

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

UNSTARRED QUESTION NO:226  
ANSWERED ON:01.08.2011  
INVESTMENT BY FOREIGN COMPANIES  
Mahendrasinh Shri Chauhan ,Singh Rajkumari Ratna

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

- (a) the details of norms and procedure established by the Government for investment to be followed by foreign companies in the country;
- (b) whether the Indian companies are also likely to be benefited by these norms; and
- (c) if so, the details thereof?

**Answer**

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

(a): As per extant policy, Foreign Direct Investment (FDI) can be brought into the country through the automatic route or through the Government approval route. FDI in sectors/activities, to the extent permitted under automatic route, does not require any prior approval by the Government. In such cases, the investors are required to notify the concerned Regional Office of RBI within 30 days of receipt of inward remittances and file the required documents with that office within 30 days of issue of shares to foreign investors. Proposals received from foreign investors, involving foreign investment, which require approval of Government, are considered by the Foreign Investment Promotion Board (FIPB), through an inter-ministerial consultation process. Government takes a decision on such proposals, after taking into account the recommendations of the FIPB.

The details of existing norms and procedure for clearance of Foreign Direct Investment (FDI) proposals are provided in 'Circular 1 of 2011- Consolidated FDI Policy', released on 31st March, 2011, which is available in the public domain, on the website of the Department of Industrial Policy & Promotion. Further, FDI is subject to applicable laws/sectoral rules/regulations/security conditions.

(b)&(c): Foreign Direct Investment (FDI) complements and supplements domestic investment. Domestic companies are benefited through FDI, by way of enhanced access to supplementary capital and state-of-the-art technologies; exposure to global managerial practices and opportunities of integration into global markets.