

GOVERNMENT OF INDIA
 MINISTRY OF FINANCE
 DEPARTMENT OF ECONOMIC AFFAIRS
 LOK SABHA
 UNSTARRED QUESTION NO. 3323
 TO BE ANSWERED ON FRIDAY, THE 18th DECEMBER, 2015
 AGRAHANYA 27, 1937 (SAKA)

Foreign Capital Investment

3323. SHRI ANANTKUMAR HEGDE:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government encourages Foreign Capital Investment in form of technology, brands etc. in the country;
- (b) if so, the details thereof; and
- (c) whether foreign companies get any royalty/benefits from their investment in the country and if so the details thereof?

ANSWER

Minister of State in the Ministry of Finance (SHRI JAYANT SINHA)

(a) to (c) Yes, Sir. The Government has taken several measures to encourage investment in various sectors including in form of technology, brands. Government vide Press Note 8 (2009 Series) dated 16.12.2009 had permitted payments for royalty, lump sum fee for transfer of technology and payments for use of trademark/brand name on automatic route subject to Foreign Exchange Management (Current Account Transactions) Rules, 2000. The move was expected to freely promote the transfer of state of art technology into the country.

Further, in March 2015, Reserve Bank of India (RBI) had released the data of the Survey on Foreign Collaboration in Indian Industry covering the years 2012-13 and 2013-14. This survey captures comprehensive information on various aspects of operations of Indian companies having technical collaboration with foreign companies and the royalty payments made during the reference period. The survey data is available on RBI website: -https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx. The details of Outflow in form of Dividends and Profits for the past three financial years and the current year is as under:

Outflow in form of Dividend and Profits

Item	2012-13	2013-14	2014-15	(US\$ Million)
				2015-16 (April- June'15)
1. Royalty	4159	3980	4820	1485
2. Payment of dividend /profit to Non-resident share holders	3405	4040	3679	743
<i>of which:</i>				
Dividend	3268	3728	3290	668
Profit	137	312	389	75

Source: Balance of Payments Statistics, RBI.