

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

UNSTARRED QUESTION NO:2125
ANSWERED ON:27.08.2007
INCENTIVES TO SMALL AND COTTAGE INDUSTRIES
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Will the Minister of MICRO, SMALL AND MEDIUM ENTERPRISES be pleased to state:

- (a) whether the Government has formulated any scheme to promote to small and cottage industries and make them competitive through incentives;
- (b) if so, the details thereof alongwith the name of the States benefited therefrom;
- (c) the contribution of such industries in terms of production value during each of last three years, State-wise;
- (d) whether any assessment has been made regarding decline in level and closure of some units;
- (e) If so, the outcome thereof; and
- (f) the incentives and concessions proposed to be provided to such industrial units to enter new areas to improve their viability?

Answer

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

(a) & (b): Promotion and development of small and cottage industries, now known as micro and small manufacturing enterprises (MSEs), is primarily the function of the respective State governments/UT administrations. The Central Government however, supplement the efforts by providing supportive measures aiming to enhance their competitiveness through specific schemes, which, inter alia, include the scheme for assistance for technological upgradation, comprehensive need based development of clusters, accessing markets, improved infrastructure, better availability of credit, facilities for training and capacity building of entrepreneurs, etc. The Government, with a view to further enhancing their competitive edge has announced

(i) the Package for Promotion of Micro and Small Enterprises,

(ii) the implementation of National Manufacturing Competitiveness Programme, besides operationalising the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006, from 2 October 2006. The Central schemes /incentives are not state specific and are implemented uniformly all over the country.

(c) The production for last three years in respect of MSEs is estimated at:

Year Production
(Rs. crores)

2004-05 429796
2005-06 497842
2006-07 (P) 587196

(d) to (f): While reporting that about 38% of the SSIs registered with the DICs were actually non-functional/ closed, the third All India Census of Small Scale Industries (2001-02) has not reflected any decline or closure of MSEs on account of growing competition due to liberalization and globalization of the economy. The MSE sector has been resilient to adjust to the opening of economy and high competition as is evident from the fact that the annual growth rate of the MSE Sector has always been ahead of the growth rate of the rest of the industrial sector since 2002-03 to 2006-07 and that the estimates of the number of units has grown from 109.5 lakh to 128.44 lakh and employment from 263.68 lakh persons to 312.52 lakh persons during the same period.