

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

UNSTARRED QUESTION NO:903

ANSWERED ON:01.08.2006

INCREASED PRODUCTION BY SMALL AND MEDIUM SCALE ENTERPRISES

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

- (a): whether production of small and medium scale enterprises have increased manifold during the last few years;
- (b): if so, the details thereof;
- (c): whether certain Small Scale Units are sick due to deficiencies in demand, shortage of working capital and poor marketing set-up; and
- (d): the measures taken by the Government to remove the bottlenecks and make them viable?

Answer

MINISTER OF SMALL SCALE INDUSTRIES & AGRO AND RURAL INDUSTRIES (SHRI MAHABIR PRASAD)

(a)&(b): There has been continuous growth in production of the small scale industries as may be seen from the table given below:
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(c): According to the Reserve Bank of India (RBI), which compiles data on sick small scale industries accessing credit from scheduled commercial banks, the number of sick small scale industries as at the end of March, 2006 was 1,24,565. The Third All India Census of registered small scale industries (2001-02) identified the reasons of sickness which, inter alia, include lack of demand, shortage of working capital, non-availability of raw materials, labour problems, marketing problems and management problems.

(d): The RBI has issued guidelines to banks from time to time on detection of sickness in small scale industries (SSI) at an early stage and taking remedial measures and for rehabilitation of sick SSI units identified as potentially viable.

After the detailed guidelines of 16th January 2002, the RBI has issued fresh guidelines on 8th September 2005, based on 'Policy Package for Stepping up Credit to Small and Medium Enterprises (SMEs)' announced by the Central Government on 10th August 2005. These guidelines relate, inter alia, to viability criteria, prudential norms for restructured accounts, provision of additional finance, time frame for working out the restructuring package and its implementation.

The banks have also been advised by the RBI to review the progress in rehabilitation and restructuring of SME accounts on a quarterly basis. State Level Inter-Institutional Committee has also been set up in each State under the convenorship of RBI representative to, inter alia, monitor the implementation of these guidelines.