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Cabinet approves phasing out FIPB

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The proposal entails abolishing the FIPB and allowing administrative Ministries/Departments to process applications for FDI requiring government approval.



The Union Cabinet chaired by the Prime Minister Narendra Modi has given its approval to the phasing out of Foreign Investment Promotion Board (FIPB). The proposal entails abolishing the FIPB and allowing administrative Ministries/Departments to process applications for FDI requiring government approval.

Presently, applications are considered by FIPB in Department of Economic Affairs (DEA), Ministry of Finance comprising of various Secretaries of Government of India for making recommendation on FDI applications. After the Cabinet decision, it would be handled independently by Administrative Ministries as per Sector.

Henceforth, the work relating to processing of applications for FDI and approval of the Government thereon under the extant FDI Policy and FEMA, shall now be handled by the concerned Ministries/Departments in consultation with the Department of Industrial Policy & Promotion (DIPP), Ministry of Commerce, which will also issue the Standard Operating Procedure (SOP) for processing of applications and decision of the Government under the extant FDI policy.

In addition, Foreign Investors will find India more attractive destination and this will result in more inflow of FDI. The move will provide ease of doing business and will help in promoting the principle of Maximum Governance and Minimum Government.