

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

UNSTARRED QUESTION NO:4975

ANSWERED ON:26.04.2010

FDI NORMS AND PROCEDURES

Agarwal Shri Rajendra; Badal Harsimrat Kaur; Chavan Shri Harischandra Deoram; Karunakaran Shri P.; Naik Dr. Sanjeev Ganesh; Naranbhai Shri Kachhadia; Nirupam Shri Sanjay Brijkishorilal; Panda Shri Baijayant; Patel Shri Devji; Patil Shri A.T. Nana; Pradhan Shri Nityananda; Pratap Narayanrao Shri Sonawane; Raghavan Shri M. K.; Reddy Shri Anantha Venkatarami; Reddy Shri K. Jayasurya Prakash; Reddy Shri Magunta Srinivasulu; Reddy Shri Mekapati Rajamohan; Roy Shri Nripendra Nath; Shekhar Shri Neeraj; Sule Supriya; Swamygowda Shri N Cheluvarya Swamy; Thomas Shri P. T.; Wankhede Shri Subhash Bapurao; Yadav Shri Dharmendra

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

- (a) the details of existing norms and procedure for clearance of Foreign Direct Investment (FDI) proposals and the cap on FDI by any single investor including Non-Resident Indians (NRIs);
- (b) whether the Government proposes to make it more investor-friendly by constituting a single window clearance system and providing more powers to Foreign Investment Promotion Board (FIPB) to attract more FDI in the country;
- (c) if so, the details thereof and if not, the reasons therefor;
- (d) whether the Government proposes to further streamline the FDI norms by replacing the existing Press Notes into the consolidated form and to further relax the FDI particularly in the Insurance, Banking, Shipping, Ports, Electronic Media, Commodity Exchanges, Aviation, Retail Sector and the steps taken by the Government to address security concern where 50 or more percentage of FDI is/being allowed;
- (e) if so, the details thereof along with, if any, resentment among the small traders/corporate houses with regard to increase of FDI in Retail and other sectors;
- (f) whether the slow implementation of economic policies and the recent global slow down has impacted the FDI flow into India; and
- (g) if so, the details thereof along with the actual and the expected FDI flow including the share of Foreign Institutional Investors (FII) and NRI in the country during the last two years and the current year, State-wise, Sector-wise and Country-wise?

Answer

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

(a): Under the extant FDI policy, Foreign Direct Investment (FDI) can be brought into India either through the automatic route or the Government approval route. FDI in sectors/activities, to the extent permitted under the automatic route, does not require any prior approval, either by the Government or the Reserve Bank of India (RBI). In such cases, the investors are only required to notify the regional office concerned of RBI, within thirty days of receipt of inward remittances and file the required documents with that office within thirty days of issue of shares to foreign investors. Proposals received from foreign investors, involving foreign investment, which require Government's approval, as per Government's extant FDI policy, are considered by the Foreign Investment Promotion Board (FIPB). Based on the recommendations of the FIPB, Government takes a decision on each proposal. Government's decisions are conveyed to the concerned foreign investors. The details of existing norms and procedure for clearance of Foreign Direct Investment (FDI) proposals and the cap on FDI by any single investor, including Non-Resident Indians (NRIs), are available in 'Consolidated FDI Policy-Circular 1 of 2010', dated the 31st March, 2010, which is available online at DIPP's website at: <http://dipp.gov.in>.

(b) & (c): FIPB is the single designated body for considering and making recommendations on proposals on foreign investment.

(d) & (e): Government has issued a circular on Consolidated FDI policy on 31.03.2010, integrating existing regulations on FDI, as contained in FEMA, RBI circulars, various Press Notes etc. into one consolidated document, with a view to reflecting the current policy framework and providing for greater clarity of understanding of foreign investment rules among foreign investors and sectoral regulators.

Government has put in place a liberal and transparent policy for Foreign Direct Investment (FDI), wherein most of the sectors are open to FDI under the automatic route. The policy on FDI is reviewed on an ongoing basis. Concerns of national security are appropriately addressed.

Details of FDI limits in the Insurance, Banking, Shipping, Ports, Electronic Media (Broadcasting), Commodity Exchanges, Aviation and Retail sectors are enclosed at Annexure-I.

(f) & (g): Despite the global economic slowdown, the FDI equity inflows have shown an increasing trend, on year to year basis, as indicated below:

Financial Year	FDI Equity Inflows (Rs. crore)	FDI Equity Inflows (US \$ Million)
----------------	-----------------------------------	---------------------------------------

2006-07	70,630.06	15,726.19
---------	-----------	-----------

2007-08	98,663.99	24,580.85
---------	-----------	-----------

2008-09	123,024.88	27,330.82
---------	------------	-----------

2009-10 (upto January, 2010)	109,925.67	22,962.83
---------------------------------	------------	-----------

The details of FDI inflows, reported by RBI's Regional Offices (state-wise, sector-wise and country wise, including flows from NRIs and FIs) is at Annexure-II.