
Press Note No. 4 (1999 Series), inter-alia, provides for a 100% foreign equity in Non-Banking Finance Companies (NBFCs) where such NBFC has to act only as a holding company with a minimum capitalisation of US $ 50 million and specific activities to be undertaken by down stream subsidiaries with minimum 25% domestic equity, of which 10% has to be brought up front and the remaining 15% over a period of 2 years.

2. Government, on review of the policy in this regard, has decided to allow holding companies with a minimum capital of US $ 50 million, to set up a 100% downstream subsidiary to undertake specific NBFC activities. Such a subsidiary, however, would be required to dis-invest its equity to the minimum extent of 25%, through a public offering only, within a period of 3 years.


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(A.C. DUGGAL)
Director

F. No. 7(4)/2000-IP Dated the 31.3.2000