

GOVERNMENT OF INDIA
MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

LOK SABHA
UNSTARRED QUESTION NO. 1730
TO BE ANSWERED ON 11.02.2021

STRENGTHENING OF MSMEs

1730. SHRI KHAGEN MURMU:

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

- (a) whether the Micro Small and Medium Enterprises (MSMEs) sector would prove instrumental in the Indian economy achieving the USD 5 trillion mark but not before shortfalls in its current structure are addressed and if so, the steps taken /being taken by the Government to address those;
- (b) whether the Government has devised any mechanism to build resilience and strengthen the longevity muscle of the MSMEs, which would help break barriers and capture global markets;
- (c) if so, the details thereof; and
- (d) if not, the reasons therefor?

ANSWER

MINISTER OF MICRO, SMALL AND MEDIUM ENTERPRISES
(SHRI NITIN GADKARI)

(a): The Micro, Small and Medium Enterprises (MSME) sector has emerged as a highly vibrant and dynamic sector of the Indian economy over the last five decades. MSMEs is complementary to large industries as ancillary units and this sector contributes significantly in the inclusive industrial development of the country contributing to approximately 30 per cent to the Gross Domestic Product (GDP). Its share in total manufacturing and export is 33 per cent and 49 per cents respectively. COVID-19 pandemic has temporarily affected various sectors including Micro, Small and Medium Enterprises. As per the advance estimates received from Central Statistics office, Ministry of Statistics and Programme Implementation, all India Gross Value Added growth of manufacturing sector (including MSMEs) at constant prices for FY 2020-21 and FY 2019-20 is estimated at -9.4 percent. The share of MSME GVA in All India GVA during 2018-19 and 2019-20 was 34.77% and 34.76 % respectively.

(b) to (d): To build resilience and strengthen the longevity muscle of the MSMEs, Government implement following schemes and portals such as Samadhan, Sampark, Sambandh, GeM and TReDS portals, apart from several other initiatives for the growth and development of MSME sector.

- Credit Guarantee Trust for MSE: Credit guarantee for MSE loans upto Rs. 2 crore, without collateral and third party guarantee.
- 59 minute loan portal: portal to enable easy access to credit for MSMEs. In-principle approval of loans upto Rs. 1 crore through the portal linked with GST portal.
- Credit Linked Capital Subsidy Scheme (CLCSS): 15% capital subsidy (limited to maximum Rs.15.00 lakhs) for Technology Upgradation of Micro and Small Enterprises (MSEs) via purchase of Plant & Machinery.
- Prime Minister's Employment Generation Programme: credit linked Subsidy Scheme to set-up a plant and generate employment opportunities
- Public Procurement Order, 2015, Under the Policy every Central Government Ministries, Departments and Public Sector Undertakings shall procure minimum of 25 per cent of their total annual value of goods or services from Micro and Small Enterprises.
- GeM portal: All government procurement made mandatory to be procured from this portal.

Other initiatives:

- To facilitate and promote investment, Government has set up Empowered Group of Secretaries (EGoS) and Project Development Cells (PDCs) in the Ministries/Departments. EGoS will look into hindrances being faced by investors, and also take up cross cutting policy issues.
- Startup India is a flagship initiative of the Government of India, intended to build a strong eco-system for nurturing innovation and Startups in the country that will drive sustainable economic growth and generate large scale employment opportunities.
- Atmanirbhar Bharat: The economic stimulate package under Atmanirbhar Bharat for MSMEs.
- New definition of MSMEs: Investment and turnover both has been used to classify enterprises among micro, small and medium. Distinction between manufacturing and services MSMEs removed. It will help in attracting more investment in MSMEs.
- UDYAM Registration: The Government has notified composite criteria of classification of MSMEs based on investment in plant & machinery or equipment and turnover of MSMEs as structural change to facilitate existing entrepreneurs and new entrepreneurs. The investment limits in Plant and Machinery/ Equipment is also enhanced. The erstwhile process of filing of Udyog Aadhaar Memorandum, has been replaced by Udyam registration on a portal developed by this Ministry. The new criteria is expected to induce MSMEs to invest more, thus leading to strong possible trends in capital formation both gross and net. The calculation of investment in plant and machinery or equipment is linked to the Income Tax Return (ITR) of the previous year, filed under the Income Tax Act, 1961. This would lead to further Ease of Doing Business.
- Financial support to the stressed MSMEs with infusion of Rs.20,000 crore equity support through Subordinate Debt: This measure is likely to benefit more than 2 lakh MSMEs .
- Fund of Funds created to infuse equity worth Rs.50,000 crore in the MSME Sector: A Rs.10,000 crore Corpus Fund to be set up. This measure would provide equity funding to growth potential and viable MSMEs.
- Ensuring timely payment to the MSMEs: Government of India and CPSEs have to clear all receivables of MSMEs in the next 45 days. This will ease the liquidity problem of MSMEs.
- Procurement by domestic companies: Global tender to be disallowed in Government procurement tenders upto Rs 200 crores. It will provide more market opportunities to domestic entities.
