

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

UNSTARRED QUESTION NO:1863
ANSWERED ON:15.03.2005
FOREIGN DIRECT INVESTMENT
Singh Shri Mohan

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

- (a) the sectors in which there has been maximum Foreign Direct Investment during last two-three years;
- (b) the extent to which it has boosted the Indian economy;
- (c) the name of States that have ranked first, second and third in forms of maximum foreign direct investment and the states which have been preferred most by the foreign investors;
- (d) whether the improper foreign investment is likely to create a situation of imbalanced regional development in India; and
- (e) if so, the strategy of the Government to deal with such situation?

Answer

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

- (a) & (b) The five sectors receiving maximum Foreign Direct Investment (FDI) inflows during the period April 2002 to December 2004 are electrical equipments, transportation industry, service sector, telecommunications and drugs and pharmaceuticals. FDI is an important driver of economic growth. Besides complementing and supplementing domestic investment, FDI also brings in technological upgradation and best managerial practices and helps in making the Indian industry internationally competitive.
- (c) FDI inflows are reported by investors at the various regional offices of the Reserve Bank of India (RBI). As per FDI inflows reported by the Regional Offices of RBI, Delhi, Maharashtra and Karnataka rank first, second and third respectively in terms of inflows received during April 2002 to December 2004.
- (d) & (e) Under the liberalised economic environment, investment decisions, including choice of location, are taken by the entrepreneurs based on their commercial judgement and other relevant factors which may include investment climate in different States, quality and availability of necessary infrastructure, etc. The FDI policy applies uniformly across the country with no special dispensation for any particular state or region.