

GOVERNMENT OF INDIA
MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

RAJYA SABHA
UNSTARRED QUESTION NO.103
TO BE ANSWERED ON 19.07.2021

Challenges in MSMEs sector

103. Shri Binoy Viswam:

Will the Minister of **Micro, Small and Medium Enterprises** be pleased to state:

- (a) whether Government has taken cognizance of the fact that definition of Micro, Small and Medium Enterprises (MSMEs) has been a constraint for many SMEs to access institutional support;
- (b) mechanism Government uses to differentiate MSMEs from other corporate entities, in light of no separate registration of MSMEs under Companies Act;
- (c) whether Government is considering an increase in the size and extension of the period of availability of Emergency Credit line mandated for providing collateral free loans to MSMEs; and
- (d) challenges identified by Government relating to the MSMEs sector and the manner it proposes to resolve these challenges?

ANSWER

MINISTER OF MICRO, SMALL AND MEDIUM ENTERPRISES
(SHRI NARAYAN RANE)

(a) & (b): The present criteria of classification of Micro, Small and Medium Enterprises (MSMEs) is based on the composite criteria of their investment and turnover, which is transparent, progressive and easy to implement. This criteria was notified vide notification no. S.O. 2119(E) dated 26.06.2020. Accordingly, MSMEs can register themselves on Udyam Portal. Institutional support is as per the guidelines/directions of the institution providing the support.

(c): The Cabinet, in its meeting dated 30.06.2021, has approved additional funding of Rs 1.50 lakh crore under Emergency Credit Line Guarantee Scheme (ECLGS), thereby enhancing the total funding under ECLGS to Rs 4.5 lakh crore. Presently, the validity of ECLGS is upto 30.09.2021.

(d): On the basis of Consultations held with various stakeholders / Industry Associations of the country, certain specific challenges such as need for easy finance, more liquidity, moratorium on loans, etc. have been identified. To resolve these challenges, recently the Government has taken a number of initiatives under Aatma Nirbhar Bharat Abhiyan to support the MSME sector in the country, especially in Covid-19 pandemic. Some of them are:

- i. Rs. 20,000 crore Subordinate Debt for MSMEs.
- ii. Rs.3 lakh crores Collateral free Automatic Loans for business, including MSMEs.
- iii. Rs. 50,000 crore equity infusion through MSME Fund of Funds.
- iv. New Revised criteria of classification of MSMEs.
- v. New Registration of MSMEs through 'Udyam Registration' for Ease of Doing Business.
- vi. No global tenders for procurement up to Rs. 200 crores.

An Online Portal "Champions" has been launched on 01.06.2020 by Hon'ble Prime Minister. This covers many aspects of e-governance including redressal of grievances and handholding of MSMEs. Through the portal, a total 35,562 grievances have been redressed upto 15.07.2021.

RBI has also announced several measures to Reduce Financial Stress of MSMEs.
