

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

UNSTARRED QUESTION NO:1002

ANSWERED ON:29.11.2012

INVESTMENT BY FOREIGN COMPANIES IN SME

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

(a): whether the Government proposes to promote capital investment of foreign multinational companies in small and medium industries of the country;

(b): if so, the details thereof;

(c): whether this will give rise to unhealthy competition between the units inviting foreign capital investment and those which are not financed by foreign investment; and

(d): if so, the reaction of the Government thereto?

**Answer**

MINISTER OF STATE (INDEPENDENT CHARGE)FOR MICRO, SMALL AND MEDIUM ENTERPRISES(SHRI K.H. MUNIYAPPA)

(a) & (b):Yes, Madam. To promote capital investment by foreign multinational companies in small and medium enterprises the Foreign Direct Investment (FDI) in micro and small enterprises (MSEs) has been raised to 100 percent from 24 per cent. However, FDI in MSMEs is subject to sectoral caps and other relevant sectoral regulations.

(c):Enhanced capital investment by foreign multinational companies will create an environment of healthy competition among MSMEs whether financed by foreign investment or otherwise, resulting in availability of better products for consumers.

(d): Does not arise.