**Measures for promoting foreign investment in India**

**I**nvestment is one of the most important determinants of economic growth. India, being a developing country, need huge amount of investment to propel it’s economic growth. Investment from foreign countries is one among major sources. Foreign direct investment (FDI) complements domestic investment and fills the gap between resources available and required domestically. It not only brings capital but also transfers technology, organizational and other skills to the country. FDI is durable unlike portfolio investment as it stays in the country even during times of crises. Its benefits spill over to the poor and across regions, ensuring overall welfare. However, the impact of foreign investment on growth and poverty depends on how these investments are fitted in the domestic growth strategy.

Recent measures taken to promote FDI inflows include FDI policy reforms, measures taken to create ease of doing business and building world class infrastructure in the country. Regarding reforms in FDI Policy following steps have been taken:

**(1)**Construction, maintenance and operation of rail infrastructure are made eligible for 100per cent FDI under automatic route except for security sensitive areas.

**(2)**The definition of Non-resident Indians (NRIs) was amended to accommodate Persons of Indian Origin (PIOs) and Overseas Citizens of India (OCIs). Investment made by NRIs is deemed to be domestic investment at par with the investment made by residents.

**(3)**FDI up to 100per cent is permitted under the automatic route for manufacturing of medical devices.

**(4)**The sectoral cap of foreign investment in insurance sector increased from 26per cent to 49per cent with foreign investment up to 26per cent to be under automatic route. Similar changes have also been brought in the FDI Policy on Pension Sector.

**(5)**100per cent FDI is permitted in construction development under automatic route subject to certain conditions. The conditions about floor area restriction, minimum capitalization, exit and repatriation of foreign investment, transfer of stake and operation and management has been relaxed.

**(6)**Subject to conditions of industrial license, foreign investment up to 49per cent is permitted under automatic route in defence sector. Beyond 49per cent under Government route is allowed on case to case basis wherever to access modern and ‘state-of-art’ technology related manufacturing.

 **(7)**FDI in broadcasting sector is allowed under government and automatic route. FDI up to 100 per cent (upto 49 per cent automatic route; beyond 49 per cent under government route) is permitted in teleports, Direct to Home, cable network, mobile TV, headend in the sky broadcasting services. FDI is also permitted in broadcasting content services include up linking news and nonnews current affairs TV channels and down linking of TV channels.

**(8)**100per cent foreign investment under automatic route is permitted in coffee, tea, rubber, cardamom, palm oil tree and olive oil tree plantations.

**(9)**Manufacturer is permitted to sell products through wholesale and / or retail, including through e-commerce without government approval.

 **(10)**Foreign investment in Single Brand Retail Trading (SBRT) is permitted up to 100per cent where up to 49 per cent is under automatic route and above 49 per cent is under government route.

 **(11)**100 per cent FDI is now permitted under automatic route in Duty Free Shops located and operated in the Custom bonded areas.

(**12)**100per cent FDI is now permitted under the automatic route in Limited Liability Partnerships (LLPs) operating in sectors / activities where 100per cent FDI is allowed, through the automatic route and there are no FDI-linked performance conditions.

 (**13)**Scheduled Air Transport Service/ Domestic Scheduled passenger Airlines and Regional Air Transport Service (RSOP) is permitted to have foreign investment up to 49per cent under automatic route. Further, foreign investment cap of activities of Non- Scheduled Air Transport Service and helicopter services, Ground Handling Services, repair and maintenance organization have been increased to 100per cent under the automatic route.

**(14)**Foreign investment caps on Satellites- establishment and operation subject to the sectoral guideline of Department of Space / ISRO have been raised to 100per cent.

**(15)**FDI in Credit Information Companies is permitted under automatic route up to 100per cent.

**(16)**The threshold limit for FIPB approval has been increased to from Rs. 3000 crore to Rs. 5000 crore.