

# AVAILABILITY OF RAW MATERIAL FOR MSME SECTOR

Posted On: 29 JUL 2024 5:03PM by PIB Delhi

To ensure regular supply of raw materials to MSMEs, National Small Industries Corporation Ltd. (NSIC), a public sector undertaking under the Ministry of MSME, facilitates MSMEs in meeting their raw material requirements. For this purpose, NSIC enters into arrangements with bulk manufacturers for supply of raw materials to MSMEs. NSIC also provides financial assistance to MSMEs under its Raw Material Assistance (RMA) Scheme against bank guarantee for payment to suppliers. Further, Ministry of MSME is implementing the umbrella scheme 'Coir Vikas Yojana' for the overall development of coir sector in the country. The Export Market Promotion Programmes under the 'Coir Vikas Yojana' aims to promote the industry to catch the global market for coir and coir products. Coir Board facilitates MSMEs to participate in International fairs abroad as per the International Co-operation (IC) Scheme under Export Market Promotion programme. The IC Scheme aims to enhance the competitiveness of Micro, Small, and Medium Enterprises (MSMEs) by facilitating their participation in international events, fostering partnerships, and expanding their market reach globally.

As per information provided by the Directorate General of Foreign Trade (DGFT), Ministry of Commerce and Industry, under Foreign Trade Policy 2023, duty free import of raw material/inputs for manufacturing export products under Advance Authorization Scheme is allowed for MSMEs and other manufacturer exporters. This scheme enables MSMEs to procure raw material at 'nil' duty rates so that their export product can compete with their foreign counterparts in the international market. Around 24,000 such Advance Authorizations are issued by DGFT each year which amounts to an import of raw material worth of 35 Billion US \$ resulting an export of 60 Bn US \$. Most of the beneficiaries of this scheme are MSME exporters, and this scheme has enabled MSMEs to successfully compete in international market. Also, under Duty Free Import Authorization Scheme (DFIA), MSME exporters can import raw material with complete duty exemption and such inputs can be imported even after completion of export for replenishment purpose as well. Similarly, MSME units operating as Export Oriented Unit (EOU) can also secure raw material from international market without payment of any duty. EOU scheme also enables MSMEs to successfully compete in the international market.

Besides, MSMEs can source raw material from domestic market and Integrated Goods and Services Tax (IGST) paid on such inputs will be refunded or else reccredited to them at the time of exports, so that their export product remains competitive in the global market. MSMEs can thus source their inputs either from domestic market or from international market, with duty exemptions as provided under Foreign Trade Policy and GST Act.

This information was given by the Union Minister of Micro, Small and Medium Enterprises Shri Jitan Ram Manjhi in a written reply in the Rajya Sabha today.

\*\*\*\*\*

**MG/PD/VL**