

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

UNSTARRED QUESTION NO:540

ANSWERED ON:24.02.2011

AFFECT ON MSMES DUE TO ECONOMIC SLOWDOWN

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

- (a) the contribution of Micro, Small and Medium Enterprises in the national market;
- (b) whether a number of MSMEs have been affected due to the recent global economic slow down;
- (c) if so, the details of the decrease in earnings and exports sector-wise and the number of units that have faced closure;
- (d) whether these industries are facing threat due to the entry of Multi National Companies in the country;
- (e) if so, whether the Government is finding any winning formulae to empower such industries to compete in the tough global market place;
- (f) if so, the details thereof; (g) whether the Government has provided a stimulus package for these industries; and (h) if so, the details thereof?

**Answer**

MINISTER OF MICRO, SMALL AND MEDIUM ENTERPRISES (SHRI VIRBHADRA SINGH)

(a):Based on the National Accounts Statistics, published by Central Statistics Office (CSO), contribution of micro, small and medium enterprises (MSMEs) to Gross Domestic Product (GDP) from 2006-07 to 2008-09 in the domestic market is estimated to be continuously rising as under:

Year Contribution of MSMEs (%) at 1999-2000 prices  
Total Industrial Production Gross Domestic Product

2006-2007	45.62	7.20
2007-2008	45.24	8.00
2008-2009	44.86	8.72

(b) & (c):Based on estimated projections, number of MSMEs have risen to 298.08 lakh in 2009-10 from 261.01 in 2006-07 despite recent economic global slowdown. As per Reserve Bank of India, 7723 enterprises were sick as on March 2010.

(d) to (f):No specific reports are available giving the extent to which Indian MSMEs may have been affected due to competition from big industries and multi-national corporations (MNCs). However, from the fact that annual growth rate of MSMEs has so far been consistently higher than that of country's industrial sector as a whole, it can be inferred that MSME sector has generally been able to face competition in the market, including that from big industries and MNCs.

(g) & (h):Keeping in view possible impact of global recession on MSMEs, Government, Reserve Bank of India (RBI) and Public Sector Banks had taken several measures for MSMEs which, inter alia, include: (i) extending loan limit under Credit Guarantee Scheme from Rs. 50 lakh to Rs.1 crore (with a guarantee cover of 50 per cent); (ii) increasing guarantee cover under Credit Guarantee Scheme from 80 per cent to 85 per cent for 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 (SMEs) and (iv) reduction in interest rates for borrowing by micro enterprises by 1 per cent and in respect of SMEs by 0.5 per cent.

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