

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

UNSTARRED QUESTION NO:3223

ANSWERED ON:28.07.2009

CAPITAL REQUIREMENT FOR SMALL INDUSTRIES

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

- (a) whether the Government has assessed the capital investment required for the small and medium scale industries in the country;
- (b) if so, the average annual investment required and made in the sector during the period from 2004-05 to 2008-09;
- (c) the sources from which the said requirement was met indicating their contribution in terms of percentage; and
- (d) the steps taken by the Government to enhance capital investment in the said sector?

**Answer**

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

(a) to (c): The micro, small and medium enterprises are set up by the entrepreneurs themselves through various sources of finance as per their requirements. The estimates of annual average investment during 2004-05, 2005-06 and 2006-07 (latest available) is Rs.1.59 lakh, Rs. 1.60 lakh and Rs. 1.61 lakh respectively. Since the medium enterprises were for the first time defined under the Micro, Small and Medium Enterprise Development Act, 2006 which came into force from 2nd October, 2006, information in respect of capital investment in medium enterprise is not available.

(d): To facilitate the promotion and development of micro, small and medium enterprises (MSMEs) and enhance capital investment in the sector, the Government has announced a 'Policy Package for Stepping up Credit to Small and Medium Enterprises (SMEs)' in August 2005 which envisages public sector banks to fix their own targets for funding 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, the Government has enacted the Micro, Small and Medium Enterprises Development Act, 2006, which has come into force from 2nd October, 2006, for the promotion and development of the MSMEs and to enhance their competitiveness. In addition, the Government is also implementing several schemes/ programmes, which include the National Manufacturing Competitiveness Programme and schemes relating to credit, infrastructural development, technology upgradation, marketing, entrepreneurial/skill development, etc. All these measures seek to facilitate the development of MSMEs and enhance capital investment in this sector.