

**GOVERNMENT OF INDIA  
MICRO, SMALL AND MEDIUM ENTERPRISES  
LOK SABHA**

UNSTARRED QUESTION NO:1465  
ANSWERED ON:03.08.2010  
CAPITAL INVESTMENT IN MSME  
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**Will the Minister of MICRO, SMALL AND MEDIUM ENTERPRISES be pleased to state:**

- (a) whether there is lack of capital investment in Micro, Small and Medium Enterprises (MSME) sector in the country;
- (b) if so, the details thereof;
- (c) whether there is any proposal to permit foreign capital investment to remove this shortfall;
- (d) if so, the details thereof; and
- (e) the steps taken by the Government to ensure adequate capital for the said sector?

**Answer**

MINISTER OF STATE (INDEPENDENT CHARGE) FOR MICRO, SMALL AND MEDIUM ENTERPRISES (SHRI DINSHA PATEL)

(a) & (b): The investment in fixed capital increased from Rs.91792.07 Crore in the registered Small Scale Industries as per the third All India Census of SSI (2001-02) to Rs 500758.36 Crore in Registered Micro, Small and Medium Enterprises (MSME) as per the quick results of fourth All India Census of MSME (2006-07), showing a growth rate of 40.40 per cent.

(c) to (d): As per the existing policy, 100 per cent FDI is permitted in the MSME sector subject to sectoral caps.

(e): To ensure adequate capital for the micro, small and medium enterprises (MSMEs) the Government has announced a 'Policy Package for Stepping up Credit to Small and Medium Enterprises (SMEs)' on 10th August 2005 which envisages achievement of a minimum 20 per cent year-on-year growth in credit by public sector banks to the MSME sector. The Government has also announced in February, 2007 a 'Package for Promotion of Micro and Small Enterprises' with an objective to provide support in areas of credit, technology upgradation, marketing, infrastructure, etc. The Prime Minister's Task Force on MSMEs has made various recommendations in the areas of credit, taxation, labour issues, infrastructure/technology/skill development, marketing, etc., for providing an impetus to the growth of the sector. Based on the recommendations of the Task Force, the Reserve Bank of India (RBI) has advised the banks to achieve a 20 per cent year-on-year growth in credit to micro and small enterprises and a 10 per cent annual growth in the number of micro enterprise accounts in order to ensure that sufficient credit is available to micro enterprises within the MSE sector.