

## ● PLEA TO REDRAFT LAWS

# No growth for 72% of MSMEs in last 5 years: Survey

79% of units find access to bank finance difficult

**SURABHI**  
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**DESPITE STEPS TAKEN** by the government to ease credit flows to the MSME sector, a new survey has revealed that a majority of respondents felt the performance of their business has either remained stagnant or declined and access to credit remained a key challenge.

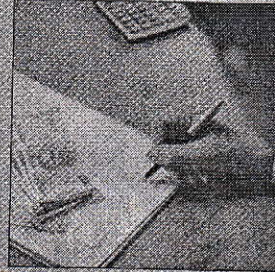
The survey by industry body Consortium of Indian Associations of 0.1 million entrepreneurs also revealed that during the last five years, the performance of 72% of the respondents is either stagnant or decreasing or stopped or wound up. "Only 28% of the respondents have confirmed that they are growing. This is a warning sign," it highlighted.

Another 76% said that they are not making a profit while 45% were of the opinion that there was no "ease of doing" feeling that exists in starting or running or closing or in their living style. Further, only 21% of the respondents believed that the Government of India has supported MSMEs adequately during the Covid-19 pandemic while 87% of the respondents felt the Union Budget was disappointing or a big let-down or had no comments.

However, measures announced in the Union Budget including payment compulsion in 45 days and refund of 95% of performance guarantee for items supplied during the pandemic have elicited a positive response from the respondents.

"The objective of the survey was to know the predicament of MSMEs in India, their opinion on Budget 2023-24 and their unfulfilled requirements," CIA said in a statement while calling for a separate Micro Enterprises Ministry could help address specific issues facing this sector.

"Though the government has been talking about the 'ease of doing business', micro entrepreneurs continue to be governed by



### GROUND REALITY

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complicated and outdated laws and dispensable compliance burdens," CIA said. Given this, the Association feels that the government should revisit, scrap or redraft these laws," it further said. It has also proposed that the government should amend the MSME Development Act, 2006 to strengthen state facilitation councils and also make changes to the GST Act to make it more friendly to small businesses.

The survey also revealed that 79% of the respondents felt that access to bank finance remains a big issue faced by entrepreneurs. As many as 42% respondents cited profit margin concerns as one of the main challenges for entrepreneurs, 70% are worried about delayed payment receipts and 40% on raw material price and availability, 52% find adherence to statutory compliances is tough, 62% are worried about demand and order book position and 38% have fear of manpower sourcing and employability skills in the youth.