods or services have been physically delivered. It must be generated on the GeM portal within 48 hours of receipt and confirms arrival, but not acceptance or compliance with the order. The Consignee Receipt and Acceptance Certificate (CRAC), on the other hand, is a more definitive document issued after the consignee has thoroughly inspected the items and verified they meet all specifications. The CRAC, which is typically issued within 10 days of receipt, is a critical document because it triggers the payment cycle.



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IMPORT- EXPORT

1. What is the first step to start an import-export business from India?

The first step is to an entity (Proprietary Firm/ Partnership Firm/ Pvt. Ltd. Company) and obtain an Importer Exporter Code (IEC) from the Directorate General of Foreign Trade (DGFT). This 10-digit code is mandatory for anyone who wants to import or export goods from India. The process is online, simple, and typically takes 1–3 working days.

- Before applying for IEC, you should:
- Decide on a business structure (proprietorship, partnership, LLP, or company)
- Open a current account in your business name
- Ensure PAN and Aadhaar/KYC documents are ready

Once you have the IEC, you can register with the relevant export promotion councils and begin formal trade.

2. Do I need a company to start exporting goods?

Answer: No, it is not mandatory to register a company. You can export as a sole proprietor using your personal PAN. However, registering a formal business entity like a proprietorship firm, partnership, LLP, or private limited company is strongly recommended.

- Benefits of having a registered company:
- Builds credibility with international buyers
- Easier to open business bank accounts and obtain licenses
- Required for certain export incentives and government schemes

This section offers a concise roadmap for MSMEs entering international trade. It outlines the steps to start exporting, obtain essential registrations like IEC, and navigate DGFT policies, documentation, and payment mechanisms. The guide also explains key incentives, logistics solutions, and export finance options, helping businesses build confidence in cross-border commerce.

Import-Export



21 questions from this section were asked by **80%** of the MSME callers

3. How to get an Importer Exporter Code (IEC) ?

The Importer Exporter Code (IEC) is a unique 10-digit identification number issued by the DGFT. It is mandatory for anyone importing to or exporting from India, unless the transaction falls under specific government exemptions.

How to apply:

1. Visit the DGFT portal: <https://www.dgft.gov.in>
2. Create a login using your business details
3. Fill the online IEC application (ANF-2A form)
4. Upload PAN, bank certificate/cancelled cheque, and address proof
5. Pay the Government fee (currently ₹500)

Once verified, the IEC will be emailed to you on your registered email id. It is valid for a lifetime and does not require renewal. It can also be downloaded from the website dashboard.

4. Is GST registration mandatory for exporters?

Answer: Yes, GST registration is mandatory if you are supplying goods or services outside India and your turnover exceeds the threshold (currently ₹20–40 lakh depending on the state). Even if your turnover is below the threshold, GST registration is needed to claim refunds on input tax credit under the “zero-rated supply” mechanism.

Benefits of GST for exporters:

- You can export without charging GST under Letter of Undertaking (LUT)
- You can claim refunds on taxes paid on inputs and services
- Required for shipping bill documentation and customs clearance

5. What licenses are required to export food or agricultural products?

Exporting food and agricultural products from India involves both general and product-specific licenses to ensure safety, traceability, and compliance with destination country regulations. Key licenses include:

1. Importer Exporter Code (IEC) – Mandatory for all exports from India. You need a Digital Signature Certificate to sign and validate applications like IEC on th
2. FSSAI License – Required if the product is edible (e.g., spices, processed food, tea, packaged snacks). FSSAI ensures the product meets food safety standards.
3. APEDA Registration (RCMC) – If you're exporting perishable or processed agricultural products, registration with APEDA (Agricultural and Processed Food Products Export Development Authority) is essential. This is a one-time registration and enables you to apply for various export subsidies and participate in trade fairs.
4. Phytosanitary Certificate – Needed for fresh fruits, vegetables, grains, seeds, and plants. It certifies the product is free from pests and diseases.
5. Health Certificate – For animal-origin foods or beverages (e.g., meat, dairy, honey), depending on the country of export.
6. Organic Certification (if applicable) – Required for organic products. Issued by certification bodies accredited by APEDA under NPOP standards.

Each destination country may have additional requirements such as labeling rules, pesticide residue limits, and packaging norms, hence, exporters must check specific country regulations before shipping.

6. Do I need a DGFT license for every export product?

No, a DGFT (Directorate General of Foreign Trade) license is not required for every product. However, in certain cases where products fall under Restricted or Prohibited categories, you will need specific permission or a license from DGFT.

