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Government of India
Ministry of Commerce and Industry
(Department of Industrial Policy & Promotion)
Udyog Bhavan, New Delhi

NOTIFICATION

No. 11(1)/2004-IP&ID (IP&IC-IV) – The Government of India has approved a Central Sector Scheme titled "Scheme for Investment Promotion", with an outlay of Rs. 74.5 crores to be implemented during the XI Plan period by the Department of Industrial Policy and Promotion. The scheme aims at promotion of foreign investment into the country.

2. This scheme merges two Plan schemes implemented by the Department of Industrial Policy and Promotion, namely, "Undertaking Investment Promotion Activities", since 1997-98 and "International Cooperation and Joint Ventures – Asia Enterprises in India" since 2001-02 into a central sector plan scheme entitled 'Scheme for Promotion of Investment' during the XI Plan. The earlier two schemes had overlapping objectives so a decision was taken, with the approval of the Planning Commission, to merge the schemes. The merged scheme that came into existence in the financial year 2007-08 was called the "International Cooperation & Joint Ventures-Asia Enterprises and Investment Promotion Activities".

3. The components of the merged scheme have been refined and scope expanded with the approval of the Departmental Expenditure Finance Committee headed by Secretary, Department of Industrial Policy & Promotion on 3rd September, 2008 and is renamed as "Scheme for Investment Promotion". As per extant guidelines, the Scheme received the approval of Minister of Commerce and Industry.

4. The details of the components under the scheme issued vide O.M. of even No. dated 11.11.2008 are annexed to the Notification.

5. This is issued with the concurrence of Integrated Finance Wing Dy. No. 1722.Fin.II dated 5.11.2008.

Chandni Raina
(CHANDNI RAINA)
JOINT DIRECTOR

The Manager
Government of India Press
Faridabad

No. 11(1)/2004-IP&ID (IP&IC-IV), New Delhi, the 11th November, 2008

Copy for information to:-

1. Chief Secretary (States/UTs)
2. Members of Steering Committee
3. Secretary (Coordination), Cabinet Secretariat
4. Secretary, Department of Expenditure
5. Member Secretary, Planning Commission
6. Accountant General of all States/UTs
7. AS&FA, Department of IP&P
8. Chief Controller of Accounts, Department of IP&P
9. All Industry Chambers (FICCI, CII, ASSOCHAM)

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File No.11(1)/2004-IP&IC-IV
Government of India
Ministry of Commerce and Industry
(Department of Industrial Policy and Promotion)

Udyog Bhavan, New Delhi
November 11th, 2008

OFFICE MEMORANDUM

Subject: Central Sector "Scheme for Investment Promotion" – implementation during XI Five Year Plan 2007-2012 – Approval of

India's attractiveness as an investment option for foreign investors has increased over the years. Foreign Direct Investment has been experiencing buoyant growth in the past few years. It grew by 180% in 2006-07 as compared to the previous year. In 2007-08, foreign equity inflow was about \$ 24 billion registering a growth of 56% over the corresponding period of previous year. There, however, continues to be a large gap between India's potential to attract FDI and actual FDI inflows. Moreover, in this age of globalised market there is considerable competition even from developed countries for seeking investment and there is need to undertake investment promotion exercise in a comprehensive and focused manner. In view of this, the Government of India has approved implementation of a Central Sector "Scheme for Investment Promotion" for the XI Five Year Plan with an overall outlay of Rs. 74.5 crore. The scheme would be implemented with the following components:-

i) Organization of Joint Commission Meetings
(Outlay : Rs. 5 crores)

Department of Industrial Policy & Promotion (DIPP) is the nodal department for holding Joint Commission meetings for promoting economic, technological, cultural, scientific cooperation with Belarus, Libya, Hungary, Sweden and Poland. The scheme will provide for financing these bilateral meetings. Besides, the department is also responsible for organizing the India Russia Trade & Investment Forum, India GCC Industrial Forum, Joint Investment Promotion Committee with Korea. The financial implications of these will be met from the above mentioned scheme.

In addition, the scheme will also provide for expenditure incurred on account of annual consultations held with Taiwan, meetings of bilateral level Council of Investment/Inter Governmental Investment Promotion Committees or any other Inter Governmental body/forum that are in existence and also those that may be set up in consultation with MEA/Mission with an objective to promote bilateral investment during the course of the XI Plan period

ii) **Organization of business and investment promotion events**
(Outlay : Rs. 26 crores)

The Department will organize business and investment promotion events (including networking sessions, road shows, exhibitions) in various countries in collaboration with Indian Missions abroad/apex industrial chambers. Support will also be provided for investment promotion events/sector specific business/investment meetings organized by Industry chambers in India. The scheme will also sponsor sector specific delegations abroad with a view to promote investment.

