

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

UNSTARRED QUESTION NO:805

ANSWERED ON:24.11.2009

UPGRADATION OF MSME

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

- (a) whether there is any proposal to develop the Micro, Small and Medium Enterprises (MSME) to increase their competitiveness with better infrastructure;
- (b) if so, the details thereof;
- (c) whether there is any proposal to launch a comprehensive integrated cluster development programme to revive those clusters which were affected by the economic slowdown;
- (d) if so, the details thereof;
- (e) whether the small industrial units have requested for a special package for their rejuvenation to push up the demand for and enhance the sale of their products at competitive prices in the wake of global recession;
- (f) if so, the steps taken by the Government in this regard;
- g) whether there is any plan to upgrade MSME products with the help of foreign designers; and
- h) if so, the details thereof?

Answer

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

(a) to (d): The Government is implementing the National Manufacturing Competitiveness Programme (NMCP) with the objective of enhancing the competitiveness of micro, small and medium enterprises (MSMEs) and to adjust to the competitive pressure caused by globalization. The NMCP schemes would facilitate setting up of Mini Tool Rooms, Design Clinics, IPR facilitation Centres, etc. to enable the MSMEs to enhance their competitiveness.

The Government is also implementing a comprehensive integrated cluster development programme for Micro and Small Enterprise clusters viz. Micro and Small Enterprises-Cluster Development Programme. This, inter-alia, includes the erstwhile Integrated Infrastructural Development Scheme (IID). Under this scheme, financial assistance is provided for creation and upgradation of industrial infrastructure in industrial estates / clusters, training, capacity building, creation of awareness, programmes on technology upgradation, quality improvement, setting up of common facility centers, etc. Till date, the Ministry of MSME has undertaken cluster development interventions in 438 clusters.

(e) and (f): Keeping in view the impact of global / domestic economic slowdown on MSMEs, the Government, the Reserve Bank of India (RBI) and the Public Sector Banks have taken several measures for protecting and providing a stimulus to the MSMEs which, inter alia, include

- (i) extending the loan limit under Credit Guarantee Scheme from Rs. 50 lakh to Rs. 1 crore with a guarantee cover of 50 per cent;
- (ii) increasing the guarantee cover under Credit Guarantee Scheme from 80 per cent to 85 per cent for credit facility up to Rs. 5 lakh;
- (iii) interest subvention of 2 percent in pre and post-shipment export credit;
- (iv) refinance limit of Rs. 7,000 crore to Small Industries Development Bank of India (SIDBI) for incremental on-lending to MSE sector;
- (v) grant of need-based ad hoc working capital demand loans up to 20 per cent of the existing fund-based limits; and
- (vi) reduction in interest rates for borrowing by micro enterprises by 1 per cent and in respect of SMEs by 0.5 per cent.

(g) and (h): Under National Manufacturing Competitiveness Programme (NMCP), the Ministry of MSME has taken up Design Clinic Scheme to bring the MSME sector and design expertise into a common platform to provide expert advice and solutions on design

problems. Under the scheme, the expertise of designers including foreign designers will be provided.