There are three types of product classifications under the Indian Export Policy:

1. Free – Most items, including general food, clothing, auto parts, and electronics can be freely exported with an IEC and no special license.
2. Restricted – Items such as rare woods, specific chemicals, or weapons require a DGFT export license and permission.
3. Prohibited – Items like narcotics, currency, and certain endangered wildlife products are banned from export altogether.

To check whether your product is restricted: Visit the ITC HS Classification Tool on DGFT's website

Search your product by name or HS Code

7. What is an RCMC and why is it needed for export?

An RCMC (Registration-Cum-Membership Certificate) is a certificate issued by Export Promotion Councils (EPCs) or commodity boards in India. It proves that the exporter is registered with a recognized council for a specific product category.

Why is it's required:

- Mandatory for availing benefits under the Foreign Trade Policy (FTP) like RoDTEP, MEIS, and Advance Authorization
- Needed to participating in international trade fairs through government schemes
- Serves as a compliance record and provides access to government export data and schemes

Where to get it:

- APEDA – for agricultural and processed food
- MPEDA – for marine products
- FIEO – for multi-product or general exporters
- EEPC – for engineering and auto components
- EPCH – for handicrafts and home décor

To apply:

- Submit IEC, firm details, GST certificate, and fee to the respective EPC
- Most councils now accept online applications through their websites
- The RCMC is typically valid for five years and must be renewed to continue receiving government benefits.

8. How do I find the best export market for my product?

Finding the right export market involves data-driven research and understanding product-market fit. Here's how to approach it:

1. Analyze global demand for your product using tools like:
 - ITC Trade Map (www.trademap.org) – Shows top importing countries
 - UN Comtrade, Trademo, Export Genius – For in-depth trade data
 - Indian Trade Portal (www.indiantradeportal.in) – Provides India-specific export-import data, tariffs, and trade barriers
 - Refer to www.commerce.gov.in to decipher exports from India to other countries
2. Study market trends – Use Google Trends, industry reports, or buyer preferences.
3. Check import regulations – Each country has specific entry requirements, duties, and standards.
4. Evaluate competition – Research existing exporters, pricing, packaging, and product quality.
5. Target markets with trade benefits – Prioritize countries that have Free Trade Agreements (FTAs) with India, where tariffs are lower.

A “test and scale” approach is often effective—start with 1–2 markets, send trial shipments, gather feedback, and then expand.

9. How can I check if my product is allowed in a foreign market?

To check product eligibility and regulations for export to a foreign country:

1. Refer to the ITC HS Code classification – Identify the correct 8-digit HS Code for your product.
2. Check the importing country's trade portal or customs site – For restrictions, bans, or special conditions.
3. Check the Indian Trade Portal to seek export markets / get the attention of potential buyers.
4. Visit the Indian Embassy's Commercial Wing in that country – They often publish guides and market insights.
5. Look for import alerts issued by international agencies (e.g., FDA, EU RAPEX) for food, chemicals, or pharma.
6. Use global regulatory platforms like:
 - Export.gov (USA)
 - Access2Markets (EU)
 - WTO Trade Policy Review

If your product falls under restricted, prohibited, or quota-controlled items, you'll need special permission or compliance with technical standards (labeling, packaging, safety, etc.).

10. What are the mandatory documents for exporting goods?

Export documentation ensures smooth customs clearance, buyer confidence, and regulatory compliance. While exact requirements can vary by product and destination, the following are the standard mandatory export documents:

1. Commercial Invoice – Details the goods sold, their price, currency, quantity, and terms of sale.
2. Packing List – Describes the packing method, dimensions, weight, and contents of each package.
3. Shipping Bill – Filed electronically through ICEGATE; required by Indian Customs for clearance.
4. Bill of Lading / Airway Bill – Issued by the shipping or airline company; serves as a receipt and transport contract.
5. Certificate of Origin – Declares the origin of goods. Required to claim preferential tariffs under trade agreements.
6. Exporter's Declaration (SDF Form) – Confirms that foreign exchange will be realized within prescribed time limits.
7. Insurance Certificate – For risk coverage during international transit.
8. FSSAI License / Phytosanitary Certificate / Health Certificate – Required for food, agri, or animal-origin products.
9. Inspection or Quality Certificate – Issued by a third party (like SGS) if buyer requests quality assurance.

Additional documents (e.g., Form A - Preferential Duty on Imports in countries of EU (requires REX number), Dangerous Goods Certificate) may be needed based on the product and destination.

11. What is a commercial invoice, and what should it include?

A commercial invoice is a legal document issued by the exporter to the foreign buyer. It is a key document used by customs authorities to assess duties and verify the shipment contents.

