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Government of India
Ministry of Commerce & Industry
Department of Industrial Policy & Promotion
(FC Section)

Press Note No. 1 (2008)

Subject: Guidelines for foreign investment in Credit Information Companies.

On a review of the extant policy on Foreign Direct Investment, Government of India has decided to allow foreign investment in Credit Information Companies (CICs) as under.

2. Definitions

In terms of the Credit Information Companies (Regulation) Act, 2005-

(a) "credit information" means any information relating to—

- (i) the amounts and the nature of loans or advances, amounts outstanding under credit cards and other credit facilities granted or to be granted, by a credit institution to any borrower;
- (ii) the nature of security taken or proposed to be taken by a credit institution from any borrower for credit facilities granted or proposed to be granted to him;
- (iii) the guarantee furnished or any other non-fund based facility granted or proposed to be granted by a credit institution for any of its borrowers;
- (iv) the creditworthiness of any borrower of a credit institution;
- (v) any other matter which the Reserve Bank may, consider necessary for inclusion in the credit information to be collected and maintained by credit information companies, and, specify, by notification, in this behalf;

(b) "credit information company" means a company formed and registered under the Companies Act, 1956 (1 of 1956) and which has been granted a certificate of registration under sub-section (2) of Section 5.

3. Policy for foreign investment in Credit Information Companies

3.1 Foreign investment in Credit Information Companies is subject to the Credit Information Companies (Regulation) Act, 2005.

3.2 Foreign investment i.e. Foreign Direct Investment (FDI) under the FDI Scheme incorporated as Schedule 1 under regulation 5 (1) of the Foreign Exchange Management (Transfer or Issue of Security By a Person Resident Outside India) Regulations, 2000 (FEMA Regulations)

+ investment by registered Foreign Institutional Investors (FII) under the Portfolio Investment Scheme incorporated as Schedule 2 under Regulation 5(2) of the FEMA Regulations, is allowed up to 49% with prior approval of the Government and regulatory clearance from RBI.

3.3 Investment by a registered FII under the Portfolio Investment Scheme would be permitted up to 24% only in the CICs listed at the Stock Exchanges, within the overall limit of 49% for foreign investment.

3.4 Such FII investment would be permitted subject to the conditions that:

- (a) No single entity should directly or indirectly hold more than 10% equity.
- (b) Any acquisition in excess of 1% will have to be reported to RBI as a reporting requirement; and
- (c) FIIs investing in CICs shall not seek a representation on the Board of Directors based upon their shareholding.

4. Change in Policy for FDI in NBFC activities

In pursuance of the policy as at 3 above, Government of India has decided to delete 'Credit Reference Agencies' from the list of NBFC activities in col. 20 of the Annex to Press Note 4(2006) dated 10.2.2006.

5. FDI Policy announced vide Annex to Press Note 4(2006) dated 10th February 2006 stands modified to the above extent.

Vilr 12/3/2008
GOPAL KRISHNA

Joint Secretary to the Government of India

D/o IPP F.No. 5(10)/2006-FC dated 12th March, 2008

Copy forwarded to

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Government of India
Ministry of Commerce & Industry
Department of Industrial Policy & Promotion
(FC Section)

Press Note No. 2 (2008)

Subject: Guidelines for Foreign Investment in Commodity Exchanges.

Futures trading in commodities are regulated under the Forward Contracts (Regulation) Act, 1952. Commodity Exchanges, like Stock Exchanges, are infrastructure companies in the commodity futures market. With a view to infuse globally acceptable best practices, modern management skills and latest technology, it has been decided to allow foreign investment in Commodity Exchanges.

2. Definitions

2.1 "Commodity Exchange" is a recognized association under the provisions of the Forward Contracts (Regulation) Act, 1952, as amended from time to time, to provide exchange platform for trading in forward contracts in commodities.

2.2 In terms of the Forward Contracts (Regulation) Act, 1952-

(a) "recognized association" means an association to which recognition for the time being has been granted by the Central Government under Section 6 of the Forward Contracts (Regulation) Act, 1952.

(b) "association" means any body of individuals, whether incorporated or not, constituted for the purposes of regulating and controlling the business of the sale or purchase of any goods and commodity derivative.

(c) "forward contract" means a contract for the delivery of goods and which is not a ready delivery contract.

(d) "commodity derivative" means-

- (i) a contract for delivery of goods, which is not a ready delivery contract; or
- (ii) a contract for differences which derives its value from prices or indices of prices of such underlying goods or activities, services, rights, interests and events, as may be notified in consultation with the Forward Markets Commission by the Central Government, but does not include securities.

