

GOVERNMENT OF INDIA
MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

LOK SABHA
UNSTARRED QUESTION NO. 4940
TO BE ANSWERED ON 25.03.2021

SUPPLY OF RAW MATERIAL TO MSMEs

4940. DR. SHASHI THAROOR:
SHRI LALLU SINGH:
SHRI TAPIR GAO:

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

- (a) whether the Government has taken any step to aid manufacturing MSMEs in obtaining raw materials at a subsidised cost as rising prices of raw materials have severely affected their operations and if so, the details thereof;
- (b) whether the Government has considered alternatives to help MSMEs in obtaining raw materials such as allowing imports of certain raw materials to help supply and if so, the details thereof;
- (c) whether the Government has taken step to ensure that the existing supply of raw materials such as steel and iron ore are diverted to Indian MSMEs on a priority basis instead of being exported and if so, the details thereof;
- (d) whether the Government proposes to assist investment in machinery to manufacturing MSMEs by offering the same at subsidised prices and if so, the details thereof;
- (e) whether the Government has taken any additional steps to reduce the cost of workers returning to MSMEs or have PSUs renegotiate contracts more leniently with MSMEs and if so, the details thereof; and
- (f) the steps taken/being taken by the Government to stabilize the prices of raw materials so that MSMEs can work to their full potential?

ANSWER

MINISTER OF MICRO, SMALL AND MEDIUM ENTERPRISES
(SHRI NITIN GADKARI)

(a) & (b): To ensure regular supply of raw material to MSMEs, National Small Industries Corporation Ltd. (NSIC), a public sector undertaking under the Ministry of MSME, facilitates MSMEs in meeting their raw material requirements. For this purpose, NSIC enters into arrangements with bulk manufacturers for supply of raw materials to MSMEs. NSIC also provides financial assistance to MSMEs under its Raw Material Assistance Scheme against bank guarantee for payment to suppliers. The details of Raw Material Distribution by NSIC during the last & current year are as under:-

Year	Qty. MT	Value (Rs. In Lakh)
2019-20	243422.14	123549.04
2020-21 (upto Jan.2021)	188082.05	120831.88

(c) to (f): Government of India has taken various steps to ensure continuous supply of raw materials to MSMEs. Some of the steps taken to meet the raw material demands of MSMEs in the Steel Sector are as under:-

- (i) Guidelines have been issued on 24.06.2020 by Ministry of Steel for providing limited quantum of four product categories of steel (hot rolled coil, cold rolled coil, wire rods and alloy steel bars) to MSME members of Engineering Export Promotion Council (EEPC) at export parity price by domestic producers.
- (ii) Relief has also been provided to metal recyclers by exempting Basic Customs Duty (BCD) on steel scrap and reducing BCD to 2.5% on copper scrap as well as revocation/temporary revocation of ADD and CVD on certain steel products.
- (iii) Besides, production of iron ore and steel by mining companies and major steel producers has been increased to ensure steady availability of steel for use by MSMEs.

Further, Ministry of MSME is implementing various schemes and programmes for growth and development of MSME Sector in the country. These programmes are aimed at providing credit support for new enterprise creation as well as expansion of existing enterprises, skill development, technology upgradation, enhancing competitiveness and marketing support to MSMEs. Under the Aatma Nirbhar Bharat Abhiyan, several measures have been taken for MSME sector which include Rs. 20,000 crore Subordinated Debt For Stressed MSMEs, Rs. 50,000 crore equity infusion through MSME Fund of Funds and Rs. 3.00 lakh crore Emergency Credit Line Guarantee Scheme for MSMEs.