It must include:

- Exporters and importers' names, addresses, and contact details
- Invoice number and date
- Buyer's order number (if applicable)
- Description of goods (with quantity, grade, and specifications)
- HS code of the product
- Unit price and total price (including currency)
- Delivery and payment terms (as per Incoterms: FOB, CIF, etc.)
- Country of origin
- Mode of transport
- Declaration by the exporter
- Signature and company stamp

A clear and accurate invoice builds credibility, prevents disputes, and ensures compliance at customs.

12. When is a Phytosanitary Certificate required?

A Phytosanitary Certificate (PSC) is required when exporting plants, plant products, seeds, fruits, vegetables, grains, and other agricultural produce that could carry pests or diseases.

This certificate is issued by the Plant Quarantine Division of the Ministry of Agriculture (PQIS) in India. It certifies that the product has been:

- Inspected and treated (if required)
- Is free from regulated pests and diseases
- Meets the importing country's phytosanitary standards

PSC is essential for:

- Avoiding rejection at foreign ports
- Meeting the Sanitary and Phytosanitary (SPS) measures under WTO
- Ensuring safe trade of perishable and regulated goods

The application is made online via the PQIS portal, and inspection is usually conducted at the port or exporter's premises.

13. How do I get a Certificate of Origin?

A Certificate of Origin (COO) is a document that certifies the country in which the goods being exported were manufactured or processed. It is required for:

- Customs clearance in the importing country
- Claiming preferential duty benefits under FTAs (like India-ASEAN, SAFTA)
- Banking and compliance documentation in payment processes

There are two types:

1. Preferential COO – Issued when exporting under Free Trade Agreements. It allows the importer to claim reduced or zero duties.
2. Non-Preferential COO – Required for general exports to confirm product origin.

Where to get it:

- Exporters must apply through authorized bodies like Chamber of Commerce, FIEO, APEDA, EEPC, etc.
- Applications can be submitted online via the DGFT's COO platform (coo.dgft.gov.in)

Documents required:

- Commercial invoice
- Packing list
- Shipping bill (if available)
- Manufacturing or processing proof

Processing time is usually 1–2 working days. MCCIA issues Non-Preferential COO.

14. What is the process of customs clearance for export?

Customs clearance is the process of getting approval from Indian Customs to ship goods out of the country. Here's a step-by-step breakdown:

1. Preparation of Documents – Ensure you have all necessary documents: Shipping Bill, Invoice, Packing List, IEC, Certificate of Origin, etc.
2. Filing Shipping Bill – Submit electronically via ICEGATE (Indian Customs EDI System) using a CHA (Customs House Agent) or through your own login.
3. Examination and Inspection – Customs may inspect the cargo. If your product requires regulatory clearance (like from FSSAI or PQIS), you must provide certificates.
4. Assessment of Shipping Bill – Customs verifies declared value, product classification (HS code), and applicable export duties or exemptions.
5. Stuffing and Sealing – Cargo is loaded into containers under customs supervision and sealed for shipment.
6. Let Export Order (LEO) – Once everything is in order, customs issues the LEO, authorizing shipment.
7. Handover to Carrier – Goods are handed over to the shipping line/airline and the Bill of Lading/Airway Bill is issued.

The clearance process usually takes 1–3 working days if documents are in order.

15. What are the common reasons for delays in customs clearance?

Delays in customs clearance can occur for several reasons, including:

1. Incorrect or incomplete documentation – Missing HS codes, wrong invoice values, or errors in shipping bills.
2. Pending approvals – Regulatory clearances from FSSAI, PQIS, Drug Controller, etc., may be delayed.
3. High-risk cargo profiling – Customs may select a shipment for detailed examination.
4. Misdeclared goods – Mismatch in declared description vs. actual product may lead to seizure or reassessment.
5. System glitches or EDI issues – Technical delays on ICEGATE or internal customs systems.
6. Port congestion or container unavailability – Especially during peak seasons or strikes.
7. Late filing of documents – If shipping documents are not uploaded in time, LEO may be delayed.

To avoid delays, ensure document accuracy, use a reliable CHA, and track regulatory approvals proactively.

16. How are duties and taxes calculated during import?

Import duties and taxes in India are calculated on the assessable value of the goods, which includes:

**Assessable Value = CIF value
(Cost + Insurance + Freight)**

Landing Charges (1% of CIF)

The following are the main components of import duty:

1. Basic Customs Duty (BCD) – Varies by HS code.
2. IGST (Integrated GST) – Applied on assessable value + BCD.
3. Social Welfare Surcharge (SWS) – 10% of BCD, applicable on most products.
4. Anti-dumping / Safeguard Duty – Applied to protect domestic industries, applicable to selected goods.

