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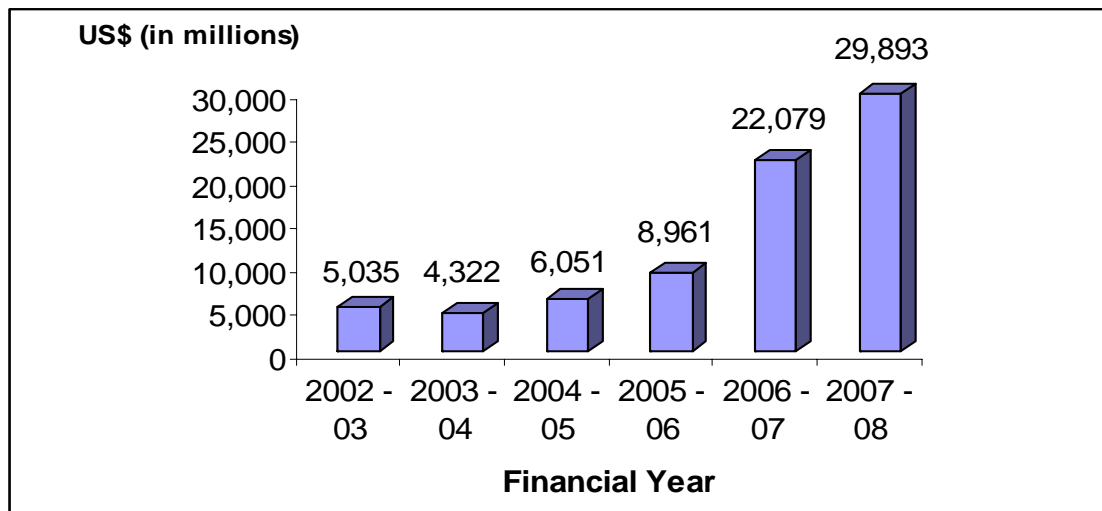
Investing In India

The Foreign Direct Investment Scenario



Key Statistics

1. India has recently been rated as the **2nd most attractive FDI destination** in the world after China.
2. Since the liberalization policy of 1991, the country has received over **US\$ 93.86 billion in FDI** till August, 2008. (DIPP)
3. FDI inflows between April 2000 and March 2007 have been increasing at a **CAGR of 32.78%** per annum.
4. In 2007-08, the country received **US\$29.9 billion** in FDI inflows, **up 35.39%** from **US\$ 22 billion** in **2006-07**.
5. FDI Inflows for the period **April– August 2008** stood at **US\$14.7 billion - more than double** the amount (US\$ 6.5 billion) received over the same period last year. (DIPP)
6. FDI Inflows over the past six financial years are as under:



Source: DIPP



7. A summary of FDI inflows in certain **key sectors** is as under:

(In US\$. Millions)

Sector	FY06	FY07	FY08
Services	543	4,664	6,615
Computer Software & Hardware	1,375	2,614	1,410
Telecommunications	624	478	1,261
Construction activities	151	985	1,743
Automobile Industry	143	276	675
Housing and real estate	38	467	2,179
Power	87	157	967

Source: DIPP

8. Share of **top five investing countries** in FDI inflows is tabulated hereunder:

(In US\$ Millions)

Country	FY07	FY 08	Cumulative Inflows ¹	% to total
Mauritius	6,363	11,096	30,906	43.08%
Singapore	578	3,073	6,076	8.25%
USA	856	1,089	5,681	8.06%
UK	1,878	1,176	4,847	6.87%
Netherlands	644	695	3,285	4.68%

¹ between April, 2000 – August, 2008

Source: DIPP



Overview of FDI Regulations

1. India has among the most liberal and transparent policies on FDI among emerging economies.
2. FDI regulations in India are under the charge of the Department of Industrial Policy and Promotion (“DIPP”), Government of India.
3. The DIPP is responsible both for defining sectoral limits for FDI and laying down policies and procedures to regulate and govern FDI into India.
4. Permissibility of FDI limits across various sectors is summarized as under:
 - A. FDI up to 100% under the automatic route is allowed in all activities/sectors except the following which require prior approval of the Government :**
 - i. Manufacture of Cigars & Cigarettes of tobacco and manufactured tobacco substitutes;
 - ii. Manufacture of Electronic aerospace and defense equipments;
 - iii. Manufacture of items exclusively reserved for Small Scale Sector with more than 24% FDI;
 - iv. Proposals in which the foreign collaborator has an existing financial / technical collaboration in India in the same field; and
 - v. *All proposals falling outside notified sectoral policy/caps.*
 - B. As per the existing regulatory framework, FDI is prohibited in the following sectors:**
 - i. Retail Trading (except single brand product retail)
 - ii. Atomic energy
 - iii. Lottery business
 - iv. Gambling and betting business
5. The FDI policy is reviewed on a continuing basis and changes in sectoral policy/sectoral caps are notified through Press Notes by the Secretariat for Industrial Assistance, Department of Industrial Policy & Promotion.



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