

GOVERNMENT OF INDIA  
MINISTRY OF ELECTRONICS AND INFORMATION TECHNOLOGY  
**LOK SABHA**  
**UNSTARRED QUESTION NO. 3499**  
TO BE ANSWERED ON 17.03.2021

**CHINESE INVESTMENT IN INDIGENOUSLY DEVELOPED APPLICATION**

**499. SHRI M. SELVARAJ:**  
**DR. AMAR SINGH:**  
**DR. A . CHALLAKUMAR:**  
**SHRI K. MURALEEDHARAN:**

Will the Minister of Electronics and Information Technology be pleased to state:

- a) whether the Ministry was aware of the Chinese investment in the parent firm of the social media Koo app at the time of its appraisal and if so, the details thereof and the reaction of the Government thereto;
- b) whether the Government took note of the Chinese investment while evaluating the proposal on the said social media app and if so, the details thereof and the reaction of the Government thereto;
- c) the date on which the Government became aware of the Chinese investment in the said app;
- d) whether there are any criteria to be followed by the app developer with respect to indigeneity of the mobile apps and if so, the details thereof; and
- e) the mechanism instituted by the Government to monitor the foreign investment in the indigeneously developed software application?

**ANSWER**

MINISTER OF STATE FOR ELECTRONICS AND INFORMATION TECHNOLOGY  
(SHRI SANJAY DHOTRE)

a) to (d): Under the extant FDI Policy of Government of India, 100% investment through automatic route was allowed for IT companies till notification of Press Note 3 of Department for Promotion of Industry and Internal Trade (DPIIT), Ministry of Commerce & Industry dated 17<sup>th</sup> April 2020. Koo App has been developed by an Indian IT company prior to such notification.

Ministry of Electronics and Information Technology (MeitY) launched Digital India AatmaNirbhar App Innovation Challenge on July 2 2020. The challenge was open for participation by Indian entrepreneurs and startups only. Koo App was shortlisted as an awardee for the said AatmaNirbhar App Challenge under the Social Media Category as it was an eligible participant to be classified as domestic company as per the extant FDI policy. As per the details provided by the company that has developed the app, it has been indigenously developed and app data is completely stored in India in its servers located in Mumbai. Being an Indian company with operations within the country, it has to adhere to all the existing data privacy and security regulations of the Government.

e): As per Press Note No. 3 of DPIIT, FDI Policy Section, Para 3.1.1(a) states that "A non-resident entity can invest in India, subject to the FDI Policy except in those sectors/activities which are prohibited. However, an entity of a country, which shares land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country, can invest only under the Government route."

Also as per para 3.1.1(b), "In the event of the transfer of ownership of any existing or future FDI in an entity in India, directly or indirectly, resulting in the beneficial ownership falling within the restriction/purview of the para 3.1.1(a), such subsequent change in beneficial ownership will also require Government approval."

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