

GOVERNMENT OF INDIA
MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

LOK SABHA
UNSTARRED QUESTION NO. 3385
TO BE ANSWERED ON 12.03.2026

CLOSURE OF MSMEs DUE TO COVID-19 PANDEMIC

3385. SHRI RAO RAJENDRA SINGH:

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

- (a) whether the Government is aware of the number of entrepreneurs whose enterprises had to face permanent closure due to the COVID-19 pandemic and if so, the details thereof, State-wise;
- (b) whether the Government has extended any financial assistance to entrepreneurs running Micro, Small and Medium Enterprises (MSMEs) who had to face permanent closure due to the COVID-19 pandemic and if so, the details thereof; and
- (c) whether the Government is taking any steps for development of entrepreneurship in the MSME sector, if so, the details thereof?

ANSWER

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

(a) to (c): To extend financial support to Micro, Small and Medium Enterprises during Covid-19 pandemic, 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) 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), PM Vishwakarma and MSME Champions Scheme etc.
- (iii) Non-tax benefits extended for 3 years in case of an upward change in status of MSMEs.
- (iv) 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.

- (v) 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.
- (vi) Inclusion of Retail and Wholesale traders as MSMEs w.e.f. 2.7.2021.
- (vii) In order to unlock the potential of working capital for MSMEs through the TReDS platforms, the following four key measures have been announced in Budget Announcements 2026-27:
 - a. Mandate TReDS as the settlement platform for all purchases from MSMEs by CPSEs, setting a benchmark for other Corporate.
 - b. Introduce CGTMSE-backed credit guarantee support for invoice discounting on TReDS platform.
 - c. Integrate GeM with TReDS to enable information-sharing with financiers on government MSME purchases, facilitating faster and cheaper credit.
 - d. Introduce TReDS receivables as asset-backed securities to deepen the secondary market, improve liquidity, and speed up settlements.

In addition, to improve access to credit, enhance awareness of schemes and to strengthen institutional support for MSMEs in the country, the Ministry of MSME organizes workshops/ interactive sessions in coordination with MSME-Development and Facilitation Office (MSME-DFOs), Banks, Member Lending Institutions, SIDBI, CGTMSE, etc.
