

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

STARRED QUESTION NO:3
ANSWERED ON:01.12.2004
PRODUCTION IN SSI SECTOR
Shiwankar Shri Maha Deo Rao;Yadav Shri Parasnath

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

- (a) whether the Government proposes to chalk out any scheme to protect small industries in the present period of liberalization;
- (b) if so, the details thereof;
- (c) the amount of contribution in absolute terms as well as in percentage of these industries in the total production and export in the year 2002-03, 2003-04;
- (d) whether production and export from these industries have decreased;
- (e) if so, the reasons therefore;
- (f) whether the Government is considering giving any special packages and to provide loans on lower rate of interest; and
- (g) if so, the details thereof?

Answer

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

(a)to(g): A Statement is placed on the Table of the House.

STATEMENT REFERRED TO IN R EPLY TO PART (a) TO (g) OF THE LOK SABHA STARRED QUESTION NO. 3 FOR REPLY ON 01.12.2004.

(a)&(b): The Government has put in place several measures to help Small Scale Industries (SSIs) become globally competitive in the wake of liberalization. These include special focus on areas such as technology upgradation, infrastructure assistance through cluster development approach, timely availability of credit, adoption of modern management practices, use of electronic infrastructure and other information technology (IT) applications to help the SSIs face the emerging challenges of liberalization. Besides, protection to the SSIs is available in the form of raising customs duties upto the bound levels, imposing antidumping duties, taking safeguard measures in case of surge in imports etc.

(c): The SSI production at current prices during 2002-03 and 2003-04 is estimated at Rs.3,11,993 crore and Rs.3,57,733 crore respectively. As per the latest data available for 2002-03, the production in the SSI sector accounted for 39.5 per cent of the country's total industrial production during 2002-03, while the exports worth Rs. 86,013 by this sector during that year accounted for 34 per cent of the national exports. For the purpose of comparison (on account of non-availability of the corresponding figures for 2003-04), the following details for 2001-02 are furnished (i) SSI production of Rs. 2,82,270 crore constituted 39.6 per cent of the total industrial production and (ii) SSI exports of Rs.71, 244 crore accounted for 34.3 per cent of the national exports.

(d): The quantum of production and exports by the SSI sector has not decreased.

(e): Does not arise.

(f)&(g): The Government is in the process of formulating a major promotional package for the small scale sector. To provide loans at lower rate of interest to the SSIs, the Government has set up Small and Medium Enterprises (SME) Fund of Rs.10,000 crore under the Small Industries Development Bank of India (SIDBI). Under this Fund, which has become operational with effect from 1st April, 2004 loans are being made available to the SSIs at a rate of interest 2 per cent below the prevailing Prime Lending Rates(PLR) of the SIDBI. Further, the Indian Banks` Association(IBA) has advised all its member banks to adopt an interest rate band of 2 per cent above and below their respective PLRs for loans extended to the SSIs.