

GOVERNMENT OF INDIA
MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

LOK SABHA
UNSTARRED QUESTION NO. 1686
TO BE ANSWERED ON 05.12.2024

FINANCIAL AND OPERATIONAL CHALLENGES TO MSMEs

1686. SHRI ANURAG SHARMA:

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

- (a) the details of policies in place to help MSMEs overcome financial and operational challenges, particularly in the post-pandemic economic environment; and
- (b) whether any new initiative have been taken to expand access to credit for small businesses, if so, the details thereof?

ANSWER

MINISTER OF STATE FOR MICRO, SMALL AND MEDIUM ENTERPRISES
(SUSHRI SHOBHA KARANDLAJE)

- (a): Government has taken various steps for MSMEs to overcome financial and operational challenges, particularly in the post-pandemic economic environment. Some of them are as follows:
- (i) From 23.05.2020 to 31.03.2023, the Government implemented Emergency Credit Line Guarantee Scheme (ECLGS), for businesses, including MSMEs, as a part of Aatma Nirbhar Bharat Package. 1.19 crore number of guarantees have been issued to businesses, including MSMEs, amounting to Rs.3.68 lakh Crore. Out of the total, 1.13 crore guarantees amounting to Rs. 2.42 lakh crore have been provided to MSMEs. State Bank of India's research report dated 23.01.23 on ECLGS, indicates that almost 14.6 lakh MSME accounts were saved due to ECLGS scheme from becoming NPA, of which about 93.8% of the accounts were in Micro and Small category.
 - (ii) Rs. 50,000 crore equity infusion through Self Reliant India (SRI) Fund.
 - (iii) New revised criteria for classification of MSMEs.
 - (iv) No global tenders for procurement up to Rs. 200 crore.
 - (v) Launching of an online Portal "Champions" in June, 2020 to cover many aspects of e-governance including grievance redress and handholding of MSMEs.
 - (vi) Non-tax benefits extended for 3 years in case of an upward change in status of MSMEs.
 - (vii) Launch of Udyam Assist Platform on 11.1.2023 to bring Informal Micro Enterprises (IMEs) under the formal ambit for availing the benefits under Priority Sector Lending.
 - (viii) Mandatory for all Central Government Ministries/ Departments/ CPSUs to procure at least 25% of their annual procurement from MSEs, including 3% from MSEs owned by women entrepreneurs.

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- (ix) Inclusion of Retail and Wholesale traders as MSMEs w.e.f. 2.7. 2021.
- (x) During FY 2023-24 Credit Guarantee Scheme for Micro and Small Enterprises was revamped through infusion of Rs. 9,000 Crore in the corpus of Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) which enabled facilitation of additional collateral-free guaranteed credit.

(b): Union Budget 2024-25 announced a package covering financing, regulatory changes and technology support for MSMEs to grow and also compete globally. The details are given below:

- Credit Guarantee Scheme for MSMEs in the Manufacturing Sector;
- New assessment model for MSME credit;
- Credit Support to MSMEs during Stress Period;
- Enhancement in Mudra Loans limit from Rs. 10 lakh to 20 lakh;
- To facilitate working capital requirement of MSMEs by converting their trade receivables into cash the Government has notified to reduce the turnover threshold of buyers for mandatory on-boarding on the TReDS platform from Rs. 500 crore to Rs. 250 crore. In this regard notification in The Gazette of India No.CG-DL-E-07112024-258523 dated 07.11.2024 has been issued.
- New SIDBI branches in MSME clusters for access of credit facility;
- MSME Units for Food Irradiation, Quality & Safety Testing;
