

Towards formalisation . Five states report more than a million MSME registrations on Udyam portal

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Five states have reported more than a million **MSME** registrations on the Udyam Portal, as efforts to bring small units under the ambit of formalisation appear to gather pace.

In 2020, the Centre mandated that all MSMEs should register on the portal, after the change in MSME definition.

Udyam registrations, which started on July 1, 2020, are based on the criteria of investment and turnover for the classification of new and existing MSMEs.

By the middle of January last year, 66-lakh-plus MSMEs had registered on the portal.

As of March 21, 2023, registrations had increased significantly to more than 1.5 crore units, employing about 10.84 crore people. Of the total, 1.45 crore were micro-enterprises, 4.53 lakh were small and 40,678 were medium enterprises.

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“While Maharashtra and Tamil Nadu lead in MSME registrations with 27.60 lakh units and 15.43 lakh units, respectively, as of March 15, 2023, other states have also seen a significant increase in registrations. Uttar Pradesh, Gujarat, and Rajasthan have reported registration of 12.6 lakh, 11.27 lakh, and 11.24 lakh units, respectively, according to data provided in the Lok Sabha.

“Most Indian MSMEs are unorganised. When businesses are unorganised, they don’t have access to formal lending, government MSME schemes, subsidies, public procurement programmes, protection against delayed payments by big units, and brand recognition to reach potential organised markets. To bring them under the orbit of mainstream organised business, the Government launched the Udyam Portal,” said M K Anand, Founder & Partner, SEE CHANGE Consulting.

Crossing Rs 250-crore threshold

Many SME units have become larger, with several units crossing the threshold of Rs 250 crore turnover, and turning into mid-sized corporates, by the new definition of MSME units. This reveals the integration of MSME units with larger value chains as PLI activity gains momentum, said a recent SBI research report.

India has less than half the number of MSMEs when compared to China (64 million against 140 million Chinese enterprises). More than 99 per cent of the units in the MSME segment in India are in the micro category, and would need substantial hand-holding to grow organically. This could result in an MSME revolution in future, it added.

Meanwhile, the recently launched Udyam Assist Platform (UAP), developed by SIDBI to formalise Informal Micro Enterprises (IMEs), has formalised more than 13 lakh micro units. The platform seeks to enable IMEs that aren't registered under GST, to get a registration certificate based on the information available with banks/ NBFCs.

The platform could benefit up to 5 crore IMEs, and States, including West Bengal, Uttar Pradesh, Tamil Nadu, Karnataka, and Andhra Pradesh, could benefit with 2.6 crore IME registrations, the SBI report said.