

GOVERNMENT OF INDIA
MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

LOK SABHA
UNSTARRED QUESTION NO. 4376
TO BE ANSWERED ON 27.03.2025

FINANCIAL CHALLENGES TO MSMEs

4376. SHRI KODIKUNNIL SURESH:

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

- (a) whether the Government is aware of the issues relating to delay in payments to Micro, Small and Medium Enterprises (MSMEs) which significantly affects their cash flow and operational sustainability;
- (b) if so, the specific measures taken/plans to take to ensure timely payments to MSMEs and to hold larger firms accountable for such delays;
- (c) whether there has been an assessment of the financial support provided to MSMEs post-COVID and the extent to which these measures have effectively addressed their needs and challenges;
- (d) the expected timeline for the implementation of any additional support measures aimed at aiding MSMEs in recovering from the economic impact of the Pandemic; and
- (e) whether the Government has consulted MSME stakeholders, industry associations and entrepreneurs to understand their concerns and gather input on improving support mechanisms and if so, the details thereof?

ANSWER

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

(a) and (b): The Government of India has taken a number of steps and initiatives to ensure timely payment settlements for Micro and Small Enterprises (MSEs) across the country. Some of them are as follows:

- i. 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). So far, 161 MSEFCs have been set up, with more than one MSEFC set up in Delhi, Jammu & Kashmir, Karnataka, Kerala, Maharashtra, Punjab, Rajasthan, Tamil Nadu, Telangana, Uttar Pradesh and West Bengal.
- ii. Ministry of MSME launched SAMADHAAN Portal on 30.10.2017 (<http://samadhaan.msme.gov.in/MyMSME/MSEFC/MSEFCWelcomer.aspx>) for monitoring of the outstanding dues to the MSEs from the buyers of goods and services.
- iii. 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.
- iv. Government of India vide notification S.O. 4845(E) dated 07.11.2024 has also instructed CPSEs and all companies with the turnover of Rs. 250 Crore or more to get themselves onboarded on the Trade Receivables Discounting System (TReDS), an electronic platform for facilitating the discounting of trade receivables of MSMEs through multiple financiers.

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- v. Section 43B (h) of the Income-tax Act 1961 provides that any sum payable by the assessee to an MSE beyond the time limit specified in section 15 of the MSMED Act 2006, which cannot be more than 45 days, shall be allowed as a deduction only on actual payment.

(c) to (e): The Government of India has announced a series of measures under Aatma Nirbhar Bharat to support the economy, especially the MSME sector in view of Covid-19. These measures inter-alia includes:

- i. New revised criteria for classification of MSMEs.
- ii. Registration of MSMEs through 'Udyam Registration' for Ease of Doing Business.
- iii. Rs. 50,000 crore equity infusion through Self Reliant India Fund (SRI Fund).
- iv. No global tenders for procurement up to Rs. 200 crores, this will help MSME.
- v. Implementation of Rs. 5 lakh crore Emergency Credit Line Guarantee Scheme (ECLGS), for businesses, including MSMEs. The Scheme was operational till 31.03.2023.

As per a research report dated 23.01.2023 of the State Bank of India on ECLGS, almost 14.6 lakh MSME accounts, of which about 93.8% of the accounts were MSEs, were saved.

Further, Ministry of Micro, Small and Medium Enterprises vide its notification S.O. 4926 (E) dated 18.10.2022 has notified that in case of an upward change in terms of investment in plant and machinery or equipment or turnover or both, and consequent re-classification, an enterprise shall continue to avail of all non-tax benefits of the category (micro or small or medium) it was in before the re-classification, for a period of three years from the date of such upward change.

Consultation with MSME stakeholders, industry associations and entrepreneurs to understand their concern and seeking inputs is a continuous process undertaken by the Government which helps in recognizing the issues and challenges being faced by the Micro, Small and Medium Enterprises and to address them suitably.
