

**GOVERNMENT OF INDIA
MINISTRY OF COMMERCE & INDUSTRY
DEPARTMENT FOR PROMOTION OF INDUSTRY AND INTERNAL TRADE**

LOK SABHA

**UNSTARRED QUESTION NO. 2845.
TO BE ANSWERED ON WEDNESDAY, THE 10TH JULY, 2019.**

PROMOTION OF FDI

2845. DR. (PROF.) KIRIT PREMJBHAI SOLANKI:

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

वाणिज्य एवं उद्योग मंत्री

- (a) the steps taken by the Government to promote Foreign Direct Investment (FDI) in the country;
- (b) the salient features of the FDI policy in defence, banking and food products;
- (c) the salient features of the Consolidated FDI policy and the rationale behind it;
- (d) whether the Government has any data on the FDI received by small and medium size enterprises and if so, the details thereof; and
- (e) the total FDIs received by the State of Gujarat in the current and previous year?

ANSWER

वाणिज्य एवं उद्योग मंत्री (श्री पीयूष गोयल)

**THE MINISTER OF COMMERCE & INDUSTRY
(SHRI PIYUSH GOYAL)**

- a) : Government has put in place a liberal and transparent policy for Foreign Direct Investment (FDI), wherein most of the sectors are open to FDI under the automatic route. The Government reviews the FDI policy on an ongoing basis and makes changes from time to time, to ensure that India remains a attractive & investor friendly destination.
- (b) : Salient features of the FDI Policy in defence, banking and food products are enclosed as **Annexure I**.
- (c) : It has been the endeavour of the Government to put in place an enabling and investor friendly FDI policy. The intent is to make the FDI policy more investor friendly and remove the policy bottlenecks that have been hindering investment inflows into the country. The extant FDI policy framework follows a negative list approach wherein barring a select few sectors, FDI is permitted up to 100% in the automatic route, subject to applicable laws/regulations, security and other conditionalities. Detailed Foreign Direct Investment (FDI) policy on various sectors indicating therein sector-wise FDI limits and sectoral conditions is provided in 'Consolidated FDI Policy Circular of 2017', as amended from time to time through subsequent Press Notes, which are available on the website of Department for Promotion of Industry & Internal Trade at www.dipp.gov.in.
- (d) Data on FDI received by small and medium size enterprises is not centrally maintained.
- (e) State-wise details of total FDI is not centrally maintained.

ANNEXURE REFERRED TO IN REPLY TO PART (b) OF LOK SABHA UNSTARRED QUESTION No. 2845 FOR ANSWER ON 10.7.2019

FDI Policy in Defence

Sector/Activity	% of Equity/ FDI Cap	Entry Route
5.2.6.1 Defence Industry subject to Industrial license under the Industries (Development & Regulation) Act, 1951; and Manufacturing of small arms and ammunition under the Arms Act, 1959	100%	Automatic up to 49% Government route beyond 49% wherever it is likely to result in access to modern technology or for other reasons to be recorded

5.2.6.2 Other Conditions

- (i) Infusion of fresh foreign investment within the permitted automatic route level, in a company not seeking industrial license, resulting in change in the ownership pattern or transfer of stake by existing investor to new foreign investor, will require Government approval.
- (ii) Licence applications will be considered and licences given by the Department of Industrial Policy & Promotion, Ministry of Commerce & Industry, in consultation with Ministry of Defence and Ministry of External Affairs.
- (iii) Foreign investment in the sector is subject to security clearance and guidelines of the M/o Defence.
- (iv) Investee company should be structured to be self-sufficient in areas of product design and development. The investee/joint venture company along with manufacturing facility, should also have maintenance and life cycle support facility of the product being manufactured in India.

FDI Policy in Banking

Banking- Private Sector

Sector/Activity	% of Equity/ FDI Cap	Entry Route
Banking- Private Sector	74%	Automatic up to 49% Government route beyond 49% and up to 74%.

Other Conditions

- (1) This 74% limit will include investment under the Portfolio Investment Scheme (PIS) by FIIs/FPIs, NRIs and shares acquired prior to September 16, 2003 by erstwhile OCBs,

and continue to include IPOs, Private placements, GDR/ADRs and acquisition of shares from existing shareholders.

- (2) The aggregate foreign investment in a private bank from all sources will be allowed up to a maximum of 74 per cent of the paid up capital of the Bank. At all times, at least 26 per cent of the paid up capital will have to be held by residents, except in regard to a wholly-owned subsidiary of a foreign bank.
- (3) The stipulations as above will be applicable to all investments in existing private sector banks also.
- (4) Other conditions in respect of permissible limits under portfolio investment schemes through stock exchanges for FIIs/FPIs and NRIs, setting-up of a subsidiary by foreign banks and limits in respect of voting rights are at **Annexure-9** to the Consolidated FDI Policy Circular of 2017.

Banking- Public Sector

Sector/Activity	% of Equity/ FDI Cap	Entry Route
Banking- Public Sector subject to Banking Companies (Acquisition & Transfer of Undertakings) Acts 1970/80. This ceiling (20%) is also applicable to the State Bank of India and its associate Banks.	20%	Government

FDI Policy in Food Product Retail Trading

100% FDI under Government approval route is allowed for retail trading, including through e-commerce, in respect of food products manufactured and/or produced in India.
