

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

UNSTARRED QUESTION NO:903

ANSWERED ON:04.03.2008

. HURDLES BEING FACED BY FOREIGN INVESTORS

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

(a) whether the Government has made any study to find out the hurdles being faced by foreign investors while doing business in India as reported in the 'Indian Express' dated December 7, 2007.

(b) if so, the details thereof;

(c) the extent to which FDI inflow in the country has suffered during 2007-08; and;

(d) the measures being taken by the Government in this regard?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI ASHWANI KUMAR)

(a) & (b): The World Bank has been publishing for the last five years, a report titled "Doing Business" comparing global economies in terms of ease of doing business based on ten parameters namely; Starting a business, Dealing with licenses, Employing workers, Registering property, Getting credit, Protecting investors, Paying taxes, Trading across borders, Enforcing contracts and Closing a Business. India's rank on ease of doing business has been improving for the last three years as given below:

Year India's Rank

2008	120
2007	134
2006	138

The Government of India has, however, not commissioned any separate study in this regard.

The improvement in rank has been possible due to reform process undertaken by Government of India on continuous basis to minimize procedures/hurdles through E- Governance, MCA-21, Investment Policy liberalization, Single Window Systems by States Governments, Taxation Reforms including online filing; large tax payers unit, single window for payment of income tax and corporate tax, ICE-Gate for online filing of custom and excise documents, Right to Information Act 2005 and Micro, Small and Medium Enterprises Act 2006.

(c) & (d): Government of India has put in place a liberal & investor friendly Policy on Foreign Direct Investment (FDI). The policy and procedures are reviewed on a continuous basis through inter-Ministerial consultations. Consequently the FDI inflow has shown considerable rise during the past three years as given below:

Year FDI Inflow
(increase over previous year)

2005-06	72%
2006-07	184%
2007-08	37%

(April-Dec.2007)