भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA
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RBI/2014-15/339

A.P. (DIR Series) Circular No.45 **December 8, 2014**

To

All Category – I Authorised Dealer banks

Madam/Sir,

Foreign Direct Investment (FDI) in India – Review of FDI policy –Sector Specific conditions

Attention of Authorised Dealer Category – I (AD Category-I) banks is invited to Annex B of Schedule 1 to the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000(the Principal Regulations) notified by the Reserve Bank vide Notification No. FEMA. 20/2000-RB dated 3rd May 2000, as amended from time to time whereby description of sectors/activities wherein the entry norms, sectoral cap and other conditions for sectors/activities in which FDI is permitted under Government route and Automatic route are specified. Attention of Authorised Dealer Category – I (AD Category-I) banks is also invited to Annex to A.P. (DIR Series) Circular No. 44 dated September 13, 2013.

2. The Department of Industrial Policy and Promotion (DIPP), Ministry of Commerce & Industry, Government of India has been updating/notifying the FDI policy through issue of Consolidated FDI Policy Circular. Accordingly, Government has notified the latest FDI policy changes vide Consolidated FDI Policy Circular of 2014 dated April 17, 2014 and the same is available at Government website www.dipp.gov.in. In order to bring uniformity in the sectoral classification/conditionalities for FDI/foreign investment as notified under the Consolidated FDI Policy Circular with the FEMA Regulations, the

position on Annex B of Schedule 1 to Notification No. FEMA. 20/2000-RB dated 3rd May 2000, as amended from time to time, has been suitably revised by amending the notification.

3. Reserve Bank has since amended the Principal Regulations through the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) (Tenth Amendment) Regulations, 2014 notified vide Notification No. FEMA. 312/2014-RB dated July 2, 2014, c.f. G.S.R. No. 798(E) dated November 13, 2014.

4. Authorised Dealer banks may bring the contents of this circular to the notice of their constituents and customers concerned.

5. The directions contained in this circular have been issued under sections 10(4) and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and are without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

(B.P. Kanungo)
Principal Chief General Manager

Annex to A. P. (DIR Series) Circular No.45 dated December 8 , 2014

The following shall be substituted for existing entries in Annex B to Schedule 1 to Notification No. FEMA. 20.

Sl. No.	**Sector / Activity**	**% of Equity/FDI Cap**	**Entry Route**
AGRICULTURE			
1.	**Agriculture & Animal Husbandry**		
1.1	**Other Conditions :**		
	II. The term 'under controlled conditions' covers the following: (i) 'Cultivation under controlled conditions' for the categories of Floriculture, Horticulture, Cultivation of vegetables and Mushrooms is the practice of cultivation wherein rainfall, temperature, solar radiation, air humidity and culture medium are controlled artificially. Control in these parameters may be effected through protected cultivation under green houses, net houses, poly houses or any other improved infrastructure facilities where micro- climatic conditions are regulated anthropogenically. (ii) In case of Animal Husbandry, scope of the term 'under controlled Conditions' covers – (a) Rearing of animals under intensive farming systems with stall- feeding. Intensive farming system will require climate systems (ventilation, temperature/humidity management), health care and nutrition, herd registering/pedigree recording, use of machinery, waste management systems as prescribed by the National Livestock Policy 2013 and in conformity with the existing 'Standard Operating Practices and Minimum Standard Protocol." (b) Poultry breeding farms and hatcheries where micro-climate is controlled through advanced technologies like incubators, ventilation systems etc. (iii) In the case of pisciculture and aquaculture, scope of the term 'under controlled conditions' covers – (a) Aquariums (b) Hatcheries where eggs are artificially fertilized and fry are hatched and incubated in an enclosed environment with artificial climate control. (iv) In the case of apiculture, scope of the term ''under controlled conditions' covers –		

Sl. No.	Sector / Activity	% of Equity/FDI Cap	Entry Route
	(a) Production of honey by bee-keeping, except in forest/wild, in designated spaces with control of temperatures and climatic factors like humidity and artificial feeding during lean seasons.		
6	**DEFENCE**		
6.1	Defence Industry subject to Industrial license under the Industries (Development & Regulation) Act, 1951	26%	Government route up to 26%. 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.
	Note : (i) Investment by Foreign Portfolio Investors (FPIs)/ FIIs (through portfolio investment) is not permitted. (ii) FPI/FII (through portfolio investment) is in companies holding defence licence as on 22 August 2013 will remain capped at the level existing as on the said date. No fresh FPI/FII (through portfolio investment) is permitted even if the level of such investment fall below the capped level subsequently.		
6.2	**Other conditions**:		
	(xv) All applications seeking permission of the Government for FDI in defence would be made to the Secretariat of the Foreign Investment Promotion Board (Fin) in the Department of Economic Affairs. (xvi) 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. (xvii) 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. (xviii) 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		