3. Policy for foreign investment in Commodity Exchanges

- 3.1 Foreign investment will be allowed through a composite ceiling i.e. Foreign Direct Investment (FDI) under the FDI Scheme incorporated as Schedule 1 under regulation 5 (1) of the Foreign Exchange Management (Transfer or Issue of Security By a Person Resident Outside India) Regulations, 2000 (FEMA Regulations) + investment by registered Foreign Institutional Investors (FII) under the Portfolio Investment Scheme incorporated as Schedule 2 under Regulation 5(2) of the FEMA Regulations, is allowed up to 49%. ←
- 3.2 FDI will be allowed with specific prior approval of the Government .
- 3.3 Investment by registered FII under the Portfolio Investment Scheme will be limited to 23% and investment under the FDI Scheme will be limited to 26%.
- 3.4 FII purchases shall be restricted to secondary market only.
- 3.5 No foreign investor/ entity, including persons acting in concert, will hold more than 5% of the equity in these companies.

V 11/5/12/3/1001
GOPAL KRISHNA

Joint Secretary to the Government of India

D/o IPP F.No. 5(10)/2006-FC dated 12th March, 2008

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Government of India
Ministry of Commerce & Industry
Department of Industrial Policy & Promotion
(FC Section)

Press Note No. 3 (2008)

Subject: Guidelines for Foreign Direct Investment (FDI) in Industrial Parks.

FDI up to 100% was permitted under the automatic route in Industrial Parks vide Government of India Press Note 2(2000).

2. In 2005, vide Press Note 2(2005), the Government of India permitted FDI up to 100% on the automatic route in Construction development projects, etc. prescribing therein, inter-alia, the conditions for minimum capitalization, minimum area requirements and lock-in of original investment.

3. The Government has considered the issue of whether the conditions prescribed for construction development projects vide Press Note 2(2005) should apply to Industrial Parks where FDI up to 100% was permitted since 2000.

4. **Definitions**

4.1 "Industrial Park" is a project in which quality infrastructure facilities in the form of plots of developed land or built up space or a combination with common facilities, is developed and made available to all the allottee units for the purposes of industrial activity.

4.2 "Infrastructure" refers to facilities required for functioning of units located in the Industrial Park and includes, roads (including approach roads), water supply and sewerage, common effluent treatment facility, telecom network, generation and distribution of power, air conditioning.

4.3 "Common Facilities" refer to the facilities available for all the units located in the industrial park, and include facilities of power, roads (including approach roads), water supply and sewerage, common effluent treatment, common testing, telecom services, air conditioning, common facility buildings, industrial canteens, convention/conference halls, parking, travel desks, security service, first aid center, ambulance and other safety services, training facilities and such other facilities meant for common use of the units located in the Industrial Park.

4.4 "Allocable area" in the Industrial Park means-

- (a) in the case of plots of developed land- the net site area available for allocation to the units, excluding the area for common facilities.
- (b) in the case of built up space- the floor area and built up space utilized for providing common facilities.
- (c) in the case of a combination of developed land and built-up space- the net site and floor area available for allocation to the units excluding the site area and built up space utilized for providing common facilities.

4.5 "Industrial Activity" means manufacturing, electricity, gas and water supply, post and telecommunications, software publishing, consultancy and supply, data processing, database activities and distribution of electronic content, other computer related activities, Research and experimental development on natural sciences and engineering, Business and management consultancy activities and Architectural, engineering and other technical activities.

Guidelines for FDI in Industrial Parks

5. Government of India has now decided to issue the following guidelines to clarify that FDI up to 100% under the automatic route would be allowed both in setting up and in established industrial parks and would not be subject to the conditionalities spelt out in Press Note 2(2005) provided the Industrial Parks meet with the under-mentioned conditions:

- i. it would comprise of a minimum of 10 units and no single unit shall occupy more than 50% of the allocable area;
- ii. the minimum percentage of the area to be allocated for industrial activity shall not be less than 66% of the total allocable area.

Vil/ML 12/3/2008
GOPAL KRISHNA

Joint Secretary to the Government of India

D/o IPP F.No. 5(10)/2006-FC dated 12th March, 2008

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Government of India
Ministry of Commerce & Industry
Department of Industrial Policy & Promotion
(FC Section)

Press Note No. 4 (2008)

Subject: FDI Policy for the Civil Aviation Sector

The present policy of FDI in the Civil Aviation sector covers Airports and Air Transport Services. The Civil Aviation sector, however, includes Airports, Scheduled and Non-Scheduled domestic passenger airlines, Helicopter services / Seaplane services, Ground Handling Services, Maintenance and Repair organizations; Flying training institutes; and Technical training institutions. It has now been decided to amplify and lay down the policy for Foreign Direct Investment (FDI) for the Civil Aviation sector.

