

GOVERNMENT OF INDIA
MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

LOK SABHA
UNSTARRED QUESTION NO. 1036
TO BE ANSWERED ON 05.02.2026

SUPPORT TO MSMEs IN RURAL AND SEMI URBAN AREAS

1036. SHRI SURESH KUMAR SHETKAR:

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

- (a) whether the Government has taken any steps to ensure that first-time entrepreneurs in rural and semi-urban areas are not excluded from new Micro, Small and Medium Enterprises (MSMEs) credit instruments due to stringent compliance requirements and if so, the details thereof and if not, the reasons that access remains skewed towards urban centres only;
- (b) whether targeted initiatives for footwear, leather, toys and food processing sectors under Budget are backed by adequate infrastructure, skilling and market-linkage support to revive labour-intensive manufacturing; if so, the details thereof and if not, the reasons for persistent job losses in these sectors; and
- (c) whether the Government has evaluated the impact of rising imports and trade imbalances on domestic MSMEs in footwear, toys and leather sectors and has aligned Budget interventions accordingly and if so, the details thereof and if not, the reasons for policy disconnect?

ANSWER

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

- (a): The Government of India has taken a number of initiatives and measures to provide support to Micro, Small and Medium Enterprises (MSMEs), including first-time entrepreneurs in rural and semi-urban areas, for improving access to finance. Some of them are:
- i. Ministry of MSME implements Credit Guarantee Scheme (CGS) for Micro and Small Enterprises (MSEs) through Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) to provide credit guarantee for loans extended to MSEs. The ceiling for guarantee coverage under the scheme is Rs 10 crore.
 - ii. Self-Reliant India (SRI) Fund has been set up to infuse Rs. 50,000 crore as equity funding in MSMEs with a provision of Rs. 10,000 crore from the Government of India and Rs. 40,000 crore through Private Equity/Venture Capital Funds. The Budget 2026-27 has also announced a support of Rs 2000 crore to top up the Self-Reliant India Fund set up in 2021 to continue support to micro enterprises and maintain their access to risk capital.
 - iii. Prime Minister's Employment Generation Programme provides Margin Money subsidy up to 35%, for setting up of new micro enterprises, in the non-farm sector with project cost of Rs. 50 lakh for Manufacturing and Rs. 20 lakh for Service enterprises.
 - iv. PM Vishwakarma Scheme was launched on 17.09.2023 to provide end-to-end holistic support to artisans and craftspeople of 18 traditional trades who work with their hands and tools. The Scheme includes provision of loans up to Rs. 3 lakh with interest subvention of max up to 8%.

(b) and (c): The Ministry of Micro Small and Medium Enterprises has taken various initiatives to revive labour-intensive manufacturing including footwear, leather, toys and food processing units. Some of these initiatives include Entrepreneurship and Skill Development Programme (ESDP) scheme, Procurement and Marketing Support (PMS), Prime Minister Employment Generation Programme (PMEGP), Skill Upgradation and Mahila Coir Yojana, SCST Hub, Assistance to Training Institutions (ATI) Scheme, A Scheme for promotion of Innovation, Rural Industry & Entrepreneurship (ASPIRE) and training through Technology Centres set up across the country.

As informed by Department for Promotion of Industry and Internal Trade (DPIIT), the Indian Footwear, Leather Development Programme (IFLDP) is being implemented to support the growth of the leather and footwear sector by developing infrastructure, addressing sector-specific environmental concerns, promoting additional investments, generating employment, and boosting overall production capacity. IFLDP was approved in January, 2022 for Rs.1700 crores for 5 years (2021-26) to encourage development of infrastructure for the leather and footwear sector. Under the programme, 791 proposals have been approved and an amount of Rs.1,325 crore has been released so far.

As informed by Ministry of Food Processing Industries (MoFPI), "PM Formalisation of Micro food processing Enterprises (PMFME) Scheme" is being implemented for providing financial, technical and business support for setting up of new/ upgradation of micro food processing enterprises in the country including rural and semi-urban areas. The scheme is demand driven and provides support of credit-linked grant of 35% of the eligible project cost, Common Infrastructure @ 35% of eligible cost upto Rs. 3 crore, seed capital of up to Rs. 40,000, capacity building for beneficiaries, branding & marketing and handholding support for the formalization of units to all the interested applicants across the country.

In addition, the Government, inter-alia, has undertaken the following initiatives for MSMEs impacted by trade imbalances:

- i. PM Gati Shakti National Master Plan enabling comprehensive and integrated planning for multimodal logistics.
- ii. National Logistics Policy (NLP), which aims to drive economic growth and business competitiveness of the country through cost-effective logistics network.
- iii. Credit Guarantee Scheme for Exporters (CGSE) for providing 100% credit guarantee coverage by National Credit Guarantee Trustee Company Limited (NCGTC) to Member Lending Institutions (MLIs) for extending additional credit facilities up to Rs.20,000 crore to eligible exporters, including MSMEs.
