

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

UNSTARRED QUESTION NO:1150

ANSWERED ON:15.11.2010

STEPS TO ENCOURAGE FDI

Mahendrasinh Shri Chauhan ;Meinya Dr. Thokchom;Naranbhai Shri Kachhadia;Patel Shri R.K. Singh;Rama Devi Smt.

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

- (a) whether the Government has taken any steps to relax the Foreign Direct Investment (FDI) further with a view to attracting more FDI;
- (b) if so, the details thereof alongwith the growth of FDI inflows/growth during the last two years as compared to in the current year;
- (c) the encouraging steps taken by the Government to attract more FDI from Non-Resident Indians (NRIs);and
- (d) the investment made by the NRI during the last three years?

Answer

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

(a) & (b): Foreign Direct Investment (FDI) policy is reviewed on an ongoing basis through a consultative process. 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. Significant changes have been made in the FDI policy regime in the recent times, to ensure that India remains increasingly attractive and investor -friendly. A statement on FDI inflows, from April, 2008 to August, 2010, is at Annex.

(c): Under FDI policy, special dispensation for NRI investments is available in the following sectors/ activities, as mentioned below:

(i) NRIs are exempt from four of the seven conditions imposed for FDI in the Development of Townships, Housing, Built-up infrastructure and Construction-development projects. These conditions, which relate to: (i) minimum area to be developed (ii) minimum capitalization (iii) repatriation of original investment and (iv) development of at least 50% of the project within a period of five years from the date of obtaining all statutory clearances, are applicable to other non-resident investors.

(ii) FDI upto 100% is allowed for NRIs in respect of Scheduled Air Transport Services/ Domestic Scheduled Passenger Airlines, Non-Scheduled Air Transport Services/ Non-Scheduled airlines, Chartered airlines & Cargo airlines and Ground Handling Services, subject to compliance with sectoral regulations and security clearances, as may be applicable.

(d): Complete/separate data on NRI investment is not maintained by RBI. However, the data in the Annex reflects investments made by NRIs under the FDI Scheme, which have been reported by RBI under the 'NRI' head. NRIs, who have not reported their status as NRIs while making investments under the FDI scheme, are not included in this category.