

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

UNSTARRED QUESTION NO:7145
ANSWERED ON:21.05.2012
WTO NORMS
Sivasami Shri C.

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

- (a) whether restricting the sourcing of products from Micro, Small and Medium Enterprises (MSMEs) to thirty per cent only as a condition for allowing Foreign Direct Investment in retail trade would be in violation of the World Trade Organisation (WTO) norms;
- (b) if so, the details thereof and reaction of the Government in this regard;
- (c) whether the MSME cannot survive without the support from the Government due to stiff competition faced by it on account of cheap import from other countries; and
- (d) if so, the details thereof?

Answer

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

(a) & (b): International obligations are kept in mind while framing FDI policy.

(c) & (d): Competition is inherent to globalization. Micro, Small and Medium Enterprises (MSMEs) have to strengthen their production capacity, improve costs and quality to compete. Government provides support to MSMEs when required.