

GOVERNMENT OF INDIA
MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

LOK SABHA
UNSTARRED QUESTION NO. 1439
TO BE ANSWERED ON 13.02.2025

CLOSURE OF MSMEs

1439. SMT. PRATIMA MONDAL:

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

- (a) the manner in which the Government justify its policies that have allegedly led to the closure of thousands of MSMEs during the last decade with the reports citing neglect, demonetization, GST issues and an increase in Chinese imports disproportionately affecting small businesses; and
- (b) the concrete steps taken by the Government to ensure fair representation and the implementation of policies that genuinely address the challenges faced by MSMEs, including issues like tax burdens and delayed payments?

ANSWER

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

(a) and (b): A revised definition based on the twin criteria of investment and turnover, was adopted to define Micro, Small and Medium Enterprises (MSMEs) in 2020 and for registration, Udyam Registration Portal was launched on 01.07.2020. Udyam registration is voluntary and based on self declaration. As per Udyam Registration Portal, enterprises de-register on the portal due to a number of reasons such as change in the company owner, certificate not required, duplicate registration, shut down of enterprises and other such reasons. The number of MSMEs closed down as a proportion of those which have registered since the revision in the definition is 0.12%.

For providing support to the MSME sector, a series of measures have been undertaken, which inter-alia include schemes such as Prime Minister's Employment Generation Programme for setting up of new micro enterprises in the non-farm sector by providing Margin Money subsidy on the Bank loan, Special Credit Linked Capital Subsidy Scheme with a provision of 25% subsidy to SC/ST MSEs on institutional finance for procurement of Plant & Machinery / Equipment, Credit Guarantee Scheme for collateral free loans for Micro and Small Enterprises (MSEs), collateral free loans upto Rs 20 Lakh for Informal Micro Enterprises, PM Vishwakarma Yojana, Mudra Loan, Procurement & Marketing Support Scheme and Public Procurement Policy for MSEs, 2012 Order, etc. Under many of these schemes, there are provisions for special incentives to ensure inclusiveness and fair representation.

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Rs. 5 lakh crore Emergency Credit Line Guarantee Scheme, for businesses, including MSMEs was operational till 31.03.2023. As per a research report dated 23.01.2023 of the State Bank of India on Emergency Credit Line Guarantee Scheme, almost 14.6 lakh MSME accounts, of which about 98.3% of the accounts were in the MSEs categories, were saved from slipping into non-performing asset classification.

As informed by the Office of the Goods & Services Tax Council, Government has undertaken various initiatives / policy measures to address the challenges MSMEs in the country. No GST Registration is required for supply of goods upto Rs. 40 lakh and supply of services upto Rs. 20 lakh, etc.

Ministry of MSME launched SAMADHAAN Portal on 30.10.2017 for monitoring of the outstanding dues to the MSEs from the buyers of goods and services. In addition Micro & Small Enterprises Facilitation Councils (MSEFCs) have been set up in the States/UTs to deal with cases of delayed payments of MSEs. 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.
