

APPENDIX-I; FDI POLICY

Sr. No.	Sector/ Activity	Fdi Cap/ Equity	Entry Route	Other Conditions
1.	Airports-			
a.	Greenfield projects	100%	Automatic	Subject to sectoral regulations notified by Ministry of Civil Aviation
b.	Existing projects	100%	FIPB beyond 74%	Subject to sectoral regulations notified by Ministry of Civil Aviation
2.	Air Transport Services	49%- FDI; 100% - for NRI investment	Automatic	Subject to no direct or indirect participation by foreign airlines.
3.	Alcohol-Distillation & Brewing	100%	Automatic	Subject to license by appropriate authority
4.	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
5.	Atomic Minerals	74%	FIPB	Subject to guidelines issued by Department of Atomic Energy
6.	Banking-Private sector	74% (FDI + FII)	Automatic	Subject to guidelines for setting up branches/subsidiaries of foreign banks issued by RBI.
7.	Broadcasting			

140 Hand Book on Capital Market Regulations

a.	FM Radio	FDI + FII investment up to 20%	FIPB	Subject to Guidelines notified by Ministry of Information & Broadcasting
b.	Cable network	49% (FDI + FII)	FIPB	Subject to Cable Television Network Rules (1994) Notified by Ministry of Information & Broadcasting
c.	Direct-To-Home	49% (FDI + FII). With in this limit, FDI component not to exceed 20%	FIPB	Subject to Guidelines notified by Ministry of Information & Broadcasting
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
e.	Uplinking a News & Current Affairs TV Channel	26% FDI + FII	FIPB	Subject to guidelines issued by Ministry of Information & Broadcasting
f.	Uplinking a Non-news & Current Affairs TV Channel	100%	FIPB	Subject to guidelines issued by Ministry of Information & Broadcasting
8.	Cigars & Cigarettes – Manufacture	100%	FIPB	Subject to guidelines issued by Ministry of Information & Broadcasting industrial license under the Industries (Development & Regulation) Act, 1951
9.	Coal & Lignite mining for captive consumption by power projects, and iron & steel, cement production and other eligible activities permitted under the Coal Mines	100%	Automatic	Subject to provisions of Coal Mines (Nationalization) Act, 1973

	(Nationalisation) Act, 1973.			
10.	Coffee & Rubber processing & warehousing	100%	Automatic	
11.	Construction Development Projects, including housing, commercial premises, resorts, educational institutions, recreational facilities, city and regional level infrastructure, townships.	100%	Automatic	Subject to conditions notified including: a. minimum capitalization of US\$ 5 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 incase 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 incase of a combination project. [Note: For investment by NRIs the conditions mentioned are not applicable.]
12.	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
13.	Defence	26%	FIPB	Subject to licensing under

	production			Industries (Development & regulation) Act, 1951 and guidelines on FDI in production of arms & ammunition.
14.	Floriculture, Horticulture, Development of Seeds, Animal Husbandry, Pisciculture, aquaculture, cultivation of vegetables, mushrooms, under controlled conditions and services related to agro and allied sectors	100%	Automatic	
15.	Hazardous chemicals, viz., hydrocyanic acid and its derivatives; phosgene and its derivatives; and isocyanates and diisocyanates of hydrocarbon	100%	Automatic	Subject to Industrial licence under the Industries (Development & regulation) Act, 1951 and other sectoral regulations.
16.	Industrial explosives- Manufacture	100%	Automatic	Subject to Industrial licence under the Industries (Development & regulation) Act, 1951 and regulations under Explosives Act, 1898.
17.	Insurance	26%	Automatic	Subject to licencing by the Insurance Regulatory & Development Authority.
18.	Investing companies in infrastructure/services sector (except telecom sector)	49%	FIPB	Foreign investment in an investing company will not be counted towards sectoral cap in infrastructure/services sector provided the investment is up to 49% and the management of the

				company is in Indian hands.
19.	Mining covering exploration and mining of diamonds & precious stones; gold, silver and minerals.	100%	Automatic	Subject to Mines & Minerals (Development & Regulation) Act 1957
20.	Non Banking finance Companies-approved activities			
i)	Merchant banking	100%	Automatic	Subject to :
ii)	Underwriting			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%.
iii)	Portfolio Management Services			
iv)	Investment Advisory services			
v)	Financial Consultancy			
vi)	Stock Broking			
vii)	Asset Management			
viii)	Venture Capital			
ix)	Custodial Services			
x)	Factoring			
xi)	Credit Reference			minimum capitalization norms for non-fund based NBFC activities – US\$ 0.5 million. foreign investors can set up 100% operating subsidiaries
xii)	Credit Rating			
xiii)	Agencies Leasing & Finance			

xiv)	Housing Finance			without the condition to disinvest a minimum of 25% of its equity to Indian entities subject to bringing in Under secretary 50 million without any restriction on number of operating subsidiaries without bringing additional capital.
xvi)	Credit card business			
xvii)	Money changing business			
xviii)	Micro credit			
xix)	Rural credit			
				joint venture operating NBFC's that have 75% or less than 75% foreign investment will also be allowed to setup 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.
21.	Petroleum & Natural Gas sector			
a.	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; and in the case of actual trading and marketing of petroleum products, divestment of 26% equity in favour of Indian partner/public within 5 years.
b.	Refining	26% 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
22.	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.
b.	Publishing of scientific magazines/specialty journals/periodicals	100%	Automatic	Subject to Guidelines issued by Ministry of Information & Broadcasting.
23.	Power including generation (except Atomic energy); transmission, distribution and Power Trading.	100%	FIPB	Subject provisions of the Electricity Act, 2003
24.	Tea Sector, including tea plantation	100%	FIPB	Subject to divestment of 26% equity in favour of Indian partner/India public within 5 years and prior approval of State Government for change in land use.
25.	Telecommunication			
a.	Basic and cellular, Unified Access Services, National/International Long Distance, V-Sat, Public Mobile Radio trunked Services (PMRTCS), global Mobile Personal Communications services (GMPCS) and other value added telecom	74% (including FDI, FII, NRI, FCCBs, ADRs, GDRs, convertible preference shares, and proportionate foreign equity in India promoters/Investing Company)	Automatic up to 49%. FIPB beyond 49%	Subject to guidelines notified

	services			
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 Department of Telecommunications
c.	ISP without gateway, infrastructure provider providing dark fibre, right of way, duct space, tower, 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.
d.	Manufacture of Telecom equipments	100%	Automatic	Subject to sectoral requirements.
26.	Trading			
a.	Wholesale/ cash & carry trading	100%	Automatic	Subject to guidelines for FDI in trading issued by Department of Industrial Policy & Promotion
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	
27.	Satellites – Establishment and operation	74%	FIPB	Subject to Sectoral guidelines issued by Department of Space/ISRO.
28.	Special Economic Zones and Free Trade Warehousing Zones covering setting up of these Zones and setting up units in the zones	100%	Automatic	Subject to Special Economic Zones Act, 2005 and the Foreign Trade Policy.
29.	Infrastructure companies in Securities Markets – Stock Exchanges, Depositories, Clearing Corporations	49% Foreign Investment comprising FDI 26% and FII 23%	FIPB approval for FDI	No single foreign investor can own more than 5% of the equity.