Issues with MSME business

What is the issue?

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In India ease of doing business has been not stressed on MSMEs, it needs to be addressed.

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What are the issues with MSME?

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- It accounts for about a third of GDP and the bulk of employment, but they have less investment boosts and more restrictions.
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- It operates in a universe that is mostly outside the formal economy and the ambit of data collection.
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- It is most vulnerable to local-level corruption involving the labours and factory inspectors.
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- Entrepreneurs in this sector are prone to participate in destabilising systems as an instinctive survival mechanism.
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- Activities of MSMEs are captured imperfectly in national statistics it is hard to understand the depths of their crisis.
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How government moves are hitting the sector?

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- **Demonetisation** - It was a straight hit, especially for micro-enterprises that operate on a daily cash basis.
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- With local markets dislocated for lack of cash, small units abruptly shut shop and sullen jobless youths were seen streaming back to the villages.

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- **GST-**The network connectivity and urged form submissions have hit the sector hard.
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- The MSME sector’s sufferings are worsened because the bulk of them are outside the cut-off for this single-market tax.
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- MSME exporters are finding themselves saddled with costs owing to an oversight in GST planning.
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- Taxing branded food products is discouraging brand-building at this lowest level of the business value chain.
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Source: Business Standard

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