

**GOVERNMENT OF INDIA  
COMMERCE AND INDUSTRY  
LOK SABHA**

STARRED QUESTION NO:264  
ANSWERED ON:07.12.2001  
FOREIGN CAPITAL INVESTMENT  
DINESH CHANDRA YADAV;RAMJI LAL SUMAN

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

- (a) whether the Government have taken many encouraging steps during the last few years to attract foreign capital investments in the country;
- (b) if so, the details thereof;
- (c) whether the Government have selected certain sectors for giving priority in foreign capital investments keeping in view the needs of the country;
- (d) if so, the names of such areas;
- (e) the total amount of foreign capital invested in these sectors during the last three years, sector-wise; and
- (f) the total amount of foreign capital investments made in India during the above period till date, year-wise?

**Answer**

THE MINISTER OF COMMERCE AND INDUSTRY ( SHRI MURASOLI MARAN )

(a) to (f) : A statement is laid on the table of the house.

Statement referred to in regard to Lok Sabha Starred Question No.264 for answer on 7.12.2001

(a) and (b) Yes, Sir. Government has taken several steps to promote Foreign Direct Investment (FDI), which, inter alia, include the following:

- i. Simplification of the FDI policy with most activities placed on the automatic route for foreign investment up to 100%.
- ii. 30-day time frame for disposal of investment proposals by FIPB.
- iii. Simple notifying procedure for investment made through automatic route.
- iv. A liberal FDI policy for Special Economic Zones.
- v. 100% FDI permitted in additional sectors such as development of integrated townships and settlements, drugs & pharmaceuticals and mass rapid transit systems.
- vi. FDI limit raised from 40 to 49% in private sector banking and from 49 to 74% in Internet Service Provider with gateways, radio-paging and end-to-end bandwidth.
- vii. Defence industry sector opened to Indian private sector participation with FDI permitted up to 26%.
- viii. Foreign Investment Implementation Authority has been set up to facilitate speedy implementation of FDI projects.
- ix. Foreign investment promotion by, inter alia, organizing road shows and `Destination India` events in countries that are important sources of FDI.

(c) and (d) While considering FDI proposals, Government accords priority to infrastructure projects, activities having export and / or employment potential, items having a direct or backward linkage with agro-business/farm sector, and proposals involving induction of modern technology. Some of the priority sectors as per the above include telecommunications, power, food processing industries, automobile industry, information technology, services sector, electrical and electronic equipments, drugs and pharmaceuticals, etc. Most of these sectors are open for FDI up to 100% on the automatic route.

(e) and (f) A statement containing the year-wise and sector-wise details of FDI during the last three years and for the current year up to 30th September 2001 in respect of the top 10 sectors in terms of inflows and also the total amount of FDI received during this period, year-wise, is enclosed.

STATEMENT REFERRED TO IN REGARD TO LOK SABHA STARRED QUESTION NO.264 FOR 07.12.2001.

(e) TOP TEN SECTORS IN RESPECT OF FDI INFLOWS

(Amount Rs. in crore/US\$ in million)

Ranks	Sectors	1998 (Jan-Dec) rupee term with total inflows received during Aug.1991 to Sept. 2001.	1999 (Jan-Dec)	2000 (Jan-Dec)	2001 (Jan-Sept.)	% age in
1	Telecommunications	1,741.02 (US\$440.8)	215.56 (US\$51.3) (US\$159.4)	685.54	3,773.00 (US\$838.4)	14.59
2	Electrical Equipments (including computer software)	786.59 (US\$199.1)	703.61 (US\$167.5) (US\$279.4)	1,201.22	1,500.10 (US\$333.4)	12.61
3	Transportation Industry	1,476.92 (US\$373.9)	1,130.20 (US\$269.1) (US\$285.1)	1,225.98	552.64 (US\$ 122.8)	11.90
4	Service Secto	767.98 (US\$ 194.4)	402.38 (US\$95.8) (US\$ 43.3)	186.15	601.08 (US \$ 133.6)	8.30
5	Chemicals(other than fertilizers)	1,064.00 (US\$ 269.4)	475.62 (US\$113.2) (US\$ 125.1)	538.07	109.04 (US\$ 24.2)	7.96
6	Fuels (power & oil refinery)	563.55 (US\$ 142.7)	748.46 (US\$ 178.2) (US\$ 112.6)	484.02	313.72 (US \$ 69.7)	7.64
7	Food Processing Industries	236.88 (US\$ 60.0)	404.70 (US \$96.4) (US \$ 51.7)	222.45	143.61 (US\$31.9)	4.69
8	Misc. Mechanical Engineering Industry	118.11 (US\$ 29.9)	62.91 (US\$15.0) (US\$25.6)	109.85	291.19 (US \$ 64.7)	2.15
9	Paper and Pulp	234.17 (US\$59.3)	51.36 (US\$ 12.2) (US\$60.5)	259.95	6.74 (US\$1.5)	1.94
10	Drugs and Pharmaceuticals	83.84 (US\$ 21.2)	75.73 (US\$18.0) (US\$ 48.4)	207.99	75.17 (US \$ 16.7)	1.90

Note : # These figures do not take into account the amount of FDI inflows for ADRs/GDRs/FCCBs, RBI-NRI Schemes, acquisition of existing shares & advance pending for allotment of shares, as these are not categorised sector-wise.

(f) STATEMENT ON YEAR-WISE INFLOWS RECEIVED DURING 1998-2001

(Amount Rs. in crore/US\$ in million)

1998 1999 2000 2001

Total FDI Inflows Rs.13,339.84 Rs.16,867.79 Rs.19,341.74 -

during January-December (US\$3,377.2) (US\$ 4,016.1) (US\$4,498.1)

Total FDI Inflows Rs.10,987.44 Rs. 9,874.83 Rs.11,114.93 Rs.16,306.47  
during January-September (US\$ 2,781.6) (US\$2,351.2) (US\$2,584.9) (US \$ 3,623.7)