Sl. No.	Sector / Activity	% of Equity/FDI Cap	Entry Route
	Cabinet Committee of Economic Affairs (CCEA). (xix) Government decision on applications to FIPB for FDI in defence industry sector will be normally communicated within a time frame of 10 weeks from the date of acknowledgement.		
<u>SERVICES SECTOR</u>			
INFORMATION SERVICES			
7	**Broadcasting**		
7.5	The foreign investment (FI) limit in companies engaged in the aforestated activities shall include, in addition to FDI, investment by Foreign Institutional Investors (FIIs), Foreign Portfolio Investors(FPIs), Qualified Foreign Investors (QFIs),Non-Resident Indians (NRIs), Foreign Currency Convertible Bonds (FCCBs), American Depository Receipts (ADRs), Global Depository Receipts (GDRs) and convertible preference shares held by foreign entities.		
7.6	Foreign investment in the aforestated broadcasting carriage services will be subject to the following security conditions/terms: **Security Clearance of Personnel** (iv) The Company shall be required to obtain security clearance of all foreign personnel likely to be deployed for more than 60 days in a year by way of appointment, contract, and consultancy or in any other capacity for installation, maintenance, operation or any other services prior to their deployment. The security clearance shall be required to be obtained every two years. **Permission *vis-a-vis* Security Clearance** (vi) In the event of security clearance of any of the persons associated with the permission holder/licensee or foreign personnel being denied or withdrawn for any reasons whatsoever, the permission holder/licensee will ensure that the concerned person resigns or his services terminated forthwith after receiving such directives from the Government, failing which the permission/license granted shall be revoked and the company shall be disqualified to hold any such Permission/license in future for a period of five years. **Monitoring, Inspection and Submission of Information** (xiv) The inspection will ordinarily be carried out by the Government of India, Ministry of Information & Broadcasting or its authorized representative after reasonable notice, except in circumstances where giving such a notice will defeat the very purpose of the inspection. **National Security Conditions** (xviii) It shall be open to the licensor to restrict the Licensee Company from operating in any sensitive area from the National Security angle. The Government of India,		

Sl. No.	Sector / Activity	% of Equity/FDI Cap	Entry Route
	Ministry of Information and Broadcasting shall have the right to temporarily suspend the permission of the permission holder/Licensee in public interest or for national security for such period or periods as it may direct. The company shall immediately comply with any directives issued in this regard failing which the permission issued shall be revoked and the company disqualified to hold any such permission, in future, for a period of five years.		
8	**Print Media**		
8.1	Publishing of Newspaper and periodicals dealing with news and current affairs	26% (FDI and investment by NRIs/PIOs/FII/FPI)	Government
8.2	Publication of Indian editions of foreign magazines dealing with news and current affairs	26% (FDI and investment NRIs/PIOs/FII/FPI)	Government
9	**Civil Aviation**		
9.1	(ix) “Cargo airlines” would mean such airlines which meet the conditions as given in the Civil Aviation Requirements issued by the Ministry of Civil Aviation;		
9.3	**Air Transport Services**		
9.3.1	**Other Conditions**		
	(c) Foreign airlines are also, allowed to invest, in the capital of Indian companies, operating scheduled and non-scheduled air transport services, up to the limit of 49% of their paid-up capital. Such investment would be subject to the following conditions: (i) It would be made under the Government approval route. (ii) The 49% limit will subsume FDI and FII/FPI investment. (iii) The investments so made would need to comply with the relevant regulations of SEBI, such as the Issue of Capital and Disclosure Requirements (ICDR) Regulations/ Substantial Acquisition of Shares and Takeovers (SAST) Regulations, as well as other applicable rules and regulations. (iv) A Scheduled Operator's Permit can be granted only to a company: *a) that is registered and has its principal place of business within India;* *b) the Chairman and at least two-thirds of the Directors of which are citizens of India; and* *c) the substantial ownership and effective control of which is vested in Indian nationals.* (v) All foreign nationals likely to be associated with Indian scheduled and non-scheduled air transport services, as a result of such investment shall be cleared from security view point before deployment; and		

