

# MSME ministry seeks Rs 5.5k cr from finmin to revive sick units

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THE ministry of micro, small and medium enterprises has sought Rs 5,500 crore from the finance ministry over the next three to five years for establishing rehabilitation funds for revival of potential sick units and for taking up measures that will make the MSME sector commercially viable.

With the sector hit hard by the global financial crisis, the ministry has also asked for an extension of the support measures specific to MSME's as specified in the stimulus package last year.

This follows the recommendation of a task force that looked into the specific needs of the sector and suggested measures that will infuse growth potential among the smaller entities and make them competitive.

The report of the task force which was up before Prime Minister Manmohan Singh last week is now under circulation in the ministries of commerce, labour and heavy industries.

"We expect that the recommendations should be implemented within next six months," said minister of state for micro, small and medium enterprises Dinsha Patel.

The recommendations of the task force aims to give these smaller firms an easy access to financial credit.

With availability of credit being a major concern for the sector, the task force has also called for a strict adherence mechanism to ensure that commercial banks meet their stipulated targets of 20% YoY growth towards micro and small enterprise lending, with 60% apportionment for micro sector.

The credit flow by banks is also likely to be tracked electronically and through the proposed setting up of a Standing Review Committee to monitor the flow of credit.

In a bid to make the sector environment friendly, the ministry seeks to spend Rs 1,500 crore, from the enhanced package of Rs 5,500 crore (if granted) to support clean technology initiatives of different ministries involved with MSME growth.

The introduction of a public procurement policy for MSME's at the earliest, which is one of the recommendations put up, will see the sector get a regular flow of business coming up to them, an official, on condition of anonymity, explained.

It has been suggested that procurement policy may set a goal for government departments and PSU's to reach within a stipulated period a target of at least 20% of their annual volume of purchases from MSE's.