

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

STARRED QUESTION NO:5

ANSWERED ON:05.08.2013

. FDI CAP

Gaikwad Shri Eknath Mahadeo;Semmalai Shri S.

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

- (a) whether the Government has relaxed or proposes to relax Foreign Direct Investment (FDI) sectoral cap in defence, telecom, civil aviation, petroleum and other sectors;
- (b) if so, the details thereof along with its likely impact on the Indian industries, sector-wise and also to restrict current account deficit/depreciation of rupee;
- (c) whether the Government has held consultations with the industries/Ministries concerned particularly Home Affairs and Defence to address the issue of security concerns before relaxing the FDI norms;
- (d) if so, the details thereof including the action taken by the Government to address their concerns; and
- (e) the other concrete measures taken by the Government to boost FDI inflow into the country and the quantum of funds expected to come after removing the FDI cap in various sectors?

Answer

THE MINISTER OF COMMERCE & INDUSTRY (SHRI ANAND SHARMA)

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

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF LOK SABHA STARRED QUESTION NO. 5 FOR ANSWER ON 5th AUGUST, 2013, REGARDING FDI CAP

(a) & (b): The Government reviews the FDI policy on an ongoing basis, to ensure that India remains an attractive & investor friendly destination. In a recent review of the policy government has amended the sectoral caps and/or entry routes in some sectors viz. petroleum & natural gas; commodity exchanges; power exchanges; stock exchanges, depositories and clearing corporations; asset reconstruction companies; credit information companies; tea sector including tea plantations; single brand product retail trading; test marketing; telecom services; courier services and defence.

FDI directly supplements domestic capital, technology and skills in the sectors of direct entry. It has indirect multiplier effect on other related sectors also, and thereby stimulates economic growth. FDI inflows also have a positive impact on the current account balance.

(c)&(d): The Government has held consultations with concerned Ministries including Ministry of Defence and Ministry of Home Affairs to address the issues raised by them including security related issues.

(e): Government plays an active role in the promotion of investment in all sectors, through dissemination of information on the investment climate and by advising prospective investors about investment policies, procedures and opportunities. International Cooperation for investment partnerships is solicited both through bilateral and multilateral arrangements. Government also coordinates investment promotion efforts with apex industry associations, such as FICCI, CII and ASSOCHAM, both through bilateral and multilateral initiatives intended to stimulate inflow of foreign direct investment into India.

Further, Government has 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 a structured mechanism to attract investment.

It is expected that the review of FDI policy would boost investor confidence thereby stimulating FDI inflows and contributing to accelerated economic growth. It is however not possible to assess the exact quantum of inflows as investment, including FDI is largely a matter of private business decisions.