

**GOVERNMENT OF INDIA  
COMMERCE AND INDUSTRY  
LOK SABHA**

UNSTARRED QUESTION NO:518  
ANSWERED ON:23.11.2009  
LACK OF INITIAL CAPITAL FOR NEW INDUSTRIES  
Joshi Shri Pralhad Venkatesh

**Will the Minister of COMMERCE AND INDUSTRY be pleased to state:**

(a) whether there is lack of initial capital for establishment of new industries in the country; and

(b) if so, the details of capital investments in new industries during the last three years and the steps taken by the Government to promote availability of initial capital for new industries?

**Answer**

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE & INDUSTRY (SHRI JYOTIRADITYA M. SCINDIA)

(a)&(b): As per Central Statistical Organization, annual investment in the manufacturing sector in the country increased from Rs.2,27,877 crore in 2003-04 to Rs.7,42,350 crore in 2007-08. The year wise investment is indicated below:

Year Investment (Rupees in crore)

2003-04	227877
2004-05	384668
2005-06	493411
2006-07	617149
2007-08	742350

No separate data is maintained for investment by new and the existing establishments. Financial Institutions and Banks provide capital to industries on the basis of the project submitted to them and their assessment of viability of these projects. Private equity is also emerging a source of initial capital. Further, for Micro, Small and Medium Enterprises (MSME), SIDBI Venture Capital Ltd (SVCL) promoted by Small Industries Development Bank of India (SIDBI) is managing two venture capital funds, viz., the National Venture Fund for Software and Information Technology Industry (NFSIT) and the SME Growth Fund (SGF) to provide initial capital. SGF is a general fund with focus on the growth stage MSMEs in the areas of auto components, textiles, life sciences, clean technologies, retailing, light engineering, information technology, services, etc.

A MSME (Risk Capital) Fund has also been set up in SIDBI. During the year 2008-09, the operations in the fund were started by launching Direct Risk Capital Assistance for MSMEs and Assistance to Venture Capital Funds/Private Equity Funds. A total of Rs.373 crore has been committed out of the Fund during the financial year.