

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

UNSTARRED QUESTION NO:138

ANSWERED ON:17.02.2009

BOTTLENECKS IN GROWTH OF SMALL AND MEDIUM ENTERPRISES

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

- (a) the issues and bottlenecks identified affecting the growth of Micro, Small and Medium Enterprises;
- (b) the details of factors responsible and non-availability of institutional finances including nodal officer in each District;
- (c) whether the Government proposes to create special fund for such enterprises in unorganized sector and make provision for liberal loans and enhancement of cash credit limits at subsidized cost to encourage the sector;
- (d) if so, the details thereof; and
- (e) the details of the funds allocated, spent, and unspent during each of the last three years and in the current year?

**Answer**

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

(a): The micro, small and medium enterprises (MSME) sector is a heterogeneous sector, both in terms of size of enterprises and its sectoral composition. Hence, the problems faced by the sector are diverse. However, some of the common problems faced by the sector relate to lack of timely and adequate credit, obsolete technology, infrastructure bottlenecks, marketing constraints, delayed payments of their dues by large units, enhanced competition due to liberalized trade regime, etc.

(b): The constraints faced by the MSMEs in accessing the required credit facilities from institutional sources are inadequate exposure to banks/ financial institutions, elaborate procedural requirements, cost of credit, high risk perception, etc. Under the Lead Bank Scheme, each district has been assigned to a scheduled commercial bank and the Lead District Manager is the nodal officer in the District.

(c) to (e): There is no separate fund for enterprises in the unorganized sector. In one of its reports, the National Commission for Enterprises in the Unorganised Sector has recommended creation of a separate fund for enterprises in the unorganised sector. For this purpose, no funds have been allocated. However, as per the information furnished by the Reserve Bank of India, the loans outstanding against the micro and small enterprises from the public sector banks during the last 3 years and the current year (as at the end of September 2008) is as under:

As at the end of Loans outstanding (Rs, crore)

March 2006	82,434
March 2007	1,02,550
March 2008	1,48,651 (Provisional)
September 2008	1,56,748 (Provisional)