

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:5078

ANSWERED ON:24.04.2015

CAPITAL INVESTMENT IN FOREIGN COUNTRIES

Devi Smt. Rama

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has taken any steps to promote capital investment in foreign countries;
- (b) if so, the details thereof during the last three years; and
- (c) the capital investment made in foreign countries during the said period, country-wise?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE

(a) Yes, Madam.

(b) The steps taken by the Government to promote capital investment in foreign countries in the last three years inter alia include the following:

The limit of Overseas Direct Investment (ODI) under the automatic route which was reduced on August 14, 2013 from 400% of the net worth of the Indian party to 100%, was restored back to the level of 400% on July 3, 2014. The total investment under the automatic route was capped at US\$ one billion in a financial year.

Vide notification dated March 5, 2013, resident individuals were permitted to undertake ODI in the equity of overseas Joint Ventures/Wholly Owned Subsidiaries (JV/WOS) under the automatic route within the overall ceiling under Liberalized Remittance Scheme (LRS) subject to the compliance with certain conditions.

The "Limited Liability Partnership, registered under the Limited Liability Partnership Act, 2008 is included under the definition of the "Indian Party" under clause (k) of Regulation 2 of Notification No. FEMA.120/RB-2004 dated July 7, 2004, and amended from time to time vide RBI's Circular dated May 19, 2014.

Vide Circular dated June 3, 2014, the ceiling under LRS has been increased from US\$ 75,000 to US\$ 125,000 per financial year per head for any permitted capital or current account transaction or a combination of both.

Vide Circular dated December 29, 2014; the creation of charge (pledge) on the shares/asset of a JV/WOS of an Indian party in favour of domestic/overseas lender or on the domestic assets in favour of overseas lenders to the JV/WOS/step down subsidiary has been permitted under the automatic route.

(c) The details of country-wise capital investment (equity, loan and guarantee invoked) made in foreign countries during the last three years are given in the annexure.