

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

UNSTARRED QUESTION NO:878
ANSWERED ON:28.07.2000
FDI POLICY
ANADI CHARAN SAHU

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

- (a) the names of countries which participated in the foreign Investment events called `Destination India`;
- (b) the policies of the Government in regard to inviting FDI into the country; and
- (c) the sectors in which FDIs have been invited, country-wise?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE & INDUSTRY (DR. RAMAN SINGH)

(a) & (c) : During 2000-2001, `Destination India` events have been organized in Australia, New Zealand and France in April, 2000 with the objective of attracting Foreign Direct Investment from these countries in various sectors.

Government has put in place a liberal Foreign Direct Investment Policy and has been constantly reviewing this policy with the objective of attracting more and more Foreign Direct Investment to the country. Government has recently placed all items/activities under the automatic route for FDI, Non-Resident Indians (NRI) and Overseas Corporate Body (OCB) investment except the following:

I All proposals that require an Industrial licence which include

- (i) the item requiring an industrial licence under the Industries (Development and Regulation) Act, 1951;
- (ii) foreign investment being more than 24% in the equity capital of units manufacturing items reserved for small scale industries; and
- (iii) all items which require an industrial licence in terms of the locational policy notified by Government under the New Industrial policy of 1991.

II All proposals in which the foreign collaborator has a previous venture/tie-up in India. The modalities prescribed in Press Note No.18 dated 14.12.1998 of 1998 services, shall apply in such cases.

III All proposals relating to acquisition of shares in an existing Indian company in favour of a foreign/NRI/OCB investor.

IV All proposals falling outside notified sectoral policy/caps or under sectors in which FDI is not permitted and/or whenever any investor chooses to make an application to the FIPB and not to avail of the automatic route.

All proposals for investment in public sector units as also for EOU/EPZ/EHTP/STP units would qualify for automatic route subject to above parameters.