2. Definitions

The policy for FDI in the Civil Aviation Sector would be subject to the Aircraft Rules, 1934 as amended from time to time, Civil Aviation Requirements, and Aeronautical Information Circulars as notified by the Ministry of Civil Aviation. In terms of these Rules/Circulars:-

- (a) "Airport" means a landing and taking off area for aircrafts, usually with runways and aircraft maintenance and passenger facilities and includes aerodrome as defined in clause (2) of section 2 of the Aircraft Act, 1934;
- (b) "Aerodrome" means any definite or limited ground or water area intended to be used, either wholly or in part, for the landing or departure of aircraft, and includes all buildings, sheds, vessels, piers and other structures thereon or appertaining thereto;
- (c) "Air transport service" means a service for the transport by air of persons, mails or any other thing, animate or inanimate, for any kind of remuneration whatsoever, whether such service consists of a single flight or series of flights.
- (d) "Air Transport Undertaking" means an undertaking whose business includes the carriage by air of passengers or cargo for hire or reward.
- (e) "Aircraft component" means any part, the soundness and correct functioning of which, when fitted to an aircraft, is essential to the

continued airworthiness or safety of the aircraft and includes any item of equipment;

- (f) "Helicopter" means a heavier-than-air aircraft supported in flight by the reactions of the air on one or more power driven rotors on substantially vertical axis;
- (g) "Scheduled air transport service", means an air transport service undertaken between the same two or more places and operated according to a published time table or with flights so regular or frequent that they constitute a recognisably systematic series, each flight being open to use by members of the public.
- (h) "Non-Scheduled Air Transport service" means any service which is not a scheduled air transport service and will include Chartered and Cargo airlines.
- (i) "Chartered" and "Cargo" airlines would mean such airlines which meet the conditions as given in the Civil Aviation Requirements issued by the Ministry of Civil Aviation.
- (j) "Seaplane" means an aeroplane capable normally of taking off from and alighting solely on water;
- (k) "Ground Handling" means (i) ramp handling , (ii) traffic handling both of which shall include the activities as specified by the Ministry of Civil Aviation through the Aeronautical Information Circulars from time to time, and (iii) any other activity specified by the Central Government to be a part of either ramp handling or traffic handling.

3 Policy for FDI in Civil Aviation sector

3.1 Airports: As per the policy notified vide Press Note 4 (2006)-

- (a) Greenfield projects- FDI upto 100% is allowed under the automatic route.
- (b) Existing projects- FDI upto 100% is allowed with prior approval of the Government for FDI beyond 74%.

3.2 Air Transport Services:

- (a) Air Transport Services would include Domestic Scheduled Passenger Airlines; Non-Scheduled Airlines; Chartered Airlines; Cargo Airlines; helicopter and seaplane services.

- 3
- (b) No foreign airlines would be allowed to participate directly or indirectly in the equity of an Air Transport Undertaking engaged in operating Scheduled, Non-Scheduled, and Chartered airlines.
 - (c) Foreign airlines are allowed to participate in the equity of companies operating Cargo airlines, helicopter and seaplane services.

3.3 FDI ceilings in Air Transport Services:

- (a) **Scheduled Air Transport Service/ Domestic Scheduled Passenger Airline** - FDI up to 49% and investment by Non-resident Indians (NRI) up to 100% allowed on the automatic route.
- (b) **Non-Scheduled Air Transport Service/ Non-Scheduled airlines, Chartered airlines, and Cargo airlines-** FDI up to 74% and investment by Non-resident Indians (NRI) up to 100% allowed on the automatic route.
- (c) **Helicopter services/seaplane services requiring DGCA approval-** FDI up to 100% allowed on the automatic route.

3.4 FDI ceilings in other services under Civil Aviation sector

- (a) **Ground Handling Services-** FDI up to 74% and investment by Non-resident Indians (NRI) up to 100% allowed on the automatic route. This will be subject to sectoral regulations and security clearance.
- (b) **Maintenance and Repair organizations; flying training institutes; and technical training institutions** - FDI up to 100% allowed on the automatic route.