Sl. No.	Sector / Activity	% of Equity/FDI Cap	Entry Route
	(vi) All technical equipment that might be imported into India as a result of such investment shall require clearance from the relevant authority in the Ministry of Civil Aviation. **Note:** (i)The FDI limits/entry routes, mentioned at paragraph 9.3(1) and 9.3(2) above, are applicable in the situation where there is no investment by foreign airlines. (ii) The dispensation for NRIs regarding FDI up to 100% will also continue in respect of the investment regime specified at paragraph 9.3.1(c)(ii) above. (iii) The policy mentioned at paragraph 9.3.1(c) above is not applicable to M/s Air India Limited		
15	**Telecom services (including Telecom Infrastructure Providers Category-I)** 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 licenses, 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.	100%	Automatic upto 49% Government route beyond 49%
15.1.1	**Other condition**:		
	FDI up to 100% with 49% on the automatic route and beyond 49% on the government 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, expect “Other Service Providers”, which are allowed 100% FDI on the automatic route.		
16	**TRADING**		
16.3	**Single Brand product retail trading**	100%	Automatic up to 49%. Government route beyond 49%
	(3) Applications 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		

Sl. No.	Sector / Activity	% of Equity/FDI Cap	Entry Route
	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. In case of FDI upto 49%, the list of products/ product categories proposed to be sold except food products would be provided to the RBI.		
	FINANCIAL SERVICES Foreign investment in other financial services , other than those indicated below, would require prior approval of the Government:		
17	**Asset Reconstruction Companies**		
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).	100% of paid-up capital of ARC (FDI + FII/FPI)	Automatic up to 49% Government route beyond 49%
17.2	**Other conditions:**		
	(i) Persons resident outside India can invest in the capital of Asset Reconstruction Companies (ARCs) registered with Reserve Bank, up to 49% on the automatic route, and beyond 49% on the Government route. (ii) No sponsor may hold more than 50% of the shareholding in an ARC either by way of FDI or by routing it through an FII/FPI controlled by the single sponsor. (iii) The total shareholding of an individual FII/FPI shall be below 10% of the total paid-up capital. (iv) FIIs/FPIs can invest in the Security Receipts (SRs) issued by ARCs registered with Reserve Bank. FIIs/FPIs can invest up to 74 per cent of each tranche of scheme of SRs. Such investment should be within the FII/FPI limit on corporate bonds prescribed from time to time, and sectoral caps under extant FDI Regulations should also be complied with. (v) All investments would be subject to provisions of section 3(3) (f) of Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.		
18	**Banking –Private sector**		
18.1	Banking –Private sector	74% including investment by FIIs/FPIs	Automatic upto 49% Government route beyond 49% and upto 74%
18.2	**Other conditions:**		

Sl. No.	Sector / Activity	% of Equity/FDI Cap	Entry Route
	(1) This 74% limit will include investment under the Portfolio Investment Scheme (PIS) by FIIs/FPIs, NRIs and shares acquired prior to September 16, 2003 by erstwhile OCBs, and continue to include IPOs, Private placements, GDR/ADRs and acquisition of shares from existing shareholders. (4) The permissible limits under portfolio investment schemes through stock exchanges for FIIs/FPIs and NRIs will be as follows: (i) In the case of FIIs/FPIs, as hitherto, individual FII/FPI holding is restricted to below 10 per cent of the total paid-up capital, aggregate limit for all FIIs/FPIs/QFIs cannot exceed 24 per cent of the total paid-up capital, which can be raised to 49 per cent of the total paid-up capital by the bank concerned through a resolution by its Board of Directors followed by a special resolution to that effect by its General Body. (a) Thus, the FII/FPI/QFI investment limit will continue to be within 49 per cent of the total paid-up capital. (d) Transfer of shares under FDI from residents to non-residents will continue to require approval of RBI and Government as per Regulation 14(5) as applicable.		
20	**Commodity Exchanges**		
20.2	**Commodity Exchange**	49% (FDI & FII/FPI) [Investment by Registered FII /FPI under Portfolio Investment Scheme (PIS) will be limited to 23% and Investment under FDI Scheme limited to 26%]	Automatic
20.3	**Other conditions:**		
	(i) FII/FPI purchases shall be restricted to secondary market only. (ii) No non-resident investor / entity, including persons acting in concert, will hold more than 5% of the equity in these companies. (iii) Foreign investment in commodity exchanges will be subject to the guidelines of the Central Government / Forward Markets Commission (FMC).		
21	**Credit Information Companies (CIC)**		
21.1	Credit Information Companies	74% (FDI + FII/FPI)	Automatic
21.2	**Other Conditions:**		

