

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

UNSTARRED QUESTION NO:4282

ANSWERED ON:19.04.2002

FOREIGN DIRECT INVESTMENT

ASHOK NAMDEORAO MOHOL;B.K. PARTHASARATHI;C. SREENIVAASAN;M.H. AMBAREESH

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

- (a) the criteria followed by the Government for lopening of any sector for goreign Direct Investment;
- (b) the names of sectors which have so far been opened for FDI;
- (c) the percentage of FDI limit allowed in these sectors, sector-wise;
- (d) the names of sectors which have not yet been opened for FDI till date;
- (e) Whether some sectors are under consideration of the Government for allowing FDI;
- (f) If so, the details of such sectors;
- (g) whether the Government have received several objections in respect of some sectors allowed for FDI;
- (h) if so, the details thereof and the reaction of the Government thereto; and
- (i) the measures being taken by the Government to safeguard the domestic companies from adverse impact of FDI?

Answer

The Minister of State in the Ministry of Commerce and Industry (Shri Rajiv Pratap Rudy)

(a) to (c) With a view to attracting more FDI, the Government have already put in place a liberal, transparent and investor friendly FDI policy where most activities fall on the automatic route for FDI up to 100%, except a small list. The present FDI policy stipulated FDI limits on the extent of foreign ownership, on strategic considerations in certain xectors such as Telecom services (49%) Defence Industry(26%), DTH (20%), Domestic Airlines (40%), Uplinking hub(broadcasting)(49%), Insurance Sector(26%) and private sector banking (49%).

(d) As per the extant policy, FDI is not permitted in agriculture (including plantations), print media, atomic reactor power plant,housing and real estate development sector (except for NRI/OCB investment), legal services, retail trading, etc.

(e) & (f) FDI policy liberalisation is an ongoing process, which is based on national priorities, including sectoral considerations. Government has constituted a Group of Ministers on FDI to review the existing FDI policy on an ongoing basis and suggest changes in the sectoral guidelines, including sectoral caps wherever considered neccessary or desirable.

(g) No, Sir.

(h) Does not arise.

(i) While considering FDI Proposals, a declaration is obtained from the applicant whether the foreign collaborator has any previous joint venture or technology transfer/ trademark agreement in the same or allied fielf in India, the detailed circumstances in which it is considered necessary to setj up a new joint venture or wholly owned subsidiary and that the new venture would not lin any way jeopardise the interest of the existingj joint venture or partner.

The automatic route is not available for acquisition of existing equity in Indian companies. While considering proposals for such acquisition lof equity, a board resolution of the Indian company is insisted upon.