You can check applicable rates using the Customs Tariff Database or ICEGATE portal. Exporters often use customs brokers to handle duty assessment and clearance.

17. What are ICEGATE and EDI, and how are they used?

ICEGATE (Indian Customs Electronic Gateway) is the official e-filing portal of Indian Customs. It facilitates the electronic submission of documents and communication between customs, exporters, importers, and other government agencies.

EDI (Electronic Data Interchange) is the digital system through which customs clearances are processed.

- Through ICEGATE/EDI, you can:
 - File Shipping Bills (for export)
 - File Bills of Entry (for import)
 - Track the customs status of consignments
 - Upload supporting documents
 - Receive electronic acknowledgments and clearances
 - Make online payments of customs duties
- Using ICEGATE streamlines customs processes, reduces paperwork, and speeds up cargo movement.

18. What is the safest way to receive export payments?

The safest way to receive payment as an exporter is through a Confirmed Irrevocable Letter of Credit (L/C) issued by a reputed international bank.

Why it's considered safe:

- Payment is guaranteed by the bank, not just the buyer.
- Terms and timelines are clearly defined.
- It reduces risk of non-payment, currency delays, and fraud.

Additional safety measures:

- Request an advance payment (even 20–30%) before production.
- Work with trusted freight forwarders and banks.
- Use ECGC (Export Credit Guarantee Corporation) to cover against payment default.

Avoid open account terms for new buyers or high-risk countries.

19. What is a Letter of Credit (LC) and how does it work?

A Letter of Credit (L/C) is a financial instrument issued by the buyer's bank guaranteeing payment to the exporter upon fulfillment of certain conditions (usually submission of specific documents).

How it works:

1. Buyer and seller agree to use L/C.
2. Buyer requests their bank to issue an L/C in favor of the exporter.
3. Exporter ships goods and submits documents (invoice, packing list, bill of lading, etc.) to their own bank.
4. Exporter's bank forwards these to the buyer's bank.
5. If documents match L/C terms, the bank releases payment.

Types of L/C:

- Irrevocable LC – Cannot be changed without agreement from all parties.
- Confirmed LC – Payment is guaranteed by both buyer's and exporter's banks.
- Sight LC – Payment is made immediately upon document verification.
- Usance LC – Payment is made after a specified period (e.g., 30, 60 days).

It's a secure, bank-backed way to minimize trade risk.

20. How can I calculate export shipping costs?

Shipping costs depend on multiple factors and are typically calculated based on Incoterm, volume, weight, mode of transport, and destination. Key components of export shipping cost:

1. Freight Cost

- Sea: Based on CBM (Cubic Meter) or FCL/LCL rates
- Air: Based on chargeable weight (actual or volumetric)

2. Inland Transportation

- Factory to port charges

3. Export Documentation and Handling

- Bill of Lading, Shipping Bill, customs clearance, CHA fees

4. Packaging and Loading

- Palletization, stuffing, fumigation if required

5. Port Charges

- Terminal Handling Charges (THC), port dues

6. Insurance (if applicable)

- Especially under CIF terms

How to get an estimate:

- Approach a freight forwarder with:
- HS Code
- Product type and packaging
- Quantity
- Port of discharge

They will give you a freight quote, which you can include in your cost sheet or export pricing.

21. What insurance do I need for export shipments?

Exporters require marine cargo insurance to protect goods during international transit.

Types of insurance:

1. **Marine Insurance** (Institute Cargo Clauses A, B, or C)

- Covers risks like damage, theft, piracy, fire, sinking, or rough handling.

- Clause A offers the broadest coverage (all risks).

2. Export Credit Insurance (by ECGC)

- Protects against non-payment by the foreign buyer due to insolvency, political unrest, or currency issues.

ECGC Cover is useful in cases where :

- Importer goes bankrupt
- Importer's Bank closes down
- Importer's country is at war with another country
- Importer purposefully delays the payment

ECGC will suggest Recovery Agencies to the Exporter in any of these cases and exporter can hope to realise a major portion of the amount due through one of them. The pre-requisite for this is that exporter should have obtained a Credit Profile Report on the Importer and should possess ECGC Policy at the time of exports.

3. Carrier Liability Insurance

- Provided by shipping line or airline but offers very limited coverage, based on weight, not value.

When is it mandatory?

- If using CIF or CIP Incoterms, insurance is exporter's responsibility.
- Buyers may request proof of insurance in the Letter of Credit or purchase order.

Always insure goods at 110% of invoice value in the currency of trade. You can take policies shipment-wise or an open marine policy for multiple shipments.



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