4. FDI Policy announced vide Annex to Press Note 4(2006) dated 10th February 2006 stands modified to the above extent.

VIR/1242/2008
GOPAL KRISHNA

Joint Secretary to the Government of India

D/o IPP F.No. 5(10)/2006-FC dated 12th March, 2008

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Government of India
Ministry of Commerce & Industry
Department of Industrial Policy & Promotion
(FC Section)

Press Note No. 5 (2008)

Subject: Rationalisation of FDI Policy for the Petroleum & Natural Gas sector

The present policy on FDI in the Petroleum & Natural Gas sector vide Press Note 1(2004) and Press Note 4(2006) permits FDI up to 100% under the automatic route in exploration, petroleum product marketing, petroleum product pipelines, Natural Gas/LNG pipelines, and Petroleum refining in the private sector. FDI up to 26% is permitted with prior Government approval in petroleum refining by the Public Sector Undertakings (PSU). In the case of actual trading and marketing of petroleum products, FDI is allowed up to 100% with the condition that 26% foreign equity would be divested in favour of Indian partner/public within 5 years.

2. On a review of the extant policy for the Petroleum & Natural Gas sector, it has been decided to –

- i) delete the condition of compulsory divestment of up to 26% equity within 5 years for actual trading and marketing of petroleum products; and
- ii) allow FDI up to 49%, with prior approval of FIPB, in petroleum refining by PSUs without involving any divestment of dilution of domestic equity in the existing PSUs.

3. FDI Policy announced vide Annex to Press Note 4(2006) dated 10th February 2006 stands modified to the above extent.

Vibh/12/3/101
GOPAL KRISHNA

Joint Secretary to the Government of India

D/o IPP F.No. 5(10)/2006-FC dated 12th March, 2008

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Government of India
Ministry of Commerce & Industry
Department of Industrial Policy & Promotion
(FC Section)

Press Note No. 6 (2008)

Subject: FDI Policy for mining of Titanium bearing minerals and ores.

India has large reserves of beach sand minerals in the coastal stretches around the country. Titanium bearing minerals viz. Ilmenite, rutile and leucoxene, and Zirconium bearing minerals including zircon are some of the beach sand minerals which have been classified as "prescribed substances" under the Atomic Energy Act, 1962.

2. Under the Industrial Policy Statement 1991, mining and production of minerals classified as "prescribed substances" and specified in the Schedule to the Atomic Energy (Control of Production and Use) Order, 1953 were included in the list of industries reserved for the public sector. Vide Government of India Resolution No. 8/1(1)/97-PSU/1422 dated 6th October 1998 issued by the Department of Atomic Energy laying down the policy for exploitation of beach sand minerals, private participation including Foreign Direct Investment (FDI), was permitted in mining and production of Titanium ores (Ilmenite, Rutile and Leucoxene) and Zirconium minerals (Zircon). FDI up to 74% was permitted with prior approval of the Government in pure value addition projects without mining and mineral separation as well as integrated projects comprising both mining & mineral separation and value addition.

3. Vide Government of India Notification No. S.O.61(E) dated 18.1.2006, the Department of Atomic Energy re-notified the list of "prescribed substances" under the Atomic Energy Act 1962. Titanium bearing ores and concentrates (Ilmenite, Rutile and Leucoxene) and Zirconium, its alloys and compounds and minerals/concentrates including Zircon, were removed from the list of "prescribed substances".

4. On a review of the extant policy on FDI, Government of India has now decided as under:

4.1 FDI up to 100% will be allowed with prior Government approval in mining and mineral separation of titanium bearing minerals & ores, its value addition and integrated activities subject to sectoral regulations and the Mines and Minerals (Development and Regulation Act 1957).

4.2 FDI for separation of titanium bearing minerals & ores will be subject to the following additional conditions viz.:

- i. value addition facilities are set up within India along with transfer of technology;
- ii. disposal of tailings during the mineral separation shall be carried out in accordance with disposal of tailings during the mineral separation shall be carried out in accordance with regulations framed by the Atomic Energy Regulatory Board such as Atomic Energy (Radiation Protection) Rules, 2004 and the Atomic Energy (Safe Disposal of Radioactive Wastes) Rules, 1987.

5. FDI will not be allowed in mining of "prescribed substances" listed in the Government of India Notification No. S.O. 61(E) dated 18.1.2006 issued by the Department of Atomic Energy.

4. FDI Policy announced vide Annex to Press Note 4(2006) dated 10th February 2006 stands modified to the above extent.

Vilrj 12/3/2008
GOPAL KRISHNA

Joint Secretary to the Government of India

D/o IPP F.No. 5(10)/2006-FC dated 12th March, 2008

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Government of India
Ministry of Commerce & Industry
Department of Industrial Policy & Promotion
SIA(FC Section)

Press Note 7 (2008)

Subject: Consolidated policy on Foreign Direct Investment.

