GOVERNMENT OF INDIA
MINISTRYOF MICRO, SMALL AND MEDIUM ENTERPRISES

RAJYA SABHA
UN STARRED QUESTION No. 105
TO BE ANSWERED ON 20.07.2026

IMPACT OF MSME CLOSURES ON EMPLOYMENT

105. SHRI CHANDRAKANT DAMODAR HANDORE:

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

(a) the number of MSMEs that have ceased operations during the last five years, State-wise;

(b) whether Government has assessed the reasons for such closures, including rising input costs, credit constraints and weak demand;

(c) the estimated employment affected due to such closures; and

(d) the corrective measures taken to revive stressed MSMEs and protect employment?

ANSWER

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

(a) to (c) Udyam Registration Portal was launched on 01.07.2020. As on 31.03.2026, 1.42 lakh Micro Small and Medium Enterprises (MSMEs) have closed/shut down while total 8.02 crore MSMEs have registered on the portal during the period. The number of MSMEs shut down as a proportion of the total those which have registered is 0.18 %. Also, 35.31 crore people have been employed by the registered MSMEs and 10.26 lakh persons were employed in the units that have closed.

There are various reasons for an enterprise to deregister such as change in the company owner, certificate not required anymore, duplicate registration, shut down of enterprise and others. The state-wise details of MSMEs closed/shutdown during the last five years are given at ***Annexure-I***.

(d): 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.

(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 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 20 lakh which shall be applicable to all new loans to MSEs sanctioned or renewed on or after April 01, 2026.

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Annexure-I

Annexure referred to in reply to part (a) to (c) of Rajya Sabha Unstarred Question No. 105 for answer on 20.07.2026.

State/UT-wise Total MSMEs registered and shutdown as per Udyam Registration Portal and UAP during last five years (FY 2021-22 to 2025-26)			
Sl. No.	**State/UTs**	**MSMEs registered**	**MSMEs shutdown**
1	Andaman and Nicobar Islands	20781	152
2	Andhra Pradesh	3960626	4681
3	Arunachal Pradesh	49802	72
4	Assam	1547931	1666
5	Bihar	4290614	4969
6	Chandigarh	77416	141
7	Chhattisgarh	1345483	1789
8	Dadra Nagar Haveli and Daman and Diu	33597	149
9	Delhi	1422332	1260
10	Goa	125984	334
11	Gujarat	4217667	12769
12	Haryana	1975006	2444
13	Himachal Pradesh	338083	676
14	Jammu and Kashmir	838205	2304
15	Jharkhand	1551725	2509
16	Karnataka	4958552	7523
17	Kerala	1818702	4250
18	Ladakh	19679	38
19	Lakshadweep	2421	6
20	Madhya Pradesh	4823036	6034
21	Maharashtra	9719075	33,906
22	Manipur	172240	509
23	Meghalaya	76499	95
24	Mizoram	53575	70
25	Nagaland	75930	52
26	Odisha	2468496	3453
27	Puducherry	106766	359
28	Punjab	2083539	1406
29	Rajasthan	4323364	11279
30	Sikkim	36827	83
31	Tamil Nadu	6073569	16687
32	Telangana	3833619	5248
33	Tripura	317016	119
34	Uttar Pradesh	8642092	7,313
35	Uttarakhand	645452	1601
36	West Bengal	5363189	5587
Total		**7,74,08,890**	**1,41,533**