

GOVERNMENT OF INDIA
MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

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UNSTARRED QUESTION NO. 2342
TO BE ANSWERED ON 09.08.2021

Scaling down operations of MSMEs due to pandemic

2342. Shri B. Lingaiah Yadav:

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

- (a) whether on being hit hard by the second wave of the pandemic, about 59 per cent of startups and Micro, Small and Medium Enterprises (MSMEs) are likely to either scale down operations or sell off their properties, if so, the details thereof;
- (b) whether out of the MSMEs located in the districts, 37 per cent said they would scale down their operation, while 14 per cent said they might shut down and 8 per cent said they would sell off their properties; and
- (c) if so, the details thereof and present status thereof?

ANSWER

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

(a) to (c): COVID-19 epidemic has temporarily affected various sectors including Micro, Small and Medium Enterprises in the country. Economic activity contracted due to the strict lockdown measures imposed by the Government. This contraction has also had impact on the MSME sector.

Studies have been conducted by National Small Industries Corporation (NSIC) and Khadi and Village Industries Commission (KVIC) to assess the impact of COVID-19 Pandemic on MSMEs including units set up under Prime Minister's Employment Generation Programme (PMEGP).

- A. The main findings of the online study conducted by NSIC to understand the operational capabilities and difficulties faced by the beneficiaries of NSIC schemes amid Covid-19 pandemic are as follows:
 - i. 91% MSMEs were found to be functional.
 - ii. Five most critical problems faced by MSMEs were identified as Liquidity (55% units), Fresh Orders (17% units), Labour (9% units), Logistics (12% units) and availability of Raw Material (8% units.)
- B. The findings of the study conducted by KVIC are as under:
 - i. 88% of the beneficiaries of PMEGP scheme reported that they were negatively affected due to Covid-19 while the remaining 12% stated that they were benefitted during Covid-19 Pandemic.
 - ii. Among the 88% who were affected, 57% stated that their units were shut down for some time during this period, while 30% reported drop in production and revenue.
 - iii. Among the 12% who had benefitted, 65% stated that their business increased as they had units in retail and health sector and around 25% stated that their units benefitted as they were dealing with essential commodities or services.
 - iv. On the question of regular payment of salaries to the employees, around 46.60% respondents stated that they had paid the salaries in full, 42.54% reported to have partially paid and 10.86% reported to have not paid salary for some time during this period.
 - v. Majority of the beneficiaries expressed the need for additional financial support, relaxation of waiver of interest and marketing support for their products.
