

GOVERNMENT OF INDIA
MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

LOK SABHA
UNSTARRED QUESTION NO. 774
TO BE ANSWERED ON 07.12.2023

FOREIGN INVESTMENT IN MSME SECTOR

774. SHRIMATI POONAM MAHAJAN:
MS. DEBASREE CHAUDHURI:

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

- (a) whether the Government is aware of the need for foreign investment in the Micro, Small and Medium Enterprises (MSMEs) sector in the country;
- (b) if so, whether any study has been conducted on the advantages and disadvantages of foreign investment in MSMEs sector from competitiveness and viability point of view;
- (c) if so, the details thereof and if not, the reasons therefor; and
- (d) the action taken/proposed to be taken by the Government to improve viability, income and employment in MSME sector?

ANSWER

MINISTER OF STATE FOR MICRO, SMALL AND MEDIUM ENTERPRISES
(SHRI BHANU PRATAP SINGH VERMA)

(a): Foreign Direct Investment (FDI) is an enabling policy, which is uniformly applicable irrespective of scale and size of eligible investee entities. To promote FDI, the Government has put in place an investor-friendly policy, wherein most sector/activities including Micro, Small and Medium Enterprises (MSMEs) except certain strategically important sectors/activities are open for 100% FDI under the automatic route, subject to sectoral laws, regulations/rules, security conditions and state/local/laws/regulations.

(b) & (c): No specific study has been conducted on the advantages and disadvantages of foreign investment in MSMEs sector from competitiveness and viability point of view by the Ministry.

(d): The Ministry of Micro, Small and Medium Enterprises (MSME) implements various schemes and programmes aimed at promotion and development of MSME Sector in the country. These schemes/programmes include MSME Champions Scheme, Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE), Prime Minister's Employment Generation Programme (PMEGP), Micro and Small Enterprises - Cluster Development Programme (MSE-CDP) and Raising and Accelerating MSME Performance (RAMP).

Further Government has taken a number of initiatives to support the MSME Sector. Some of them are:

- i. Collateral free loan up to a limit of Rs. 500 lakh (w.e.f. 01.04.23) to MSEs with guarantee coverage up to 85 % for various categories of loan through Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) under Credit Guarantee Scheme.

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- ii. Rs. 50,000 crore equity infusion through Self Reliant India Fund. This scheme has a provision for corpus of Rs.10,000 crore from Government of India.
- iii. New revised criteria for classification of MSMEs.
- iv. New registration of MSMEs through "Udyam Registration" for Ease of Doing Business.
- v. No global tenders for procurement up to Rs. 200 crore.
- vi. Inclusion of retail and whole sale trades as MSMEs w.e.f. 02.07.2021.
- vii. Non-tax benefits extended for 3 years in case of an upward change in status of MSMEs.
- viii. Roll out of Raising and Accelerating MSME Performance (RAMP) programme with an outlay of Rs. 6,000 crore over 5 years.
- ix. Integration of Udyam Portal and National Career Service (NCS) of Ministry of Labour & Employment, as an outcome registered MSMEs are able to search for jobseekers on NCS.
- x. Under Vivad se Vishwas – I, relief by way of refund of 95% of the deducted performance security, bid security and liquidated damages was provided to MSMEs. Relief was also provided to MSMEs debarred for default in execution of contracts.
- xi. Launch of Udyam Assist Platform (UAP) to bring the Informal Micro Enterprises (IMEs) under the formal ambit for availing the benefit under Priority Sector Lending (PSL).
- xii. Launch of 'PM Vishwakarma' Scheme on 17.09.2023 to provide benefits to the traditional artisans and craftspeople engaged in 18 trades.
