

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

UNSTARRED QUESTION NO:1624
ANSWERED ON:01.08.2001
FINANCIAL PACKAGE FOR SSI
GOWDAR MALLIKARJUNAPPA;Y.S. VIVEKANANDA REDDY

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

- (a) whether a Rs. 6000 crore financial package has been recommended by the Planning Commission for small scale industries sector;
- (b) if so, the details of the financial package recommended;
- (c) whether the Government has considered the same;
- (d) if so, the time by which the recommendations are likely to be implemented; and
- (e) the extent to which it will help small scale industries sector in the country?

Answer

THE MINISTER OF STATE (INDEPENDENT CHARGE) IN THE MINISTRY OF SMALL SCALE INDUSTRIES AND RURAL INDUSTRIES, MINISTER OF STATE IN THE DEPARTMENT OF PERSONNEL AND TRAINING, DEPARTMENT OF PENSIONERS WELFARE OF THE MINISTRY OF PERSONNEL, PUBLIC GRIEVANCES AND PENSIONS AND MINISTER OF STATE IN THE DEPARTMENTS OF ATOMIC ENERGY AND SPACE (SHRIMATI VASUNDHARA RAJE)

(a) to (e): Perhaps the reference is to the recommendations of the 'Study Group on Development of Small Scale Enterprises' constituted by the Planning Commission in May, 1999 under the Chairmanship of Dr. S.P. Gupta, Member, Planning Commission. This Study Group has recommended amongst others, the creation of funds of:-

- i) Rs. 2000 crores for adequate infrastructure facilities to small scale enterprises;
- ii) Rs. 1000 crore for establishment of Incubation Centres;
- iii) Rs. 5000 crore under technology upgradation and modernisation fund with an interest subsidy of five percent; and
- iv) Rs. 500 crore as a special venture capital type fund named as 'Laghu Udyog Nirman Nidhi' for equity support.

A number of recommendations of the Study Group have since been implemented through a comprehensive policy package for the Small Scale Industries (SSIs) Sector announced on 30th August, 2000. The policy package for SSIs will strengthen the small scale sector and enhance its competitiveness both domestically and globally through easier access to credit, availability of collateral free composite loans upto Rs. 25 lakhs, capital subsidy for technology upgradation and improved infrastructure. It includes a Credit Linked Capital Subsidy Scheme for Technology Upgradation of SSIs with a provision for lending of Rs. 5000 crores. The other recommendations of the Study Group constitute a basis for the formulation of the Tenth Five-Year Plan.