

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

UNSTARRED QUESTION NO:171  
ANSWERED ON:09.11.2010  
AMENDMENT OF MSME ACT  
Pandey Shri Ravindra Kumar

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

- (a) whether it has been stated that in the report of the Federation of Indian Micro, Small and Medium Enterprises that there is a need to amend the existing Act of 2006 regarding micro, small and medium enterprises;
- (b) if so, the details thereof;
- (c) whether as per the fourth survey of Micro, Small and Medium Enterprises 14.5 percent of the total registered units are in a poor state and about 30 percent of the units are either closed or not in operation; and
- (d) if so, the details in this regard along with the effective steps taken by the Government to provide funds and assist these enterprises

**Answer**

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

- (a) & (b): No such report has been received from the Federation of Indian Micro, Small and Medium Enterprises.
- (c): As per the Report, 'Quick Results: 4th All India Census of MSMEs, 2006-07', the percentage of units reported as closed and non-traceable stands at 29.81%. No data is available in respect of enterprises in poor state or sick units in 'Quick Results: 4th All India Census of MSMEs, 2006-07'.
- (d): 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 restructured 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.