After the review of the policy on Foreign Direct Investment (FDI) undertaken in 2005-06, summary of the policy was notified vide Press Note 4 (2006).

2. Thereafter, further policy revisions were issued vide Press Note 5(2006) and Press Note 2 (2007) and 3(2007). A comprehensive review of the FDI policy was undertaken in 2007-08 and the policy measures were notified vide Press Note 1-6 (2008).

3. A summary of the FDI policy and regulations applicable in various sectors and activities after incorporating the policy changes up to 31-3-2008 is at Annex.

(Gopal Krishna)
Joint Secretary to the Government of India

No. 5(10)/2006-FC dated 16th June 2008

POLICY ON FOREIGN DIRECT INVESTMENT (FDI)
(31st March 2008)

I. Sectors prohibited for FDI

- i. Retail Trading (except single brand product retailing)
- ii. Atomic Energy
- iii. Lottery Business
- iv. Gambling and Betting
- v. Business of chit fund
- vi. Nidhi Company
- vii. Trading in Transferable Development Rights (TDRs).
- viii. Activity/sector not opened to private sector investment

II. Sector-specific policy for FDI:

In the following sectors/activities, FDI is allowed up-to the limit indicated below subject to other conditions as indicated.

Sr. No.	Sector/Activity	FDI Cap / Equity	Entry Route	Other conditions
I	AGRICULTURE			
1.	Floriculture, Horticulture, Development of Seeds, Animal Husbandry, Pisciculture, Aquaculture and Cultivation of Vegetables & Mushrooms under controlled conditions and services related to agro and allied sectors. Note: Besides the above, FDI is not allowed in any other agricultural sector/activity	100%	Automatic	
2.	Tea Sector , including tea plantation Note: Besides the above, FDI is not allowed in any other plantation sector/activity	100%	FIPB	Subject to divestment of 26% equity in favour of Indian partner/Indian public within 5 years and prior approval of State Government concerned in case of any change in future land use.

II	INDUSTRY			
II A	MINING			
3.	Mining covering exploration and mining of diamonds & precious stones; gold, silver and minerals.	100%	Automatic	Subject to Mines & Minerals (Development & Regulation) Act, 1957 www.mines.nic.in Press Note 18 (1998) and Press Note 1 (2005) are not applicable for setting up 100% owned subsidiaries in so far as the mining sector is concerned, subject to a declaration from the applicant that he has no existing joint venture for the same area and /or the particular mineral.
4.	Coal & Lignite mining for captive consumption by power projects, and iron & steel, cement production and other eligible activities permitted under the Coal Mines (Nationalisation) Act, 1973.	100%	Automatic	Subject to provisions of Coal Mines (Nationalization) Act, 1973 www.coal.nic.in
5.	Mining and mineral separation of titanium bearing minerals and ores, its value addition and integrated activities . Note : FDI will not be allowed in mining of “prescribed substances” listed in Government of India notification No. S.O. 61(E) dt. 18.1.2006 issued by the Department of Atomic Energy under the Atomic Energy Act, 1962.	100%	FIPB	Subject to sectoral regulations and the Mines and Minerals (Development & Regulation) Act, 1957 and the following conditions- i. value addition facilities are set up within India along with transfer of technology; ii. disposal of tailing during the mineral separation shall be carried out in accordance with regulations framed by the Atomic Energy Regulatory Board such Atomic Energy (Radiation Protection) Rules 2004 and the Atomic Energy (Safe Disposal of Radioactive Wastes) Rules 1987.
II B	MANUFACTURING			
6.	Alcohol-Distillation & Brewing	100%	Automatic	Subject to license by appropriate authority
7.	Cigars & Cigarettes-Manufacture	100%	FIPB	Subject to industrial license under the Industries (Development & Regulation) Act, 1951

