

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1033

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Foreign Investment

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Will the Minister of FINANCE be pleased to state:

- (a) The details of foreign investment including Foreign Portfolio Investment (FPI) made in the country during each of the last three years and the current year, country-wise;
- (b) Whether India's ranking has improved on the global competitive Index, if so the details thereof along with the factors attributed to this improved ranking of the country;
- (c) Whether foreign investment particularly FPI has slowed down during the current year, if so, the details thereof and the reasons therefor; and
- (d) The steps taken by the Government to boost foreign investment?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI JAYANT SINHA)

(a) to (d) The Foreign Investment Policy is reviewed on an ongoing basis, with a view to make it more investor friendly. Significant changes have been made in the Foreign Investment Policy regime, from time to time, to ensure that India remains an increasingly attractive investment destination.

Year-wise statistics of FDI and FPI inflow for last three years country-wise: -

(Amount in Rs. in Cr.)

Country 2012-13 2013-14 2014-15 2015-16 (upto Sep., 2015)

FDI* FPI FDI* FPI FDI* FPI FDI* FPI#

Mauritius 51,654 10,147 29,360 --- 55,172 26,955 23,490 ---

Singapore 12,594 46,434 35,625 --- 41,350 66,898 43,096 ---

U.K. 5,797 14,065 20,426 3,927 8,769 --- 2,287 ---

Japan 12,243 --- 10,550 --- 12,752 11,887 5,219 12,463

U.S.A. 3,033 44,950 4,807 72,250 11,150 1,02,123 5,435 56,027

From All Countries 1,21,907 1,63,348 1,47,518 62,286 1,89,107 2,56,213 1,06,693 72,970

*FDI Data is maintained on Financial Year Basis.

#FPI Data is upto November 27, 2015.

Some of the common factors that influence FPIs investment, inter alia, includes the following: -

- 1) Country rating of the concerned jurisdiction;
- 2) Prevailing financial market conditions;
- 3) Anticipated future returns out of the proposed investment;
- 4) Market infrastructure in the concerned jurisdiction;
- 5) Liquidity and volatility in the markets of the concerned jurisdiction;
- 6) Regulatory regime prevailing in the concerned jurisdiction;

The Government has taken various measures to improve Foreign Investment, which inter alia, includes: -

- (a) The Government has increased the FDI limit to 49% in Insurance Sector.
- (b) Government has allowed the FDI limit upto 49% in respect of Pension fund set up under the provisions of Pension PFRDA Act, 2013.
- (c) The FDI Policy has been simplified by introducing composite cap to include all forms of foreign investment i.e. FDI, FII, FPI, NRI, QFI, FVCI, ADR & GDR.
- (d) Partly Paid Shares and Warrants are treated as an eligible financial instruments for foreign investment under FDI Policy.
- (e) The procedure and other norms for entry has been simplified and a risk-based approach towards KYC has been adopted.
- (f) FPIs have been permitted to invest in Government and Corporate Debt without purchasing debt limits till the overall investment reaches 90%.
- (g) FPIs have been permitted to invest in Credit Enhanced INR Bounds upto an equivalent of US\$ 5 billion within the overall Corporate

Bond limit of US\$ 51 billion.

(h) Sub limit for FPI investment in Commercial Papers has been reduced from of US\$ 5 billion to US\$ 2 billion within the Corporate debt limit of US\$ 51 billion.

(i) Debt limits for investment by FPIs in Central Government securities were increased to INR 1,29,900 crore from the existing limit of 1,24,432 crore and this limit shall further be increased to INR 1,35,400 crore on January 01, 2016.

All the efforts have yielded results, which has improved India's ranking. India now stood at rank 130 as per World Bank Report 2016