

**GOVERNMENT OF INDIA
MICRO, SMALL AND MEDIUM ENTERPRISES
LOK SABHA**

UNSTARRED QUESTION NO:2807
ANSWERED ON:03.09.2007
CLOSURE OF MICRO, SMALL AND MEDIUM INDUSTRIAL UNITS
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Will the Minister of MICRO, SMALL AND MEDIUM ENTERPRISES be pleased to state:

- (a) the number of micro, small and medium industrial units of public and private sectors closed down during each of the last three years, State-wise and Sector-wise;
- (b) whether any study/survey has been conducted by the Government to find out the reasons for closure of such industrial units;
- (c) if so, the outcome thereof;
- (d) whether the Government has taken any concrete steps for revival of these units;
- (e) if so, the details thereof, State-wise; and
- (f) the details of grant/ financial assistance provided by the Union Government to various States for the purpose, State-wise?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES (SHRI MAHABIR PRASAD)

(a) to (c): The information on year-wise/sector-wise closure of micro and small enterprises (MSEs) is not maintained centrally. According to results of the Third All India Census of MSEs with reference year 2001-02, out of 22,62,401 MSEs registered upto 31.03.2001, 39 per cent (numbering 8,87,427) enterprises were found closed. The State/UT-wise distribution of these closed enterprises is given in the Annexure enclosed. The main reasons of sickness/closure listed during the census included shortage of working capital, fall in demand of specific products, change in technology, shortage of raw material, marketing problems and increase in competition.

(d) to (f): Reserve Bank of India (RBI) has issued detailed guidelines to the banks in January, 2002 on detection of sickness in MSEs at an early stage and taking remedial measures and for rehabilitation of sick MSEs identified as potentially viable. These guidelines include, inter alia, a change in the definition of sick MSEs, norms for deciding on the viability of sick enterprises and concessional finance. Subsequently, RBI has issued fresh guidelines on 8th September 2005 on debt restructuring mechanism for small and medium enterprises (SMEs) and includes viability criteria, prudential norms for restructured accounts, provision of additional finance and time frame for working out the restructuring package and its implementation. Further, Empowered Committee has been set up at the regional offices of RBI to review the progress in rehabilitation of sick units in the SME sector.

The Ministry of Micro, Small and Medium Enterprises do not provide any grant/financial assistance to the States/UTs for revival of sick units.