

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

UNSTARRED QUESTION NO:2843
ANSWERED ON:12.12.2006
CLOSURE OF SSI
Badiga Shri Ramakrishna

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

- (a): the number of closed Small Scale Industries units as on date in the country particularly in Andhra Pradesh, State-wise;
- (b): whether any study has been conducted to find out the reasons for closure of above units;
- (c): if so, the details thereof and action taken by the Government on such study;
- (d): the guidelines issued by RBI for detection and revival of sick SSI units in the country; and
- (e): the manner in which Government proposes to assist SSI units to come out of sickness?

Answer

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

(a): Information on closed small scale industries (SSI) is not maintained centrally. However, during the Third All India Census of SSIs, with reference year 2001-02, 8,87,427 units out of 22,62,401 registered units were found closed. The State-wise details, including the State of Andhra Pradesh, are given in the enclosed Annexure.

(b)&(c): A sample survey of SSI units registered upto March 1998 was conducted in 2000-01. According to this survey, the reasons for closure included, inter alia, marketing and finance problems, shortage of raw material, obsolescence of technology, shortage of power supply, increased competition and delayed payment on supplies. Government implements several schemes/programmes in the areas of credit, technology upgradation, marketing, infrastructural development, etc., to help SSIs become globally competitive. These schemes/programmes include Credit Linked Capital Subsidy Scheme, Small Industry Cluster Development Programme and ISO-9000/14001 Certification Fee Reimbursement Scheme. Further, the Government has enacted the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 to facilitate the promotion and development of micro, small and medium enterprises and enhancement of their competitiveness. The Act has come into effect from 2 October 2006.

(d)&(e):The Reserve Bank of India (RBI) issued detailed guidelines to banks in January 2002 on detection of sickness in SSI at an early stage, taking remedial measures and rehabilitation of potentially viable sick SSI units. As a sequel to the 'Policy Package for Stepping up Credit to Small and Medium Enterprises (SMEs)' announced by the Government in August 2005, the RBI has also issued guidelines in September 2005 on debt restructuring of small and medium enterprises (SMEs) to facilitate restructuring of debt of all eligible SMEs. Banks have been advised by the RBI to review the progress of rehabilitation and restructuring of SME accounts on a quarterly basis. The State Level Inter-Institutional Committees (SLIIC), set up in each State under the convenorship of the RBI representative, also monitors, inter alia, the implementation of these guidelines.