

GOVERNMENT OF INDIA
MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

RAJYA SABHA
UNSTARRED QUESTION NO. 757
TO BE ANSWERED ON 29.07.2024

FINANCIAL AND OTHER MAJOR ISSUES PLAGUING MSME SECTOR

757. SHRI RAVI CHANDRA VADDIRAJU:

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

- (a) whether in today's competitive market, a significant issue for smaller entities is the exploitation by larger firms, which also affects the Micro, Small, and Medium Enterprises (MSMEs) sector, if so, to tackle this problem, the various measures and initiatives implemented by Government; and
- (b) steps taken by Government for the MSMEs which are experiencing financial difficulties, outdated equipment and technologies that make them uncompetitive against imports and in issue of foreign export markets?

ANSWER

MINISTER OF MICRO, SMALL AND MEDIUM ENTERPRISES
(SHRI JITAN RAM MANJHI)

- (a): One of the major challenges faced by Micro and Small Enterprises (MSEs) is the delay in payment by buyers. A number of measures and initiatives have been taken by Government to address this issue:
- (i) Under the provisions of the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006, Micro & Small Enterprises Facilitation Councils (MSEFCs) have been set up in the States/UTs to deal with cases of delayed payments to Micro and Small Enterprises (MSEs).
 - (ii) SAMADHAAN Portal was launched on 30.10.2017 (<http://samadhaan.msme.gov.in/MyMSME/MSEFC/MSEFCWelcomer.aspx>) for monitoring of outstanding dues to the MSEs from the buyers of goods and services.
 - (iii) A special sub-portal was created within SAMADHAAN Portal on 14.06.2020, after the Aatma Nirbhar Bharat announcements, for reporting the dues and monthly payments by Central Ministries/Department/Public Sector Enterprises to MSMEs.
 - (iv) Ministry of MSME has requested States/UTs to set up more number of MSEFCs for quicker disposal of cases related to delayed payments. So far, 159 MSEFCs have been set up, with more than one MSEFC set up in States like Delhi, Jammu & Kashmir, Karnataka, Kerala, Maharashtra, Punjab, Rajasthan, Tamil Nadu, Telangana, Uttar Pradesh and West Bengal.

: 2 :

- (v) Government instructed CPSEs and all companies with the turnover of Rs. 500 Crore or more to get themselves on-boarded on the Trade Receivables Discounting System (TReDS), an electronic platform for facilitating the discounting of trade receivables of MSMEs through multiple financiers.
 - (vi) Companies which get supplies of goods or services from Micro & Small Enterprises and whose payment to Micro and Small Enterprises exceeds 45 days from the date of acceptance or the date of deemed acceptance of the goods or services, also need to submit returns to Ministry of Corporate Affairs stating the amount of payments due and the reasons of the delay.
- (b): A number of steps have been taken by Government for the MSMEs with respect to the financial difficulties faced by the MSMEs.
- i). Under Prime Minister's Employment Generation Programme, credit linked subsidy for setting up new Micro-Enterprise in non-farm sector is provided ranging from 15% to 35% of project cost.
 - ii). Rs. 50,000 crore equity infusion through Self Reliant India (SRI) Fund. This scheme is aimed at providing growth capital to the deserving and eligible units of MSME sector.
 - iii). Under Credit Guarantee Scheme for Micro and Small Enterprises, guarantee is provided to Banks/Financial Institutions for loans sanctioned by them to Micro and Small Enterprises without collateral security and third party guarantee up to Rs. 5 crore.

Further, the Ministry of MSME, in order to help the MSMEs to grow technologically and to enhance their competitiveness, has established new Technology Centres (TCs) and Extension Centres (ECs) across the country. These TCs/ECs provide various services like technology support, skilling, incubation and consultancy to MSMEs and skill seeker, which makes them capable to deal with the issue of import and foreign export markets.
