

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

UNSTARRED QUESTION NO:4741
ANSWERED ON:26.04.2005
NATIONAL KNOWLEDGE COMMISSION
Singh Shri Sugrib

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

- (a) whether the Government propose to constitute a National Knowledge Commission for setting up of a joint venture with foreign investors;
- (b) if so, the details thereof;
- (c) whether the Government has laid down certain conditions for setting up of joint ventures with the foreign companies;
- (d) if so, the details thereof;
- (e) whether the Government has formulated any scheme to have coordination between the two ventures;
- (f) if so, the details thereof; and
- g) the impact of foreign companies on domestic companies?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE & INDUSTRY (SHRI E.V.K.S. ELANGO VAN)

- (a) & (b): The Government has announced the setting up of a Knowledge Commission, the details of which are to be finalized.
- (c) to (f): Setting up of Joint Ventures with foreign investors is allowed as per the Foreign Direct Investment (FDI) Policy. The Policy allows FDI up to 100% in all sectors / activities except the following:
 - Activities / items that require an Industrial Licence;
 - Proposals in which the foreign collaborator has an existing venture / tie up in India in the same field;
 - Proposals for acquisition of shares in an existing Indian company in the:
 - i) Financial services sector and
 - ii) Where SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 is attracted;
 - All proposals falling outside notified sectoral policy / caps or under sectors in which FDI is not permitted.
- (g) FDI complements and supplements domestic investment and to some extent fills up savings – investment gap. It also helps in technology transfer and in improving the competitiveness of domestic industry thereby benefiting Indian industry.