

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

UNSTARRED QUESTION NO:149

ANSWERED ON:23.02.2010

RESERVED ITEMS FOR SMALL INDUSTRIES

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

- (a) whether any change has been made in the list of reserved items for small scale industries;
- (b) if so, the details thereof and the reasons therefor; and
- (c) the corrective steps taken by the Government in this regard, if any?

Answer

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

(a) to (c): Review of the list of items reserved for exclusive manufacture in the small scale (now MSE) sector is a continuous process. The process involves consultations with the stakeholders concerned, followed by deliberations in the meeting of the Advisory Committee on Reservation, constituted under the Industries (Development & Regulation) Act, 1951 (IDR Act). Items are dereserved by the Government based on the recommendations of the Advisory Committee. 14 items have been dereserved on 10 October, 2008 bringing down the total number of items reserved for exclusive manufacture in the small scale sector to 21 (list Annexed).

The Government has taken several policy measures for making the Indian Industry, including the very vital micro and small enterprises sector, competitive and to facilitate the achievement of their full potential. The Government has announced a 'Policy Package for Stepping up Credit to Small and Medium Enterprises (SMEs)' on 10th August 2005 which envisages public sector banks to fix their own targets for funding of MSMEs in order to achieve a minimum 20 per cent year-on-year growth in credit to the MSME sector. The Government has also announced in February 2007 a 'Package for Promotion of Micro and Small Enterprises' with an objective to provide support in areas of credit, technology upgradation, marketing, infrastructure etc. Further, keeping in view the impact of global economic slowdown on MSMEs, the Government, the Reserve Bank of India (RBI) and the Public Sector Banks have taken several measures for protecting and providing a stimulus to the MSMEs which, inter alia, include;

- (i) extending the loan limit under Credit Guarantee Scheme from Rs. 50 lakh to Rs. 1 crore with a guarantee cover of 50%;
- (ii) increasing the guarantee cover under Credit Guarantee Scheme from 80 per cent to 85 per cent of credit facility up to Rs. 5 lakh;
- (iii) interest subvention of 2 per cent in pre and post shipment export credit to small and medium enterprises (SME) sector;
- (iv) refinance limit of Rs. 7,000 crore to Small Industries Development Bank of India (SIDBI) for incremental on-lending to the micro and small enterprises (MSE) sector;
- (v) grant of need-based ad-hoc working capital demand loans up to 20 per cent of the existing fund-based limits; and
- (vi) reduction in interest rates for borrowing by micro enterprises by 1 per cent and in respect of SMEs by 0.5 per cent.