

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4464
ANSWERED ON:20.08.2010
INTEGRATION OF REGIMES ON FOREIGN CAPITAL INFLOW
Rao Shri Sambasiva Rayapati

Will the Minister of FINANCE be pleased to state:

- (a) whether in order to overhaul its foreign investment policy, the Government has removed several inconsistencies;
- (b) if so, the details thereof;
- (c) whether the Prime Minister has directed his Ministry, Reserve bank of India, etc. to out their differences to integrate regimes for foreign capital inflows;
- (d) if so, the details thereof and response given thereto;
- (e) Whether all legal regulatory and taxation regimes with respect to foreign investment have been reviewed;
- (f) if so, the details thereof and reasons therefore; and
- (g) the extent of success achieved in this regard ?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a) & (b): The Government has not undertaken any overhaul in its foreign investment policy relating to Foreign Institutional Investors (FIIs), Foreign Venture Capital Investor (FVCI), External Commercial Borrowings (ECB), ADR/GDR, etc. recently. Department of Industrial Policy & Promotion has released a consolidated document, as Circular 1 of 2010 dated 31.03.2010 so as to reflect the current regulatory framework relating to foreign direct investments.

(c) & (d): No Sir. No specific directions from Prime Minister have been received in the Ministry of Finance.

(e) to (g): With a view to rationalizing the present arrangements relating to foreign portfolio investments by Foreign Institutional Investors (FIIs)/ Non Resident Indians (NRIs) and other foreign investors like Foreign Venture Capital Investor (FVCI) and Private Equity Entities, etc., the Government set up a Working Group on 19th November, 2009. The report of the Working Group was presented to the Finance Secretary on 30th July, 2010.