

GOVERNMENT OF INDIA
MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES
RAJYA SABHA
QUESTION NO 07.03.2011
ANSWERED ON
REVIVAL OF SMALL SCALE INDUSTRIES

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MISS MABEL REBELLO

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

- (a) the number of small scale industries closed down during the last five years;
- (b) the number of people who have lost their employment on account of this, State-wise and year-wise;
- (c) the main reasons for closure of these small scale industries; and
- (d) how Government proposes to revive these small scale industries since they generate large number of employment opportunities?

ANSWER

MINISTER OF MICRO, SMALL AND MEDIUM ENTERPRISES (SHRI VIRBHADRA SINGH)

(a) & (b) Information on closure among Micro, Small and Medium Enterprises (MSMEs) in registered sector is obtained through conduct of periodic census of MSMEs. As per results of Fourth All India Census of MSMEs in registered sector, the cumulative number of enterprises closed down in the country was 4.96 lakhs, as on 31.3.07. Number of people employed by these MSMEs is 93.09 lakhs, as per 4th All India Census (2006-07), which grew by 51.04% compared to 3rd All India Census (2001-02). Hence there has been no net loss of overall employment.

(c) & (d) Main reasons for closure are financial non-viability due to changing business environment, lack of demand, obsolete technology, non-availability of raw material, infrastructural constraints, inadequate and delayed credit and managerial deficiencies.

Keeping in view different constraints on MSMEs, Government, Reserve Bank of India (RBI) and Public Sector Banks had taken several measures for MSMEs which, inter alia, include:

- (i) extending loan limit under Credit Guarantee Scheme from Rs. 50 lakhs to Rs. 1 crore (with a guarantee cover of 50 per cent);
- (ii) increasing guarantee cover under Credit Guarantee Scheme from 80 per cent to 85 per cent for credit facility up to Rs. 5 lakhs;
- (iii) interest subvention of 2 per cent in pre- and post-shipment export credit to small and medium enterprises (SMEs) and
- (iv) reduction in interest rates for borrowing by micro enterprises by 1 per cent and in respect of SMEs by 0.5 per cent.