

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:572
ANSWERED ON:25.11.2005
FDI IN FINANCIAL AND OTHER SECTORS
Badiga Shri Ramakrishna

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government plan to allow more FDI in financial and other sectors ;
- (b) if so, the action plan drawn up for the purpose, sector-wise ;
- (c) the benefits likely to be accrue therefrom; and :
- (d) the manner in which it will help in checking the inflation rate and rising prices of essential items ?

Answer

Minister of State in the Ministry of Finance (S. S. Palanimanickam)

(a),(b), (c) and (d) In terms of FDI Policy, FDI is permitted in the following financial services :

(i) In 19 NBFC activities, FDI upto 100% is permitted subject to minimum capitalisation norms.

(ii) In Banking sector, subject to caps.

(iii) In Asset Reconstruction Companies, subject to caps. Separately, in Insurance sector FDI is permitted subject to caps. Review of FDI Policy is an ongoing process. In general, FDI inflows augment domestic investible resources.