

[30 November, 1999]

RAJYA SABHA

filed ten declarations relating to the disputes due to wrong availment of MODVAT, involving an amount of Rs. 23,38,074 towards Central Excise duty and Rs. 2,80,000 towards penalty. An amount of Rs. 11,69,037 was paid by M/s IPCL towards full and final settlement of the arrears under the KVSS in these ten cases.

**Simplification of Procedure for Foreign Capital Investment**

†130. SHRI KAPIL SIBAL:

SHRI BARJINDER SINGH HAMDARD:

Will the Minister of FINANCE be pleased to state:

- (a) whether it is a fact that Government have recently simplified the procedure regarding foreign capital investment;
- (b) if so, the details thereof;
- (c) whether it is also a fact that the said facilities regarding foreign capital investment in certain sectors are not available; and
- (d) if so, the names of such sectors in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) and (b) In furtherance of the ongoing liberalisation efforts, Government has taken initiatives to boost inflow of Foreign Direct Investment (FDI) like conveying decision on all FIPB proposals within 30 days, allowing 100% foreign equity in construction & maintenance of roads, highways, vehicular tunnels, ports & harbour subject to certain minimum conditions. Prior approval of RBI for FDI proposals under the automatic as well as FIPB route have been dispensed with.

Foreign Investment Implementation Authority has been constituted which oversees the implementation of FIPB approvals.

Certain initiatives to attract portfolio investments from FIIs have recently been taken which include simplification in registration requirements of sub-accounts and permissions for tendering securities directly in terms of takeovers, for trading in derivative contracts and for hedging foreign exchange risk through purchase of forward cover on incremental equity investments. The 100% Debt Fund FIIs have

---

†Original notice of the question received in Hindi.

been permitted to invest in unlisted debt securities in addition to listed debt securities.

Certain policy initiatives have also been taken with a view to simplify procedure for NRI investment in mutual funds, extending screen-based automated trading overseas, revising portfolio investment ceiling for NRIs/PIOs/OCBs from 1% to 5% and 5% to 10% respectively, simplifying procedure for extension of validity for NRIs/PIOs/OCBs and introduction of one stage approval for all schemes following under RBI approval mechanism.

Guidelines on Euro Issues have been relaxed permitted unlisted company for floating issues, removal of stipulation of validity period and permitting Information Technology Service companies to issue ADR/GDR linked stock option to their employees.

(c) and (d) Certain sectors like Arms and ammunition and allied items, Defence Equipment, Atomic Energy, Real Estate, Housing, Agriculture and Plantation etc. are not open for Foreign Direct Investment.

#### **Construction of Local Board of SBI, NE Circle**

131. DR. (SHRIMATI) JOYASREE GOSWAMI MAHANTA: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the Local Board of the State Bank of India, NE Circle has not been constituted since 1982; and

(b) if so, the reasons for not forming the body in the NER and the steps taken by the Ministry to constitute the Local Board?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) and (b) The Local Board of State Bank of India's Guwahati Circle was last constituted in 1984. This Board has not been functioning since January, 1989 due to resignation/demise of Members. Since then, the affairs of this Circle are being attended to by the Committee of the Local Board comprising the Chairman of State Bank of India and the Chief General Manager of the Circle. Action has been initiated to reconstitute all the Local Boards of State Bank of India, including Guwahati Local Board.