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27 Mar. 2026

To
Dr Rajneesh I.A.S
Additional Secretary & Development Commissioner (MSME)
Ministry of Micro, Small & Medium Enterprises
Government of India
New Delhi

Subject: Challenges Faced by MSMEs Due to the Ongoing Middle East Crisis and Request for Support Measures.

Sir,

Indian Industries Association (IIA), representing a large number of Micro, Small and Medium Enterprises (MSMEs) across the country, wishes to draw your kind attention to the severe challenges currently being faced by MSME units due to the ongoing **Middle East Crisis**. The unprecedented geopolitical situation has disrupted global trade dynamics and significantly impacted the operations, finances, and competitiveness of Indian MSMEs.

MSME units across various sectors have reported the following major issues:

1. **Sharp increase in raw material prices** across multiple commodities.
2. **Disruption of international supply chains**, leading to irregular availability of inputs.
3. **Scarcity of essential raw materials** in several sectors.
4. **Import delays and shipment uncertainties** due to affected shipping routes.
5. **Export-related challenges**, including cancellation/postponement of orders by global buyers.
6. **Production slowdown or partial shutdown** in many units.
7. **Substantial increase in logistics and transportation costs**, both inland and overseas.
8. **Lower international sales conversions** due to market uncertainty abroad.
9. **Acute shortage of LPG and other industrial gases**, affecting continuous manufacturing processes.
10. **Increase in overall production cost** due to higher input costs and freight.
11. **Non –availability of essential inputs**, especially **Petroleum based**
12. **Cancellation of supply orders by domestic buyers** and imposition of **penalties for delayed supplies**.
13. **Heavy financial losses** for units committed to pre-crisis pricing or long-term contracts.
14. **Idling of workforce** and related labour management issues due to production disruptions.
15. **Black marketing, hoarding and speculative pricing** by dealers, stockists, and certain manufacturers in key raw materials.

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(2PM - 3PM All working days)

Specific Feedbacks from some section of MSME Industries

1. Ethanol Policy Support

An increase in ethanol blending in petroleum products may reduce the load of imported crude oil.

2. Availability of Essential Chemicals & Petroleum Derivatives

Availability of essential chemicals and derivatives of petroleum products used as fuel/input by MSMEs is disturbed, to curb hoarding, regulate their exponential price hikes, and smoothen supplies as far as possible, such as:

a) Sulphur – Base element for manufacture sulphuric acid which is widely used in manufacturing of virtual all industrial chemicals and fertilizer, and processing industries.

b) LAB – Essential raw material for manufacture of LABSA, an important raw material for detergent industries and a key factor impacting detergent prices basically impacting the need of rural market; can be a big reason for inflation in villages.

c) PP,HD, LD, polyester, Polymer etc. – Their prices have risen sharply due to cartel by limited manufacture impacting the MSME sector consuming these raw materials, like automotive and defence parts, building materials, components, daily use items

d) Pharma- Industry is also facing issues.

3. Regulation of Metal Prices

The recent huge hike in prices of aluminium, ferrous and non-ferrous metals need to be regulated, as it is grossly affecting the machinery and building material manufacturing industries and increasing overall project and production costs.

4. Control on International Logistics Cost

The issue of high international logistics cost, primarily due to the non-availability of marine insurance, may kindly be given immediate attention. Opportunists, large, and monopolistic manufacturers may not treat this situation as a profit center. This is the time to stand with the nation and control artificial inflation, ensuring fair pricing and uninterrupted supply chains.

5. LPG, PNG etc. & Commercial Gas availability

It is requested that the allocation (whether 65% or otherwise) should be distributed fairly and equitably, keeping MSMEs in due consideration.

SMEs, due to their limited resources and higher dependency on continuous supplies, should be ensured adequate and proportionate access. A balanced distribution

Sir, we are aware that the Government of India, under the dynamic and visionary leadership of Hon'ble Prime Minister, is making every effort to safeguard the Indian economy from the adverse effects of this crisis. In this context, we humbly submit the following suggestions that could help provide immediate relief and support to MSMEs:

Suggestions for Government Support

1. **Regulate and stabilise raw material prices** through appropriate interventions.
2. **Reduction or removal of import duties**, especially on critical inputs (e.g., aluminum), to counter monopolistic domestic pricing.

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INDIAN INDUSTRIES ASSOCIATION

AN APEX BODY OF MICRO, SMALL & MEDIUM ENTERPRISES

3. **Strict monitoring and action against black marketing and hoarding** of industrial raw materials.
4. **Ensure adequate and uninterrupted supply of LPG and other industrial gases** to MSME sectors.
5. **Temporary relaxation in compliances** across departments, including financial institutions, until the crisis subsides.
6. **Announcement of special financial relief measures**, like those provided during the COVID-19 period.
7. **Waiver of export obligations under EPCG licences** due to global supply chain disruptions.
8. **Relaxation of anti-dumping duties** on essential raw materials, wherever feasible, to ease input prices.
9. To allow by default force majeure clause or escalation clause to fulfill supply commitment by MSME in tenders of public government procurement.
10. Favorable legislation be introduced in Sale of Goods Act to support escalation in supplies during such emergencies.

We firmly believe that the above measures will help MSMEs sustain operations during this difficult period and prevent widespread business disruptions and job losses.

Indian Industries Association remains committed to supporting the Ministry in its efforts and will be pleased to provide additional data, sector-specific feedback, or any further assistance required.

We request your kind intervention and early consideration of the above suggestions for safeguarding MSMEs during this challenging phase.

Thanking you,

Yours sincerely,



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