

GOVERNMENT OF INDIA  
MINISTRY OF MICRO, SMALL AND MEDIUM ENTERPRISES

**RAJYA SABHA**  
**UNSTARRED QUESTION NO. 550**  
**TO BE ANSWERED ON 12.12.2022**

**Foreign Investment in MSMEs sector**

550. SHRI RAJEEV SHUKLA:

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

- (a) whether Government is aware of the need for foreign investment in the Micro, Small and Medium Enterprises (MSMEs) sector in the country;
- (b) 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
- (d) action taken by Government to improve viability, income and employment in the MSMEs 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).

Further Government has taken a number of initiatives under Aatma Nirbhar Bharat Abhiyan to support the MSME Sector. Some of them are:

- i) Rs. 5 lakh crore collateral free automatic loans for business under Emergency Credit Line Guarantee Scheme (ECLGS), including MSMEs.
- 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 July, 2021.
- vii) Non-tax benefits extended for 3 years in case of an upward change in status of MSMEs.
- viii) 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.

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