

**GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA**

UNSTARRED QUESTION NO:1845

ANSWERED ON:22.11.2010

FDI IN MSME

Shantha J.

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether Foreign Direct Investment (FDI) in Micro and Small Enterprises (MSE) and to attract higher overseas investment, Government has liberalized the FDI norms for the sector, replacing the current twenty four per cent ceiling on foreign holding with the sectoral caps;

(b) if so, the details thereof;

(c) whether the present policy on FDI in MSE permits FDI subject only to the sectoral equity caps, entry routes and other relevant regulations; and

(d) if so, to what extent these easier FDI guidelines have helped the small-scale sector?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF COMMERCE & INDUSTRY (SHRI JYOTIRADITYA M. SCINDIA)

(a) to (d): As per extant Foreign Direct Investment (FDI) Policy, FDI is allowed in Micro and Small Enterprises (MSEs) subject to sectoral equity caps, entry routes and other relevant sectoral regulations.

The details of sectoral caps, entry routes etc. have been indicated in Chapter 5 of the Circular 2 of 2010 –Consolidated FDI Policy, released on 30-09-2010 and are available at the website of the Department of Industrial Policy & Promotion (www.dipp.gov.in).

The guidelines clarify the policy regarding FDI in MSEs and have aligned it with the provisions of the Micro, Small and Medium Enterprises Development Act, 2006.