

GOVERNMENT OF INDIA  
MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

**LOK SABHA**  
**UNSTARRED QUESTION NO. 3263**  
**TO BE ANSWERED ON 20.03.2025**

**FORMALIZATION OF MSMEs**

3263. SHRI VISHALDADA PRAKASHBAPU PATIL:

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

- (a) whether the Government is aware of the challenges faced by Micro, Small, and Medium Enterprises (MSMEs) in formalizing their operations and accessing formal credit channels as highlighted in the recent Economic Survey, if so, the details thereof;
- (b) whether the Government has assessed the manner in which these challenges specifically impact MSMEs in cities and towns like Sangli, if so, the details thereof;
- (c) the key findings regarding the difficulties faced by MSMEs in such regions in obtaining formal credit and integrating into the formal economy; and
- (d) whether any specific measures are being implemented to address these challenges and facilitate the formalization of MSMEs, if so, the details thereof?

**ANSWER**

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

(a) to (d): For providing support to the Micro, Small and Medium Enterprises (MSME) in formalizing their operations and providing access to formal credit channels across the country including Sangli, a number of measures have been taken.

- (i) Ministry of MSME launched Udyam Registration Portal on 01.07.2020 for formalization of enterprises. The process of registration on Udyam is fully online, paperless and based on self-declaration. The Ministry of MSME through its Development and Facilitation Offices and in coordination with the State Governments promotes formalisation/ registration drives across the country to provide easy access for entrepreneurs to formalise their operations.

Also, this Ministry in association with Small Industries Development Bank of India launched Udyam Assist Platform on 11.01.2023, for bringing Informal Micro Enterprises (IMEs) into the formal ambit. This has helped the registered IMEs to avail the benefits of Priority Sector Lending. Since inception, from 01-07-2020 till 17-03-2025, more than 6.14 crore MSMEs with an employment of more than 26.11 crore have registered on Udyam Registration Portal.

- (ii) Once an enterprise is registered and formalized, it becomes eligible to avail the benefits of various schemes and initiatives of the Ministry of MSME, subject to meeting the guidelines and the eligibility criteria. A number of Schemes to support MSMEs in accessing formal credit have been launched, which inter alia include, 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, collateral free loans upto Rs 20 Lakh for IMEs, PM Vishwakarma Yojana, Mudra Loan, etc.
- (iii) As additional policy measures for credit support to MSMEs, following announcements have been made in Budget 2025:
  - a) Increase in the guarantee coverage amount from the present Rs.10 crore to Rs. 20 crore for Startups .
  - b) For well-run exporter MSMEs, credit guarantee for term loans up to Rs. 20 crore.
  - c) A new scheme for 5 lakh women, Scheduled Castes and Scheduled Tribes first-time entrepreneurs for term loans up to Rs. 2 crore during the next 5 years.

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