8.	Coffee & Rubber processing & warehousing	100%	Automatic	
9.	Defence production	26%	FIPB	Subject to licensing under Industries (Development & Regulation) Act, 1951 and guidelines on FDI in production of arms & ammunition.
10.	Hazardous chemicals , viz., hydrocyanic acid and its derivatives; phosgene and its derivatives; and isocyanates and diisocyanates of hydrocarbon.	100%	Automatic	Subject to industrial license under the Industries (Development & Regulation) Act, 1951 and other sectoral regulations.
11.	Industrial explosives- Manufacture	100%	Automatic	Subject to industrial license under Industries (Development & Regulation) Act, 1951 and regulations under Explosives Act, 1898
12.	Drugs & Pharmaceuticals including those involving use of recombinant DNA technology	100%	Automatic	
II C	POWER			
13.	Power including generation (except Atomic energy); transmission, distribution and Power Trading.	100%	Automatic	Subject to provisions of the Electricity Act, 2003 www.powermin.nic.in
III	SERVICES			
14.	CIVIL AVIATION SECTOR			
(i)	Airports-			
a.	Greenfield projects	100%	Automatic	Subject to sectoral regulations notified by Ministry of Civil Aviation www.civilaviation.nic.in
b.	Existing projects	100%	FIPB beyond 74%	Subject to sectoral regulations notified by Ministry of Civil Aviation www.civilaviation.nic.in
(ii)	Air Transport Services including Domestic Scheduled Passenger Airlines; Non-Scheduled Airlines; Chartered Airlines; Cargo Airlines; Helicopter and Seaplane Services			
c.	Scheduled Air Transport Services/ Domestic Scheduled Passenger Airline	49%- FDI; 100%- for NRI investment	Automatic	Subject to no direct or indirect participation by foreign airlines and sectoral regulations..
d.	Non-Scheduled Air Transport Service/ Non-Scheduled airlines, Chartered airlines, and Cargo airlines	74%- FDI 100%- for NRIs investment	Automatic	Subject to no direct or indirect participation by foreign airlines in Non-Scheduled and Chartered airlines. Foreign airlines are allowed to participate in the equity of companies operating Cargo

				airlines. Also subject to sectoral regulations.
e.	Helicopter Services/Seaplane services requiring DGCA approval	100%	Automatic	Foreign airlines are allowed to participate in the equity of companies operating Helicopter and seaplane airlines. Also subject to sectoral regulations.
(iii)	Other services under Civil Aviation Sector			
f.	Ground Handling Services	74%- FDI 100%- for NRIs investment	Automatic	Subject to sectoral regulations and security clearance.
g.	Maintenance and Repair organizations; flying training institutes; and technical training institutions	100%	Automatic	
15.	Asset Reconstruction Companies	49% (only FDI)	FIPB	Where any individual investment exceeds 10% of the equity, provisions of Section 3(3)(f) of Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 should be complied with. www.finmin.nic.in
16.	Banking - Private sector	74% (FDI+FII)	Automatic	Subject to guidelines for setting up branches / subsidiaries of foreign banks issued by RBI. www.rbi.org.in
17.	Broadcasting			
a.	FM Radio	FDI +FII investment up to 20%	FIPB	Subject to Guidelines notified by Ministry of Information & Broadcasting. www.mib.nic.in
b.	Cable network	49% (FDI+FII)	FIPB	Subject to Cable Television Network Rules (1994) Notified by Ministry of Information & Broadcasting. www.mib.nic.in
c.	Direct-To-Home	49% (FDI+FII). Within this limit, FDI component not to exceed 20%	FIPB	Subject to guidelines issued by Ministry of Information & Broadcasting. www.mib.nic.in
d.	Setting up hardware facilities such as up-linking, HUB, etc	49% (FDI+FII)	FIPB	Subject to Up-linking Policy notified by Ministry of Information & Broadcasting. www.mib.nic.in
e.	Up-linking a News & Current Affairs TV Channel	26% FDI+FII	FIPB	Subject to guidelines issued by Ministry of Information & Broadcasting. www.mib.nic.in
f.	Up-linking a Non-news & Current Affairs TV Channel	100%	FIPB	Subject to guidelines issued by Ministry of Information & Broadcasting. www.mib.nic.in
18.	Commodity Exchanges	49% (FDI+FII) Investment by Registered FII under PIS will be limited to 23% and	FIPB	FII purchases shall be restricted to secondary market only. No foreign investor/entity, including persons acting in concert, will hold more than 5% of the equity in these companies.

