

In the light of COVID-19 pandemic, several lockdown measures and unlock measures were announced. This had ripple effect on Indian economy where 2 quarters consecutively showing shrinkage in GDP. RBI has termed India might have entered in 'Technical Economic recession'.

MSME sector is the key to start the engine of Indian Economy.

MSME sector contribute 40% of merchandise export, 30% of GDP employing nearly 111 million people.

### Stimulus Given:

- Atmanirbhar Rozgar Yojana, which involves in govt taking two ~~ty~~ years of contribution of EPO EPF of employees recruited.
- Credit Guarantee Scheme upto 2 Crore to avail loans for MSME sector.
- Mudra loans giving early access to MSMEs. ~~for~~ effecting

## Challenges:

Woes of MSMEs are dates back pre COVID times.

- Policy measures such as Demonetization and GST has affected MSMEs vigorously.
- Failed MSMEs have failed loans, which aggravated the NPA crisis further.
- Post unlockdown scenarios, MSMEs are eyeing for credit on one hand and demand on other hand.
- Even Credit Guarantee Scheme hasn't given the fruits since weak demand will give no returns for investment.

## Way forward:

- MSMEs SAMBANDH - Government has to increase its procurement from the portal
- Early resolution of SAMADAN will lend hand to MSMEs.
- Increase Government capital spending will increase demand in economy.
- Ease of doing Business must be enhanced further.
- Policies that has political-economic approach that prioritizes MSMEs interest are needed.