

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

UNSTARRED QUESTION NO:2415

ANSWERED ON:09.08.2005

FDI .

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

- (a) whether MNCs have expressed desire to make additional modalities to long term investments in India, and have found the country unfavourable compared to China;
- (b) if so, the reaction of the Government thereon;
- (c) whether the present Gurgaon issue will not compel the foreign investors to think for their investments in India; and
- (d) if so, the steps taken by the Government to attract MNCs to invest in India and check the recurrence of Gurgaon again in any part of the country?

Answer

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

(a) to (d): Government has put in place a liberal, transparent and investor friendly policy wherein Foreign Direct Investment (FDI) up to 100% is allowed under the automatic route in most sectors/activities. India offers a very attractive investment climate as has been highlighted by in the studies/reports by renowned expert organizations. AT Kearney's FDI Confidence Index 2004 rated India as the third most attractive investment destination after China and USA. Another survey by the United Nations Conference on Trade and Development (UNCTAD) last year found India along with China and USA to be the top three `investment hot spots`. The incident in Gurgaon was an isolated one and is unlikely to affect India's attractiveness as an investment destination. Industrial relations in India have traditionally been very cordial with low instances of disputes. India has an elaborate reconciliation machinery and special labour courts and tribunals to look into disputes where reconciliation has not been possible.