Sl. No.	Sector / Activity	% of Equity/FDI Cap	Entry Route
	(2) Foreign investment is permitted subject to regulatory clearance from RBI. (3) Investment by a registered FII/FPI 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. (4) Such FII/FPI investment would be permitted subject to the conditions that: (a) No single entity should directly or indirectly hold below 10% equity. (b) Any acquisition in excess of 1% will have to be reported to RBI as a mandatory requirement; and (c) FIIs/FPIs investing in CICs shall not seek a representation on the Board of Directors based upon their shareholding.		
22	**Infrastructure Company in the Securities Market**		
22.1	Infrastructure companies in Securities Markets, namely, stock exchanges, depositories and clearing corporations, in compliance with SEBI Regulations	49% (FDI+ FII/FPI) [FDI limit of 26 per cent and an FII/FPI limit of 23 per cent of the paid-up capital]	Automatic
22.2	**Other Conditions:**		
22.2.1	FII/FPI can invest only through purchases in the secondary market		
25	**Pharmaceuticals**		
25.1	Greenfield	100%	Automatic
25.2	Brownfield	100%	Government
25.3	**Other Conditions**		
	(i) ‘Non-compete’ clause would not be allowed except in special circumstances with the approval of the Foreign Investment Promotion Board. (ii) The prospective investor and the prospective investee are required to provide necessary certificate along with the FIPB application. (iii) Government may incorporate appropriate conditions for FDI in brownfield cases, at the time of granting approval.		
26	**Power Exchanges**		
26.1	Power Exchanges under the Central Electricity Regulatory Commission (Power Market) Regulations, 2010	49% (FDI + FII/FPI)	Automatic
26.2	**Other conditions:**		
	(i) Such foreign investment would be subject to an FDI limit of 26 per cent and an FII/FPI limit of 23 per cent of the paid-up capital; (ii) FII/FPI purchases shall be restricted to secondary market only;		

The following shall be substituted for existing entries in Annex B to Schedule 1 to Notification No. FEMA. 20

Sl. No.	Sector / Activity	% of Equity/FDI Cap	Entry Route
AGRICULTURE			
1.	**Agriculture & Animal Husbandry**		
1.1	**Other Conditions :**		
	II. The term 'under controlled conditions' covers the following: (i) 'Cultivation under controlled conditions' for the categories of Floriculture, Horticulture, Cultivation of vegetables and Mushrooms is the practice of cultivation wherein rainfall, temperature, solar radiation, air humidity and culture medium are controlled artificially. Control in these parameters may be effected through protected cultivation under green houses, net houses, poly houses or any other improved infrastructure facilities where micro-climatic conditions are regulated anthropogenically. (ii) In case of Animal Husbandry, scope of the term 'under controlled Conditions' covers – (a) Rearing of animals under intensive farming systems with stall- feeding. Intensive farming system will require climate systems (ventilation, temperature/humidity management), health care and nutrition, herd registering/pedigree recording, use of machinery, waste management systems as prescribed by the National Livestock Policy 2013 and in conformity with the existing 'Standard Operating Practices and Minimum Standard Protocol." (b) Poultry breeding farms and hatcheries where micro-climate is controlled through advanced technologies like incubators, ventilation systems etc. (iii) In the case of pisciculture and aquaculture, scope of the term 'under controlled conditions' covers – (a) Aquariums (b) Hatcheries where eggs are artificially fertilized and fry are hatched and incubated in an enclosed environment with artificial climate control. (iv) In the case of apiculture, scope of the term ''under controlled conditions' covers –		

Sl. No.	Sector / Activity	% of Equity/FDI Cap	Entry Route
	(a) Production of honey by bee-keeping, except in forest/wild, in designated spaces with control of temperatures and climatic factors like humidity and artificial feeding during lean seasons.		

