

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

UNSTARRED QUESTION NO:4450

ANSWERED ON:22.04.2013

. FDI CAP IN VARIOUS SECTORS

Adhalrao Patil Shri Shivaji; Adsul Shri Anandrao Vithoba; Badal Harsimrat Kaur; Das Shri Khagen; Dharmshi Shri Babar Gajanan; Lagadapati Shri Rajagopal; Reddy Shri Anantha Venkatarami; Tandon Annu; Yadav Shri Dharmendra; Yaskhi Shri Madhu Goud

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

- (a) whether the Government proposes to remove sectoral cap and amend the Foreign Direct Investment (FDI) policy in various sectors particularly for warehousing, foodgrains storage facilities and defence sector;
- (b) if so, the details thereof along with the discussion held by the Government on the issue with various industries/ organisations and the outcome thereof;
- (c) the details of FDI inflow in the said sectors during the last three years;
- (d) whether the Government is considering a separate policy to encourage agro-processing industries in the light of FDI in retail and if so, the details thereof;
- (e) whether the Government proposes to provide special incentives to encourage the setting up of logistics and cold storage chains by small and medium enterprises; and
- (f) if so, the details thereof?

Answer

THE MINISTER OF COMMERCE & INDUSTRY (SHRI ANAND SHARMA)

(a) & (b): Government has put in place an investor friendly Foreign Direct Investment (FDI) policy, under which FDI, up to 100%, is permitted, on the automatic route, in most sectors/ activities. FDI policy is reviewed on an ongoing basis, with a view to making it more investor friendly. Significant changes in the FDI policy regime have been made in the recent past, to provide further openings for Foreign Direct Investment in India.

As per extant FDI policy, FDI upto 26% is permitted in the defence sector with prior Government approval. FDI upto 100% is permitted in warehousing and food storage facilities on automatic route. There is no proposal under consideration to amend the policy.

(c): FDI equity inflows from April 2009 to February 2013 in Warehousing sector (including Food grains storage) are as under:

Sl No	Year	(Apr-Mar)	FDI (Rs crore)	FDI (US\$ million)
1	2009-10	6.82	1.41	
2	2010-11	45.82	10.15	
3	2011-12	830.99	170.08	
4	2012-13	(Apr-Feb)	254.64	46.68

FDI equity inflows from April 2009 to February 2013 in Defence sector are as under:

Sl No	Year	(Apr-Mar)	FDI (Rs crore)	FDI (US\$ million)
1	2009-10	0.00	0.00	
2	2010-11	0.00	0.00	
3	2011-12	17.44	3.66	
4	2012-13	(Apr-Feb)	2.21	0.41

(d) to (f): It is envisaged that the conditionalities built into the policy on FDI in multi brand retail trading would encourage agro-processing industries on account, inter-alia, of the large amount of capital infusion mandated in backend infrastructure including in processing, storage, warehousing and agriculture market produce infrastructure, etc. In addition to this, there are sector specific policies to encourage agro-processing industries. Small and medium enterprises could also participate in the setting up of backend infrastructure including logistics and cold storage chains.