

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

STARRED QUESTION NO:130
ANSWERED ON:14.08.2013
IMPACT OF GLOBAL RECESSION IN MSMES
Mahato Shri Narahari;Roy Shri Nripendra Nath

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

- (a) whether Micro, Small and Medium Enterprises (MSMEs) have been affected by global recession, particularly in the European countries;
- (b) if so, the details thereof including the details of loss of jobs caused due to recession;
- (c) whether the Government has formulated any scheme to bail out these enterprises;
- (d) if so, the details thereof and the number of enterprises provided benefits under the said scheme; and
- (e) if not, the reasons therefor?

Answer

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

(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. 130 FOR ANSWER ON 14.08.2013.

(a): Madam, as per Draft Twelfth Five Year Plan (2012-17) document, there has been a deceleration in the growth of manufacturing sector, as evidenced by the fall in rate of growth of GDP of the manufacturing sector (at factor cost at 2004-05 prices) from 9.7% in 2009-10 to 3.9% in 2011-12. The document attributes the deceleration of growth of manufacturing sector, inter alia, to global economic meltdown including fragile economic recovery in United States and European countries. Consequently, micro, small and medium enterprises (MSMEs) have also been affected by global recession as they contribute more than 40 per cent of the output of overall manufacturing sector. Fall in growth of Indian exports following fall in growth of European Union (EU) imports from the rest of the world is shown in Annexure for some important sectors where MSMEs have average to significant presence in domestic manufacturing.

(b): Labour Bureau, Ministry of Labour and Employment, has been conducting quarterly quick employment sample surveys in the selected labour-intensive and export-oriented sectors to assess the effect of economic slowdown on employment in India. As per these Surveys, increase in overall employment in eight selected sectors of the economy viz., Textiles, Metals, Gems & Jewellery, Automobiles, Transport, IT / BPO, Leather and Handloom / Powerloom was as follows:

Increase in Employment

| Year | Increase in Employment (in lakh) |
|---------|-------------------------------------|
| 2009-10 | 10.60 |
| 2010-11 | 9.79 |
| 2011-12 | 8.37 |
| 2012-13 | 3.48 |

(c) to (e): The Government is laying thrust on the implementation of ongoing schemes / programmes to enhance competitiveness and productivity of MSMEs which include National Manufacturing Competitiveness Programme (NMCP), Credit Linked Capital Subsidy Scheme (CLCSS) and Micro and Small Enterprises - Cluster Development Programme (MSE-CDP). The total plan budget allocation under various schemes of the Ministry has been enhanced from Rs.2,835 crore in 2012-13 to Rs.2,977 crore in 2013-14. Under NMCP and CLCSS, 5,984 and 22,007 units respectively have been benefitted till 31st March, 2013. Further, interest subvention of 2% on rupee export credit, which was earlier available to Handicrafts, Carpets, Handlooms and Small and Medium Enterprises

(SMEs), has been widened to include Toys, Sports Goods, Processed Agriculture Products, Readymade Garments and 235 tariff lines of Engineering Products and the scheme extended up to 31st March, 2014.