

GOVERNMENT OF INDIA
MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

RAJYA SABHA
UNSTARRED QUESTION No. 3462
TO BE ANSWERED ON 23.03.2026

UNEMPLOYMENT IN MSMEs DUE TO CLOSURES

3462. SMT. SAGARIKA GHOSE:

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

- (a) number of registered Micro, Small and Medium Enterprises (MSMEs) closures since 2020 year-wise;
- (b) number of jobs lost due to these permanent closures, disaggregated by MSMEs year-wise;
- (c) specific financial assistance and credit guarantees promised during COVID-19 disbursed to affected MSMEs; and
- (d) current number of new jobs created in the MSME sector since 2022 against the estimated losses from demonetisation and pandemic?

ANSWER

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

(a) & (b): Udyam Registration Portal was launched on 01.07.2020. As on 28.02.2026, 1.37 lakh Micro Small and Medium Enterprises (MSMEs) have closed/shut down while total 7.83 crore have MSMEs registered during the same period. The number of MSMEs shut down as a proportion of the total those which have registered since then is 0.17%. The year-wise details of MSMEs closed/shutdown and employment recorded therein is given as below:

| Year | No. of MSMEs closed/shutdown | Employment recorded in these MSMEs |
|----------------------------|------------------------------|------------------------------------|
| 2020-21 | 175 | 724 |
| 2021-22 | 6,222 | 42662 |
| 2022-23 | 13,290 | 90692 |
| 2023-24 | 19,828 | 118828 |
| 2024-25 | 39,446 | 260116 |
| 2025-26 (as on 28.02.2026) | 58,403 | 351592 |

(c): Government supplements the efforts of the State/UT Governments through various schemes, programmes and policy initiatives for development and promotion of MSMEs, such as Prime Minister's Employment Generation Programme, Credit Guarantee Scheme for Micro and Small Enterprises, Micro and Small Enterprises- Cluster Development Programme, Raising and Accelerating MSME Performance, SRI Fund, PM Vishwakarma and MSME Champions Scheme etc.

Further, in order to strengthen, extend financial support, revive and reconstruct MSMEs, Government has taken the various steps, which inter alia includes the following:

- (i) To provide the credit, Rs. 5 lakh crore Emergency Credit Line Guarantee Scheme (ECLGS), for businesses, including MSMEs was announced during COVID-19 pandemic. The Scheme was operational till 31.03.2023, wherein 1.13 crore guarantee were extended to MSMEs. As per a research report dated 23.01.2023 of the State Bank of India on ECLGS, almost 14.6 lakh MSME accounts, of which about 98.3 % of the accounts were in the Micro and Small Enterprises categories, were saved.
 - (ii) Non-tax benefits extended for 3 years in case of an upward change in status of MSMEs.
 - (iii) Rs. 50,000 crore equity infusion through Self Reliant India (SRI) Fund, which has a provision of Rs.10,000 crore from Government of India and Rs. 40,000 crore through Private Equity / Venture Capital funds. This Scheme is aimed at providing growth capital to the deserving and eligible units of MSME sector.
 - (iv) 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. In cases of failure by MSMEs to execute contracts during the Covid period, 95 per cent of the forfeited amount relating to bid or performance security, will be returned to them by government and government undertakings.
 - (v) Scheduled commercial Banks (SCBs) were mandated not to accept collateral security in the case of loans up to Rs. 10 lakh extended to units in the MSE sector. Banks have also been advised to strongly encourage their branch level functionaries to avail of the Credit Guarantee cover, including making performance in this regard a criterion in the evaluation of their field staff. The above limit has now been enhanced to Rs. 20 lakh which shall be applicable to all new loans to MSEs sanctioned or renewed on or after April 01, 2026.
- (d): As recorded by 7.83 crore MSMEs registered on Udyam Registration Portal, total employment as on 28.02.2026 is 34.50 crore and total recorded employment from 2022-23 to 2025-26 (as on 28.02.2026) is 24.15 crore. However, during pandemic (from 2020-21 to 2021-22) the employment recorded in the closed/shutdown MSMEs was 43,386 only.
