

**GOVERNMENT OF INDIA
SMALL SCALE INDUSTRIES
LOK SABHA**

STARRED QUESTION NO:109
ANSWERED ON:09.12.2003
COMPREHENSIVE LEGISLATION FOR THE SSI
A. VENKATESH NAIK;IQBAL AHMED SARADGI

Will the Minister of SMALL SCALE INDUSTRIES be pleased to state:

- (a) whether the Union Government has decided to formulate a comprehensive legislation for the small scale industries sector;
- (b) if so, the details thereof;
- (c) whether it is a fact that the expert group had recommended in 1997 that there should be a separate law for small enterprises with the objective of defining the sector and outlining the broad framework for its promotion;
- (d) if so, the details thereof;
- (e) whether the Union Government is planning to redraft the Small Enterprise Development Bill, 2003;
- (f) whether the Small Scale Industries have requested the Union Government to provide purchase preference to them;
- (g) if so, the action taken by the Union Government in this regard; and
- (h) the other incentives given by the Union Government to Small Scale Industries to enable them to compete in the open market?

Answer

ANSWERMINISTER OF SMALL SCALE INDUSTRIES AND MINISTER OF DEVELOPMENT OF NORTH EASTERN REC
C. P. THAKUR) ANSWER

(a) to (h): A Statement is laid on the Table of the House. STATEMENT ATTACHED TO THE REPLY TO LOK SABHA QUESTI
NO. 109 FOR REPLY ON 09.12.2003

(a) & (b): Government have formulated the draft legislation viz `Small Enterprises Development Bill, which seeks to address concerns of the Small Scale Industries (SSI) sector related to credit, marketing, trade protection, labour related returns/inspections, registration of SSI units, Government Purchases, etc.

(c) & (d): Yes, Sir. The Expert Committee on Small Enterprises constituted under the Chairmanship of Shri Abid Hussain in 1997 had recommended a separate law for small enterprises. The Committee had further recommended that `the objective of the law would be to define the small enterprises sector and outline the broad framework for the promotion of the sector`.

(e): The Union Government had entrusted a study for simplification of laws, rules procedures affecting small scale industries sector and the task of suggesting a Single Comprehensive Law for SSIs to the Administrative Staff College of India (ASCI), Hyderabad. ASCI attempted the Small Enterprises Development Bill for SSIs. The draft Bill prepared by the ASCI was presented to the members of SSI Board in its 47th Meeting held on 4th July, 2002. Thereafter, the draft was circulated to all concerned and based on the feedback received, ASCI prepared a revised draft. Comments were again sought from the State Governments and other stake holders. Taking into consideration the comments received, the Small Enterprises Development Bill has been redrafted by the Union Government.

(f) & (g): A Government Stores Purchase Programme for Small Scale Industries (SSIs) already exists wherein 358 items are reserved for exclusive purchase from small units and a price preference upto 15% is admissible to SSIs.

(h): The promotion and development of SSIs has been a conscious policy of Government as is evidenced by various measures announced from time to time. A Comprehensive Policy Package was announced by the Government in August, 2000 to enhance the domestic and global competitiveness of small scale industries through inter alia, easier access to credit, technology, infrastructure, marketing and entrepreneurship development. In addition, Government and the Reserve Bank of India have also announced various other measure/incentives including instructions to banks to provide credit to SSIs at interest within a band of 2% plus minus Prime Lending Rate (PLR), introduction of Laghu Udyami Card Scheme selective enhancement of investment limits etc. to enable SSIs to compete successfully in the open market.