

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:594

ANSWERED ON:09.07.2004

FDI POLICY

Das Gupta Shri Gurudas;Krishnadas Shri N.N.

**Will the Minister of FINANCE be pleased to state:**

- (a) whether the Government propose to review the FDI policy in respect of some sectors like Civil Aviation, Defence, etc.;
- (b) if so, the details thereof;
- (c) the present FDI cap on various sectors, Sector-wise;
- (d) the present FDI inflow into the country compared to other Asian Countries;
- (e) the details of FDI investment in India upto 31.03.2004, sector-wise; and
- (f) the manner in which the Government propose to attract the foreign investors to increase the FDI inflow?

**Answer**

Minister of State in the Ministry of Finance ( Shri S. S. Palanimanickan)

(a) & (b): Government has put in place a liberal and transparent FDI Policy and most of the sectors have been placed under the automatic route, except for a small negative list. FDI up to 100% is permitted on the automatic route, for most activities/sectors except for a few sectors such as defense equipment, telecom, civil aviation, insurance, exploration & mining of diamonds & precious stones, broadcasting, etc., where caps have been prescribed based on strategic and sectoral considerations. The FDI policy, including sectoral policies and caps, is reviewed on an ongoing basis.

(c) The FDI cap for various sectors are detailed in Ministry of Commerce and Industry, Department of Industrial Policy and Promotion's web-site <http://dipp.nic.in>

(d) FDI inflows into comparable Asian Countries as per WIR 2003 published by the UNCTAD is at Annexure-I.

(e) Sector-wise Inflow of FDI during the period from August 1, 1991 to April 30, 2004 is at Annexure II.

(f) The Government has initiated steps to undertake various promotional activities, which include aggressive marketing of investment opportunities in India, its competitive advantages, direct contact with potential investors, organization of specific investment promotion events, dissemination of information on investment, policies & procedure and maintaining an informative website including an on-line chat facility.

**ANNEX I**

FDI Inflows in major Asian Countries during calendar year 2002 (Millions of dollars)

Country      2002

1. China	52700
2. Hong Kong	13718
3. Indonesia	-1523
4. Korea, Republic of	1972
5. Malaysia	3203
6. Pakistan	823
7. Philippines	1111
8. Singapore	7655
9. Sri Lanka	242
10. Thailand	1069

# Figures for India is the old definition which does not take into account reinvested earnings, other capital etc. Revised FDI, in alignment with international best practice, for 2001-02 is US\$ 6131 million.

## ANNEX II

STATEMENT ON SECTOR WISE ACTUAL INFLOW OF FDI RECEIVED FROM 01/08/1991 TO 30/04/2004

S.No. SECTOR AMOUNT of Inflow % with inflow @  
(Rupees in Crore)

1. METALLURGICAL INDUSTRIES	1280.81	1.32
2. FUELS (POWER & OIL REFINERY	9883.57	10.16
3. BOILERS AND STEM GENERATING PLANT	15.93	0.02
4. PRIME MOVERS OTHER THAN ELECTRICAL	105.33	0.11
5. ELECTRICALS EQUIPMENT (INCL S/W & ELEC)	14115.03	14.51
6. TELECOMMUNICATIONS	10727.04	11.03
7 TRANSPORTATION INDUSTRY	11592.75	11.92
8. INDUSTRIAL MACHINERY	642.00	0.66
9. MACHINE TOOLS	514.95	0.53
10. AGRICULTURAL MACHINERY	273.78	0.28
11. EARTH-MOVING MACHINERY	103.44	0.11
12. MISCELLANEOUS MECHANICAL & ENGINEERING	1650.35	1.70
13. COMMERCIAL, OFFICE & HOUSEHOLD EQUIPMENT	672.60	0.69
14. MEDICAL AND SURGICAL APPLIANCES	417.47	0.43
15. INDUSTRIAL INSTRUMENTS	77.53	0.08
16. SCIENTIFIC INSTRUMENTS	61.05	0.06
17. MATHEMATICAL, SURVEYING AND DRAWING	0.02	0.00
18. FERTILIZERS	287.76	0.30
19. CHEMICALS (OTHER THAN FERTILIZERS)	5710.02	5.87
20. PHOTOGRAPHIC RAW FILM AND PAPER	33.14	0.03
21. DYE-STUFFS	53.78	0.06
22. DRUGS AND PHARMACEUTICALS	2239.77	2.30
23. TEXTILES (INCLUDE DYED, PRINTED)	1164.19	1.20
24. PAPER AND PULP INCLUDING PAPER PRODUCT	1279.40	1.32
25. SUGAR	45.33	0.05
26. FERMENTATION INDUSTRIES	245.55	0.25
27. FOOD PROCESSING INDUSTRIES	4345.23	4.47
28. VEGETABLE OILS AND VANASPATI	54.73	0.06
29. SOAPS, COSMETICS AND TOILET PREPARATIONS	2.42	0.00
30. RUBBER GOODS	830.67	0.85
31. LEATHER, LEATHER GOODS AND PICKERS	190.80	0.20
32. GLUE AND GELATIN	147.58	0.15
33. GLASS	988.45	1.02
34. CERAMICS	201.43	0.21
35. CEMENT AND GYPSUM PRODUCTS	1260.71	1.30
36. TIMBER PRODUCTS	0.92	0.00
37. CONSULTANCY SERVICES	727.90	0.75
38. SERVICE SECTOR	8220.07	8.45
39. HOTEL & TOURISM	901.00	0.93
40. TRADING	1310.68	1.35
41. MISCELLANEOUS INDUSTRIES	14892.66	15.31
42. EURO ISSUES (GDR) &	28303.76	-
43. Acquisition of Shares #	7278.02	-
44. Advance of Inflow	9466.22	-
45. Stock Swapped	256.50	-
46. NRI-RBI Scheme \$	8426.95	@
GRAND TOTAL	150999.29	-

Note :

\$ SPECIAL NRI SCHEMES ADMINISTERED BY RBI FROM 01/01/1991 TO 30/04/2004 .  
NO COUNTRY WISE DETAILS ARE AVAILABLE WITH RBI.

& THE AMOUNT OF INFLOWS RAISED THROUGH GDRs/ADRs/FCCBs AGAINST THE FDI APPROVALS ACCORDED BY FIPB DURING THE PERIOD FROM JUNE 1994 TO APRIL2004

# REPORTED BY RBI, MUMBAI-TRANSFER OF SHARES FROM RESIDENT TO NON-RESIDENT UNDER FEMA DURING JANUARY 1996 TO APRIL 2004.

@ % FIGURES DO NOT TAKE INTO ACCOUNT THE AMOUNT OF FDI INFLOWS FOR ADR/GDR, FCCB'S ACQUISITION OF EXISTING SHARES, ADVANCE PENDING FOR ALLOTMENT OF SHARES AND RBI-NRI SCHEMES AS THESE ARE NOT CATEGORISED COUNTRY WISE/SECTOR WISE.