

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

UNSTARRED QUESTION NO:2831

ANSWERED ON:12.12.2011

FOREIGN INVESTMENT NORMS

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

- (a) whether the prescribed norms and guidelines for investment are being followed by the foreign companies investing in India;
- (b) if so, the details thereof and if not, the details of the cases of violation of these norms by foreign companies particularly tobacco producing companies during the last three years and the current year;
- (c) whether any proposals for investment by Japan have been received and approved by the Government during the last year and the current year, and if so, the details thereof along with the steps taken by the Government to encourage the investment environment in the country;
- (d) the details of investments made by the Non Resident Indians in terms of Indian Currency during the last two years and the current year;
- (e) whether the Government proposes to make changes in the FDI policy in order to attract FDI in realty sector, rural areas and panchayats and if so, the details thereof; and
- (f) the salient features and guidelines of the project "Invest India" launched by the Government and the extent to which it has been successful in attracting FDI country- wise?

**Answer**

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

(a)&(b): As per extant policy, a foreign investor may make Foreign Direct Investment (FDI) in India, as per existing norms and procedures, as provided under 'Circular 2 of 2011 - Consolidated FDI Policy', effective 1 October, 2011, released by the Department of Industrial Policy & Promotion and the provisions of the Foreign Exchange Management Act (FEMA). FDI is a capital account transaction and violation of FDI regulations is covered by the penal provisions of the Foreign Exchange Management Act (FEMA), 1999. Reserve Bank of India administers the FEMA and Directorate of Enforcement under the Ministry of Finance, is the authority for the enforcement of FEMA. The Directorate takes up investigation in cases of contravention of FEMA.

As per information received from Reserve Bank of India (RBI), one case of violation has been reported, since 2008, up to 30.11.2011. Further, in another case of M/s JT International (India) Pvt. Ltd. (a tobacco company), the company has been advised to apply for compounding to Reserve Bank of India, regarding receipt of balance amount, pertaining to increase in the paid up capital from Rs. 46 crore to Rs. 50 crore.

(c): Detailed break-up of proposals from Japanese investors, approved for foreign Direct Investment, during April, 2010 to August, 2011, is at Annexure -I. 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. FDI policy is reviewed on an ongoing basis, through a consultative process, with a view to making it more investor-friendly.

(d) The Reserve Bank of India does not segregate investor-wise data reported to it under the Foreign Direct Investment Scheme. As such, details of investment made by NRIs, in terms of Indian currency, are not available.

(e) No such proposal is presently under consideration of the Government.

(f) ``Invest India``, is a joint venture company between the Department of Industrial Policy & Promotion and FICCI, set up as a not-for-profit, single window facilitator, for prospective overseas investors and to act as a structured mechanism to attract investment. It undertakes investment promotion activities through creation of country-focused initiatives, including investment promotion and facilitation through video-conferences, organizing/ participating in seminars and trade fairs and handling of investor queries. Details of FDI attracted country- wise, by Invest-India, are not separately maintained.