

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:6207

ANSWERED ON:27.04.2001

PERMISSION TO FINANCIAL INSTITUTIONS TO FUND FOREIGN ACQUISITION

CHELLAMELLA SUGUNA KUMARI;DR. KIRIT SOMAIYA;SULTAN SALAHUDDIN OWASI

**Will the Minister of FINANCE be pleased to state:**

- (a): whether the Ministry has given permission to financial institutions to fund foreign acquisitions by Indian corporates;
- (b): if so, the details thereof and reasons therefor;
- (c): whether guidelines have been framed by RBI to open this overseas acquisition route; ;
- (d): if so, the time by which these guidelines are likely to be issued;
- (e): whether IDBI has asked the Government to have substantial dollar resource in order to fund overseas acquisition; and
- (f) if so, the steps being taken by the Government in this regard?

**Answer**

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL)

- (a) & (b): Government has not yet given permission to financial institutions (FIs) to fund foreign acquisitions by the Indian corporates.
- (c) & (d): No, Sir. Reserve Bank of India (RBI) is reviewing the whole issue to allow FIs to fund such activity.
- (e) & (f): Yes, Sir. Industrial Development Bank of India (IDBI) has written to Government for issuing of Notification authorising IDBI to grant financial assistance to industrial concerns for setting up projects outside India. Final view in the matter will be taken after RBI has crystalised its views on the issues.