

**GOVERNMENT OF INDIA
FINANCE AND COMPANY AFFAIRS
LOK SABHA**

STARRED QUESTION NO:696
ANSWERED ON:09.05.2003
FDI INFLOW
V. VETRISELVAN

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

- (a) whether India is far behind in attracting FDI inflow in comparison to China;
- (b) if so, the reasons for such a low inflow of FDI into India;
- (c) the FDI attracted by India during the first quarter of 2003; and
- (d) the specific steps being taken by the Government in this direction?

Answer

FINANCE MINISTER (Shri Jaswant Singh)

(a) to (d): A statement is placed on the Table of the House.

Statement referred to in reply to Starred Question no.696 for 9-5-2003

(a) to (b) Foreign Direct Investment (FDI) inflows have registered consistent growth since 1991. These inflows during 2002 were US\$4434.5 Million as against US\$ 4281 Million in 2001. A direct comparison between India and China is inappropriate for several reasons. These include China opening up its markets a decade earlier, its preferential treatment to FDI in taxation, labour policy, and also that India's FDI statistics do not include reinvested earnings, subordinated debt, overseas commercial borrowings by FDI companies, and other capital inflows as per the IMF definition.

(c) The FDI inflows attracted by India in the first two months of January-February 2003 are Rs. 2695.7 crore.

(d) Government has put in place a liberal FDI policy and most of these sectors have been put on the automatic route. Efforts are being constantly made to induce a climate of investment and to facilitate the inflows through streamlined procedures. FDI policy is reviewed on an ongoing basis by a Group of Ministers (GOM) constituted for this purpose.