

**GOVERNMENT OF INDIA
MINISTRY OF COMMERCE & INDUSTRY
DEPARTMENT OF INDUSTRIAL POLICY & PROMOTION**

LOK SABHA

**UNSTARRED QUESTION NO. 1870.
TO BE ANSWERED ON MONDAY, THE 28TH NOVEMBER, 2016.**

EASE OF DOING BUSINESS

**1870. SHRI K.R.P. PRABAKARAN:
SHRIMATI K. MARAGATHAM:**

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

वाणिज्य एवं उद्योग मंत्री

- (a) whether the Government has recently relaxed the rules for granting the permissions to attract the international companies, investors, entrepreneurs as a part of ease of doing business in India and if so, the details thereof;
- (b) whether the Government has any plan to open the International Arbitration for redressal of grievances of the MNCs, if so, the details thereof;
- (c) whether the Government has received any objections raised by Indian companies across the country in this regard, if so, the details thereof along with the reaction of the Government thereto; and
- (d) whether the said move is likely to affect domestic companies in these sectors and if so, the corrective steps taken by the Government in this regard?

ANSWER

**वाणिज्य एवं उद्योग राज्यमंत्री (स्वतंत्र प्रभार)(श्रीमती निर्मला सीतारमण)
THE MINISTER OF STATE (INDEPENDENT CHARGE)
OF THE MINISTRY OF COMMERCE & INDUSTRY
(SHRIMATI NIRMALA SITHARAMAN)**

- (a): Yes Madam. The details are annexed.
- (b): There is no specific plan to open the International Arbitration for redressal of grievances of the MNCs. However, the general law relating to arbitration is contained in the Arbitration and Conciliation Act, 1996, based on the UNCITRAL Model Law on International Commercial Arbitration, as adopted in 1985 by the United Nations Commission on International Trade Law (UNCITRAL), applies to both international as well to domestic arbitration.
- (c): No, Madam.
- (d): Does not arise.

ANNEXURE

ANNEXURE REFERED TO IN REPLY TO PART (a) OF LOK SABHA UNSTARRED QUESTION NO. 1870 FOR ANSWER ON 28.11.2016.

1. The Government has taken a number of FDI Policy reforms, which are not only bold but also historic. The measures taken by the Government were directed to open new sectors for foreign direct investment, increase the sectoral limit of existing sectors and simplifying other conditions of the FDI policy. These policy reforms are meant to provide ease of doing business and accelerate the pace of foreign investment in the country. Some of the sectors where the reforms have been undertaken include:-
 - a. Insurance Sector: Foreign investment up to 49% has been permitted under automatic route. Earlier foreign investment beyond 26% and upto 49% was under government route.
 - b. Pension sector: Foreign investment up to 49% has been permitted under automatic route. Earlier foreign investment beyond 26% and up to 49% was under government route.
 - c. Asset Reconstruction Companies: Foreign investment up to 100% under automatic route has been permitted, which was earlier under government route beyond 49%.
 - d. Other financial Services: Foreign investment up to 100% under automatic route has been permitted in Financial Services activities regulated by financial service regulators, viz. RBI, SEBI, IRDA, PFRDA, NHB or any other financial service regulator as notified by the Government of India. Earlier, only 18 sectors of NBFCs were permitted for foreign investment up to 100%.
2. Start-ups: Investment by Foreign Venture Capital Investors registered with SEBI have been permitted in Indian startups irrespective of the sector in which they are engaged.
3. Pre incorporation expenses/Pre-operative expenses: A wholly owned subsidiary of a non-resident entity is permitted to issue shares/CCPS/CCDs/warrants up to 5% of its capital or USD 500,000, whichever is less against the pre-incorporation expenses/pre-operative expenses provided the subsidiary is engaged in the sectors under 100% automatic route with no FDI linked conditions.
4. Deferred payment/escrow arrangement for transfer : In cases of transfer between a resident and non-resident up to 25% of the payment is permitted to be deferred or an escrow arrangement can be made as per the agreement between buyer and seller subject to pricing guidelines.
