

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

UNSTARRED QUESTION NO:2946

ANSWERED ON:22.03.2005

FOREIGN DIRECT INVESTMENT

Madhwaraj Smt. Manorama;Murmur Shri Hemlal;Prabhu Shri Suresh Prabhakar

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

- (a) the reasons for a very low FDI inflow in our core sectors like power, roads and highways, mining, newspaper etc.;
- (b) the measures taken to enhance FDI inflow in respective sectors;
- (c) whether Government is intending to alter regulations pertaining to FDI in various sectors;
- (d) whether Government has rejected a proposal to enhance FDI beyond 26% in defence sector and has welcomed private investors;
- (e) if so, justification thereto; and
- (f) details pertaining to FDI in respective States during the last three years and initiatives taken by respective States to enhance FDI in their State?

**Answer**

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE & INDUSTRY(SHRI E.V.K.S. ELANGO VAN)

(a) to (c): Under the liberalised economic environment, investment decisions including the choice of sectors and locations are taken by the entrepreneur based on commercial and other relevant considerations. Government of India have put in place a liberal, transparent and an investor-friendly Foreign Direct Investment (FDI) policy under which FDI up to 100% is allowed under Automatic Route for most sectors/activities including power generation, transmission and distribution, except atomic power; roads and highways; and most of the mining activities. FDI up to 26% is allowed in the news papers. FDI policy, including the procedures, are reviewed on an ongoing basis to facilitate greater inflow of FDI into the country. The Government have recently allowed FDI up to 100% under the automatic route for the development of townships, housing, built-up infrastructure and construction-development projects.

(d) & (e): The Committee set up to identify sectors where investments by Foreign Institutional Investors (FIIs) would not be subject to sectoral equity caps had recommended a composite cap of 49%, including FDI and FII. Ministry of Defence is not in favour of enhancing FDI limit in the defence sector in view of current geo-political environment.

(f): FDI inflows during last three years, based on information reported by the Regional Offices of RBI, is shown in the enclosed statement. The initiatives taken by various state Governments to enhance FDI, inter-alia, include development of necessary infrastructure, expeditious clearances; simplification of regulatory processes; investment promotion and facilitation.

STATEMENT REFERRED TO IN REPLY TO LOK SABHA UNSTARRED QUESTION NO. 2946 FOR ANSWER ON 22.03.2005  
STATE-WISE FINANCIAL YEAR BREAK-UP OF FDI IN FLOWS

FROM APRIL 2001 To MARCH 2004

(Amount in Rupees crore)

Sl No	RBI's Region	2001-02	2002-03	2003-04	Total
1	ANDHRA PRADESH	338.09	242.65	353.49	934.23
2	ASSAM	5.58	2.59	19.48	27.65
3	BIHAR	0.00	0.00	1.13	1.13
4	GUJARAT	108.66	550.71	917.12	1576.49
5	KARNATAKA	1348.36	975.24	926.53	3250.12
6	KERALA	66.18	67.45	44.53	178.16
7	MADHYA PRADESH	12.87	5.83	34.85	53.55
8	MAHARASHTRA	5137.34	2366.40	1355.31	8859.06
9	RAJASTHAN	5.23	1.22	1.89	8.33

10	TAMIL NADU	1659.60	990.17	603.80	3253.58
11	WEST BENGAL	87.24	177.96	84.50	349.70
12	CHANDIGARH	5.93	843.89	76.71	926.53
13	DELHI	5460.17	3062.22	2123.46	10645.85
14	GOA	15.71	139.09	160.59	315.39
15	Not Indicated	4235.32	3445.25	3360.72	11041.29
16	Advance Inflow	706.61	1977.12	1880.76	4564.49
17	RBI's NRI Schemes	0	84.00	172.50	256.50
18	Stock Swapped	167.94	0.49	0	168.43

Grand Total                    19360.83    14932.28    12117.37    46410.48

Note:1. Amount includes the inflows Received through SIA/FIPB route, acquisition of existing shares and RBI's automatic route only

2. The above State-wise inflows are classified as per RBI's Region-wise inflows furnished by RBI, Mumbai