

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

STARRED QUESTION NO:54  
ANSWERED ON:13.08.2012  
INVESTMENTS FROM PAKISTAN  
Kumar Shri P.;Rao Shri Sambasiva Rayapati

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

- (a) whether measures have been taken by India and Pakistan to improve the bilateral trade and economic relations;
- (b) if so, the details thereof;
- (c) whether the Government proposes to permit Foreign Direct Investment from Pakistan and exempt such investments from the Foreign Exchange Management Act (FEMA) regulations;
- (d) if so, the details thereof;
- (e) whether the security issues are also being considered while finalizing the proposals in this regard and if so, the details thereof; and
- (f) whether the Government proposes to set up India-Pakistan Business Council and if so, the details thereof?

**Answer**

MINISTER OF THE STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI ANAND SHARMA)

(a) to (f): A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (f) OF LOK SABHA STARRED QUESTION NO. 54 FOR ANSWER ON 13TH AUGUST 2012 REGARDING "INVESTMENTS FROM PAKISTAN"

(a) Yes Madam.

(b) As an outcome of the bilateral discussions between the two countries, in March 2012 Government of Pakistan replaced its 'Positive List' comprising 1963 items that could be exported by India to Pakistan with a 'Negative List' of 1209 items. This implies that except for these 1209 items, all other items can be exported. Such substantial increase in tradable commodities is expected to reduce trade through third countries.

A liberalized visa regime for business persons has also been agreed between both countries and is ready to be signed.

Separate Joint Expert Groups have been set up to examine the feasibility of trade in electricity and initiate trade in petroleum products.

Central Banks of both countries are working out modalities for opening of bank branches in each other's countries.

Inauguration in April 2012 of the state of the art Integrated Check Post at Attari has helped businessmen on both sides to expand trade by the Attari-Wagah land route.

(c) & (d): D/o Industrial Policy and Promotion(DIPP), vide Press Note No. 3(2012 Series) dated 1st August, 2012 reviewed the FDI Policy and decided to permit a citizen of Pakistan or any entity incorporated in Pakistan to make investments in India, under the Government route, in sectors/activities other than defence, space and atomic energy.

(e) Yes Madam. According to the Press Note, FDI is not being allowed in the sectors related to defence, space and atomic energy. Further, a citizen of Pakistan or an entity incorporated in Pakistan can invest only under the Government route. This would involve necessary security clearances.

(f) Commerce Ministers of India and Pakistan during the bilateral meeting held in New Delhi on 13th April 2012, agreed to constitute a Joint Business Council. The Joint Statement issued mentions, inter-alia, that this Joint Business Council shall provide an additional institutional framework for regular and sustained dialogue between the business communities. It shall also strategize and implement mechanisms for deepening the business to business trade and commerce relations between both countries.