

**GOVERNMENT OF INDIA
SMALL SCALE INDUSTRIES
LOK SABHA**

STARRED QUESTION NO:313
ANSWERED ON:23.12.2003
SICK SMALL SCALE INDUSTRIES
RAVI PRAKASH VERMA;REENA CHOUDHARY

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

- (a) whether it is a fact that there has been an unprecedented increase of sickness in SSI units in the country;
- (b) if so, the details thereof, State-wise;
- (c) the steps taken by the Government to remove recession in Small Scale Industries during the last three years;
- (d) whether the Government is considering constituting a Committee of Experts to look into the matter; and
- (e) if so, the details thereof?

Answer

MINISTER OF SMALL SCALE INDUSTRIES AND MINISTER OF DEVELOPMENT OF NORTH EASTERN REGION (P. THAKUR)

(a) to (e): A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PART (a) TO (e) IN RESPECT OF THE LOK SABHA STARRED QUESTION NO. 31 FOR REPLY ON 23.12.2003.

(a) & (b): As per the Reserve Bank of India (RBI), which compiles data on sick Small Scale Industrial (SSI) units financed by the scheduled commercial banks, the number of sick SSI units has declined during the last three years. The number of sick SSI units in the country during last three years are as under :-

Year Number of sick SSI units

(As at the end of March)

2001	2,49,630
2002	1,77,336
2003	1,67,980 (P)

(P) - Provisional

The State-wise details of sick SSI units are given at Annexure.

(c): The promotion and development of Small Scale Industries (SSIs) has been a conscious policy of the Government. Despite a general recession in the economy, the SSI sector has maintained a higher rate of growth than the overall industrial growth during the last three years and has been successful in generating significant employment. While the development of SSIs is primarily the responsibility of the State/UT Governments, the Central Government has been supporting and supplementing the efforts of the State/UT Governments through implementation of various schemes/programmes. The major schemes implemented by the Government relate to improving the flow of credit, infrastructure development, technology upgradation, marketing and entrepreneurial development. In addition, on 30th August 2000, the Prime Minister announced a Comprehensive Policy Package for the promotion and development of SSI sector to enhance its competitiveness, both domestically and globally. The policy package consists of enhanced fiscal and credit support, better infrastructure and marketing facilities and incentives for technology upgradation. Furthermore, the recent initiatives taken for the promotion and development of SSIs include cluster development, enhancement of composite loan limit from Rs. 25 lakh to Rs. 50 lakh, advice to banks to adopt interest rate band of 2% above and below prime lending rates, providing collateral free loan upto Rs. 25 lakh to the SSI units having good track record, removal of lower ceiling of Rs. 5 lakh loan to be eligible for guarantee cover under the Credit Guarantee Fund Scheme, etc.

(d) & (e): At the instance of the Government, the RBI in November, 2000 constituted a Working Group under the chairmanship of Shri S. S. Kohli, the then Chairman, Indian Banks' Association to look into the problem of sickness in the SSI sector and suggest remedial

measures for revival and rehabilitation of potentially viable sick SSI units. On the recommendations of the Working Group, the RBI has drawn up revised guidelines for rehabilitation of sick SSI units, which include, inter-alia, change in the definition of sick SSI units, norms for deciding on their viability, concessional finance, etc. The RBI has circulated the revised guidelines on 16th January, 2002 to all the Scheduled Commercial banks for implementation. The revised criteria will facilitate the banks to detect sickness at an early stage and take corrective action for revival of the potentially viable sick SSI units. In view of the above, there is no proposal to constitute a new Committee of experts to go into the issue.