



Centre plans big boost for MSMEs with a data bank

This could help form better schemes

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The Centre is working towards building a robust data bank for small businesses by integrating information across various ministries and government data.

The micro, small and medium enterprises (MSMEs) ministry is in talks with other government departments, so that more businesses are registered as MSMEs.

“We are requesting other ministries to accept Udyam registration as the formal identity for their schemes. The Udyam registration number will act as a common business number. This number can be used across ministries,” a senior government official told *Business Standard*.

For instance, there are schemes that aim to support enterprises in rural areas that fall under the ambit of the ministry of rural development.

Linking an enterprise’s Udyam registration number can help the government analyse the kind of business and its need.

Launched a year ago, the Udyam registration portal is an online self-declaration process for MSMEs. It simplifies the process of registering for any enterprise under the MSME category, for them to avail benefits under various government schemes.

It is already integrated with the Central Board of Direct Taxes (CBDT), Goods and Services Tax Network (GSTN) as well as the government e-marketplace (GeM). As of July 20, over 3.8 million MSMEs have registered on the Udyam portal.

As of now, the ministries of rural development and tourism have already accepted the MSME ministry’s proposal.

Lack of adequate statistics on MSMEs has been one of the key challenges for the government. Experts believe it is important to identify who the real MSMEs are as there is no reliable data available

DATA BOOST

- MSME ministry urges other ministries to accept Udyam registration as formal identity for their schemes
- As of now, over 3.8 mn MSMEs have registered on the Udyam portal
- Experts believe the move will end information asymmetry and help the sector in a big way

for small businesses.

Integrating data with other ministries will help the government frame stronger schemes, come up with better methodology to reach out and support businesses, and bring more MSMEs under the formal sector.

Besides, MSMEs are considered to be the backbone of the economy, accounting for 30 per cent of the country’s gross domestic product (GDP). They are also one of the biggest job creators in the country and employ about 111 million people.

“Integrating data with ministries is a step in the right direction. This will strengthen evidence-based policymaking in the country,” said NR Bhanumurthy, vice chancellor at Bengaluru-based BR Ambedkar School of Economics.

“It will end asymmetry information and help the sector in a big way,” said Bhanumurthy.

Over the last one year, the government has been taking steps to bring more MSMEs into the formal sector. With small businesses battling the outbreak of the pandemic last year, the government revised the definition of MSMEs to help them attract more investments and create more jobs.

Earlier this month, the Centre announced fresh guidelines to include wholesale and retail trade as MSMEs, to help them get the priority sector lending tag under the Reserve Bank of India (RBI) norms.