

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

UNSTARRED QUESTION NO:1004
ANSWERED ON:29.11.2012
ECONOMIC SLOWDOWN
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Will the Minister of MICRO, SMALL AND MEDIUM ENTERPRISES be pleased to state:

- (a): whether there has been a slowdown in the Micro, Small and Medium Enterprises, (MSMEs) sector;
- (b): if so, the details thereof and the reasons therefor; and
- (c): the steps taken by the Government to minimise the impact of slowdown and to protect this sector?

Answer

MINISTER OF STATE (INDEPENDENT CHARGE)FOR MICRO, SMALL AND MEDIUM ENTERPRISES (SHRI K.H. MUNIYAPPA)

(a)&(b): Madam, the Index of Industrial Production (IIP) data, as given in table below, indicates Industrial slowdown in recent years.

Year/ % Growth Rate
Month 2010 2011 2012

April	14.4	5.7	-1.8
May	8.9	6.3	2.6
June	7.9	11.1	-3.1
July	10.8	3.1	-0.4
August	4.7	3.9	2.4

Since MSMEs constitute part of Industrial Sector with representation in IIP, the slowdown in IIP also indicates slowdown in MSME sector.

The reasons for the slowdown can be mainly attributed to the demand contraction in Europe and United States which is adversely affecting exporting companies as well as those Indian MSMEs which are part of the Global supply chain.

(c): Government has taken several steps to minimise the impact of slowdown by facilitating marketing through market development assistance schemes, supporting adoption of state of the art technology through Credit Link Capital Subsidy Scheme (CLCSS), National Manufacturing Competitiveness Programme (NMCP) schemes and Credit Support Schemes, etc.