

**GOVERNMENT OF INDIA  
CHEMICALS AND FERTILIZERS  
LOK SABHA**

UNSTARRED QUESTION NO:677  
ANSWERED ON:27.07.2000  
FOREIGN DIRECT INVESTMENT IN CHEMICAL SECTOR  
GADDE RAMAMOCHAN;M.V.V.S MURTHI;SHIVAJI MANE

**Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:**

- (a) the total Foreign Direct Investment in chemical sector during each of the last three years;
- (b) whether F.D.I. inflow in chemical sector registered a sharp decline;
- (c) if so, the reasons therefor; and
- (d) the steps taken/proposed to be taken by the Government to increase the inflow of F.D.I. in chemical sector?

**Answer**

The Minister of State in the MINISTRY OF CHEMICALS & FERTILIZERS ( SHRI RAMESH BAIS )

(a): As per the information compiled by the Department of Industrial Policy and Promotion, the FDI approvals/inflows in the chemical (other than Fertilizer) Sector is as under:

( Rs. in crore )

1997      1998      1999

Approvals	2827.18	1813.73	810.42
Inflows	821.27	1064.00	475.62

(b): Yes Sir.

(c) & (d): While a general world-wide slowdown in the chemical sector and surplus capacity can be cited as possible reasons for the declining trend, the following steps, inter-alia, have been taken to attract more FDI:-

- (i) Access to the automatic route for Foreign Direct Investment has been made easier.
- (ii) Manufacture of chemicals has been delicensed except for few hazardous chemicals.
- (iii) The time frame for consideration of FDI proposals has been reduced from 6 weeks to 30 days for communicating Government decision.
- (iv) Requirement of foreign owned Indian holding companies to obtain prior and specific approval of FIPB/Government for downstream investment in priority activities has been dispensed with subject to specific conditions.
- (v) The Foreign Investment Implementation Authority (FIIA) has been set up to provide a single point interface between foreign investors and the Government machinery both at the Central and State level.