

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

UNSTARRED QUESTION NO:6707
ANSWERED ON:10.05.2002
FICCI'S STUDY ON FDI
M.V.V.S MURTHI

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

- (a) whether the Government's attention drawn to the FICCI's FDI Survey, 2002 released recently;
- (b) if so, the details of negative and positive performance of foreign investor given in survey;
- (c) the details of FDI inflow, State-wise given in survey;
- (d) the reasons given for less inflow of FDI in some States;
- (e) the response of the Government in this regard;
- (f) the measures suggested in survey to further improve the FDI inflow in the country; and
- (g) the action taken or likely to be taken by Government in this regard?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (DR. RAMAN SINGH)

(a) : Yes, Sir.

(b) to (d) : The highlights of FICCI FDI Survey 2002 are as under :

The report presents several positive findings such as; an overwhelming 93% feel handling of approvals at the Centre is good - average; 61% of respondents have reported profits or break-even; and 51% are planning expansion of their Indian operations in the near future.

The report also underlines some areas for improvement such as projection of India's image, systems and procedures and infrastructure.

The inter se distribution of FDI between States is determined by locational advantages offered by them. Based on the overall investment climate, including policy environment and infrastructure, the survey has grouped - Andhra Pradesh, Guajrat, Karnataka, Maharashtra and Tamil Nadu as reform-oriented States; Haryana, Orissa and West Bengal as intermediate reformers; and Assam, Bihar, Madhya Pradesh, Punjab, Rajasthan and Uttar Pradesh as lagging reformers.

(e) to (g) : With a view to simplifying foreign direct investment procedures, Government has already put in place a transparent and investor friendly FDI policy. Under this dispensation, in most sectors FDI is permitted up to 100% on the automatic route and foreign investors only have to notify RBI within 30 days of bringing in funds and again within 30 days of issuing shares. Government's decision of FDI proposals considered by the Foreign Investment Promotion Board is conveyed within 30 days time frame. Foreign Investment Implementation Authority (FIIA) has been set up in August 1999 to act as the singly point interface between foreign investors and various Central/State Government agencies in resolving implementation issues related to FDI.