

GOVERNMENT OF INDIA  
MINISTER OF MICRO, SMALL AND MEDIUM ENETRPRISES

**LOK SABHA**  
**UNSTARRED QUESTION NO.1986**  
**TO BE ANSWERED ON 28.07.2022**

**FDI IN MSME SECTOR**

1986. SHRI N. REDDEPPA:  
SHRI P.V. MIDHUN REDDY:

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

- (a) the details of Foreign Direct Investment (FDI) brought into MSME sector in the country during the last two years and the current year;
- (b) whether the government has taken measures to attract FDI into MSMEs sector; and
- (c) if so, the details thereof and if not, the reasons therefor ?

**ANSWER**

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

(a) to (c): Specific data for Foreign Direct Investment (FDI), brought into MSME sector is not maintained. However, sector-wise details of FDI Equity inflow reported in all sectors during last two financial years i.e. [2020-21](#), [2021-22](#) and current financial year i.e. 2022-23 (up to May, 2022) is Annexed herewith.

Further, Government has put in place a liberal and transparent policy for attracting FDI wherein most sectors, except certain strategically important sectors, are open for 100% FDI under the automatic route.

As per extant FDI Policy, 100% FDI is permitted in manufacturing sector is under automatic route. Manufacturing activities may be either self-manufacturing by the investee entity or contract manufacturing in India through a legally tenable contract, whether on Principal to Principal or Principal to Agent basis. Further, a manufacturer is permitted to sell its products manufactured in India through wholesale and/or retail, including through e-commerce, without Government approval. Further, notwithstanding the FDI policy provisions on trading sector, 100% FDI under Government approval route is allowed for retail trading, including through e-commerce, in respect of food products manufactured and/or produced in India.

Further, Para 5.2.15.3 of the FDI Policy provides provisions for FDI in Single Brand Retail Trading which inter-alia stipulate that in respect of proposals involving foreign investment beyond 51%, sourcing of 30% of the value of goods purchased, will be done from India, preferably from MSMEs, village and cottage industries, artisans and craftsmen, in all sectors. Similarly Para 5.2.15.4 of the FDI Policy provides provisions for FDI in Multi Brand Retail Trading which inter-alia stipulate that at least 30% of the value of procurement of manufactured/processed products purchased shall be sourced from Indian micro, small and medium industries, which have a total investment in plant & machinery not exceeding US \$ 2.00 million.

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**Annexure referred to in reply to part (a)to(c) of the Lok Sabha Unstarred Question No. 1986 for answer on 28.07.2022**

STATEMENT ON FINANCIAL YEAR WISE FDI EQUITY INFLOW FROM April 2020 TO May 2022					
Sr.No.	Sector	2020-21	2021-22	2022-23 (Till MAY 2022)	Cumulative FDI
		Amount (In USD Million)	Amount (In USD Million)	Amount (In USD Million)	Cumulative Amount (In USD Million)
1	AGRICULTURAL MACHINERY	142.5893	268.7335	-	411.3228
2	AGRICULTURE SERVICES	117.1039	258.4651	46.6318	422.2007
3	AIR TRANSPORT (INCLUDING AIR FREIGHT)	204.0961	584.8250	19.7615	808.6826
4	AUTOMOBILE INDUSTRY	1,637.4449	6,993.5511	645.2469	9,276.2429
5	BOILERS AND STEAM GENERATING PLANTS	0.9026	-	-	0.9026
6	CEMENT AND GYPSUM PRODUCTS	3.7809	204.4085	-	208.1893
7	CERAMICS	20.6084	1.3368	0.0447	21.9898
8	CHEMICALS (OTHER THAN FERTILIZERS)	847.0709	965.7818	713.5966	2,526.4492
9	COMMERCIAL, OFFICE & HOUSEHOLD EQUIPMENTS	47.2469	17.2416	0.2587	64.7472
10	COMPUTER SOFTWARE & HARDWARE	26,144.6948	14,461.3525	2,675.5353	43,281.5826
11	CONSTRUCTION (INFRASTRUCTURE) ACTIVITIES	7,874.5429	3,247.5090	357.8332	11,479.8850
12	CONSTRUCTION DEVELOPMENT: Townships, housing, built-up infrastructure and construction-development projects	422.0907	124.9882	10.2609	557.3398
13	CONSULTANCY SERVICES	938.4423	1,150.4041	44.2803	2,133.1267
14	DEFENCE INDUSTRIES	0.6308	2.3631	0.6503	3.6442
15	DIAMOND, GOLD ORNAMENTS	13.8286	22.2168	-	36.0454
16	DRUGS & PHARMACEUTICALS	1,490.4937	1,414.2358	413.4098	3,318.1393
17	DYE-STUFFS	4.4449	2.9433	-	7.3882
18	EARTH-MOVING MACHINERY	39.3927	60.5991	0.1085	100.1002
19	EDUCATION	1,250.3659	3,228.6787	161.6916	4,640.7362
20	ELECTRICAL EQUIPMENTS	1,411.9465	683.7012	369.8282	2,465.4759
21	ELECTRONICS	375.3117	416.9984	64.5150	856.8251
22	FERMENTATION INDUSTRIES	84.7742	869.5196	204.1268	1,158.4205

