

MINISTRY OF COMMERCE AND INDUSTRY

DEPARTMENT OF INDUSTRIAL POLICY & PROMOTION

RAJYA SABHA

UNSTARRED QUESTION NO 2181 TO BE ANSWERED ON 12.02.2014

Review of FDI norms

2181. SHRI N.K. SINGH

JANARDHAN WAGHMARE

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

(a) the number of foreign companies/ entrepreneurs allowed to set up industries in the country along with the number of foreign companies banned from making investment during the last three years and the reasons therefor;

(b) whether Government proposes to review Foreign Direct Investment (FDI) norms to attract foreign investment and also to give special concession to investment by NRIs in various sectors under the FDI scheme; and

(c) if so, the details thereof along with review/study, if any, conducted by Government to encourage investment by NRIs in the country and if so, the outcome thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY COMMERCE & INDUSTRY

(DR. E.M. SUDARSANA NATCHIAPPAN)

(a): Data in this regard is not maintained centrally. Investment by foreign companies in the country is governed by the FDI policy as well as the sectoral laws, regulations and policies. As far as the FDI policy is concerned, FDI upto 100% is allowed on the automatic route in most sectors/activities, with restrictions only in a limited number of areas. FDI is prohibited in Lottery Business including Government/private lottery, online lotteries, etc.; Gambling and betting including casinos etc.; chit funds; Nidhi company; trading in Transferable Development Rights(TDRs); Real Estate Business or Construction of Farm Houses; Manufacturing of Cigars, cheroots, Cigarillos and cigarettes, of tobacco or of tobacco substitutes; activities/sectors not open to private sector investment e.g. Atomic Energy and Railway Transport (other than Mass Rapid Transport Systems).

Investment proposals for sectors/ activities under government approval route are considered by Foreign Investment Promotion Board (FIPB). Proposals compliant with extant FDI policy, applicable laws/ regulations; security and other conditionalities are approved by FIPB, while in other cases appropriate orders, including orders of rejection, are passed.

(b)&(c): Government has put in place a liberal and transparent policy for Foreign Direct Investment(FDI), including investments from Non-resident Indians (NRIs), where most of the sectors are open to FDI under the automatic route. The extant policy allows special dispensation for NRI investments in the construction development sector covering townships, housing, built-up infrastructure and construction-development projects (which include, but are not restricted to housing, commercial premises, hotels, resorts, hospitals, educational institutions, recreational facilities, city and regional level infrastructure) exempting them from the performance linked conditionalities, otherwise applicable to FDI in the sector. It also allows a special dispensation for NRI investments in the sectors of Scheduled Air Transport Services, Domestic Scheduled Passenger Airlines, Non-Scheduled Air Transport Services, Non-Scheduled airlines, Chartered airlines, and Cargo airlines, wherein 100% NRI investment is permitted under the automatic route. The government reviews the FDI policy from time to time with a view to making it more investor friendly including for NRIs.

Government has established an organization, called Overseas Indian Facilitation Centre(OIFC) in 2007, to facilitate NRIs who desire to invest in India. OIFC has organized several Investment and Interactive Meets in different countries, as also during PravasiBharatiyaDivas(PBD) in India. Further, an electronic portal has also been launched to reply to the queries of potential overseas investors by Overseas Indian Facilitation Centre and its knowledge partners, to promote and facilitate Pravasi Bharatiya Divas and regional Pravasi Bharatiya Divas also to provide a platform for facilitation of investment by overseas Indians.

Significant changes have been made in the FDI policy regime in the recent times, to ensure that India remains increasingly attractive and investor-friendly. Government plays an active role in investment promotion, through dissemination of information on the investment climate and opportunities in India and by advising prospective investor about investment policies and procedures and opportunities. International cooperation for industrial partnerships is solicited both through bilateral and multilateral arrangements. Government also coordinates with apex industry associations, in their activities relating to promotion of industrial cooperation to stimulate inflow of foreign direct investment into India. The Government has also set up 'Invest India', a joint venture company between the Department of Industrial Policy & Promotion and FICCI, as a not-for-profit, single window facilitator, for prospective overseas investors and to act as a structured mechanism to attract investment focused on MSME Sector.