

GOVERNMENT OF INDIA
MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

LOK SABHA
UNSTARRED QUESTION NO.2042
TO BE ANSWERED ON 09.12.2021

LOCKDOWN/COVID IMPACT ON MSME SECTOR

2042. SHRI CHANDRA SEKHAR SAHU:
SHRI RAHUL RAMESH SHEWALE:
DR. PRITAM GOPINATHRAO MUNDE:
SHRI GIRISH BHALCHANDRA BAPAT:

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

- (a) whether the Micro, Small and Medium Enterprises (MSME) sector in India has emerged as a highly vibrant and dynamic sector of the Indian economy and if so, the details thereof;
- (b) whether the MSMEs have been adversely impacted by the Covid-19 pandemic resulting in huge impact on the Indian economy and if so, the details thereof;
- (c) whether the Union Government has proposed to include retail and wholesale trade under the MSME to increase the scope and constituents of the MSME sector and if so, the details thereof; and
- (d) the extent to which the proposed assistance will enable MSMEs tend to some of the most prevalent concerns?

ANSWER

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

(a): The Micro, Small and Medium Enterprises (MSME) Sector has emerged as a highly vibrant and dynamic sector of the Indian economy over the last five decades. It contributes significantly in the economic and social development of the country by fostering entrepreneurship and generating large-scale employment opportunities at comparatively lower capital cost, next only to agriculture. As per the information received from National Statistical Office (erstwhile Central Statistics Office), Ministry of Statistics & Programme Implementation, share of MSME Gross Value Added (GVA) in All India GDP at current prices (2011-12) for the year 2017-18, 2018-19 and 2019-20 were 29.7%, 30.5% and 30.0% respectively.

(b): 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.

(c) & (d): Yes, Sir. On 02.07.2021, the Government has included retail and whole sale trades as MSMEs and they are allowed to be registered on Udyam Registration Portal. This will help more MSMEs to take benefits of Priority Sector Lending.