The Government has taken an initiative to enhance economic cooperation at the bilateral level with other countries by creating Business Leaders Forum or CEOs Council/Forums. The Councils/Forums have a mandate to develop a road map for increased partnership and cooperation with other countries at business level. In this endeavour, Forum/Council with Japan, USA, Russia and European Union are already in existence. Steps are being taken to set up CEO Councils/Forums with other countries. The financial implications of setting up CEOs Councils/ Forums including the organization of the meetings, follow up/review meetings, concept papers and other issues arising out of the Forum/Council will be met from the allocations of the Scheme for Investment Promotion.

iii) **Project Management, Capacity Building, Monitoring & Evaluation**
(Outlay : Rs. 5 crores)

To enable effective management of the scheme, provision has been made for project management support with concurrent evaluation. Emphasis will also be placed on capacity building by undertaking country focus studies; industry/sector related reports; preparation of concept paper for innovative projects for attracting investments.

The scheme will also provide for preparing promotional literature/brochure for attracting foreign investment; undertaking surveys and collection of data for developing database on investment and industrial production and preparation of electronic products/websites with a view to aid investment decision.

iv) **Establishment of G2B portal**
(Outlay Rs. 20 crores)

The scheme will implement e-Biz project which is one of the mission mode projects of the Government under the National e-Governance Plan (NeGP). The project involves setting up of G2B portal that addresses the needs of businesses and industry and would create a one stop-shop for convenient and efficient services to foreign and domestic investors.

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v) **Foreign travel**
(Outlay Rs. 8 crores)

The component on foreign travel will include deputation of official delegations abroad in connection with undertaking various investment promotion activities and for Joint Commission meetings.

vi) **Setting up of country focus desks for promoting investment**
(Outlay: Rs.4 crores)

The objective of country focus desks would be to attend to investment from individual investors, provide escort service, promote joint venture tie-ups and business collaborations and business tie-ups. Initially 10 country focus desks will be set up. The selection of the countries will be in accordance to their prominence and with the source of FDIs worldwide and also to India. These desks will be formed in association with an apex industry chamber in view of their expertise to network with business organizations.

The objectives of the country focus desks will be as follows:-

- i. Attending to the investment queries from the individual investors
- ii. Providing escort services to the individual investors
- iii. Promoting joint ventures, tie ups, business collaborations
- iv. Promoting visit of delegations to and fro
- v. Attending to the visiting delegations
- vi. Organizing road shows, workshops, exhibitions and other events
- vii. Networking with organizations in India and the target countries
- viii. Supporting the investment promotion activities when undertaken by counterpart agencies in the Central/State Governments as well as by industrial associations in India and abroad
- ix. Undertaking any other activities not specified above within the overall objective of investment promotion

One time financial support for ICT facilities, office equipments, conferencing and communications facilities and a small resource library would be provided for setting up of country focus desks.

vii) **Multi media audio visual campaign**
(Outlay : Rs. 4.5 crores)

The objective will be to supplement the existing efforts of dissemination of information through print and electronic media for promoting investment. Under this, information would be disseminated on investment climate in India, investment opportunities in different sectors and India's comparative advantage through print and electronic media by a systematic multi media campaign. The department will involve an agency with proven records for producing and managing such campaigns in foreign media. The scheme will also include hiring of foreign media persons on contractual terms for covering investment promotion events.

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viii) Creation of a dedicated investment promotion agency
(Outlay Rs. 2 crores)

There is a need to have a dedicated agency which could approach the whole issue of attracting investment in a more structured, focused and comprehensive manner. Such a company would:

- (i) **Act as the first reference point for any investor interested in India**
 - It will provide information on issues, such as tax rates, skill availability and advantages that states have to offer, at a single point about all the states.
- (ii) **Facilitate setting up business within the country**
 - make available panels of consultants for each sector and for corporate services that may be required by new companies against payment of fee;
 - Coordinate with state governments to provide a list of available land for industrial use, in their investment regions, industrial parks and other areas;
 - Conduct capacity building exercises at the State Government level with a view to create an investor friendly environment.
- (iii) **Undertake Promotional work**
 - The agency will undertake promotional work and will attract investment especially by expanding global investor awareness beyond the metros.

The company will be created under Section 25 of the Companies Act, 1956 and will be in the public private partnership mode. Federation of Indian Chambers of Commerce and Industry (FICCI), the leading Apex Chamber for Trade and Industry in the country, will be the private sector partner with DIPP for this joint venture. The State Governments/State Investment Promotion Agencies will be invited to share in the equity.

The company will have an authorized capital of Rs 10 crore and paid up capital of Rs. 1 crore. This would be subscribed on the following basis:

DIPP, Ministry of Commerce and Industry, Government of India	-	35%
FICCI & its affiliates	-	51 %
State Governments/State Investment Promotion Agencies (28 in No.)	-	0.5 % each
Total	-	100 %

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To begin with, DIPP will hold 49% equity. The GOI's share in equity will reduce over time to 35% of paid up capital as State governments convey their participation.

The financial implication arising out of the proposal on the Government will be met from the Scheme for Investment Promotion. However, operationalization of the scheme would be after the requisite approvals are received.

Detailed guidelines of the scheme would be issued subsequently.

Chandni Raina
(CHANDNI RAINA)
JOINT DIRECTOR

To:

- 1) All Ministries/Departments of the Central Government
- 2) Chief Secretaries of all State Governments/UTs
- 3) Principal Secretary, Department of Industries, al State Governments/UTs
- 4) Commissioners/Directors of Industries, all State Governments/UTs
- 5) All Industry chambers viz. CII, FICCI, ASSOCHAM