

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:706
ANSWERED ON:25.11.2011
APPROVAL OF INFRASTRUCTURE PROJECTS
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Will the Minister of FINANCE be pleased to state:

- (a) the norms followed in according approval to the infrastructure project proposals for raising foreign funds by domestic companies;
- (b) whether the Government of India proposes to simplify the same;an
- (c) if so, the details thereof and if not, the reasons therefor?

Answer

MINISTER OF STATE IN MINISTRY OF FINANCE(SHRI NAMO NARAIN MEENA)

(a), (b) & (c): Domestic companies implementing infrastructure projects can raise off shore funds through External Commercial Borrowings (ECB), Foreign Institutional Investments (FIIs) and Foreign Direct Investment (FDI).

Companies engaged in major infrastructure sectors like roads, power, airports, ports, telecom are allowed to raise foreign investment by way of equity upto 100% through the automatic route. In case of existing airports prior government approval is needed for FDI beyond 75%, In case of telecom sector the following sectoral caps exist:

- (i) Basic and cellular, Unified Access Services, NLD/ILD, V-Sat, Public Mobile Radio Trunk Services, Global Mobile communication Services and other value added telecom Services : 74% FDI permitted; FIPB approval required beyond 49%
- (ii) ISP with gateways, Radio paging, end-to-end bandwidth : 74% FDI permitted; FIPB approval required beyond 49%

Government of India has liberalized norms pertaining to ECBs and FII investment in infrastructure sector from time to time to enable greater flow of off shore funds into infrastructure projects. The statement placed at Annex gives the details of the recent initiatives taken to simplify these norms.