

2-decade-old FIPB scrapped

PNS ■ NEW DELHI

The Government on Wednesday decided to do away with the two-decade-old Foreign Investment Promotion Board (FIPB) and proposed a new mechanism to approve overseas investment applications for removing bottleneck in fund flows.

The FIPB is an inter-Ministerial body responsible for the processing of foreign direct investment (FDI) proposals. Finance Minister Arun Jaitley in his Budget speech on February 1 had announced the scrapping of the inter-Ministerial body, which comes under the Ministry's Department of Economic Affairs.

The decision to abolish FIPB was taken by the Cabinet, chaired by Prime Minister Narendra Modi, Jaitley said while briefing the media after the meeting.

The FIPB will be replaced by a new mechanism under which the proposals will be approved by the Ministries concerned as per the standard

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operating procedure approved by the Cabinet, he added.

Jaitley further said proposals in sensitive sectors will require the Home Ministry's approval. On the proposals pending with FIPB, he said they will go back to the ministries concerned.

The Cabinet also approved a proposal to allocate 2.5 per cent of the Central Road Fund (CRF) for National Waterways that would result in about ₹2,000 crore proceeds per annum for their development. At the same time the Cabinet chaired by Prime Minister Narendra Modi also approved a commensurate reduction in the Centre's share for development of National Highways. Around ₹25,000 crore get collected under CRF per annum. The Government has been emphasising on the importance of developing the inland water transport sector. The National Waterways Act, 2016 for developing and maintaining the existing five NWs and 106 new NWs has been passed by Parliament and is now enforced. The arrangement approved by the Cabinet would make available adequate and sustainable source of funding for NWs through institutional means of CRF.