

Redefine an indian company for availing benefits under msme as a company with ownership of over 51% by indian nationals

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The Consulting Engineers Association of India (CEAI), the apex body of consulting engineering professionals in the country in a letter to Mr Nitin Gadkari, Union Minister for Micro, Small and Medium Enterprises (MSME) and Ministry of Road Transport and Highways (MoRTH) has drawn the attention of the government towards flouting of the MSME tendering norms by the powerful foreign companies recently set up by the Ministry and enjoying the benefits meant for the Indian companies .

“The union government had recently changed the tendering system to benefit the small and medium enterprises in the country by limiting tenders below Rs 200 crore for Indian companies only. But the provisions are being flouted by powerful foreign companies wherein they set up business operations in India by incorporating a company under Companies Act 2013 either as Joint Ventures or Wholly owned subsidiaries or a Liaison/Representative Office. These entities operate as an Indian Company, duly complying with the provisions of the Indian Company Law and Indian Tax Laws. The current definition allows such companies to enjoy all benefits provided to Indian companies, especially the MSME’s” said Mr

Amitabha Ghosal, President, Consulting Engineers Association of India (CEAI) .

."At present for all practical purposes, these foreign companies become Indian company under the ACT, do their business and after paying due taxes, accrue the profits after tax to their parent company abroad, there by depleting the country of precious Forex reserves. The parent company in turn assists them with low interest funds in comparison to a home-grown Indian Company which borrows from banks for their operations at relatively higher rates of interest. This is clearly not a case of providing equitable and fair opportunities to the Indian Companies whose contribution, besides to the country's economy is also towards developing skilled workforce, and providing employment" said Mr K.K.Kapila, Chairman, Infrastructure Committee, CEAI.

"Therefore, in line with the philosophy of growth of the rightful stakeholders, the evolving global scenario during COVID 19 when every country is focused on promoting their own business community and economic growth, there is an urgent need to address the country of origin to be eligible to bid for the Government Tenders. Taking a leaf out of practices in the West and Middle-East, the definition of the Indian company must take into account the Nationality of the stakeholder." Said Mr Kapila,

" CEAI has also urged the government also to Provide funds at a lower rate of Interest (6% or so) to MSME companies to purchase equipment and software and early processing of Income Tax refunds due to the MSME companies" he added

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