

## **Govt looking at raising FDI caps, Chidambaram tells investors**

Finance Minister P Chidambaram has assured global investors that their concerns over India's economy would be put to rest and the government would achieve its "ambitious economic agenda" by next year's Lok Sabha elections.

"Global industry wants India to succeed. India will succeed. I know this past year has caused a lot of concern but this year is over and by the elections, we will achieve our ambitious economic agenda," he said yesterday at a closed door meeting with investors, hosted by the US-India Business Council (USIBC) here.

He also said the government was considering raising foreign investment limits in various sectors, including defence and insurance.

To review the Foreign Direct Investment (FDI) sectoral caps, the government has already set up a committee, which held its first meeting earlier this month and is likely to meet again soon. "Let the report (of the FDI committee) come, and I feel many caps deserve to be either relaxed or removed," he said.

There is a need to review FDI sectoral caps, he said. "There were many caps imposed at different points in time. We have set up a committee to go into the nature of each cap and ask a question: Has the cap served a purpose? Does it continue to serve a purpose? If it does, let the cap continue. If it does not, then the cap should either be relaxed or removed."

There are various sectors where FDI limit is way below 100 per cent. While in multi-brand retail it is 51 per cent, in telecom and banking it is 74 per cent. While the Cabinet has approved hiking FDI limit in insurance and pension sectors to 49 per cent, a Bill to that effect is pending in Parliament. Further, in commodity exchanges, asset reconstruction companies, credit information companies and private security agencies, up to 49 per cent FDI is allowed.

On raising the FDI cap in the defence sector, Chidambaram said it was a suggestion mooted by Commerce and Industry Minister Anand Sharma. "I am sympathetic to it and the committee will have to decide if the cap needs to be reviewed."

Chidambaram said the insurance Bill, which seeks to raise FDI cap to 49 per cent from 26 per cent, was in Parliament and he had discussions with Leader of Opposition of both the Houses. They have promised to revert after internal consultations, he added. "The ceiling has got to be at 49 per cent some day. Whichever government in office, it should be persuaded to increase and why not now is the question," he said.

Chidambaram is currently touring US cities to attract foreign investment and sell India's growth story to investors as India grapples with a high current account deficit.

*(Business Standard)*