

**GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS**

LOK SABHA

UN-STARRED QUESTION NO. 2467

**ANSWERED ON MONDAY, DECEMBER 13, 2021/ AGRAHAYANA 22,
1943 (SAKA)**

COVID-19 IMPACT ON SMALL BUSINESSES

QUESTION

2467. SHRI PRATHAP SIMHA:

SHRI D.M. KATHIR ANAND:

Will the Minister of CORPORATE AFFAIRS

कारपोरेट कार्य मंत्री

be pleased to state:

- (a) whether over 82 per cent of small businesses in India have experienced a negative impact and it will take them nearly a year to recover demand levels prior to Covid-19;**
- (b) if so, the pro-active measures taken by the Government in this regard, particularly in Karnataka; and**
- (c) the effective steps taken by the Government to rectify and rehabilitate small businesses from major three hinderences viz, market access, improving the productivity and access to more finance?**

ANSWER

MINISTER OF STATE (INDEPENDENT CHARGE) OF THE MINISTRY OF STATISTICS AND PROGRAMME IMPLEMENTATION; MINISTER OF STATE (INDEPENDENT CHARGE) OF THE MINISTRY OF PLANNING; AND MINISTER OF STATE IN THE MINISTRY OF CORPORATE AFFAIRS

[RAO INDERJIT SINGH]

सांख्यिकी और कार्यक्रम कार्यान्वयन मंत्रालय के राज्य मंत्री (स्वतंत्र प्रभार); योजना मंत्रालय के राज्य मंत्री (स्वतंत्र प्रभार) और कारपोरेट कार्य राज्य मंत्री

(राव इंदरजीत सिंह)

(a) to (c): Ministry of Corporate Affairs (MCA) administers the provisions of the Companies Act, 2013 (the Act), The Limited Liability Partnership Act, 2008 and The Insolvency and Bankruptcy Code, 2016. Ministry of Micro, Small and Medium Enterprises (MSME) has informed that:

1. COVID-19 epidemic has temporarily affected various sectors including Micro, Small and Medium Enterprises in the country. Economic activity contracted due to the strict lockdown measures imposed by the Government. This contraction has also had impact on the MSME sector.

2. Studies have been conducted by National Small Industries Corporation (NSIC) and Khadi and Village Industries Commission (KVIC) to assess the impact of COVID-19 Pandemic on MSMEs including units set up under Prime Minister's Employment Generation Programme (PMEGP).

A. The main findings of the online study conducted by NSIC to understand the operational capabilities and difficulties faced by the beneficiaries of NSIC schemes amid Covid-19 pandemic are as follows:

- i. 91% MSMEs were found to be functional.**
- ii. Five most critical problems faced by MSMEs were identified as Liquidity (55% units), Fresh Orders (17% units), Labour (9% units), Logistics (12% units) and availability of Raw Material (8% units).**

B. The findings of the study conducted by KVIC are as under:

- i. 88% of the beneficiaries of PMEGP scheme reported that they were negatively affected due to Covid-19 while the remaining 12% stated that they were benefitted during Covid-19 Pandemic.**
- ii. Among the 88% who were affected, 57% stated that their units were shut down for some time during this period, while 30% reported drop in production and revenue.**
- iii. Among the 12% who had benefitted, 65% stated that their business increased as they had units in retail and health sector and around 25% stated that their units benefitted as they were dealing with essential commodities or services.**
- iv. On the question of regular payment of salaries to the employees, around 46.60% respondents stated that they had paid the salaries in full, 42.54% reported to have partially paid and 10.86% reported to have not paid salary for some time during this period.**

- v. **Majority of the beneficiaries expressed the need for additional financial support, relaxation of waiver of interest and marketing support for their products.**

3. The Ministry of MSME implements various schemes and programmes for growth and development of MSME Sector in the country including State of Karnataka. These schemes and programmes include Prime Minister's Employment Generation programme (PMEGP), Scheme of Fund for Regeneration of Traditional Industries (SFURTI), A Scheme for Promoting Innovation, Rural Industry & Entrepreneurship (ASPIRE), Credit Guarantee Scheme for Micro and Small Enterprises, Micro and Small Enterprises Cluster Development Programme (MSE-CDP).

4. Post Covid-19, Government has taken a number of initiatives under Aatma Nirbhar Bharat Abhiyan to support the MSME Sector in the country especially in Covid-19 pandemic. Some of them are:

i) Rs. 20,000 crore Subordinate Debt for MSMEs.

ii) Rs. 3 lakh crores Collateral free Automatic Loans for business, including MSMEs (existing overall guarantee limit under ECGLS has been enhanced from Rs.3 lakh crore to Rs. 4.5 lakh crore).

iii) Rs. 50,000 crore equity infusion through MSME Fund of Funds.

iv) New revised criteria for classification of MSMEs.

v) New Registration of MSMEs through 'Udyam Registration' for Ease of Doing Business.

vi) No global tenders for procurement up to Rs. 200 crores, this will help MSME.

5. To provide further relief to the MSME sector especially during Covid-19, Government has taken following measures recently:

- **The validity of Udyog Aadhar Memorandum (UAM) has been extended up to 31.12.2021 vide notification no. S.O. 2347(E) dated 16.06.2021.**
- **On 02.07.2021, the Government has included retail and whole sale trades as MSMEs and they are allowed to be registered on Udyam Registration Portal. However, the benefits to Retail and Wholesale trade MSMEs are to be restricted to Priority Sector Lending only.**
- **Now, street Vendors can also register as retail traders on Udyam Registration (UR) portal and avail the benefit of Priority Sector Lending.**
