

Budget 2023: TN chamber asks for a long term sustainable model to promote MSMEs

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Ease of Doing Business for MSMEs: The Tamil Nadu Chamber has requested the MSME Ministry for a long-term sustainable model to promote the growth of the sector in the upcoming Union Budget 2023-2024, taking into account the economic uncertainty, rising commodity prices, and supply chain disruptions as per a report by the New Indian Express.

The release by Tamil Nadu Chamber quoted data from Annual MSME Report 2021-20211 stating that 63 million MSMEs employ around 110 million people contributing to 30 per cent to the country's GDP and almost 50 per cent to the exports.

The expectation from the upcoming budget is to bring some relief to the MSME sector that has been reeling under challenges since the pandemic. Access to finance has always been a growth barrier for the MSME sector, as small business entrepreneurs do not have enough assets to offer as collateral, Dr N Jegatheesan, President of TN Chamber of Commerce and Industries said.

"The MSME sector involves creating things and services that improve and add value to people's lives across the country, especially in rural areas," he added.

Other challenges faced by the MSME sector include lack of technical skills, infrastructure, low-budget research and development, insufficient use of information technology, ineffective marketing strategies, and failure to identify the target audience for marketing, Jegatheesan noted.

Regulatory cholesterol is another key factor impacting the sector's growth, such as several return filings, high cost of pollution and labour laws.

Some demands such as reduction in interest for late payment of GST from 18 per cent to 12 per cent and putting the threshold on income tax rates to a maximum of 25 per cent for partnership firms, LLPs (Limited Liability Partnerships) and proprietary concerns should be met, said Jegatheesan, adding that MSMEs still need assistance from schemes like the Emergency Credit Line Guarantee Services (ECLGS) to meet their capital needs.

"The Production Linked Incentive (PLI) scheme may also be extended to the manufacturing sector of MSMEs to boost exports. Trade Receivables Discounting System (TReDS) facility ought to be extended to cover more MSMEs with certain concessions. As the flow of funds to the MSME sector is interrupted due to delayed payments provisions to settle the payments, faster and easier lines of credit for the sector are also expected," he added.

"However, will the expectations of the MSME sector be considered and fulfilled in the ensuing Budget 2023 -24 is still a question that remains," he said.