



GOVERNMENT INITIATIVES ON FOREIGN DIRECT INVESTMENT

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ABSTRACT

International finance has become alternative to domestic sources. In India, with the recent economic and financial reforms, markets have become free, and competitive and Globalised. The FIIs and FFIs, including foreign security firms are allowed to operate in Indian financial markets. The convertibility of the rupee on current account facilitated the inflows and outflows of funds. The policy of Foreign Direct Investment has been liberalised in India so as to promote that investment both in Equity and Debt subject to some limits, in the Indian corporate Foreign Direct Investment, as distinguished from portfolio investment has the connotation of establishment a “lasting interest’ in an enterprise that is resident in an economy other than that of the investor. The Government has put in place a policy frame work on Foreign Direct Investment, which is transparent, predictable and easily comprehensible. The framework is embodied in the circular on consolidated FDI policy, which may be up-to-date every year, to capture and keep pace with the regulatory changes, effected in the interregnum. The Department of Industrial Policy and Promotion (DIPP) Ministry of Commerce & Industry. Government of India makes policy pronouncements on FDI through Press Notes/Press Release which are notified by the Reserve Bank of India as amendments to the Foreign Exchange Management (Transfer or issue of Security by persons Resident (Outside India) Regulations 2000 (notification NO FEMA 20/2000-RB Dated May 3, 2000).These notification take effect from the date of issue of Press Notes/ Press Releases, unless specified therein .In case of any conflict the relevant FEMA Notification will prevail .The procedural instructions are issued by the RBI vide (DIR Series) Circulars .The regulatory framework , over a period of time , thus, consists of Acts, Regulations ,Press Notes. Press Releases, clarification etc. The present consolidation subsumes and supersedes all Press Notes/Press Releases/Clarifications/ Circular by DIPP, which were in force as on June 06,2016 and reflects the FDI Policy as on June 07,2016.

Key Words: Globalisation, liberalisation, International finance, Indian financial markets, policy of FDI.

Investor, DIPP- Ministry of commerce &Industry, FEMA, Press Notes. Press Releases etc.