

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2441
ANSWERED ON:07.12.2012
REHABILITATION OF MSME
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Will the Minister of FINANCE be pleased to state:

(a) whether the Government has taken any steps for rehabilitation/debt restructuring of Micro, Small and Medium Enterprises; (fa) if so, the details thereof; (f) whether the Government has issued any guidelines regarding debt restructuring; and

(d) if so, the details thereof; and

(e) the number of companies who had applied for debt restructuring and given approval as on date?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a) to (e): Based on the recommendations of a Working Group constituted under the Chairmanship of Or. K. C. Chakrabarty with respect to rehabilitation of potentially viable sick units, the Reserve Bank of India (RBI) have advised all Scheduled Commercial Banks on 4th May 2009 to review and put in place micro and Small Enterprises (MSE) Loan policy. Restructuring/ rehabilitation policy and Non-discretionary One Time Settlement scheme for recovery of non-performing loans, duly approved by their respective Board of Directors. Banks have also been directed to give wide publicity to the Non-discretionary One Time Settlement scheme for recovery of non-performing loans for the MSE sector by notifying it on their bank's website and through other possible modes of dissemination.

However, to hasten the process of identification of a unit as sick, early detection of incipient sickness, and to lay down a procedure to be adopted by banks before declaring a unit as unviable, revised guidelines are issued for rehabilitation of sick units in the MSE sector by the RBI on 1st November 2012.

Besides these, prudential guidelines on restructuring of advances have also been issued which harmonises the prudential norms over all categories of debt restructuring mechanisms (other than those restructured on account of natural calamities).

The number of sick MSE, potentially viable enterprises and the enterprises under nursing with the amounts outstanding against them from March 2010 and onwards are as under:

As at end of March Total sick MSEs Potentially viable Viable enterprises under nursing
Number Amount O/s Number Amount O/s Number Amount O/s

2010	77723	5233.15	9160	964.75	2360	478.84
2011	90141	5211.25	7118	1112.98	4698	518.30
2012	88591	6790.25	10315	1721.19	6648	468.25

Source: RBI

The above table shows that the total number of sick units has decreased by 5.05% in the year ended March 2012. Banks have put 64.4% of the viable units under nursing as compared to 25.8% at the end of March 2010.