

Poor publicity hampers scheme for MSMEs

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Chennai, March 17

With less than a fortnight for the fiscal to close, the CDR scheme for micro, small and medium enterprises is in the danger of not meeting with the desired success, because of poor publicity given to the scheme by banks.

On January 2, the RBI brought in the corporate debt restructuring scheme for MSMEs, under which banks would restructure such debts of these units which were good as of September 1, 2008 but subsequently turned delinquent.

"The scheme is going the OTS way," says Mr D.E. Ramakrishnan, President of Industrial and Financial Reconstruction Association

for Small and Tiny Enterprises and Member, National Board for Micro, Small and Medium Enterprises, referring to the 'One Time Settlement' scheme of 2004, brought in for the benefit of the small-scale units.

The OTS did not meet with the desired level of success essentially because not many units were aware of the scheme. Consequently, they could not go to the bank with their proposals for settlement.

The current CDR scheme is headed the same way, feel many small-scale industry leaders. Mr Ramakrishnan says that in Tamil Nadu, there are at least 1.5 lakh small units eligible for restructuring. Against this,

4,287 accounts were taken up for restructuring as of February-end, involving an amount of Rs 1,147 crore.

These 4,287 units, according to Mr Ramakrishnan, are the "creamy layer" of the MSME, who are worldly-wise enough to seize opportunities. "It is truly the rest of the units — the smallest of small — that are in dire need of restructuring," says Mr Ramakrishnan.

The case of Tamil Nadu is a fit sample of what is happening in the whole of the country, where there are 1.28 crore registered MSMEs.

SPREADING AWARENESS

Asked for a reaction to this, at least two Chairmen and

Managing Directors of public sector banks said that the banks were holding meetings with small industry representatives to spread awareness.

"Last week, we held in Chennai, our thirteenth meeting with small and medium enterprises," said Mr Albert Tauro, Chairman and Managing Director, Vijaya Bank. He said that small industry associations also ought to play their role in publicising the scheme among their members.

The Chairman and Managing Director of Andhra Bank, Mr R.S. Reddy, said the scheme was attracting good response.

He too stressed on the role of industry associations in

publicising the event.

However, not many industry associations are themselves aware of the scheme.

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