

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

UNSTARRED QUESTION NO:2652

ANSWERED ON:18.03.2008

REVIVAL OF SICK INDUSTRIES

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Will the Minister of MICRO, SMALL AND MEDIUM ENTERPRISES be pleased to state:

- (a) the total number of SSI units sick and closed till 2007 and the total number of employees who have lost their job due to closure of SSI units, State-wise;
- (b) the contribution of SSI units in Gross Domestic Product (GDP) during each of the last three years;
- (c) the measures being taken by the Government for revival of these sick small scale industries;
- (d) the total number of sick small scale industries for revival for which funds have been allocated during each of the last three years separately;
- (e) whether the Government also provides assistance for expansion , diversification and technical up gradation of certain sick small scale industries; and
- (f) if so, details of the action taken in this regard so far?

Answer

MINISTER OF MICRO, SMALL AND MEDIUM ENTERPRISES(SHRI MAHABIR PRASAD)

(a): Statistics on the year-wise and state-wise number of closed micro and small enterprises (MSEs) are not maintained centrally. However, according to the 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 I. Reserve Bank of India (RBI) compiles data on the sick MSEs who have availed loans from scheduled commercial banks. According to RBI, the number of sick MSEs during 2004-05, 2005-06 and 2006-07 were 1,38,042, 1,26,824 and 1,14,132 respectively. Annexure-II gives a State/UT wise break-up of sick MSEs at the end of March, 2007.

(b): The estimated contribution of MSEs units in the Gross Domestic Product (GDP) during 2004-05, 2005-06 and 2006-07 was 5.84%, 5.83% and 5.94% respectively.

(c) to (f): Various measures have been taken to facilitate timely identification and rehabilitation of potentially viable sick MSEs. These include setting up of State Level Inter-Institutional Committee in each State under the convenorship of RBI. Further, the RBI has issued detailed guidelines to banks in January 2002 on detection of sickness at an early stage and taking remedial measures, and for rehabilitation of sick MSEs identified as potentially viable. These guidelines include, inter alia, change in the definition of sick MSEs, norms for deciding their viability, concessional finance, etc., with a view to helping the banks in detecting sickness at an early stage and taking corrective action for revival of the potentially viable sick MSEs. In line with the 'Policy Package for Stepping up Credit to Small and Medium Enterprises (SMEs)' announced by the Government in August 2005, the RBI has further issued guidelines in September 2005 to the banks regarding debt restructuring mechanism for SMEs to facilitate restructuring of debt of all eligible SMEs. The RBI has also constituted Empowered Committees at its Regional offices to review various issues relating to SME sector particularly, the progress in SME financing and rehabilitation of sick units. The Central Government (Ministry of Micro, Small and Medium Enterprises) does not provide direct financial assistance for the rehabilitation/nursing of sick MSEs. Financial assistance for rehabilitation of sick MSEs is provided by the concerned commercial banks/financial institutions. The RBI guidelines to the banks on debt restructuring mechanism for SMEs, inter alia, include provision of additional finance to the SMEs. Upto 31st March 2007, 1,121 accounts amounting to Rs.685.43 crore have been subjected to restructuring by the public sector banks under debt restructuring mechanism for SMEs, as per the data reported by the RBI.