

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

UNSTARRED QUESTION NO:1395

ANSWERED ON:18.07.2014

. PROPOSALS FOR FOREIGN DIRECT INVESTMENT

Chowdhury Shri Adhir Ranjan;Dhotre Shri Sanjay Shamrao;Kumar Shri P.;Mahtab Shri Bhartruhari;Singh Shri Sunil Kumar

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

- (a) the details of proposals for Foreign Direct Investment (FDI) received and approved/rejected by the Foreign Investment Promotion Board during each of the last three years and the current year,sector-wise and State/UT-wise;
- (b) the details of FDI proposals lying pending with the Government for approval, the reasons for pendency along with the time by which these are likely to be cleared;
- (c) whether the Government proposes to review FDI policy in some sectors, particularly in Pharmaceutical, agricultural multi-layered marketing, direct selling industry and manufacturing of solar cells;
- (d) if so, the details thereof along with the study, if any, conducted by the Government to ascertain its impact on various sectors including rural development works and pharmaceutical companies in the country; and
- (e) the further measures taken/proposed to be taken by the Government to improve investment environment and speedy clearance of FDI proposals?

**Answer**

THE MINISTER OF STATE (INDEPENDENT CHARGE) OF THE MINISTRY OF COMMERCE AND INDUSTRY (SHRIMATI NIRMALA SITHARAMAN)

(a): (i) Year-wise details of the proposals received during the last three years and the current year are as under :

Year No. of fresh approvals received

2011 222

2012 218

2013 219

2014 86

(till date)

(ii) Year-wise details of the proposals approved/ rejected during the last three years and the current year are as under:

Year No. of proposals approved# No. of proposals rejected

2011 189 71

2012 199 80

2013 198 33

2014 63 15

(till date)

(# Refers to recommendation made during the year including for proposals carried forward from earlier year(s). Therefore, table in (i) and (ii) will not match.)

The Sector-wise and State/UT-wise details of the proposals for Foreign Direct Investment received and approved/ rejected by Foreign Investment Promotion Board are not centrally maintained.

(b): As on 15.07.2014, total 91 proposals are pending with Foreign Investment Promotion Board and efforts are being made to clear all the proposals at the earliest.

(c): Review of the FDI policy of the country is an ongoing process and Government has taken a number of steps in the recent past to make India an attractive investment destination. However currently there is no proposal under consideration to review the existing policy in Pharmaceutical, agricultural multi-layered marketing, direct selling industry and manufacturing of solar cells.

As regards proposal to increase the cap in some sectors, Finance Minister, in his Budget Speech, given on 10.7.2014, has made following statement:

"The policy of the NDA Government is to promote Foreign Direct Investment (FDI) selectively in sectors where it helps the larger interest of the Indian Economy. FDI in several sectors is an additionality of resource which helps in promoting domestic manufacture and job creation. India today needs a boost for job creation. Our manufacturing sector in particular needs a push for job creation.

India today is the largest buyer of Defence equipment in the world. Our domestic manufacturing capacities are still at a nascent stage. We are buying substantial part of our Defence requirements directly from foreign players. Companies controlled by foreign governments and foreign private sector are supplying our Defence requirements to us at a considerable outflow of foreign exchange. Currently we permit 26 per cent FDI in Defence manufacturing. The composite cap of foreign exchange is being raised to 49 per cent with full Indian management and control through the FIPB route.

The Insurance sector is investment starved. Several segments of the Insurance sector need an expansion. The composite cap in the Insurance sector is proposed to be increased up to 49 per cent from the current level of 26 per cent, with full Indian management and control, through the FIPB route.

To encourage development of Smart Cities, which will also provide habitation for the neo-middle class, requirement of the built up area and capital conditions for FDI is being reduced from 50,000 square metres to 20,000 square metres and from USD 10 million to USD 5 million respectively with a three year post completion lock in.

To further encourage this, projects which commit at least 30 per cent of the total project cost for low cost affordable housing will be exempted from minimum built up area and capitalisation requirements, with the condition of three year lock-in. FDI in the manufacturing sector is today on the automatic route. The manufacturing units will be allowed to sell its products through retail including E-commerce platforms without any additional approval."

(d): No such study has been conducted by the Government.

(e): 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.

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 and 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 a structured mechanism to attract investment.