

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

STARRED QUESTION NO:161  
ANSWERED ON:09.03.2015  
REVISION OF INVESTMENT LIMIT OF MSME  
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**Will the Minister of MICRO, SMALL AND MEDIUM ENTERPRISES be pleased to state:**

- (a) the investment limit prescribed for the Micro, Small and Medium Enterprises (MSMEs) units in the country;
- (b) whether the Government proposes to revise the investment limit taking inflation into account and if so, the details thereof;
- (c) the share of contribution of MSMEs in the Gross Domestic Product and exports of the country along with the incentives/subsidies planned and provided to MSMEs sector;
- (d) whether a large number of MSMEs are starved of adequate capital by the banks and other financial institutions and if so, the credit extended to them during the last two years and the current year, State and year-wise; and
- (e) the steps taken for the promotion of MSME especially in rural areas?

**Answer**

MINISTER OF MICRO, SMALL AND MEDIUM ENTERPRISES (SHRI KALRAJ MISHRA)

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

STATEMENT REFERRED TO IN REPLY TO PARTS (a) to (e) OF THE LOK SABHA STARRED QUESTION NO. 161 FOR ANSWER ON 09 MARCH 2015

(a): As per Micro, Small and Medium Enterprises Development (MSMED) Act, 2006, the investment limit prescribed for Micro, Small and Medium Enterprises (MSMEs) in the country is as under:

Manufacturing enterprises:

- (i) Micro enterprise: Investment in plant and machinery upto Rs. 25 lakh
- (ii) Small enterprise: Investment in plant and machinery from Rs. 25 lakh to Rs. 5 crore.
- (iii) Medium enterprise: Investment in plant and machinery from Rs.5 crore to Rs. 10 crore.

Service enterprises:

- (i) Micro enterprise: Investment in equipments upto Rs.10 lakh.
- (ii) Small enterprise: Investment in equipments from Rs.10 lakh to Rs. 2 crore.
- (iii) Medium enterprise: Investment in equipments from Rs.2 crore to Rs. 5 crore.

(b): The Government has proposed to revise the Investment limit to classify Micro, Small and Medium Enterprises under MSMED Act, 2006 considering the increase in the price index and cost of input, which are the indicators of inflation, and have invited comments from stakeholders in this regard.

(c) to(e): On the basis of the data on Gross Domestic Product (GDP) published by Central Statistics Office (CSO), Ministry of Statistics & Programme Implementation and final results of the latest Census (Fourth Census), the estimated contribution of MSME Sector to GDP during 2010-11, 2011-12 and 2012-13 are 36.69%, 37.97% and 37.54% respectively.

As per Directorate General of Commercial Intelligence and Statistics (DGCI&S) estimated data, the share/contribution of MSMEs in export during 2011-12, 2012-13 and 2013-14 is 43%, 43% and 42.40% respectively.

MSMEs face constraints in accessing credit facilities from institutional sources which include inadequate and timely credit, high cost of credit, collateral requirements, etc. MSMEs do have the disadvantage of being perceived as high risk category by Banks. To

mitigate the problem of risk perception amongst banks and facilitate enhanced credit, the Government launched Credit Guarantee Fund Scheme for Micro and Small Enterprises (CGTMSE) in August, 2000 to provide guarantee cover for collateral free credit facilities extended to Micro and Small Enterprises (MSEs). Under the scheme, guarantee cover is provided to collateral free credit facility extended by Member Lending Institutions (MLIs) to the new as well as existing small enterprises on loans up to Rs. 100 lakh. CGTMSE is very popular amongst the MSEs and its MLIs. The scheme is getting good response from the MLIs and MSEs as reflected in the substantial increase in guarantee approval under the scheme. The coverage under the scheme has significantly increased over the years with cumulatively 17,47,225 proposals approved for guarantee cover for a total sanctioned loan amount of Rs. 86,924.53 crore as on 31st January, 2015. As regards the credit extended by scheduled commercial banks to MSEs during last three years, the State-wise details as per RBI are given in the Annexure - I.

Ministry of MSME has been implementing a credit-linked subsidy programme named Prime Minister's Employment Generation Programme (PMEGP) through Banks with Khadi and Village Industries Commission (KVIC) as nodal agency at the national level for generating employment in the Country by setting up of micro-enterprises in the non-farm sector. State-wise release of margin money subsidy which is treated as target as also the achievements in term of the margin money subsidy utilized, the corresponding number of projects assisted and estimated employment generated during the last two years and current year is given at Annexure – II, III & IV respectively.

Ministry of MSME has also been implementing various schemes and programmes for promotion of Micro, Small and Medium Enterprises (MSMEs) at all India level including rural and urban areas. The major schemes/programmes include PMEGP, Market Development Assistance, Interest Subsidy Eligibility Certificate Scheme, Scheme for Enhancing Productivity and Competitiveness of Khadi Industry and Artisans, Workshed Scheme for Khadi Artisans, Scheme of Fund for Regeneration of Traditional Industries (SFURTI), Khadi reform and Development Programme, Coir Udyami Yojana, Mahila Coir yojana, Credit Guarantee Scheme, Credit Linked Capital Subsidy Scheme (CLCSS), National manufacturing Competitiveness Programme, Cluster Development Programme and Skill Development Programme, etc. For implementing various schemes for the development of MSMEs, Government has allocated Rs. 2,700.00 crore, Rs. 2,835.00 crore, Rs. 2,977.00 crore and Rs.3,327.00 crore for 2011-12, 2012-13, 2013-14 and 2014-15 respectively.