

GOVERNMENT OF INDIA
MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

RAJYA SABHA
UNSTARRED QUESTION NO. 262
TO BE ANSWERED ON 05.02.2024

INCENTIVES FOR MSMEs

262. SHRI TIRUCHI SIVA:

Will the Minister of MICRO, SMALL AND MEDIUM ENTERPRISES be pleased to state:

- (a) whether Government has taken steps for banking sector to deal with the MSME loans and appointed special officers at various levels to facilitate the same;
- (b) if so, the details thereof;
- (c) whether Government offers tax exemptions and sops to MSMEs for speedy development, especially those owned by women and SCs/STs; and
- (d) whether these measures initiated by Government in strengthening the MSME sector have started yielding positive results in the development of MSMEs in the country, in terms of increasing turnover and contribution to GDP, State-wise details thereof?

ANSWER

MINISTER OF STATE FOR MICRO, SMALL AND MEDIUM ENTERPRISES
(SHRI BHANU PRATAP SINGH VERMA)

(a) to (b): The Government has taken various measures for banking sector to deal with the MSME loans which inter alia include ongoing schemes for MSME sector. Some of these include the following:

- Pradhan Mantri Mudra Yojna (PMMY) for providing loans up to Rs. 10 lakh to the non-corporate, non-farm small/micro enterprises;
- Strengthen credit delivery system and to facilitate the flow of credit to the Micro and Small Enterprise sector without the hassles of collateral and third party guarantee up to a maximum of Rs. 5 crore under Credit Guarantee Scheme for Micro and Small Enterprises through banking sector.
- Banking sector is also facilitating in implementation of Prime Minister's Employment Generation Programme (PMEGP) which is a major credit-linked subsidy programme aimed at generating self-employment.
- Launch of Udyam Assist Platform on 11.01.2023 to bring Informal Micro Enterprises (IMEs) under the formal ambit so that banking sector may provide them finance under Priority Sector Lending;
- Inclusion of Retail and Wholesale traders as MSMEs for the purpose of availing Priority Sector Lending benefits, w.e.f. 02.07. 2021;
- Non-tax benefits extended for 3 years in case of an upward change in status of MSMEs;

- PM Vishwakarma Scheme: A Central Sector Scheme with budget outlay of Rs. 13,000 crore for its implementation during the period of 2023-24 to 2027-28. The scheme envisages to provide end-to-end holistic support including credit support, to artisans and craftspeople who work with their hands, using tools, in the 18 trades covered.
- Trade Receivable Discounting System (TReDS) to facilitate the financing of trade receivables of MSMEs from corporate and other buyers including government departments and public-sector undertakings (PSUs) through multiple financiers electronically:
- Rs. 5 lakh crore Emergency Credit Line Guarantee Scheme (ECLGS), for businesses, including MSMEs was announced during the COVID-19 pandemic to fulfil the credit gap in MSMEs. The scheme was operational till 31.03.2023.

(c): As reported by Central Board of Direct Taxes, Department of Revenue, various measures have been taken for simplifying the tax structure including for the MSME sector. Direct tax reform undertaken recently by the Government of India which support Micro, Small and Medium Enterprises including the MSMEs owned by SC/ ST and women. One of the measures announced for the MSMEs may lead to speedy recovery of delayed payments, the provision is as under:

(i) Amendment in section 43B of the Income Tax Act, 1961 (“the Act”) vide Finance Act 2023-

- In order to promote timely payments to micro and small enterprises, the Finance Act, 2023 has amended section 43B of the Act to include clause (h) which provides that any sum payable by the assessee to a Micro and Small enterprises beyond the time limit specified in section 15 of the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 shall be allowed as deduction only on actual payment.
- Section 15 of the MSMED Act, 2006 mandates payment to micro and small enterprises within the time as per the written agreement, which cannot be more than 45 days. If there is no such written as per the written agreement, the section mandates that the payment shall be made within 15 days. Thus, with this amendment to Section 43B of the Act, payment will be allowed as deduction only on actual payment.

(d): As per the data of the Udyam Registration, the net turnover of MSMEs increased from Rs.24,31,836 crore in 2022-23 to Rs.1,76,71,897 crore in 2023-24 (till 01.02.2024). As per the data available on website of RBI, the State-wise details of Gross Domestic Product (GDP) including the contribution of MSMEs in the country, for the financial years 2021-22 to 2022-23 are annexed.

Annexure referred to part (d) of the Rajya Sabha Unstarred Question No. 262 for answer on 05.02.2024.

GROSS STATE DOMESTIC PRODUCT			
(₹ Lakh)			
S.No.	State/Union Territory	2021-22	2022-23
1.	Andaman & Nicobar Islands	7,17,247	-
2.	Andhra Pradesh	7,04,88,945	7,54,33,815
3.	Arunachal Pradesh	19,80,053	-
4.	Assam	2,62,52,252	2,89,19,185
5.	Bihar	3,99,92,978	4,42,47,256
6.	Chandigarh	30,28,731	-
7.	Chhattisgarh	2,67,68,086	2,89,08,241
8.	Delhi	5,97,76,466	6,52,64,936
9.	Goa	55,54,765	-
10.	Gujarat	13,72,20,362	-
11.	Haryana	5,68,08,606	6,08,42,026
12.	Himachal Pradesh	1,26,43,325	1,34,57,582
13.	Jammu & Kashmir*	-	-
14.	Jammu & Kashmir-U.T.	1,24,72,836	1,34,71,574
15.	Jharkhand	2,43,34,844	2,59,79,986
16.	Karnataka	12,29,71,294	13,26,31,929
17.	Kerala	5,72,74,734	-
18.	Madhya Pradesh	6,00,68,910	6,43,12,424
19.	Maharashtra	20,27,97,104	-
20.	Manipur	20,51,458	-
21.	Meghalaya	24,26,676	25,20,850
22.	Mizoram	18,49,372	-
23.	Nagaland	18,36,336	-
24.	Odisha	4,32,95,967	4,63,85,939
25.	Puducherry	27,83,352	-
26.	Punjab	4,33,76,898	4,61,53,945
27.	Rajasthan	7,38,92,163	7,99,44,925
28.	Sikkim	20,72,805	22,14,446
29.	Tamil Nadu	13,43,28,684	14,53,32,128
30.	Telangana	6,74,37,077	7,26,70,742
31.	Tripura	39,48,668	42,99,733
32.	Uttar Pradesh	12,04,65,992	13,04,67,760
33.	Uttarakhand	1,93,41,230	2,07,10,398
34.	West Bengal	7,87,75,806	8,54,02,292
Note: * : data pertaining to Jammu & Kashmir is not available.			

Source: Reserve Bank of India and National Statistics Office, Ministry of Statistics and Programme Implementation, Government of India.