

GOVERNMENT OF INDIA
MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

RAJYA SABHA
UNSTARRED QUESTION NO. 118
TO BE ANSWERED ON 18.07.2022

EFFECT OF COVID-19 ON MSMEs

118. SHRI B. LINGAIAH YADAV:

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

- (a) whether the COVID-19 pandemic has further exposed the vulnerability of the Micro, Small and Medium Enterprises (MSMEs) sector which was among the worst hit on account of the demand and supply shocks caused and the measures taken later to curb the spread of infection, if so, the details thereof; and;
- (b) whether the sector is still struggling to survive and recover from the pandemic-induced shocks, if so, the details thereof/corrective steps being taken?

ANSWER

MINISTER OF STATE FOR MICRO, SMALL AND MEDIUM ENTERPRISES
(SHRI BHANU PRATAP SINGH VERMA)

(a): 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.

- (A) The main findings of the 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.

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- iv. On the question of regular payment of salaries to the employees, around 46.6% 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.
- (b): Post Covid-19, 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.3 lakh crores Emergency Credit Line Guarantee Scheme (ECLGS) for Businesses, including MSMEs (which has subsequently been increased to Rs. 5 lakh crore, as announced in Budget 2022-23).
 - ii. Rs. 50,000 crore equity infusion through Self Reliant India Fund.
 - iii. New revised criteria for classification of MSMEs.
 - iv. New Registration of MSMEs through 'Udyam Registration' for Ease of Doing Business.
 - v. 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 grievance redressal and handholding of MSMEs. Through the portal, total 48,308 grievances have been redressed up to 12.07.2022.
