

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:326

ANSWERED ON:06.12.2013

FOREIGN CAPITAL

Joshi Dr. Murli Manohar;Roy Shri Arjun

Will the Minister of FINANCE be pleased to state:

- (a) whether foreign capital is indispensable for the development of the country;
- (b) if so, the reaction of the Government thereto;
- (c) whether the amount of capital lying unutilised in the country has been assessed by the Government and if so, the details thereof;
- (d) if not, the reasons therefor and the reaction of the Government in this regard; and
- (e) the policy formulated by the Government for promoting the investment of such capital in production sectors?

Answer

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

(A) & (B): THE GROWTH OF INDIAN ECONOMY IS PRIMARILY SUPPORTED BY ITS STRONG FUNDAMENTALS SUCH AS DOMESTICALLY DRIVEN DEMAND, HIGH SAVINGS AND INVESTMENT RATES, A LARGE YOUNG WORKING POPULATION, GROWING MIDDLE CLASS INCOMES AND RAPID PROGRESS IN SOCIAL AND PHYSICAL INFRASTRUCTURE. INDIA'S DEMOCRATIC POLITY AND INSTITUTIONS ARE THE FUNDAMENTAL SOURCES OF ITS SUSTAINED GROWTH. FOREIGN CAPITAL INFLOWS ARE AN IMPORTANT SOURCE OF FINANCING TO HELP SUPPLEMENTING DOMESTIC RESOURCES FOR FUNDING DOMESTIC INVESTMENT/ CAPITAL FORMATION IN THE COUNTRY. FOREIGN CAPITAL INFLOWS ARE GENERALLY AIMED AT ENCOURAGING LONG-TERM AND LOW COST FUNDING FOR INFRASTRUCTURAL DEVELOPMENT AND EXPORT SECTOR FINANCING OF THE ECONOMY.

(C) TO (E): GOVERNMENT HAS BEEN TAKING ALL NECESSARY STEPS TO REVIVE GROWTH, BOOST INVESTMENT, CREATE CONDUCIVE BUSINESS ENVIRONMENT, IMPROVING EFFICIENCY AND STRENGTHENING OF THE REGULATORY AND INSTITUTIONAL FRAMEWORK TO CHANNELIZE GREATER INVESTMENTS IN ORDER TO ACHIEVE POTENTIAL GROWTH OF THE INDIAN ECONOMY.

IN THE RECENT PAST, CABINET COMMITTEE ON INVESTMENTS (CCI) HAS BEEN SET UP TO EXPEDITE IMPLEMENTATION OF STALLED PROJECTS. SO FAR, CCI HAS CLEARED PROJECTS WORTH USD 64 BILLION ACROSS SECTORS SUCH AS POWER, ROADS, RAILWAYS, PETROLEUM AND NATURAL GAS. CCI IS EXPECTED TO BRING IN EFFICIENCY, TRANSPARENCY AND ACCOUNTABILITY IN CLEARANCE OF VARIOUS PROJECTS.