

Government of India
Ministry of Commerce & Industry
Department of Industrial Policy & Promotion

Press Note No.6 (2013 Series)

Subject: Review of the policy on Foreign Direct Investment (FDI)-Caps and routes in various sectors

1.0 The Government has reviewed the Foreign Direct Investment (FDI) caps and/or routes in various sectors, as contained in paragraph 6.2 of 'Circular 1 of 2013-Consolidated FDI Policy'. The present and revised position is given as under:

1.1 Tea sector including tea plantations (paragraph 6.2.2):

a) **Present Position**

FDI Cap	Entry Route
100%	Government

b) **Revised Position**

FDI Cap	Entry Route
No Change	No change

Note: Besides the above, FDI is not allowed in any other plantation sector/activity.

The following clause (i) under 'Other conditions' listed in paragraph 6.2.2.2 is deleted:

"(i) Compulsory divestment of 26% equity of the company in favour of an Indian partner/Indian public within a period of 5 years."

1.2 Petroleum and Natural Gas (paragraph 6.2.4.2):

Petroleum refining by the Public Sector Undertakings (PSU), without any disinvestment or dilution of domestic equity in the existing PSUs

a) Present Position

FDI Cap	Entry Route
49%	Government

b) Revised Position

FDI Cap	Entry Route
No Change	Automatic

1.3 Defence (paragraph 6.2.6):

Defence Industry subject to Industrial license under the Industries (Development & Regulation) Act 1951

a) Present Position

FDI Cap	Entry Route
26%	Government

b) Revised Position

FDI Cap	Entry Route
26%	Up to 26% Government. Above 26% to Cabinet Committee on Security (CCS) on case to case basis, which ensure access to modern and 'state-of-art' technology in the country.

The present clause (xv) under 'Other conditions' listed in paragraph 6.2.6.2 is renumbered as (xx) and after clause (xiv), the following additional clauses are added :

- (xv) Investment by Foreign Institutional Investors (FIIs) through portfolio investment is not permitted.

- (xvi) All applications seeking permission of the Government for FDI in defence would be made to the Secretariat of the Foreign Investment Promotion Board (FIPB) in the Department of Economic Affairs.
- (xvii) Applications for FDI up to 26% will follow the existing procedure with proposals involving inflows in excess of Rs. 1200 crore being approved by Cabinet Committee on Economic Affairs (CCEA). Applications seeking permission of the Government for FDI beyond 26%, will in all cases be examined additionally by the Department of Defence Production (DoDP) from the point of view particularly of access to modern and 'state-of-art' technology.
- (xviii) Based on the recommendation of the DoDP and FIPB, approval of the Cabinet Committee on Security (CCS) will be sought by the DoDP in respect of cases which are likely to result in access to modern and 'state-of-art' technology in the country.
- (xix) Proposals for FDI beyond 26% with proposed inflow in excess of Rs. 1200 crores, which are to be approved by CCS will not require further approval of the Cabinet Committee of Economic Affairs (CCEA).

1.4 Courier Services (paragraph 6.2.10):

a) **Present Position**

FDI Cap	Entry Route
100%	Government

b) **Revised Position**

FDI Cap	Entry Route
No change	Automatic

1.5 Telecom Services (paragraph 6.2.15)

a) Present Position

6.2.15	Telecom Services Investment caps and other conditions for specified services are given below. However, licensing and security requirements notified by the Department of Telecommunications will need to be complied with for all services.		
		FDI Cap	Entry Route
6.2.15.1	(i) Telecom services	74%	Automatic up to 49% Government route beyond 49% and up to 74%.
6.2.15.1.1	Other conditions:		
	<p>(1) General Conditions:</p> <p>(i) This is applicable</p> <p>(v)countries.</p> <p>(2) Security Conditions:</p> <p>(i) The Chief Officer In-charge.....</p> <p>(xxii)..... on OSPs.</p> <p>(3) The above General Conditions.....49%.</p> <p>(4) All..... on six monthly basis.</p>		
		FDI Cap	Entry Route
6.2.15.2	(a) ISP with gateways..... (d).....bandwidth.	74%	Automatic up to 49% Government route beyond 49% and up to 74%.
6.2.15.3	(a) Infrastructure provider (c)Mail. Note: Investment world.	100%	Automatic up to 49% Government route beyond 49%.

b) Revised Position

6.2.15		FDI Cap	Entry Route
	<p>Telecom Services (including Telecom Infrastructure Providers Category-I)</p> <p>All telecom services including Telecom Infrastructure Providers Category-I, viz. Basic, Cellular, United Access Services, Unified license (Access services), Unified License, National/International Long Distance, Commercial V-Sat, Public Mobile Radio Trunked Services (PMRTS), Global Mobile Personal Communications Services (GMPCS), All types of ISP licences, Voice Mail/Audiotex/UMS, Resale of IPLC, Mobile Number Portability services, Infrastructure Provider Category-I (providing dark fibre, right of way, duct space, tower) except Other Service Providers.</p>	100%	<p>Automatic up to 49%</p> <p>Above 49%</p> <p>Government</p>
6.2.15.1	<p>Other Conditions:</p> <p>FDI upto 100% with 49% under automatic route and beyond 49% through FIPB route subject to observance of licensing and security conditions by licensee as well as investors as notified by the Department of Telecommunications (DoT) from time to time.</p>		

1.6 Test Marketing (paragraph 6.2.16.3) of such items for which marketing facility will be for a period of two years, and investment in setting up manufacturing facility commences simultaneously with test marketing.

a) Present Position

FDI Cap	Entry Route
100%	Government

b) Revised Position

Para 6.2.16.3 stands deleted.

