

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

UNSTARRED QUESTION NO:445
ANSWERED ON:07.07.2004
SICKNESS OF SMALL SCALE INDUSTRIES
Singh Shri Rajiv Ranjan (Lalan)

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

- (a) whether the small scale industries in the country are becoming more sick after signing the WTO agreement in 1994;
- (b) if not, the number of the small scale industries in the country and the number of sick industries out of them during the year 1994 and 2002-2003, respectively;
- (c) the reasons therefor; and
- (d) the steps taken by the Government to revive the sick units?

Answer

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

(a) & (b): As per the Reserve Bank of India (RBI), which compiles data on sick SSI units financed by the Scheduled Commercial Banks, the number of sick SSI units at the end of March, 1994, were 2,56,452, which declined to 1,67,980 at the end of March, 2003. Based on the Third All India Census of Small Scale Industries (SSI), the number of SSI units in the country during 1993-94 and 2002-03 has been estimated to be 76.49 lakh and 109.49 lakh, respectively.

(c) & (d): The main reasons for sickness are inadequate and delayed credit, obsolete technology, marketing problems, infrastructural constraints, management deficiencies etc.

The Government is fully seized of the problem of industrial sickness amongst the SSI units and has taken various steps to facilitate timely identification and rehabilitation of potentially viable sick industries including institutional mechanism in the form of State Level Inter Institutional Committees, Special Rehabilitation cells in banks and State Financial Institutions. Elaborate guidelines have been issued by the Reserve Bank of India for extending rehabilitation assistance to eligible units. Further, based on the recommendations of the Working Group set up under the Chairmanship of Shri S.S. Kohli, the RBI has drawn up revised guidelines for rehabilitation of sick 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.