		Investment under FDI Scheme limited to 26%.		
19.	Construction Development projects , including housing, commercial premises, resorts, educational institutions, recreational facilities, city and regional level infrastructure, townships. Note:: FDI is not allowed in Real Estate Business	100%	Automatic	Subject to conditions notified vide Press Note 2 (2005 Series) including: a. minimum capitalization of US\$ 10 million for wholly owned subsidiaries and US\$ 5 million for joint venture. The funds would have to be brought within six months of commencement of business of the Company. b. Minimum area to be developed under each project- 10 hectares in case of development of serviced housing plots; and built-up area of 50,000 sq. mts. in case of construction development project; and any of the above in case of a combination project. [Note 1: For investment by NRIs, the conditions mentioned in Press Note 2 / 2005 are not applicable. Note 2: For investment in SEZs, Hotels & Hospitals, conditions mentioned in Press Note 2(2005) are not applicable]
20.	Courier services for carrying packages, parcels and other items which do not come within the ambit of the Indian Post Office Act, 1898.	100%	FIPB	Subject to existing laws and exclusion of activity relating to distribution of letters, which is exclusively reserved for the State. www.indiapost.gov.in
21.	Credit Information Companies	49 % (FDI+FII) Investment by Registered FII under PIS will be limited to 24% only in the CICs listed at the Stock Exchanges within the overall limit of 49% foreign investment.	FIPB	Foreign Investment in CIC will be subject to Credit Information Companies (Regulation) Act, 2005. FII investment will be subject to the conditions that: (a) No single entity should directly or indirectly hold more than 10% equity (b) Any acquisition in excess of 1% will have to be reported to RBI as a reporting requirement; and (c) FIIs investing in CICs shall not seek a representation on the Board of Directors based upon their shareholding.
22.	Industrial Parks both setting up and in established Industrial Parks	100%	Automatic	Conditions in Press Note 2(2005) applicable for construction development projects would not apply provided the Industrial Parks meet with the under-mentioned conditions- i. it would comprise of a minimum of 10 units and no single unit shall occupy more than 50%

				of the allocable area; ii. the minimum percentage of the area to be allocated for industrial activity shall not be less than 66% of the total allocable area.
23	Insurance	26%	Automatic	Subject to licensing by the Insurance Regulatory & Development Authority www.irda.nic.in
24.	Investing companies in infrastructure / services sector (except telecom sector)	100%	FIPB	Where there is a prescribed cap for foreign investment, only the direct investment will be considered for the prescribed cap and foreign investment in an investing company will not be set off against this cap provided the foreign direct investment in such investing company does not exceed 49% and the management of the investing company is with the Indian owners.
25.	Non Banking Finance Companies			
i)	Merchant Banking	100%	Automatic	Subject to: a. minimum capitalization norms for fund based NBFCs - US\$ 0.5 million to be brought upfront for FDI up to 51%; US\$ 5 million to be brought upfront for FDI above 51% and up to 75%; and US\$ 50 million out of which US\$ 7.5 million to be brought upfront and the balance in 24 months for FDI beyond 75% and up to 100%. b. minimum capitalization norms for non-fund based NBFC activities- US\$0.5 million. c. foreign investors can set up 100% operating subsidiaries without the condition to disinvest a minimum of 25% of its equity to Indian entities subject to bringing in US\$ 50 million without any restriction on number of operating subsidiaries without bringing additional capital. d. joint venture operating NBFC's that have 75% or less than 75% foreign investment will also be allowed to set up subsidiaries for undertaking other NBFC activities subject to the subsidiaries also complying with the applicable minimum capital inflow. e. compliance with the guidelines of the RBI. f. The minimum capitalization norms would apply would be applicable where the foreign holding in a NBFC(both direct and
ii)	Underwriting Portfolio Management Services			
iii)	Investment Advisory Services			
iv)	Financial Consultancy			
v)	Stock Broking			
vi)	Asset Management			
vii)	Venture Capital			
viii)	Custodial Services			
ix)	Factoring			
x)	Credit Rating Agencies			
xi)	Leasing & Finance			
xii)	Finance			
xiii)	Housing Finance			
xiv)	Forex Broking			
xv)	Credit card Business			
xvi)	Money changing			

xvii)	business			foreign holding in a NBFC(both direct and indirect) exceeds the limits indicated at (a) above
xviii)	Micro credit			
	Rural credit			g. The capital for the purpose of minimum capitalization norms shall consist of ordinary shares only.
26.	Petroleum & Natural Gas sector			
a.	Refining	49% in case of PSUs 100% in case of Private companies	FIPB (in case of PSUs) Automatic (in case of private companies)	Subject to Sectoral policy www.petroleum.nic.in <u>and no divestment or dilution of domestic equity in the existing PSUs.</u>
b.	Other than Refining and including market study and formulation; investment/ financing; setting up infrastructure for marketing in Petroleum & Natural Gas sector.	100%	Automatic	Subject to sectoral regulations issued by Ministry of Petroleum & Natural Gas www.petroleum.nic.in
27.	Print Media			
a.	Publishing of newspaper and periodicals dealing with news and current affairs	26%	FIPB	Subject to Guidelines notified by Ministry of Information & Broadcasting. www.mib.nic.in
b.	Publishing of scientific magazines/ specialty journals/ periodicals	100%	FIPB	Subject to guidelines issued by Ministry of Information & Broadcasting. www.mib.nic.in
28.	Telecommunications			
a.	Basic and cellular, Unified Access Services, National/ International Long Distance, V-Sat, Public Mobile Radio Trunked Services (PMRTS), Global Mobile Personal	74% (Including FDI, FII, NRI, FCCBs, ADRs, GDRs, convertible preference shares, and proportionate foreign	Automatic up to 49%. FIPB beyond 49%.	Subject to guidelines notified in the PN 3(2007)

