

GOVERNMENT OF INDIA
MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

LOK SABHA
UNSTARRED QUESTION NO. 328
TO BE ANSWERED ON 03.02.2022

DEFINITION OF MSMEs

328. SHRI RITESH PANDEY:

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

- (a) whether the Government has taken cognizance of the fact that the definition of MSMEs has been a constraint for many MSMEs to access institutional support;
- (b) if so, whether there is any mechanism, the Government proposes to use to differentiate MSMEs from other corporate entities in light of no separate registration of MSMEs under the companies act;
- (c) whether the Government is considering an increase in the size and extension of the period of availability of the emergency credit line mandated for providing collateral-free loans to MSMEs and if so, the details thereof; and
- (d) the number of challenges identified by the Government relating to the MSME sector and the manner in which it proposes to resolve these challenges?

ANSWER

MINISTER OF MICRO, SMALL AND MEDIUM ENTERPRISES
(SHRI NARAYAN RANE)

(a): Ministry of MSME has revised the classification of Micro, Small and Medium Enterprises with effect from 1st July 2020 by notifying the composite criteria of classification of MSMEs based on investment in plant & machinery or equipment and turnover of MSMEs as a structural change to facilitate existing entrepreneurs and new entrepreneurs. Government of India has also simplified the process of registration of MSMEs by replacing the erstwhile system of Udyog Aadhaar Memorandum (UAM) with Udyam Registration (UR) on 1st July, 2020. UR is free of cost, transparent, online, hassle free and is based on self-declaration. It does not require any documents and has an automatic integration with ITR and GSTIN. Ministry of MSME has also included 'Wholesale and Retail Trades' under the ambit of MSMEs for the purpose of availing the benefits of Priority Sector Lending.

(b): As per their classification, MSMEs can be registered as Hindu Undivided Family (HUF), Partnership, Co-operative, Private Limited Company, Public Limited Company, Self Help Group, Society and Trust.

(c): The Emergency Credit Line Guarantee Scheme (ECLGS) was announced as a part of the Aatma Nirbhar Bharat Package 2020 with the objective to help businesses including MSMEs to meet their operational liabilities and resume businesses in the view of the distress caused by the COVID-19 crises. The scheme is under the operational domain of Ministry of Finance, Department of Financial Services (DFS) and implemented by its nodal agency National Credit Guarantee Trustee Company Limited (NCGTC), Mumbai. The scope of the scheme has already been expanded by including various other sectors in the ECLGS 2.0, ECLGS 3.0 and ECLGS 4.0. The overall ceiling initially announced for ECLGS was Rs. 3.00 lakh crore which has been subsequently enhanced to Rs 4.5 lakh crore. The scheme was initially valid till 31.10.2020. It has now been extended up to 31.03.2022 and the last date of disbursement has also been extended up to 30.06.2022.

(d): The Micro and Small Enterprises, generally face the challenges such as ‘access to timely and cheap credit’, ‘access to technology’, ‘access to proper market’ etc. Ministry of MSME has schemes to address these challenges. Ministry of MSME has also launched an Online Portal “Champions” on 01.06.2020 by Hon’ble Prime Minister for redressal of grievances and handholding of MSMEs.
