

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

UNSTARRED QUESTION NO:1376
ANSWERED ON:02.05.2016
Changes in Foreign Investment Rules
Singh Shri Bhola

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

- (a) whether the Prime Minister during his recent visit to Germany has told German businessmen and industrialists not to go by old perceptions but to come to India and feel the change in the regulatory environment;
- (b) if so, the details thereof indicating the rules concerning foreign investment likely to be revised/modified;
- (c) whether such revision/modification of foreign investment rules is likely to be applicable for all foreign investors; and
- (d) if so, the details thereof?

Answer

THE MINISTER OF STATE (INDEPENDENT CHARGE)
OF THE MINISTRY OF COMMERCE & INDUSTRY
(SHRIMATI NIRMALA SITHARAMAN)

(a): During his last visit to Germany in April 2015, Hon. Prime Minister apprised the German companies that the regulatory regime in India is much more transparent, responsive and stable. Lots of efforts have been made and are still underway to improve the Ease of Doing business in the Country. Steps have been taken to open up more FDI in key areas like insurance, construction, defence, railways and medical devices. Procedures are being simplified and digital technology is being used to eliminate multiple approvals. A predictable, stable and competitive tax regime is being built.

(b): FDI policy is reviewed on an ongoing basis, with a view to making it more investor-friendly. Significant changes are made in the FDI policy regime, from time to time, to ensure that India remains an increasingly attractive investment destination.

(c) & (d): As per the extant FDI policy, any non-resident entity can invest in India, subject to the FDI Policy except in those sectors/ activities which are prohibited. However, a citizen of Bangladesh or an entity incorporated in Bangladesh can invest only under the Government route. Further, a citizen of Pakistan or an entity incorporated in Pakistan can invest, only under the Government route, in sectors/ activities other than defence, space and atomic energy and sectors/ activities prohibited for foreign investment.
