

GOVERNMENT OF INDIA
MINISTRY OF COMMERCE AND INDUSTRY
RAJYA SABHA
QUESTION NO 21.04.2010
ANSWERED ON

. OVERHAULING FOREIGN INVESTMENT POLICY MATRIX .

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Dr. T. Subbarami Reddy

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

- (a) whether Government has embarked on a major overhaul of its foreign investment policy matrix to remove inconsistencies that lead to regulatory arbitrage;
- (b) if so, whether PM has directed his Ministry, RBI etc. to iron out their differences to integrate the legal and regulatory regimes for foreign capital inflows;
- (c) if so, whether all legal regulatory and taxation regimes with respect to foreign investment have been reviewed;
- (d) if so, whether one object of this was to disallow foreign investors from evading rules by pitting on regulator against one another; and
- (e) if so, to what extent Government has been able to remove all hurdles of foreign funds?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE & INDUSTRY

(SHRI JYOTIRADITYA M. SCINDIA)

(a) to (e): The Government has put in place a liberal and investor friendly policy on Foreign Direct Investment (FDI) under which FDI, upto 100%, is permitted on the automatic route in most sectors/activities. The policy on FDI, including legal, regulatory and taxation regimes, are reviewed on an ongoing basis through an inter-ministerial consultation process, with a view to rationalizing/simplifying the policy and attracting FDI in more industries and sectors.