

## **MSMEs need handholding to wither current crisis**

India's GDP contracted 7.3 per cent in FY21, as per government data released on May 31, 2021. Real GDP or GDP at constant (2011-12) prices for FY21 is estimated at Rs. 135.13 lakh crore. With lockdowns again in place this year, the informal sector and MSMEs are bearing the biggest brunt of the slowdown, in terms of loss of incomes and demand.

The government should, therefore, consider transferring money equivalent to salaries / daily wages of employees / workers who have lost their jobs, directly into their accounts, since as they spend, demand will get generated. Data comprising of Aadhar card holders, EPF, MGNREGA, Jan Dhan Yojana and other such beneficiaries, should be used to transfer cash in a targeted manner.

Micro enterprises should be handheld in terms of waiver of dues such as electricity, rent and salaries. The success of PLI schemes should be ensured as they have the potential of generating demand for ancillary products produced by MSMEs.

Rising raw material and input costs of MSMEs should be subsidized, in order to make our products globally competitive, at a time when several nations are considering diversifying their supply chains. Incentives should be given to MSMEs to scale-up their businesses so that they can reap the benefits of economies of scale and address international competition.

The use of technology has increased substantively during the lockdown, as people's movement has been curbed. It is likely that many MSMEs will get ousted from business once the pandemic is over, as their products and services will be delivered in a much more cost-effective and convenient manner with improved technology. MSMEs should, therefore, be incentivized to upgrade their technologies for increasing efficiencies.

Many micro and small enterprises, especially in the informal sector and rural areas, are unaware of the policies and schemes enacted by the government in their favor, and therefore, remain bereft of the incentives provided by the government. Increasing awareness about government programmes, therefore, becomes imperative, especially at a time when these highly vulnerable entrepreneurs are facing survival issues.

The outstanding incentives provided by the government under its various schemes should be released immediately, as these have the potential of bringing money into circulation. Similarly, the outstanding dues of various large enterprises should be cleared immediately, as they can address the working capital requirements of MSMEs.

### **Notifications**

#### **PIB**

Launch of Horticulture Cluster Development Programme

<https://pib.gov.in/PressReleasePage.aspx?PRID=1723155>

Approvals accorded under PLI Scheme

<https://pib.gov.in/PressReleasePage.aspx?PRID=1723166>

Index of Eight Core Industries

<https://pib.gov.in/PressReleasePage.aspx?PRID=1723143>

Tariff Notification

<https://pib.gov.in/PressReleasePage.aspx?PRID=1723268>