

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

UNSTARRED QUESTION NO:532

ANSWERED ON:26.11.2012

FDI INFLOW

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

- (a) whether there has been decline in the Foreign Direct Investment (FDI) in the country;
- (b) if so, the details thereof and the reasons therefor along with data of FDI during the last two years and the current year, value-wise, sector-wise, State-wise;
- (c) the details of targets fixed by the Government for FDI during the last two years and the current year and steps taken by the Government to achieve the desired target;
- (d) whether the Government has noticed that many companies are violating the FDI norms by diverting the invested money to other sectors;
- (e) if so, the details thereof and the action taken by the Government in this regard; and
- (f) the State-wise details of projects sanctioned and started under FDI as per the agreement with the State Governments?

Answer

THE MINISTER OF COMMERCE AND INDUSTRY (SHRI ANAND SHARMA)

(a) & (b): The FDI equity inflows during the financial year 2011-12 increased significantly over the FDI equity inflows recorded in the financial year 2010-11.

The FDI equity inflows, during the last two financial years and the current year, are as under:

Sl No Year (April- March) FDI (Rs crore) FDI (US\$ million)

1 2010-11 97,320.39 21,383.05

2 2011-12 165,145.53 35,120.80

3 2012-13 (April-August) 44,580.24 8,166.20

Source: Reserve Bank of India

A statement of FDI equity inflows, sector-wise from April 2010 to August 2012 is at Annexure-I. A statement of FDI equity inflows, as reported by the Reserve Bank of India (RBI), Regional Office wise, during April 2010 to August 2012 is at Annexure-II.

The break up is as per the receipts by the regional offices of the RBI in the country and cannot be fully equated with State-wise inflows, as companies having headquarters in one State may have operations in one or more States and some RBI Regional Offices cover more than one State.

(c): No targets are fixed for FDI inflows. Foreign Direct Investment (FDI) policy is reviewed on an ongoing basis, with a view to making it more investor friendly. Government has put in place an investor-friendly policy on FDI, under which FDI, up to 100%, is permitted, under 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 an increasingly and investor-friendly destination. Government plays an active role in investment promotion, through dissemination of information on the investment climate and opportunities in India and by advising prospective investors about investment policies, procedures and opportunities. International Cooperation for industrial partnerships is solicited both through bilateral and multilateral arrangements. It also coordinates with apex industry associations, such as FICCI, CII and ASSOCHAM, in their activities relating to promotion of industrial cooperation, both through bilateral and multilateral initiatives intended to stimulate inflow of foreign direct investment into India.

The Government has also set up 'Invest India', a joint venture company between the Department of Industrial Policy & Promotion and FICCI, as a not-for-profit, single window facilitator, for prospective overseas investors and to act as an institutional mechanism to attract investment.

(d) & (e): References alleging that some companies are carrying out activities in violation of the FDI policy, have been received.

Violation of FDI regulations is covered by the penal provisions of the Foreign Exchange Management Act, 1999 (FEMA). The Reserve Bank of India has informed that matters related to Bharti Wal-Mart/ Cedar Support Services Limited and M/s Flipkart Online Services Pvt. Limited, respectively, have been referred to the Directorate of Enforcement for further investigation.

(f): The Government does not enter into any agreements with the State Governments regarding FDI projects.