

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

UNSTARRED QUESTION NO:4110

ANSWERED ON:19.12.2011

REVIEW OF FDI

Choudhary Shri Harish;Devappa Anna Shri Shetti Raju Alias;Gawali Patil Smt. Bhavana Pundlikrao ;Jakhar Shri Badri Ram ;Joshi Dr. Murli Manohar;Muttemwar Shri Vilas Baburao;Reddy Shri K. Jayasurya Prakash;Singh Shri Rajiv Ranjan (Lalan)

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

(a) whether the Government has decided to hike the Foreign Direct Investment (FDI) cap in certain sectors including in FM radio, construction of old age homes, educational institutions, defence, pension and Micro, Small and Medium Enterprises (MSMEs) through automatic route/Foreign Investment Promotion Board (FIPB);

(b) if so, the details thereof alongwith the criteria fixed for the purpose and the likely benefits extended to the Indian companies in view of the above;

(c) the State-wise details of employment generated/to be generated through the hike in the FDI cap; and

(d) the steps taken by the Government to encourage and liberalise FDI in various sectors in order to boost their development?

Answer

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

(a): No, Madam.

The extant Foreign Direct Investment (FDI) policy, as contained in 'Circular 2 of 2011- Consolidated FDI Policy' issued by Department of Industrial Policy & Promotion is as under:

Sector/Activity	% of FDI Cap/ Equity	Entry Route
FM (FM Radio)	26% (FDI, NRI & PIO investments and portfolio investment)	Government

Construction Development (including old age homes and educational institutions)	100%	Automatic
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Defence	26%	Government
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FDI in Micro and Small Enterprises (MSEs) is subject to the sectoral caps, entry routes and other relevant sectoral regulations. FDI is also subject to applicable laws/ regulations; security and other conditionalities.

(b) & (c): Do not arise.

(d): The 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 recent times, to ensure that India remains increasingly attractive and investor-friendly. Foreign Direct Investment (FDI) policy is reviewed on an ongoing basis, with a view to make it more investor friendly.