

GOVERNMENT OF INDIA
MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

RAJYA SABHA
UNSTARRED QUESTION NO. 1225
TO BE ANSWERED ON 10.03.2025

MSMEs CLASSIFICATION AND GROWTH SUPPORT
UNDER UNION BUDGET 2025-26

1225. SMT. REKHA SHARMA:
SHRI BRIJ LAL:
SHRI MADAN RATHORE:

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

- (a) the manner in which increase in investment and turnover limits for Micro, Small and Medium Enterprises (MSMEs) classification impact small businesses and their ability to expand;
- (b) the measures in place to ensure that MSMEs fully utilize the additional working capital provided under the revised classification limit;
- (c) the long-term vision Government has for sustaining growth in the MSMEs sector beyond this budget cycle, particularly in light of global economic challenges; and
- (d) the additional policy measures that MSMEs can expect in the coming years to further ease access to capital and promote business expansion?

ANSWER

MINISTER OF STATE FOR MICRO, SMALL AND MEDIUM ENTERPRISES
(SUSHRI SHOBHA KARANDLAJE)

(a): The existing definition for Micro, Small, and Medium Enterprises (MSMEs) was adopted on 01.07.2020 based on the twin criteria of investment and turnover. By increasing the investment and turnover limits for classification, MSMEs may achieve greater efficiencies of scale by enabling existing businesses to expand operations through technology upgrades, innovation, and increased investment in plant, machinery, or equipment, while remaining within the MSME classification and retaining the benefits of existing MSME schemes.

(b): The revision in the definition of MSMEs has been announced in the Budget announcement 2025. On revision of the definition of MSMEs, enterprises, which were earlier outside the ambit of the MSME sector, may come under the ambit of MSME. Eventually, more MSMEs may be eligible to take the benefits of the various schemes including Priority Sector Lending. Further, in the Budget Announcements 2025, measures like introduction of customized Credit Cards with a Rs. 5 lakh limit for micro enterprises registered on Udyam portal and an increase in the credit guarantee cover ceiling under the Credit Guarantee Scheme for Micro and Small Enterprises from the existing Rs. 5 crore to Rs. 10 crore, leading to additional credit of Rs. 1.5 lakh crore in the next 5 years, have been taken.

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(c) and (d): For sustaining growth in the MSME sector and providing support, including for business expansion and ease of access to capital, a series of measures have been undertaken, which inter-alia include schemes and programmes such as Prime Minister's Employment Generation Programme, Special Credit Linked Capital Subsidy Scheme, Credit Guarantee Scheme for collateral free loans for Micro and Small Enterprises (MSEs), PM Vishwakarma Yojana, Pradhan Mantri Mudra Yojana, Stand Up India, Self Reliant India, Fund of Funds for Startups, Micro and Small Enterprises-Cluster Development Programme, Entrepreneurship Skill Development Programme, Procurement and Marketing Support Scheme, International Cooperation scheme, Tool Rooms, Technology Centre System Programme, National SC/ST Hub, MSME Champions and Public Procurement Policy for MSEs, 2012 Order.

As additional policy measures for promotion and development of MSME, the following announcements have been made in Budget 2025:

- (i) For Startups, the guarantee coverage amount increased from the present Rs.10 crore to Rs. 20 crore.
- (ii) For well-run exporter MSMEs, credit guarantee for term loans up to Rs. 20 crore.
- (iii) A new Fund of Funds, with expanded scope and a fresh contribution of another Rs. 10,000 crore.
- (iv) A new scheme for 5 lakh women, Scheduled Castes and Scheduled Tribes first-time entrepreneurs for term loans up to Rs.2 crore during the next 5 years.
