GOVERNMENT OF INDIA
MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

RAJYA SABHA
UNSTARRED QUESTION NO. 1548
TO BE ANSWERED ON 08.03.2021

Closed MSMEs due to COVID-19 pandemic

1548. Shri Ram Nath Thakur:

Will the Minister of ***Micro, Small and Medium Enterprises*** be pleased to state:

(a) whether Government has undertaken any study to ascertain the number of Micro, Small and Medium Enterprises (MSMEs) closed during lockdown imposed due to COVID-19 pandemic;

(b) the extent of financial loss caused to such units due to lockdown;

(c) the number of people who have lost their jobs and had to face a financial crisis; and

(d) the number of units having taken the benefit of the package announced by Government?

ANSWER

MINISTER OF MICRO, SMALL AND MEDIUM ENTERPRISES
(SHRI NITIN GADKARI)

(a) to (c): Yes Sir, studies have been conducted by National Small Industries Corporation (NSIC) and Khadi and Village Industries Commission (KVIC) to assess the impact of COVID-19 Pandemic on MSMEs including units set up under Prime Minister's Employment Generation Programme (PMEGP).

A. The main findings of the online study conducted by NSIC to understand the operational capabilities and difficulties faced by the beneficiaries of NSIC schemes amid Covid-19 pandemic are as follows:

i. 91% MSMEs were found to be functional.
ii. Five most critical problems faced by MSMEs were identified as Liquidity (55% units), Fresh Orders (17% units), Labour (9% units), Logistics (12% units) and availability of Raw Material (8% units.)

B. The findings of the study conducted by KVIC are as under:

i. 88% of the beneficiaries of PMEGP scheme reported that they were negatively affected due to Covid-19 while the remaining 12% stated that they were benefitted during Covid-19 Pandemic.

ii. Among the 88% who were affected, 57% stated that their units were shut down for sometime during this period, while 30% reported drop in production and revenue.

iii. Among the 12% who had benefitted, 65% stated that their business increased as they had units in retail and health sector and around 25% stated that their units benefitted as they were dealing with essential commodities or services.

iv. On the question of regular payment of salaries to the employees, around 46.60% respondents stated that they had paid the salaries in full, 42.54% reported to have partially paid and 10.86% reported to have not paid salary for some time during this period.

v. Majority of the beneficiaries expressed the need for additional financial support, relaxation of waiver of interest and marketing support for their products.

(d): Government has announced a comprehensive package of Rs.20 Lakh crore, including for MSMEs, under Atmanirbhar Bharat Abhiyan (ABA). Announcements pertaining to MSMEs and the status of benefits availed are given below:

i. Emergency Credit Line for MSMEs: Government has operationalized Rs. 3,00,000 crore collateral free loan scheme w.e.f. 23.05.2020 which is likely to benefit 45 lakh MSMEs. As on 28.02.2021, loans for an amount of Rs. 2.46 lakh crore have been sanctioned.
ii. Rs. 20,000 crore as Subordinate Debt for Stressed MSMEs: As on 25.02.2021, 304 guarantees have been approved amounting to Rs. 34.22 crore.
iii. Rs. 50,000 crore Equity infusion for MSMEs through Fund of Funds (FoF): CCEA has approved a corpus of Rs. 10,000 crore for Fund of Funds scheme. The detailed guidelines have been issued by the Ministry of MSME.
iv. Clearing of payment due to MSMEs: Government has announced that MSME dues should be cleared by the Government agencies and CPSEs within 45 days. Since May 2020 and up to 02.03.2021, pending payments of Rs. 32031.80 crore have been made to MSMEs out of the total dues of Rs. 41,519.27crore.
v. Reserve Bank of India (RBI) vide its circular dated 01.01.2019 has indicated that MSME account can be restructured on or before 31.03.2020. The borrower will continue to be classified as Standard Asset till the date of restructuring. The same has further been extended up to 31.03.2021 vide RBI's circular dated 06.08.2020.
vi. RBI has provided the relief measures and the CRR of all the banks to be reduced by 100 basis points to 3% of net demand and time liabilities w.e.f. 28.03.2020, which would inject Rs. 1,37,000 crore across the banking system.
vii. No Global tenders are permitted for government procurement up to Rs. 200 crore.
viii. In addition, Ministry of MSME has taken initiatives to provide employment opportunities to people including migrant workers in 116 districts of 6 States under GaribKalyanRojgarAbhiyaan. Under PMEGP, Margin Money (subsidy) amounting to Rs. 253.32 crore has been disbursed for setting up 7419 units till 01.03.2021.

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