

GOVERNMENT OF INDIA
MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

RAJYA SABHA
UNSTARRED QUESTION NO. 1076
TO BE ANSWERED ON: 09.02.2026

ISSUES FACED BY MSME

1076. SHRI P. WILSON:

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

- (a) whether small businesses in India are facing increasing operational and regulatory pressures due to rising compliance requirements, limited access to finance, structural disadvantages in competing with larger enterprises, low awareness of Government support and incentive schemes, and growing expectations to meet social and environmental impact standards;
- (b) whether any assessment has been undertaken to study the impact of these challenges on the sustainability and growth of small enterprises; and
- (c) if so, the measures that are proposed to simplify compliance, improve access to credit, enhance awareness of schemes and strengthen institutional support for small businesses in the country?

ANSWER

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

(a) to (c): To provide operational and regulatory support to the Micro, Small and Medium Enterprises (MSME) and reduce compliance burden, a number of steps have been taken by the Government of India. These steps are as under:

- i. New revised criteria for defining MSMEs was adopted in 2020. This has been further revised w.e.f. 01.04.2025 to create upward mobility in technology, skilling and business growth and promote transformation of MSMEs and support their expansion.
 - ii. Udyam Registration for MSMEs w.e.f. 01.07.2020 to promote ease of doing business. The process is voluntary, fully online, free, paperless and based on self-declaration. No documents or proof are required to be uploaded for registering on Udyam Registration Portal.
 - iii. Inclusion of Retail and Wholesale traders as MSMEs w.e.f. 02.07.2021.
 - iv. Non-tax benefits extended for 3 years in case of an upward change in status of MSMEs.
 - v. Launch of Udyam Assist platform on 11.01.2023 to bring Informal Micro Enterprises under the formal ambit for availing the benefit under Priority Sector Lending.
 - vi. Operationalisation of Self Reliant India Fund for equity infusion into MSMEs.
- For uninterrupted flow of credit and financial support to MSMEs, a series of measures have been undertaken, which inter-alia include schemes such as Prime Minister's Employment Generation Programme for setting up of new micro enterprises in the non-farm sector by providing Margin Money subsidy on the Bank loan, Credit Guarantee Scheme (CGS) for collateral free loans for Micro and Small Enterprises, collateral free loans upto Rs 20 Lakh for Informal Micro Enterprises, PM Vishwakarma Yojana, Mudra Loan, etc.

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- To make MSMEs competitive, the MSME Champions Scheme has been formulated with an end objective to modernize the processes, reduce wastages, sharpen business competitiveness of enterprises, and facilitate their National and Global reach and excellence. Further, Tool Rooms & Technical Institutions (Technology Centres) under the Ministry impart skilling and handholding to MSMEs.
- As per a research report dated 23.01.2023 of the State Bank of India on Emergency Credit Line Guarantee Scheme, almost 14.6 lakh MSME accounts, of which about 98.3% of the accounts were in the Micro and Small Enterprises categories, were saved from slipping into non-performing asset classification.
- To improve access to credit, enhance awareness of schemes and to strengthen institutional support for small businesses in the country, the Ministry of MSME organizes workshops/ interactive sessions in coordination with MSME-Development and Facilitation Office (MSME-DFOs), Banks, Member Lending Institutions, SIDBI, CGTMSE, etc.
