

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

UNSTARRED QUESTION NO:4566
ANSWERED ON:07.12.2010
REVIVAL OF MSMES
Pandey Shri Ravindra Kumar

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

- (a) whether 72,723 micro and small units in the country including West Bengal and Uttar Pradesh as of March, 2010 were sick;
- (b) if so, whether the non-availability of loan in time, use of old technology and marketing problems are the main reasons behind it;
- (c) if so, whether the Government has taken any effective measures to bail out the said micro, small and medium enterprises in the country, including in Jharkhand; and
- (d) if so, the details thereof, State-wise?

Answer

MINISTER OF THE STATE (INDEPENDENT CHARGE) IN THE MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES
(SHRIDINSHA PATEL)

(a) & (b): As per the data compiled by the Reserve Bank of India (RBI) from the scheduled commercial banks, there were 77,723 sick micro and small enterprises (MSEs) in the country including West Bengal and Uttar Pradesh as at the end of March 2010. The main reasons for sickness are inadequate and delayed credit, obsolete technology, marketing problems, infrastructural constraints, managerial deficiencies, etc.

(c) & (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) which 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.

As per the information furnished by the RBI, 2,360 viable sick MSEs were put under nursing across the country including Jharkhand at the end of March 2010. The State/Union Territory-wise position is given at Annexure.