1.7 Single-brand product retail trading (paragraph 6.2.16.4):

a) Present Position

FDI Cap	Entry Route
100%	Government

b) Revised Position

FDI Cap	Entry Route
No change	Up to 49% Automatic Above 49% Government

Existing paragraphs 6.2.16.4 (2) (d) and 6.2.16.4 (3) of 'Circular 1 of 2013-Consolidated FDI Policy' are revised as under:

Existing paragraphs-

6.2.16.4 (2) (d)

"Only one non-resident entity, whether owner of the brand or otherwise, shall be permitted to undertake single brand product retail trading in the country, for the specific brand, through a legally tenable agreement, with the brand owner for undertaking single brand product retail trading in respect of the specific brand for which approval is being sought. The onus for ensuring compliance with this condition shall rest with the Indian entity carrying out single-brand product retail trading in India. The investing entity

shall provide evidence to this effect at the time of seeking approval, including a copy of the licensing/ franchise/sub-licence agreement, specifically indicating compliance with the above condition."

6.2.16.4 (3)

"Application seeking permission of the Government for FDI in retail trade of 'Single Brand' products would be made to the Secretariat for Industrial Assistance (SIA) in the Department of Industrial Policy & Promotion. The applications would specifically indicate the product/ product categories which are proposed to be sold under a 'Single Brand'. Any addition to the product/ product categories to be sold under 'Single Brand' would require a fresh approval of the Government."

Revised paragraphs-

6.2.16.4 (2) (d)

"A non-resident entity or entities, whether owner of the brand or otherwise, shall be permitted to undertake 'Single Brand' product retail trading in the country for the specific brand, directly or through a legally tenable agreement with the brand owner for undertaking single brand product retail trading. The onus for ensuring compliance with this condition will rest with the Indian entity carrying out single brand product retail trading in India. The investing entity shall provide evidence to this effect at the time of seeking approval, including a copy of the licensing/ franchise/sub-licence agreement, specifically indicating compliance with the above condition. The requisite evidence should be filed with the RBI for the automatic route and SIA/FIPB for cases involving approval."

6.2.16.4 (3)

"Application seeking permission of the Government for FDI exceeding 49% in a company which proposes to undertake single brand retail trading in India would be made to the Secretariat for Industrial Assistance (SIA) in the Department of Industrial Policy and Promotion. The applications would specifically indicate the product/ product categories which are proposed to be sold under a "Single Brand". Any addition to the product/ product

categories to be sold under "Single Brand" would require a fresh approval of the Government. In case of FDI upto 49% the product/ product categories proposed to be sold except food products would be provided to the RBI."

1.8 Asset Reconstruction companies(paragraph 6.2.17.1):

Asset Reconstruction Company" (ARC) means a company registered with the Reserve Bank of India under Section 3 of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act).

a) Present Position

FDI Cap	Entry Route
74% of paid-up capital of ARC (FDI+FII)	Government (for FDI)

b) Revised Position

FDI Cap	Entry Route
Upto 100% of paid-up capital of ARC (FDI+FII)	Up to 49% Automatic Above 49% Government

Clause (i) under 'Other conditions' listed in paragraph 6.2.17.1.2 is revised as under:

a) Present Position

"(i) Persons resident outside India can invest in the capital of Asset Reconstruction Companies (ARCs) registered with Reserve Bank only under the Government Route."

b) Revised Position

"(i) Persons resident outside India can invest in the capital of Asset Reconstruction Companies (ARCs) registered with Reserve Bank, upto 49% on the automatic route, and beyond 49% on the Government Route."

1.9 Commodity Exchanges(paragraph 6.2.17.4.2):

a) Present Position

FDI Cap	Entry Route
49% (FDI & FII) [Investment by Registered FII under Portfolio Investment Scheme (PIS) will be limited to 23% and Investment under FDI Scheme limited to 26%]	Government (for FDI)

b) Revised Position

FDI Cap	Entry Route
No Change	Automatic

The following is added as clause (iii) under 'Other conditions' listed in paragraph 6.2.17.4.3:

"(iii) Foreign investment in commodity exchanges will be subject to the guidelines of the Department of Consumer Affairs/ Forward Markets Commission (FMC)."

1.10 Credit Information companies (paragraph 6.2.17.5.1):

a) Present Position

FDI Cap	Entry Route
49% (FDI + FII)	Government (for FDI)

b) Revised Position

FDI Cap	Entry Route
74% (FDI + FII)	Automatic

Clause (3) under 'Other conditions' listed in paragraph 6.2.17.5.2 is revised as under:

a) Present Position:

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.

b) Revised Position:

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 74% for foreign investment.

**1.11 Infrastructure Company in the Securities Market
(paragraph 6.2.17.6.1):**

Infrastructure companies in Securities Markets, namely, stock exchanges, depositories and clearing corporations, in compliance with SEBI Regulations

a) Present Position

FDI Cap	Entry Route
49% (FDI & FII) [FDI limit of 26 per cent and an FII limit of 23 per cent of the paid-up capital]	Government (for FDI)

b) Revised Position

FDI Cap	Entry Route
No Change	Automatic

1.12 Power Exchanges (paragraph 6.2.19.1):

Power Exchanges registered under the Central Electricity Regulatory Commission (Power Market) Regulations, 2010

c) Present Position

FDI Cap	Entry Route
49% (26% FDI +23% FII)	Government (for FDI)


d) Revised Position

FDI Cap	Entry Route
No Change	Automatic

The following clause (ii) under 'Other conditions' listed in paragraph 6.2.19.2 is deleted:

"(ii) FII investments would be permitted under the automatic route and FDI would be permitted under the government approval route."

2.0 The above decision will take immediate effect.


(Anjali Prasad)

Additional Secretary to the Government of India.

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