

**GOVERNMENT OF INDIA
SMALL SCALE INDUSTRIES AND RURAL AND AGRO INDUSTRIES
LOK SABHA**

UNSTARRED QUESTION NO:1733

ANSWERED ON:29.11.2000

CLOSURE OF SSI UNITS NO.

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Will the Minister of SMALL SCALE INDUSTRIES AND RURAL AND AGRO INDUSTRIES be pleased to state:

- (a) whether under liberalisation and globalisation policies a large number of small scale industries have been closed/gone sick and likely to be closed in the country;
- (b) if so, the details thereof;
- (c) the impact on employment as a result of closure of SSI units and the remedial steps taken/proposed by the Government in this regard;
- (d) whether the Government have carried out any assessment of current status and performance of small scale industries, sector-wise for the last three years as per standard norms;
- (e) if so, the details of fresh policy/initiatives taken or to be taken to promote small scale industries; and
- (f) the details of recommendations made by the Kapur Committee in respect of SSI units and those which accepted out of them?

Answer

THE MINISTER OF STATE (INDEPENDENT CHARGE) IN THE MINISTRY OF SMALL SCALE INDUSTRIES AND RURAL INDUSTRIES

(SMT. VASUNDHARA RAJE)

(a) to (c): The information on the number of closed SSI units and the impact on employment as a result of closure of SSI units is not maintained centrally. The Reserve Bank of India, however, compiles data on sick small scale industries financed by Banks. As per the Reserve Bank of India, the number of sick SSI units by the end of March, 1999 was 3,06,221. There are various factors for closure/sickness of SSI units. Increased competitiveness is one of the factors. The government is fully seized of the incidence of industrial sickness among SSI units and has taken various measures to facilitate timely identification and rehabilitation of potentially viable sick units, which inter alia include institutional mechanism in the form of State-level Inter-Institutional committees (SLIICs); special rehabilitation cells in banks and State Financial Institutions; and elaborate guidelines issued by RBI for extending rehabilitation assistance to eligible units to ensure that unemployment is avoided.

(d) & (e): The new policy measures to promote and strengthen the small scale industries sector were announced by the Prime Minister on 30th August, 2000. Some of the important measures announced include raising the limit for composite loans from Rs. 10 lakhs to Rs. 25 lakhs, priority sector lending to industry related service and business enterprises, capital subsidy of 12% for investment in technology in select sectors, continuance of financial assistance for obtaining ISO 9000 certification, one-time capital grant of 50% to small scale associations for testing laboratories, enhancement of excise duty exemption limit from Rs. 50 lakhs to Rs. 1 crore to improve its competitiveness etc. Further, it has been decided to conduct a census of SSI units.

(f): Out of 126 recommendations made by the Kapur Committee, decisions have been taken on 84 recommendations so far, out of which 64 have been accepted. Some of the major recommendations accepted by the Reserve Bank of India include, delegation of more powers to Branch Managers to grant ad-hoc limits, simplification of loan application forms and speedy disposal of loan applications as per the time schedule prescribed, freedom to banks to decide their own norms for assessment of credit requirements, opening of more specialised SSI branches by Banks, enhancement in the limit for composite loans, strengthening of the recovery mechanism etc.