

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

UNSTARRED QUESTION NO:3166

ANSWERED ON:16.03.2010

PACKAGE FOR SICK SMALL SCALE INDUSTRIES

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

- (a) whether the Government proposes to give financial package and some incentive for revival of sick Small Scale Industries (SSIs) in the prevailing economic environment;
- (b) if so, the funds allocated for the purpose during each of the last three years and the current year, State-wise; and
- (c) the details of SSIs revived so far, State-wise?

Answer

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

(a) & (b): Financial assistance, by way of debt restructuring, including fresh loans, for the rehabilitation of sick micro and small enterprises (MSEs) is provided by the primary lending institutions (PLIs), including commercial banks, which provide credit to the MSEs. For this purpose, the Reserve Bank of India (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. To overcome the problems faced by the MSEs due to the global economic slowdown, as a one-time measure, the RBI also allowed the second restructuring done by the banks to be eligible for exceptional regulatory treatment. 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.

(c): As per the data compiled by the RBI from the scheduled commercial banks, out of 8,168 potentially viable sick MSEs, 2,330 sick MSEs were put under nursing at the end of March, 2009 (latest available). The State /Union Territory-wise position is given at Annexure.