

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

UNSTARRED QUESTION NO:125
ANSWERED ON:23.02.2010
SICK MSMES
Dubey Shri Nishikant

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

- (a) whether the number of sick units under Micro, Small & Medium Enterprises of the country have been increasing;
- (b) if so, the details of such units during each of the last three years and the current year, State-wise; and
- (c) the steps taken by the Government to revive such enterprises?

Answer

MINISTER OF STATE (INDEPENDENT CHARGE) FOR MICRO, SMALL & MEDIUM ENTERPRISES (SHRI DINSHA PATEL)

(a) & (b): As per the data compiled by the Reserve Bank of India (RBI) from the scheduled commercial banks, there were 1,14,132, 85,187 and 1,03,996 sick micro and small enterprises (MSEs) in the country at the end of March 2007, March 2008 and March, 2009 (latest available) respectively. Information in respect of medium enterprises is not being collated by the RBI. The State /Union Territory-wise number of sick MSEs is given at Annexure.

(c): Financial assistance, by way of debt restructuring, including fresh loans, for the rehabilitation of sick MSE is provided by the primary lending institutions (PLIs), including commercial banks, which provide credit to the MSEs. For this purpose, the RBI has issued detailed guidelines to banks in January 2002 on detection of sickness in MSE at an early stage and taking remedial measures and for rehabilitation of sick MSEs identified as potentially viable. RBI has also issued guidelines on 8th September 2005 on debt restructuring mechanism for small and medium enterprises (SMEs) based on the "Policy Package for Stepping up Credit to Small and Medium Enterprises" announced by the Central Government on 10th August 2005. These guidelines relate, inter alia, to viability criteria, prudential norms for restructured accounts, provision of additional finance and time frame for working out the restructuring package and its implementation. Further, the RBI has advised all scheduled commercial banks on May 4, 2009 to apply the RBI's guidelines on debt restructuring optimally and in letter and spirit and put in place their own non-discretionary one-time settlement (OTS) policy for the MSE sector.