

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

UNSTARRED QUESTION NO:397  
ANSWERED ON:07.07.2009  
CLOSURE OF MANUFACTURING UNITS  
Gandhi Smt. Maneka Sanjay

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

- (a) whether a large number of small scale industries have been closed down in various States of the country including Noida;
- (b) if so, the number of such industries that have been closed down, State-wise during each of the last three years and the current year alongwith the reasons therefore; and
- (c) the steps taken by the Government to save the said industries and to provide alternative employment opportunities?

**Answer**

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

(a) & (b): Based on the Third All India Census of SSIs with reference year 2001-02, out of 22,62,401 SSI units registered up to 31.03.2001, 39 per cent ( i.e. number 8,87,427) units were found closed. The State/UT-wise distribution of these closed units is given in the Annexure enclosed. The main reasons of closure include shortage of working capital, fall in demand of specific products, change in technology, shortage of raw material, marketing problems and increase in competition. The information on year-wise closure of small scale industries (SSIs) is not maintained centrally.

(c): The Reserve Bank of India (RBI) has announced several measures for reviving MSMEs which, inter alia, includes:

- (i) As a one time measure, the second restructuring done by banks of exposures up to June 30, 2009, will also be eligible for exceptional regulatory treatment; and
- (ii) While sanctioning/renewing credit limits to their large corporate borrowers, banks have been advised to fix separate sub-limits, within the overall limits, specifically for meeting payment obligations in respect of purchases from MSEs. Recently, the RBI has advised the banks to apply the Reserve Bank's guidelines on debt restructuring optimally and in letter and spirit and to put in place a non-discretionary one-time settlement scheme for the MSMEs. The Government has also issued an advisory to central public sector enterprises to ensure prompt payment of bills of MSMEs.

In addition, the Government has promulgated the Micro, Small and Medium Enterprises Development(MSMED) Act, 2006 to facilitate the promotion and development of MSMEs and to enhance their competitiveness. The Act, inter alia, provides for rigorous provisions to counter the problems of delayed payments to the micro and small enterprises.

The Government is running several programmes for entrepreneurship development, skill development, management development, etc. for new and existing entrepreneurs and for other persons to make them employable in the industries and service sector. Besides, Government has launched a new credit linked subsidy programme called Prime Minister's Employment Generation Programme (PMEGP) for generation of employment opportunities through establishment of micro enterprises in rural as well as urban areas.