



PHARMACEUTICALS EXPORT PROMOTION COUNCIL

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News / Story reproduced with thanks:- **Pharmabiz**

CLCSS fails to attract large number of MSEs as expected by DoP

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Joseph Alexander, New Delhi

Direct link to the News/Story:-

<http://www.pharmabiz.com/article/detnews.asp?articleid=55705§ionid=>

Despite the aggressive efforts from the Pharmaceutical Department by holding workshops and assuring liberal support, the much hyped Credit Linked Capital Subsidy Scheme (CLCSS) is yet to pick up in a big way, though it did make some momentum after the government relaxed the norms last year.

Though the DoP was pushing the small and medium scale companies to avail the credit after relaxing norms to include 179 technologies required for Schedule M compliance on July 13, 2008, only around 35 units have come and took the benefit till March 31, as per the information available with the Micro, Small and Medium Enterprises (MSME) Ministry.

As many as 160 drugs and pharmaceutical micro and small enterprises (MSEs) have availed subsidy of Rs 7.75 crore since the inception of the CLCSS scheme till March 31, sources said. But the data showed that as many as 126 of them had taken loans to the tune of Rs 5.54 crore under the scheme before the relaxation of the norms. Thus, only 34 units came up for the loan with a total sum of Rs 2.21 crore during the last eight months, notwithstanding the efforts by the authorities to lure them.

However, when compared to the earlier progress of the scheme during the nine years till July, 2009, the scheme did pick up some momentum after the CLCSS was expanded. Figures showed that the total amount of loans disbursed under CLCSS for all the 48 sectors was just five crore in 2000 to 2001. It remained almost the same for five years, before picking up to Rs 25 crore in 2005-06. It further went up to Rs 73.63 crore in 2006-07 and to Rs 76.4 crore during 2007-08. The total amount given during 2008-09 was Rs 108.88 crore. The exact amount given exclusively to the pharma sector was not available for these years.

But, the expectation of the DoP that around 3000 SSI pharma units can take advantage out of it and avail upto Rs 400 crore after the relaxation of norms, the target still remains a distant dream. As found out by the department in its analysis earlier, the industry is still having a 'wait and watch' attitude.

Industry sources said that the units still preferred something like the proposed Pharmaceutical Technology Upgradation Fund (PTUF) which has been held up by the Planning Commission. Although CLCSS provides a relief in the form of capital subsidy at the rate of 15 per cent as per the relevant provisions, the point remains that SSI has to repay 85 per cent of the loan in due course.