



### Best Practice: MSME Act

Nodal Department : Industries and Commerce, Govt. of Rajasthan

#### Introduction

Rajasthan Micro, Small and Medium Enterprises (Facilitation of Establishment and Operation) Act 2019 (Act No. 14 of 2019): A regulatory framework that eases the setup of micro, small, and medium enterprises, providing a hassle-free approach to establishment and permission acquisition, thereby promoting MSME growth.

- Rajasthan Micro, Small and Medium Enterprises (Facilitation of Establishment and Operation) Act, 2019

[https://rajudyogmitra.rajasthan.gov.in/Documents/Act\\_2019.pdf](https://rajudyogmitra.rajasthan.gov.in/Documents/Act_2019.pdf)

Rajasthan Micro, Small and Medium Enterprises (Facilitation of Establishment and Operation) (Amendment) Act, 2023

[https://rajudyogmitra.rajasthan.gov.in/Documents/Amendment\\_Act\\_2023.pdf](https://rajudyogmitra.rajasthan.gov.in/Documents/Amendment_Act_2023.pdf)

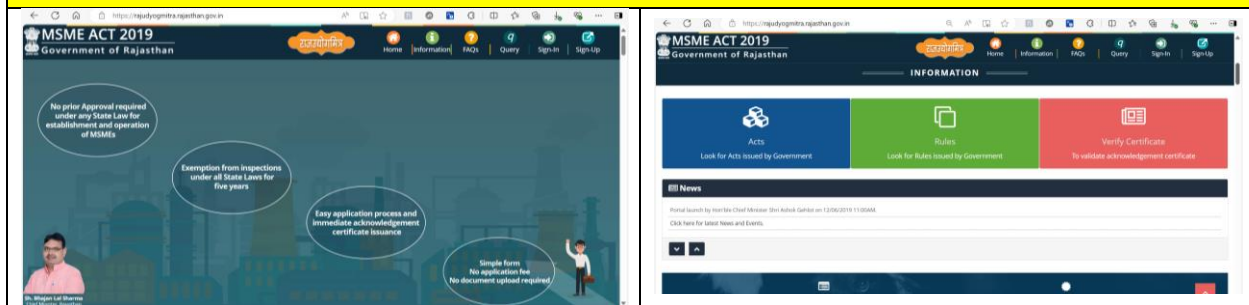
#### Key Features

1. Enterprise can apply under MSME Act by submitting Declaration of Intent on the website <https://rajudyogmitra.rajasthan.gov.in>
2. No prior Approval required under any State Law for establishment and operation of MSMEs
3. Exemption from inspections under all State Laws for five years
4. Easy application process and immediate acknowledgement certificate issuance
5. Simple form; No application fee; No document upload required
6. During the period of five years, MSMEs will be exempted from approvals and inspections under any Rajasthan Law. The Enterprise will have to obtain approvals/clearances from the concerned departments within six months from the date of completion of effective period the Acknowledgement Certificate.

#### URL

<https://rajudyogmitra.rajasthan.gov.in>

#### Screenshots





### Impact

The **Rajasthan Micro, Small and Medium Enterprises (Facilitation of Establishment and Operation) Act, 2019** has revolutionized the MSME sector in the state by simplifying regulatory frameworks and reducing compliance burdens. It allows enterprises to operate for five years based on self-declaration, eliminating the need for prior approvals and inspections, thereby fostering a business-friendly environment. This has led to increased entrepreneurship, enhanced investment inflows, and significant job creation, particularly benefiting traditional industries and rural entrepreneurs. By aligning with national initiatives like Startup India and Make in India, the Act has strengthened Rajasthan's position as a hub for MSMEs, contributing to economic growth and industrial development.

### Challenges

While the **Rajasthan Micro, Small and Medium Enterprises (Facilitation of Establishment and Operation) Act, 2019** has simplified processes for MSMEs, challenges remain in its effective implementation. Limited awareness among rural and small-town entrepreneurs restricts its reach, and transitioning to compliance after the initial three-year exemption period can be daunting for new enterprises. Additionally, gaps in infrastructure, access to credit, and market linkages hinder the full potential of MSMEs. Effective grievance redressal mechanisms and ecosystem support, including capacity building and digital literacy, are necessary to address these challenges and ensure sustained growth in the sector.