

GOVERNMENT OF INDIA
MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

LOK SABHA
UNSTARRED QUESTION NO. 564
TO BE ANSWERED ON 25.07.2024

PAYMENT ISSUES TO MSMEs

564. SHRI S JAGATHRATCHAKAN:
DR. AMAR SINGH:

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

- (a) whether lack of finance is crushing the growth prospects of MSMEs and if so, the reaction of the Government thereto;
- (b) whether the Government is cognizant that one of the long-plaguing problems of Micro, Small and Medium Enterprises (MSMEs) is untimely payments leading to choked cash flows; and
- (c) if so, the total payment of funds delayed to MSMEs annually and the details of the initiatives proposed to be taken by the Government to resolve this problem?

ANSWER

MINISTER OF MICRO, SMALL AND MEDIUM ENTERPRISES
(SHRI JITAN RAM MANJHI)

(a): Lack of finance adversely affects the growth prospects of MSME sector. The Government has taken a number of steps to address issue of lack of finance by MSMEs. Some of the steps are as given below:

- Collateral free loan up to a limit of Rs. 500 lakh (w.e.f. 01.04.2023) to Micro and Small Enterprises with guarantee coverage up to 85 % for various categories of loan through Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) under Credit Guarantee Scheme. Since inception i.e. FY 2000-01 till 30.06.2024, a total of 91,76,248 guarantees amounting to Rs 6,78,326.81 crore have been issued.
- Further, under Prime Minister's Employment Generation Programme, credit linked subsidy for setting up new micro-enterprise in non-farm sector is provided. Margin Money subsidy ranging from 15% to 35% of the project cost is provided. For beneficiaries belonging to Special categories, including women, the margin money subsidy is 35% in rural areas and 25% in urban areas. Since inception i.e., FY 2008-09, more than 9.69 lakh micro enterprises have been assisted with Margin Money subsidy of more than Rs 25,500 crore providing employment to an estimated 79 lakh persons.

: 2 :

(b) & (c): Ministry of MSME launched a portal viz. SAMADHAAN Portal (https://samadhaan.msme.gov.in/MyMsme/MSEFC/MSEFC_Welcome.aspx) for filing of grievances & for monitoring of the outstanding dues to the Micro & Small Enterprises (MSEs) from the buyers of goods and services on 30.10.2017. As per the information available on the SAMADHAAN Portal since inception on 30.10.2017 till 22.07.2024, the amount involved in pending applications is Rs. 21,583.7 crore. The year-wise details are as follows:

Sl. No.	Year	Total Pending(Applications+ Cases)	Pending Amount(Applications+ Cases) (Rs. Crore)
1.	31.10.2017 - 31.03.2018	642	132.27
2.	2018-2019	1,662	650.44
3.	2019-2020	4,389	1,931.03
4.	2020-2021	9,092	3,562.74
5.	2021-2022	13,228	3,681.18
6.	2022-2023	14,902	3,746.11
7.	2023-2024	31,194	5,335.20
8.	01.04.2024-22.07.2024	14,701	2,544.73
Total		89,810	21,583.7

The following initiatives have been taken by the Government to address the issue:

- Under the provisions of the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006, Micro & Small Enterprises Facilitation Councils (MSEFCs) have been set up in the States/UTs to deal with cases of delayed payments of the Micro and Small Enterprises (MSEs).
- The Ministry of MSME has requested States/UTs to set up more number of MSEFCs for quicker disposal of cases related to delayed payments. So far, 159 MSEFCs have been set up, with more than one MSEFC set up in States like Delhi, Jammu & Kashmir, Karnataka, Kerala, Maharashtra, Punjab, Rajasthan, Tamil Nadu, Telangana, Uttar Pradesh and West Bengal.
- The Ministry of MSME created a special sub-portal within Samadhaan Portal on 14.06.2020, after the Aatma Nirbhar Bharat announcements, for reporting the dues and monthly payments by Central Ministries/Department/Public Sector Enterprises to MSMEs.
- Government of India has also instructed CPSEs and all companies with the turnover of Rs. 500 Crore or more to get themselves on-boarded on the Trade Receivables Discounting System, an electronic platform for facilitating the discounting of trade receivables of MSMEs through multiple financiers.
- Companies which get supplies of goods or services from Micro & Small Enterprises and whose payment to Micro and Small Enterprises exceeds 45 days from the date of acceptance or the date of deemed acceptance of the goods or services, also need to submit a half yearly return to the Ministry of Corporate Affairs stating the amount of payments due and the reasons of the delay.
