

GOVERNMENT OF INDIA
MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

RAJYA SABHA
UNSTARRED QUESTION NO. 283
TO BE ANSWERED ON: 02.02.2026

CLOSURE OF MSMEs AND IMPACT ON EMPLOYMENT

283. DR. ASHOK KUMAR MITTAL:

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

- (a) whether it is a fact that a large proportion of MSMEs reduced workforce during the Pandemic and many have since permanently shut down, if so, the number of units (State-wise) that have remained non-functional;
- (b) reasons for key relief schemes such as Emergency Credit Line Guarantee Scheme (ECLGS) which were reportedly under-utilised in several States despite high demand, the reasons identified for the low uptake;
- (c) measures introduced to revitalise closed MSME units, ensure bank financing and revive jobs, especially in hardest hit sectors; and
- (d) the details of independent evaluation mechanism that exists to assess whether the support provided to MSMEs has prevented a socio-economic crisis among small-business employees and entrepreneurs?

ANSWER

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

(a) to (d): Udyam Registration Portal (URP) was launched on 01.07.2020, The number of registered Enterprises, including IMEs, as of 25.01.2026 is more than 7.57 Crore. Enterprises de-register on the Portal due to a number of reasons such as certificate not required anymore, shutting down, duplicate registration, change in the company owner and other reasons. As per data on Udyam Registration Portal about, 0.17 % MSMEs have been de-registered due to shut down since inception of Udyam Registration Portal.

The Ministry of Micro, Small and Medium Enterprises (MSMEs) has taken various steps to strengthen and support the MSME sector in view of COVID 19. Some of these steps are as under:

- i. Emergency Credit Line Guarantee Scheme (ECLGS) of Rs.5 lakh crore was launched as part of Aatmanirbhar Bharat Abhiyan to support eligible MSMEs and business enterprises in meeting their operational liabilities and restarting their businesses.
- ii. Under the Credit Guarantee Scheme for Micro and Small Enterprises (MSEs) of Ministry of MSME, guarantee is provided to Member Lending Institutions for the credit extended by them to MSEs without any collateral security or third-party guarantee. Additional corpus fund of Rs. 9,000 crore was infused into the corpus of Credit Guarantee Fund Trust for MSEs, as announced in the Union Budget 2023-24 to enable an additional credit of Rs. 2.00 lakh crore, at a reduced cost of credit.
- iii. Rs. 50,000 crore equity infusion through Self Reliant India Fund.
- iv. Inclusion of Retail and Wholesale traders as MSMEs w.e.f. 02.07.2021 for Priority Sector Lending (PSL).

- v. Non-tax benefits extended for 3 years in case of an upward change in status of MSMEs.
- vi. Launch of Udyam Assist platform (UAP) on 11.01.2023 to bring Informal Micro Enterprises (IMEs) under the formal ambit for availing the benefit under PSL.
- vii. No global tenders for procurement up to Rs.200 crores.
- viii. To protect and extended relief to MSMEs from the adverse impact of the COVID-19 pandemic and to ensure the sustainability of their operations, the Ministry of Finance, Government of India vide O.M. No. F.1/1/2023-PPD dated 11.04.2023 introduced Vivad se Vishwas Scheme.

Udyam Registration Portal (URP) was launched on 01.07.2020 for registration of MSMEs. Enterprises de-register on the Portal due to a number of reasons such as certificate not required anymore, duplicate registration, change in the company owner and such other reasons. The number of registered Enterprises, including IMEs, as of 25.01.2026 is more than 7.57 Crore.

As informed by Department of Financial Services (DFS), ECLGS was launched to provide collateral free loans to existing eligible borrowers with 100% guarantee, in respect of the eligible amount as per the Scheme guidelines. The Scheme was operational till 31.03.2023. Under the scheme, 1.19 crore loans amounting to Rs.3.68 lakh crore were guaranteed. Out of this 1.13 crore loans were to that MSME sector amounting to Rs.2.43 lakh crore. As informed by DFS, a research report of the State Bank of India on ECLGS states that almost 14.6 lakh MSME accounts, of which about 93.8% of the accounts were in the micro and small enterprises categories, have been saved from slipping into non-performing asset (NPA) classification due to ECLGS.

As informed by Reserve Bank of India (RBI), various relief measures were announced by RBI for MSMEs on account of COVID-19 pandemic. Further, MSME loans above ₹25 crore limit are governed by the Prudential Framework for Resolution of Stressed Assets dated 07.06.2019, which is a principle-based, steady state framework. This framework provides lenders the discretion to undertake financial restructuring of borrowers under stress, based on lender's assessment of viability prospects of the borrower.
