

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

UNSTARRED QUESTION NO:500

ANSWERED ON:07.07.2009

SCHEME FOR REVIVAL OF SMALL SCALE INDUSTRIES

Swamygowda Shri N Cheluvaraya Swamy

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

- (a) the details of the various schemes implemented by the Government for revival of small scale industries;
- (b) the number of small scale industries, which as a result of implementation of the said schemes received revival packages, State-wise and industry-wise; and
- (c) the total contribution of the small scale industries to the gross domestic product of the country ?

Answer

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

(a) & (b): The Ministry of Micro, Small and Medium Enterprises does not provide any direct financial assistance for rehabilitation of sick micro and small enterprises (MSEs). However, 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 Reserve Bank of India (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, based on the "Policy Package for Stepping up Credit to Small and Medium Enterprises (SMEs)" 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 restructuring package and its implementation. Further, based on the recommendations of the Working Group under the chairmanship of Dr. K.C. Chakrabarty, the then Chairman and Managing Director, Punjab National Bank, the RBI has advised all scheduled commercial banks on May 4, 2009 to consider, for speedy implementation, the recommendations made with regard to timely and adequate flow of credit to the MSE sector. The Banks have also been advised 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 this sector.

As per the data compiled by the RBI from the scheduled commercial banks, 1,262 viable sick MSEs were put under nursing at the end of March 2008. The State/Union Territory-wise position is given at Annexure. The industry-wise information on sick MSEs put under nursing is not compiled by the RBI.

(c): The total contribution of MSE sector to the Gross Domestic Product (GDP) of the country during the year 2006-07 (latest available) is estimated at 5.94 per cent.