

# Govt puts protocol in place to speed up FDI

New Delhi: Having decided to turn down frivolous concerns raised by investigative agencies, the government has put in place a detailed protocol for clearing all foreign direct investment (FDI) proposals as part of an exercise to speed up approvals and bring about greater transparency.

Sources told TOI that a panel of secretaries has put in place norms for all allegations related to security, corruption, directors, tax cases, money laundering and round-tripping of funds, environment, and accidents. While specific inputs related to any of the issues will be probed, the protocol will detail how to deal with all other observations related to companies, their parents or subsidiaries as well as directors.

Although over 95% of FDI proposals are now on the au-

## DEALING WITH...

**SECURITY** | Specific complaints to be taken on board while giving clearance

**CORRUPTION** | Charge has to be accompanied with evidence

**DIRECTORS** | Disqualification provided for under Companies Act, other laws to deal with specific charges

**TAX, INSIDER TRADING PROBE** | Laws in place to tackle issues, those guilty to face scrutiny

**ACCIDENT** | Cases of systemic failure, past record of negligence to come under lens

tomatic route, those related to sectors such as defence, aviation, telecom and I&B need clearance from the ministries concerned after the Centre decided to wind up the Foreign Investment Promotion Board (FIPB) last year.

## Security nod given to 4.6k FDI plans in 4 yrs

**O**n May 3, TOI was the first to report that the home ministry had been asked to ensure that low-ranking personnel do not hold up investment proposals by flagging unsubstantiated concerns. Two days later, the ministry responded by saying that it had granted security clearance to over 4,600 FDI proposals during the four years of the Modi government and cut the average processing time to 50 days from four months.

Several FDI proposals had been delayed despite the 60-day deadline put in place at the time of FIPB abolition. With the panel of secretaries now formulating what is being called as the "security protocol", at least seven high-profile cases that were held up due to concerns expressed by the home ministry are now on path to resolution. The list included proposals from American Tower Company, Planetcast and the Vedanta group.

"If there is a case such as one involving Vijay Mallya or Nirav Modi or deals with a company that is responsible for a Bhopal type accident, then permission should be denied. But in case of others, we cannot hold up proposals merely on hearsay or without specific charges. Of course if there are specific concerns, there will be zero tolerance," said a source, who did not wish to be identified.

While the track record of directors has been a concern area, sources said that the panel of secretaries has decided that mere allegation related to a board member or key management executive will not be sufficient to hold back permission unless it is backed by specific charges. In any case, the issue of disqualification of directors is clearly provided for in the Companies Act and any misdemeanour is dealt with by specific provisions of various laws. Similarly, the government while insisting that there is zero-tolerance for corruption has said that the charge against a company or a director has to be specific. Sources also said that in case of environment, tax investigation or insider trading-related allegations, the existing laws are sufficient to deal with the concerns. On the issue of money laundering and round-tripping of funds, the panel has suggested that a proposal be reviewed only if a charge sheet has been filed.

In case of complaints related to accidents, a company will get the go-ahead if it does not have a track record of systemic failure or ignoring concerns that resulted in a major accident. The committee included NITI Aayog CEO Amitabh Kant, industrial policy and promotion secretary Ramesh Abhishek, economic affairs secretary Subhash Chandra Garg, then I&B secretary N K Sinha, aviation secretary R N Choubey, telecom secretary Aruna Sundararajan and a senior officer from the home ministry.