

And now, SMEs get an exit policy

A MEDICINE FOR SICKNESS

THE MSME SCORECARD

15.6 lakh

Number of working units

5.0 lakh

Number of closed units

1.8 lakh
Number of sick units



DECODING THE NEW POLICY

- An entrepreneur will have to close down the sick unit and sell the property within a time period
- If an unit suffers from incipient sickness, funds should be given to it for revival
- If the unit is totally sick and becomes dysfunctional, it should be closed

WHAT IT AIMS

- To avoid bank accounts becoming non-performing assets (NPAs) or bad assets
- An entrepreneur should not get stuck for years in the sickness problem.

ht EXCLUSIVE

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NEW DELHI: Vishakhapatnam-based small entrepreneur P Anand Rao and thousands across India can finally breathe easy. The government has finally decided to come up with the much-awaited exit policy for sick and closed industrial units in the small and medium enterprises (SME) sector.

After Rao's unit became sick and he failed to clear his bank dues, his accounts turned into non-performing assets (NPAs) or bad loans. Debt-ridden, Rao is now known as the "defaulter".

The policy may help such entrepreneurs to get rid of the "defaulter" tag. The policy will

give sick and closed SMEs an exit route to get rid of their statutory dues, bank liabilities and money owed to creditors.

The ministry of micro, small and medium enterprises (MSME) is working on the final draft of the exit policy, sources said.

"The policy will give specific time to sick units for settling their issues and should create a win-win situation both for the entrepreneur and the bank," a senior ministry official told *HT*.

"There is a need of a single institutional mechanism to deal with multiple agencies and if this policy comes into effect, it'll help an entrepreneur to get free from increasing debts," said VK Agarwal, president, Federation of Indian Micro & Small and Medium Enterprises (FISME).