

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

UNSTARRED QUESTION NO:1011

ANSWERED ON:01.08.2006

SICK SMALL SCALE INDUSTRIES

Barad Shri Jashubhai Dhanabhai;Rao Shri Sambasiva Rayapati;Reddy Shri Magunta Sreenivasulu;Vallabbhaneni Shri Balashowry

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

(a): the number of medium and Small Scale Industries which have been closed down due to sickness during the last three years, State-wise and year-wise;

(b): the steps taken to revive these industries; and

(c): the financial assistance provided to these Industries for their revival, State-wise and year-wise?

Answer

MINISTER OF SMALL SCALE INDUSTRIES & AGRO AND RURAL INDUSTRIES (SHRI MAHABIR PRASAD)

(a): The information on medium and small scale industries (SSIs) closed down due to sickness is not maintained centrally. However, as per the results of the Third All India Census of the small scale industries with reference year 2001-02, out of 22,62,401 SSI units registered upto 31.03.2001, 39 per cent (numbering 8,87,427) units were found closed. The State-wise distribution of these closed units is given in the Annexure enclosed.

(b)&(c): Financial assistance, by way of debt restructuring, including fresh loans, etc., for the rehabilitation of sick SSI is provided by the primary lending institutions (PLI), including the scheduled commercial banks. For this purpose, the Reserve Bank of India (RBI) has issued guidelines to banks from time to time on detection of sickness in SSI at an early stage and taking remedial measures and for rehabilitation of sick SSI units identified as potentially viable.

After the detailed guidelines on 16th January 2002, the RBI has issued fresh guidelines on 8th September 2005, based on the 'Policy Package for Stepping up Credit to Small and Medium Enterprises (SMEs)' announced by the Central Government on 10th August 2005. These guidelines relate, inter alia, to viability criteria, prudential norms for restructured accounts, provision of additional finance, time frame for working out the restructuring package and its implementation.

The banks have also been advised by the RBI to review the progress in rehabilitation and restructuring of SME accounts on a quarterly basis. The State Level Inter-Institutional Committee (SLIC), set up in each State under the convenorship of the RBI representative, has also been advised to monitor, inter alia, the implementation of these guidelines.