

GOVERNMENT OF INDIA
MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

LOK SABHA
STARRED QUESTION NO.*271
TO BE ANSWERED ON: 07.08.2025

CLOSURE OF MSME UNITS

*271. SHRI BRIJENDRA SINGH OLA:

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

- (a) whether it is a fact that a large number of MSME units have closed down during the last few years and if so, the details thereof and the reasons therefor;
- (b) whether the policies of the Government are responsible for the closure of these MSME units and if so, the details thereof;
- (c) whether the Government is formulating any schemes or taking any steps to revive these MSME units and if so, the details thereof; and
- (d) if not, the reasons therefor?

ANSWER

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

(a) to (d): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO LOK SABHA STARRED QUESTION NO. *271 FOR 07.08.2025 REGARDING "CLOSURE OF MSME UNITS".

(a) and (b): In the last five years, since 01.07.2020, 6.62 crore enterprises have registered on Udyam / Udyam Assist Platform of Ministry of MSME. The year-wise details of enterprises shutdown is given below:

Financial Year	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26 (01.04.2025 to 28.07.2025)	Total
Enterprises Registered	28,29,746	51,22,829	85,47,152	2,48,93,528	2,06,55,273	42,08,995	6,62,57,523
Enterprises Shut Down	175	6,222	13,290	19,828	39,446	20,029	98,990
Report Source: Udyam Registration Portal							

There are various reasons for an enterprise to deregister such as change in the company owner, certificate not required, duplicate registration, shut down of enterprise and others. As per Udyam Portal, the number of MSMEs shut down as a proportion of the total those which have registered since the revision in the definition on 01.07.2020 is only 0.15%.

(c) and (d): The Central Government supplements the efforts of the State/UT Governments through various schemes, programmes and policy initiatives for overall development and promotion of MSMEs such as Prime Minister's Employment Generation Programme, Credit Guarantee Scheme for Micro and Small Enterprises, Micro and Small Enterprises- Cluster Development Programme , Raising and Accelerating MSME Performance(RAMP), SRI Fund, PM Vishwakarma and MSME Champions Scheme etc.

Further, in order to strengthen, extend financial support, revive and reconstruct MSMEs, the Government of India has taken the various steps, which inter alia includes the following:

- (i) To provide the credit, Rs. 5 lakh crore Emergency Credit Line Guarantee Scheme (ECLGS), for businesses, including MSMEs was announced during COVID-19 pandemic. 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 98.3 % of the accounts were in the Micro and Small Enterprises categories, were saved.
- (ii) Non-tax benefits extended for 3 years in case of an upward change in status of MSMEs.
- (iii) Rs. 50,000 crore equity infusion through Self Reliant India (SRI) Fund, which has a provision of Rs.10,000 crore from Government of India and Rs. 40,000 crore through Private Equity / Venture Capital funds. This Scheme is aimed at providing growth capital to the deserving and eligible units of MSME sector.

- (iv) To protect and extended relief to MSMEs from the adverse impact of the COVID-19 pandemic and to ensure the sustainability of their operations, the Ministry of Finance, Government of India vide O.M. No. F.1/1/2023-PPD dated 11.04.2023 introduced Vivad se Vishwas Scheme. In cases of failure by MSMEs to execute contracts during the Covid period, 95 per cent of the forfeited amount relating to bid or performance security, will be returned to them by government and government undertakings.

To provide financial support to MSMEs, in Budget announcement 2025, the Government of India has taken the various steps which inter-alia includes the following:

- i. For Micro and Small Enterprises Credit Guarantee coverage enhance from Rs. 5 crore to Rs. 10 crore.
- ii. Term loans up to Rs. 20 crore for well-run exporter MSMEs
- iii. Customised Credit Cards with following features:-
 - a) Micro Enterprises
 - b) Credit limit upto Rs.5 lakh
 - c) Micro enterprises registered on Udyam portal
