

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

**UNSTARRED QUESTION NO. 1155.
TO BE ANSWERED ON TUESDAY, THE 11TH FEBRUARY, 2025.**

NEW POLICY TO ATTRACT FOREIGN INVESTMENT

**1155. SHRI SATPAL BRAHAMCHARI:
SHRI CHANDAN CHAUHAN:
SHRI NALIN SOREN:**

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

वाणिज्य एवं उद्योग मंत्री

- (a) whether the Government has formulated any new policy to attract foreign investment in the country;
- (b) if so, the details thereof;
- (c) the nature of impact likely to have on the Indian economy in view of the said policy;
- (d) whether the said policy is likely to help in job creation; and
- (e) if so, the details thereof?

ANSWER

**वाणिज्य एवं उद्योग मंत्रालय में राज्य मंत्री (श्री जितिन प्रसाद)
THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE & INDUSTRY
(SHRI JITIN PRASADA)**

(a) to (e): The Government has put in place a policy framework for Foreign Direct Investment (FDI) that is transparent, predictable, and easily comprehensible. This framework is embodied in the Consolidated FDI Policy circular dated 15.10.2020 as amended from time to time (FDI Policy).

To promote FDI, the Government has put in place an investor-friendly policy, wherein most sectors, except certain strategically important sectors, are open for 100% FDI under the automatic route. More than 90% of the FDI inflow is received under the automatic route. India has embarked on a series of reforms aimed at liberalizing its FDI policies, with the goal of stimulating economic growth and encouraging foreign capital inflows. In the recent past, reforms in the FDI Policy have been undertaken in sectors such as Defence, Insurance, Petroleum & Natural Gas, Telecom and Space. FDI in the Defence sector is allowed up to 74% through Automatic Route (from earlier 49%) for companies seeking new industrial licenses. Further, 100% FDI in the Telecom Sector is allowed under Automatic Route. FDI sectoral cap in the insurance sector has been revised from 49% to 74% under the automatic route. The Union Budget 2025 also announced for the further increase of FDI sectoral cap for the insurance sector from 74% to 100%. This enhanced limit will be available for those companies, which invest the entire premium in India.

Further, the Government of India always strives to attract more FDI by removing regulatory barriers, streamlining processes, developing infrastructure, bettering logistics and improving the business environment by enhancing the Ease of Doing Business (EoDB). The Government, through the Jan Vishwas (Amendment of Provisions) Act, 2023, has decriminalized 183 provisions across 42 Central Acts from 19 Ministries/Departments to enhance the Ease of Living and EoDB. The Government will also be bringing up the Jan Vishwas 2.0 bill, aiming to further improve the business environment. In the Union Budget 2025, it was announced that a High-Level Committee for Regulatory Reforms will be setup to strengthen trust-based economic governance and take transformational measures to enhance EoDB, especially in matters of inspections and compliances.

To further strengthen a seamless business regulatory framework across the country and nudge states to promote healthy competition to attract investment including FDI, various initiatives are being undertaken. The Government of India released Business Reforms Action Plan (BRAP) 2024 rankings and Logistics Ease Across Different States (LEADS) 2024 report to inter-alia communicate to potential investors examples of positive business ecosystem as well as logistics performance undertaken by various States and UTs. Further in the Union Budget 2025 it was announced that an Investment Friendliness Index of States will be launched in 2025 to further the spirit of competitive cooperative federalism.

FDI directly supplements the domestic capital and brings technology and skill to the sectors of direct entry. It also has indirect multiplier effects on other related sectors thereby stimulating economic growth leading to increased production, exports and employment generation. The convergence of all aforementioned initiatives will further streamline regulatory processes, bolster economic growth, and foster greater investor confidence in India's business landscape.
