FinMin draws up plan to attract foreign inflows

Looks at sovereign funds, Fortune 500 firms; strategy mulled to get these to put more into India, among other measures

With a widening current account deficit (CAD), the finance ministry is preparing a comprehensive plan to attract dollar inflows into the country.

The ministry plans to identify various funds - sovereign wealth, pension and university - whose managers could be contacted for investing in India. A country-wise programme would be made.

West Asia is one focus area, since at a time when economies round the world have slowed, investors in the Gulf region would be looking for options to get higher returns on their investments. The finance minister is planning a trip to the United Arab Emirates/Qatar at the end of this month, to sell the India story in the region.

His ministry will also prepare a list of Fortune 500 companies present in India, with sectoral and geographical break-up. These companies would be consulted on their present investment plans and encouraged to make more. Coca-Cola, PepsiCo, Philips, General Motors, Ford Motor, Sun, Honeywell International, Pfizer, Citigroup, Prudential Financial, Bombardier, General Electric, Walmart, Hewlett-Packard, AT&T, Apple, IBM and FedEx are some of the Fortune 500 companies present in India.

A list of Fortune 500 companies without presence in India at present is to also be prepared. Thereafter, a plan is likely, in consultation with line ministries, for persuading them to utilise investment opportunities in India. Our embassies in various countries would be brought in to facilitate the exercise.

Exxon Mobil, Chevron, ConocoPhillips, Berkshire Hathaway, Fannie Mae, Valero Energy, McKesson, CVS Caremark, Cardinal Health. Kroger, Costco Wholesale, Wells Fargo, Archer Daniels Midland, INTL FCStone, Marathon Petroleum and Walgreen are some other top Fortune companies.

Chidambaram is to also visit Japan, Canada and America over the next few weeks, to take part in road-shows promoting India as an investment destination. Many of the companies mentioned earlier are based in these countries, particularly the US. He met investors in Hong Kong, Singapore and Europe in January; since then, the finance ministry had got some queries from these countries.

The ministry has also asked for an item by item analysis of the policy on foreign direct investment and look at the possibility of relaxing the sectoral caps, as well as removal or simplification of conditions identified for every category. It has also asked for expediting the cabinet note on definition of control in the FDI policy.

The finance ministry has also noted that many announcements made in the past three Union Budgets are still pending. It is to undertake a comprehensive review of such unfulfilled announcements and a list needing follow-up with other ministries is to be given to the FM.

On many occasions, the finance minister has said the CAD, 4.6 per cent of gross domestic product in April-September last year, is a bigger worry than the fiscal deficit. This year and perhaps next year, too, we have to find over $75 billion to finance the CAD, he said in this year's Budget speech.

In the Budget, the government announced measures to attract higher foreign inflows. These included simplified procedures and uniform registration, and other norms for foreign portfolio investors, classification of FDI and foreign institutional investment (FII) based on international practices, allowing FIIs to invest in the exchange-traded currency derivative segment, and using their investment in corporate bonds and government securities as collateral to meet margin requirements.

(Business Standard)