

GOVERNMENT OF INDIA
MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

LOK SABHA
UNSTARRED QUESTION NO. 1918
TO BE ANSWERED ON 22/09/2020

DEVELOPMENT IN MSME SECTOR

1918. DR. AMAR SINGH:

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

- (a) whether it is not possible for micro manufacturing enterprises to achieve a sales turnover of Rs.5 crore with an investment of Rs.1 crore or less and similarly, small and medium manufacturing enterprises cannot achieve a sales revenue of Rs. 50 crore and Rs. 250 crore with investments Rs.10 crore and Rs.50 crore, respectively and if so, the measures taken/ to be taken by the Government to improve the condition of MSMEs;
- (b) whether the Government has drawn any action plan to wholeheartedly encourage them to grow without their fearing a loss of concessions consistent with their status; and
- (c) if so, the details thereof?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF
MICRO, SMALL AND MEDIUM ENTERPRISES
(SHRI PRATAP CHANDRA SARANGI)

(a) to (c): As a measure to help the MSMEs grow, the Government, vide notification no.S.O. 2119(E) dated 26.06.2020, has notified composite criteria of classification of MSMEs based on investment in plant and machinery or equipment and turnover of the enterprise. The new criteria is effective from 1.7.2020. However, to provide hassle free transition from old system of Udyog Aadhaar Memorandum to Udyam Registration, 31.03.2021 has been fixed as deadline. The New criteria provides that the turnover with respect to exports will not be counted in the limits of turnover for any category of MSME units whether micro, small or medium. There is no difference between manufacturing and service sector enterprises. The actual figures for Turnover with different investment limits depend upon a variety of socio-economic factors such as demand from consumers, Inflation, availability of labour and raw materials, price fluctuations, etc., in different cases. There is no uniform investment / turnover ratio. The new composite criteria is expected to bring about many benefits. This will also help in attracting investments and creating more jobs in the MSME sector. Moreover, the Udyam registration portal developed by this Ministry has facilitated MSMEs by providing the MSMEs to link themselves with (i) GeM portal for ensuring their participation in Government procurements, (ii) linkages with TReDS platform for helping the MSEs in realizing their delayed payments (iii) In case of change in status as a result of re classification due to changes in investment or turnover, the benefit associated with the status would be effective from 1st April of the financial year following the year in which such change took place.