**STATEMENT ON FINANCIAL YEAR WISE  
FDI EQUITY INFLOW  
FROM April 2020 TO May 2022**

23	FERTILIZERS	17.8922	6.0724	0.0173	23.9819
24	FOOD PROCESSING INDUSTRIES	393.4104	709.7147	168.0686	1,271.1938
25	GLASS	42.3621	588.2155	34.4835	665.0611
26	GLUE AND GELATIN	0.7446	4.5603	0.4911	5.7960
27	HOSPITAL & DIAGNOSTIC CENTRES	501.1625	697.5012	98.2679	1,296.9316
28	HOTEL & TOURISM	368.9632	729.0804	73.5729	1,171.6165
29	INDUSTRIAL INSTRUMENTS	0.7011	0.1058	-	0.8070
30	INDUSTRIAL MACHINERY	253.3266	320.6621	26.8576	600.8464
31	INFORMATION & BROADCASTING (INCLUDING PRINT MEDIA)	313.8941	152.2729	96.5054	562.6723
32	LEATHER, LEATHER GOODS AND PICKERS	8.8872	7.1486	0.2596	16.2954
33	MACHINE TOOLS	20.9056	31.2321	0.2744	52.4121
34	MEDICAL AND SURGICAL APPLIANCES	68.9069	208.0477	103.0769	380.0315
35	METALLURGICAL INDUSTRIES	1,340.4721	2,272.3503	33.5581	3,646.3806
36	MINING	168.7706	344.6062	160.0267	673.4035
37	MISCELLANEOUS INDUSTRIES	767.5168	492.9095	47.6392	1,308.0655
38	MISCELLANEOUS MECHANICAL & ENGINEERING INDUSTRIES	64.1028	411.1702	22.5622	497.8352
39	NON-CONVENTIONAL ENERGY	797.2063	1,600.9318	822.4966	3,220.6347
40	PAPER AND PULP (INCLUDING PAPER PRODUCTS)	22.4166	158.4769	-	180.8934
41	PETROLEUM & NATURAL GAS	102.8069	56.4087	2.6417	161.8573
42	POWER	373.6348	525.6590	501.7732	1,401.0669
43	PRIME MOVER (OTHER THAN ELECTRICAL GENERATORS)	279.9708	25.0769	-	305.0477
44	PRINTING OF BOOKS (INCLUDING LITHO PRINTING INDUSTRY)	81.2097	316.9538	22.4284	420.5919
45	RAILWAY RELATED COMPONENTS	119.6366	1.2632	0.0582	120.9580
46	RETAIL TRADING	1,338.0720	497.1292	120.9256	1,956.1267
47	RUBBER GOODS	265.9423	70.7302	29.9001	366.5727
48	SCIENTIFIC INSTRUMENTS	9.4199	7.5653	0.0872	17.0723
49	SEA TRANSPORT	294.2040	393.8058	106.2302	794.2400
50	SERVICES SECTOR (Fin., Banking, Insurance, Non	5,060.2237	7,131.4383	1,942.6931	14,134.3551

**STATEMENT ON FINANCIAL YEAR WISE  
FDI EQUITY INFLOW  
FROM April 2020 TO May 2022**

	Fin/Business, Outsourcing, R&D, Courier, Tech. Testing and Analysis, Other)				
51	SOAPS, COSMETICS & TOILET PREPARATIONS	103.5282	548.8914	10.8998	663.3195
52	SUGAR	24.9363	0.5489	0.0516	25.5368
53	TEA AND COFFEE (PROCESSING & WAREHOUSING COFFEE & RUBBER)	8.6515	3.0878	-	11.7393
54	TELECOMMUNICATIONS	392.1075	668.1440	618.2639	1,678.5154
55	TEXTILES (INCLUDING DYED,PRINTED)	298.6735	247.7544	14.4639	560.8918
56	TIMBER PRODUCTS	5.8898	20.4526	4.0229	30.3653
57	TRADING	2,608.2203	4,537.5933	1,809.3768	8,955.1903
58	VEGETABLE OILS AND VANASPATI	44.9660	5.8534	11.1522	61.9716
	Total:	59,635.5390	58,773.2681	12,610.9065	131,019.7137

\*Total FDI inflow includes equity inflow, equity capital of unincorporated bodies, re-invested earnings, and other capital. Sector/State/Country-wise details are maintained only for equity component of FDI inflow.

*Source: Ministry of Commerce & Industries, DPIIT*