



KAMARAJ IAS ACADEMY
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Vivad se Vishwas scheme

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Why is in news? Claims of more than 10,000 MSMEs accepted under Vivad se Vishwas-I scheme since launch

In a major relief to the Micro, Small and Medium Enterprises (MSMEs), various Ministries/ Departments of Government of India have **accepted more than 10,000 claims of MSMEs** under Vivad se Vishwas - I scheme aimed at providing relief to MSMEs for the COVID-19 Pandemic period.

This has led to grant of more than Rs. 256 crore to MSMEs and increased flow of bank credit through freeing up of guarantees.

The **highest relief** of Rs. 116.47 crore has been granted by the **Ministry of Petroleum and Natural Gas** (MoPNG). This includes the claims settled and amount paid by the agencies under the administrative control of the MoPNG.

About:

The "Vivad se Vishwas I - Relief to MSMEs" scheme has been launched by the Department of Expenditure, Ministry of Finance, to provide relief to Micro, Small and Medium Enterprises (MSMEs) during the COVID-19 period.

The scheme was announced in the Union Budget 2023-24.

Objectives:

Provide **relief to the micro, small and medium enterprises** (MSMEs) that have been affected by the COVID-19 pandemic.

To **resolve pending tax disputes** and reduce litigation.

Key Provisions:

It offers a **one-time opportunity for MSMEs to settle their pending tax disputes** by paying only the disputed tax amount and getting a waiver of interest and penalty.

It provides **immunity from any future prosecution or penalty for the settled cases**.

The scheme is applicable for all tax disputes pending as on **31st March 2023**, irrespective of the stage of litigation.

Significance:

Benefit MSMEs that are struggling with cash flow problems due to the Covid-19 pandemic and the economic slowdown.

Reducing the pendency of tax litigation and improving the ease of doing business in India.

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Support the MSME sector, which is considered the backbone of the Indian economy. The sector contributes about 30% of the GDP, 45% of the exports and employs over 11 crore people.

The scheme is part of a Comprehensive approach; the Government has also taken various other measures to help MSMEs such as providing collateral-free loans, revising the definition of MSMEs, creating a dedicated portal for MSME registration and grievance redressal, etc.