

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

UNSTARRED QUESTION NO:1112
ANSWERED ON:15.11.2010
FDI IN SERVICES SECTOR
Sule Supriya

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

- (a) whether due to uncertain global credit scenario and the financial crisis, the Foreign Direct Investment (FDI) in the services sector has been nosedived over a period of time;
- (b) if so, the details thereof, country-wise during the last two years and the current year;
- (c) the basis of compilation for calculating the data of FDI in services sector; and
- (d) the steps taken by the Government to improve FDI in flow in the services sector?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF COMMERCE & INDUSTRY (SHRI JYOTIRADITYA M. SCINDIA)

(a) & (b): Foreign Direct Investment (FDI) in services sector has declined from US \$ 6137.62 million in 2008-09 to US \$ 4352.76 in 2009-10. A statement on country-wise FDI inflows from April 2008 to August 2010 in service sector is at Annex.

(c): Investment transactions are reported to the Authorized Dealers in the format prescribed by the Reserve Bank of India (RBI). These FDI inflows are aggregated monthly by the RBI, classified sector and source wise and made available to Government.

(d): Government has put in place an investor-friendly policy on FDI, under which FDI, up to 100% is permitted on the automatic route, in most sectors/activities including service sectors. The policy is reviewed on an ongoing basis through inter-Ministerial consultations. Significant changes have been made in the FDI policy regime in the recent times, to ensure that India remains increasingly attractive and investor-friendly. The Government plays an active role in investment promotion, through dissemination of information on the investment climate and opportunities in India and by advising prospective investors about investment policies and procedures and opportunities. International Cooperation for industrial partnerships is achieved through both bilateral and multilateral arrangements. At bilateral level, this is achieved through a number of joint commissions and joint working groups, for promoting industrial, technical and scientific cooperation with select countries. The Government has also set up CEOs'/Business Leaders' Fora with some countries for active business-to-business cooperation and for developing a road map for partnership and industrial cooperation. The Government also coordinates with apex industry associations, such as FICCI, CII and ASSOCHAM, in their activities relating to promotion of industrial cooperation, both through bilateral and multilateral initiatives intended to stimulate flow of foreign direct investment into India, besides participating in the Joint Business Councils and other interactive sessions organized by them.