

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

UNSTARRED QUESTION NO:934  
ANSWERED ON:28.07.2000  
FOREIGN DIRECT INVESTMENT  
AVSM, BRIG.(RETD.) KAMAKHYA PRASAD SINGH DEO

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

- (a) whether the Government are preparing New Policy on Foreign Direct Investment (FDI) in trading arms; and
- (b) if so, the salient features thereof?

**Answer**

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

(a) to (b): Foreign Investment upto 51% for trading is allowed through the automatic route subject to the condition that the undertaking concerned should be an export house, registered under the provisions of the Export & Import Policy in force. Foreign Direct Investment upto 100% is permitted in case of trading involving the following:

- (i) exports;
- (ii) bulk imports with export/exbonded warehouse sales;
- (iii) cash and carry wholesale trading;
- (iv) other import of goods or services provided at least 75% is for procurement and sales of goods and services among the companies of the same group and not for third party use or onward transfer/distribution/sales etc.

Foreign Direct Investment in retail trading is not permitted.