

DIPP holds talks on hiking FDI caps

The DIPP on Monday held first round of consultations on the proposal to raise FDI ceilings in different segments, during which representatives of the Home Ministry raised security issues in sectors like defence and telecom.

The Finance Ministry has proposed hiking FDI ceilings in sectors like multi-brand retail, telecom, defence and civil aviation.

"Representatives of the Home Affairs were present in the meeting because they have concerns regarding I&B, telecom, defence, space and civil aviation," Secretary in the Department of Industrial Policy and Promotion (DIPP) Saurabh Chandra told reporters after the meeting.

He said concerns of Ministry of Home Affairs have been "conveyed wherever raised to the different departments".

However, he also said FDI in many of these sectors requires a security licence.

He hoped that by July 5 all the concerned departments and ministries would send their views and the DIPP would submit a detailed report to Commerce and Industry Minister Anand Sharma by July 7.

Representatives of ministries of Information and Broadcasting, telecom, space, civil aviation, communications, petroleum and natural gas attended the meeting.

"I&B would send their comments in a couple of days on raising FDI cap in print media. Telecom FDI issue is coming up before Telecom Commission tomorrow. The defence minister would be writing to our minister on the sector," he said.

Further, he said Tuesday's meeting will be held with department of pharma, mining, MSME and consumer affairs.

The proposal of raising FDI in multi-brand retail to 74 per cent will also be discussed tomorrow, he added.

On FDI in existing pharma firms, Chandra said issues which would be discussed are continuation of manufacturing of essential drugs for the next five years by the firm in which foreign investment has been made; maintaining the level of highest expenditure in R&D made in the last three years for next five years and how to report compliance of the above issues.

On the new definition of "control" he said that the DIPP is waiting for the comments from different ministries.

He said there is a need to look at the issue of relevance of FDI upto 49 per cent vis-a-vis press note 2,3 and 4.

Meanwhile, earlier in the day, Sharma met Finance Minister P Chidambaram and discussed export, import and FDI scenario of the country.

"We have discussed a whole range of issues with regard to trade deficit, exports, imports and FDI. Relaxing FDI caps was also discussed. On this we will take an early view," Sharma said.

A committee headed by Economic Affairs Secretary Arvind Mayaram recommended that FDI limit be raised to 49 per cent in almost all sectors through automatic route.

(Business Today)