	Communications Services (GMPCS) and other value added telecom services	equity in Indian promoters/ Investing Company)		
b.	ISP with gateways, radio-paging, end-to-end bandwidth.	74%	Automatic up to 49%. FIPB beyond 49%.	Subject to licensing and security requirements notified by the Dept. of Telecommunications. www.dotindia.com
c.	(a) ISP without gateway, (b) infrastructure provider providing dark fibre, right of way, duct space, tower (Category I); (c) electronic mail and voice mail	100%	Automatic up to 49%. FIPB beyond 49%.	Subject to the condition that such companies shall divest 26% of their equity in favour of Indian public in 5 years, if these companies are listed in other parts of the world. Also subject to licensing and security requirements, where required. www.dotindia.com
d.	Manufacture of telecom equipments	100%	Automatic	Subject to sectoral requirements. www.dotindia.com
29.	Trading			
a.	Wholesale/cash & carry trading	100%	Automatic	Subject to the condition that the test marketing approval will be for a period of two years and investment in setting up manufacturing facilities commences simultaneously with test marketing.
b.	Trading for exports	100%	Automatic	
c.	Trading of items sourced from small scale sector	100%	FIPB	
d.	Test marketing of such items for which a company has approval for manufacture	100%	FIPB	
e.	Single Brand product retailing	51%	FIPB	Subject to guidelines for FDI in trading issued by Department of Industrial Policy & Promotion vide Press Note 3 (2006 Series).
30.	Satellites - Establishment and operation	74%	FIPB	Subject to Sectoral guidelines issued by Department of Space/ISRO www.isro.org
31.	Special Economic Zones and Free Trade Warehousing Zones covering	100%	Automatic	Subject to Special Economic Zones Act, 2005 and the Foreign Trade Policy. www.sezindia.nic.in

	setting up of these Zones and setting up units in the Zones			
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II. In Sectors/Activities not listed above, FDI is permitted up to 100% on the automatic route subject to sectoral rules/ regulations applicable.

III. Prior Government approval for FDI required in the following circumstances:

- i) where provisions of Press Note 1 (2005 Series) issued by the Government of India are attracted;
- ii) where more than 24% foreign equity is proposed to be inducted for manufacture of items reserved for the Small Scale sector.

Government of India
Ministry of Commerce & Industry
Department of Industrial Policy & Promotion
SIA(FC Section)

Press Note No. 8 (2008)

Subject: Guidelines for Foreign investment in Commodity Exchanges.

Government of India had laid the guidelines for foreign investment in Commodity Exchanges vide Press Note 2(2008) dated 12th March 2008. As per the guidelines, a composite ceiling for foreign investment of 49% was allowed with prior Government approval subject to the condition that investment under the Portfolio Investment Scheme will be limited to 23% and that under the FDI Scheme will be limited to 26%. Further no foreign investor/entity including persons acting in concert will hold more than 5% of the equity in these companies.

2. It has been brought to the notice of the Government that some of the existing Commodity Exchanges had foreign investment above the permitted level as on the date of issue of the said Press Note.

3. In order to facilitate the existing Commodity Exchanges to comply with the guidelines notified vide Press Note 2(2008), it has now been decided to allow a transition / complying/correction time to the existing Commodity exchange(s). The Commodity Exchange(s) would be required to divest foreign equity equal to the amount by which the cap was being exceeded in accordance with Press Note 2(2008). Accordingly, all such Commodity Exchanges are hereby advised to adhere to the conditions of Press Note 2(2008) by 30.6.2009.

4. All Commodity Exchanges shall furnish a compliance report informing the foreign investment in the Commodity Exchange as on 30.6.2009, along with details of equity structure, to the Department of Industrial Policy & Promotion, Department of Consumer Affairs, Foreign Investment Promotion Board, the Forward Market Commission and SEBI.

5. Non-compliance of the conditions of Press Note 2(2008) after 30.6.2009 would be a violation of the Foreign Exchange Management Act, 1999.

(Gopal Krishna)
Joint Secretary to the Government of India.