

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

STARRED QUESTION NO:171

ANSWERED ON:01.12.2009

SICK MSMEs

Naranbhai Shri Kachhadia;Rathwa Shri Ramsinhbhai Patalbhai

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

- (a) the details of the sick and closed Micro, Small and Medium Enterprises (MSMEs), State- wise;
- (b) the details of assistance provided to revive such enterprises during each of the last three years and the current year, State-wise;
- (c) whether there is any proposal to decontrol MSMEs from the Government control/ regulations;
- (d) if so, the details thereof; and
- (e) the details of the criteria adopted to reserve various items for MSMEs alongwith the names of reserved items and recent changes made in this regard by the Government, if any?

Answer

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

(a) to (e) : A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) IN RESPECT OF THE LOK SABHA STARRED QUESTION NO.171 FOR ANSWER ON 01.12.2009

(a): As per the data compiled by the Reserve Bank of India (RBI) from the scheduled commercial banks, there were 1,02,951 sick micro and small enterprises (MSEs) in the country as at the end of March 2009. Information in respect of medium enterprises is not being collated by the RBI. As per the quick results of Fourth All India Census of Micro, Small and Medium Enterprises (MSMEs) for the reference year 2006-07, out of 22,10,328 MSMEs registered/ entrepreneurs memorandum filed up to 31st March 2007, 4,80,946 enterprises were found closed. The State-wise position of sick MSEs and closed MSMEs is given at Annexure I.

(b): 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 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 on debt restructuring mechanism for small and medium enterprises (SMEs) which 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, the RBI has advised all scheduled commercial banks on May 4, 2009 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 the MSE sector.

(c) & (d): The MSMEs are governed by the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 which has come into force from 2nd October, 2006. The MSMED Act provides for facilitating the promotion and development of MSMEs and enhancing their competitiveness. There are no control/regulations laid down specifically for MSMEs.

(e): The criteria adopted to reserve various items for exclusive manufacture by MSEs, inter alia, include the nature of article/class of articles which may be produced economically, level of employment generation, possibility of encouraging and diffusing entrepreneurship and prevention of concentration of economic power to the common detriment. The list of items reserved for exclusive manufacture by MSE sector was last reduced from 35 to 21 items in October 2008. The items presently reserved for exclusive manufacture by the MSE sector is given at Annexure-II.