Sl. No.	Sector / Activity	% of Equity/FDI Cap	Entry Route
6	**DEFENCE**		
6.1	Defence Industry subject to Industrial license under the Industries (Development & Regulation) Act, 1951	26%	Government route up to 26%. 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.
	Note : (i) Investment by Foreign Portfolio Investors (FPIs)/ FIIs (through portfolio investment) is not permitted. (ii) FPI/FII (through portfolio investment) is in companies holding defence licence as on 22 August 2013 will remain capped at the level existing as on the said date. No fresh FPI/FII (through portfolio investment) is permitted even if the level of such investment fall below the capped level subsequently.		
6.2	**Other conditions**:		
	(xv) All applications seeking permission of the Government for FDI in defence would be made to the Secretariat of the Foreign Investment Promotion Board (Fin) in the Department of Economic Affairs. (xvi) 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. (xvii) 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.		

	(xviii) 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). (xix) Government decision on applications to FIPB for FDI in defence industry sector will be normally communicated within a time frame of 10 weeks from the date of acknowledgement.

Sl. No.	**Sector / Activity**	**% of Equity/FDI Cap**	**Entry Route**
<u>SERVICES SECTOR</u>			
INFORMATION SERVICES			
7	**Broadcasting**		
7.5	The foreign investment (FI) limit in companies engaged in the aforestated activities shall include, in addition to FDI, investment by Foreign Institutional Investors (FIIs), Foreign Portfolio Investors(FPIs), Qualified Foreign Investors (QFIs),Non-Resident Indians (NRIs), Foreign Currency Convertible Bonds (FCCBs), American Depository Receipts (ADRs), Global Depository Receipts (GDRs) and convertible preference shares held by foreign entities.		
7.6	Foreign investment in the aforestated broadcasting carriage services will be subject to the following security conditions/terms: **Security Clearance of Personnel** (iv) The Company shall be required to obtain security clearance of all foreign personnel likely to be deployed for more than 60 days in a year by way of appointment, contract, and consultancy or in any other capacity for installation, maintenance, operation or any other services prior to their deployment. The security clearance shall be required to be obtained every two years. **Permission *vis-a-vis* Security Clearance** (vi) In the event of security clearance of any of the persons associated with the permission holder/licensee or foreign personnel being denied or withdrawn for any reasons whatsoever, the permission holder/licensee will ensure that the concerned person resigns or his services terminated forthwith after receiving such directives from the Government, failing which the permission/license granted shall be revoked and the company shall be disqualified to hold any such Permission/license in future for a period of five years. **Monitoring, Inspection and Submission of Information** (xiv) The inspection will ordinarily be carried out by the Government of India, Ministry of Information & Broadcasting or its authorized representative after reasonable notice, except in circumstances where giving such a notice will defeat the very purpose of the inspection.		

	National Security Conditions (xviii) It shall be open to the licensor to restrict the Licensee Company from operating in any sensitive area from the National Security angle. The Government of India, Ministry of Information and Broadcasting shall have the right to temporarily suspend the permission of the permission holder/Licensee in public interest or for national security for such period or periods as it may direct. The company shall immediately comply with any directives issued in this regard failing which the permission issued shall be revoked and the company disqualified to hold any such permission, in future, for a period of five years.		
8	**Print Media**		
8.1	Publishing of Newspaper and periodicals dealing with news and current affairs	26% (FDI and investment by NRIs/PIOs/FII/FPI)	Government
8.2	Publication of Indian editions of foreign magazines dealing with news and current affairs	26% (FDI and investment NRIs/PIOs/FII/FPI)	Government
9	**Civil Aviation**		
9.1	(ix) "Cargo airlines" would mean such airlines which meet the conditions as given in the Civil Aviation Requirements issued by the Ministry of Civil Aviation;		
9.3	**Air Transport Services**		
9.3.1	**Other Conditions**		
	(c) Foreign airlines are also, allowed to invest, in the capital of Indian companies, operating scheduled and non-scheduled air transport services, up to the limit of 49% of their paid-up capital. Such investment would be subject to the following conditions: (i) It would be made under the Government approval route. (ii) The 49% limit will subsume FDI and FII/FPI investment. (iii) The investments so made would need to comply with the relevant regulations of SEBI, such as the Issue of Capital and Disclosure Requirements (ICDR) Regulations/ Substantial Acquisition of Shares and Takeovers (SAST) Regulations, as well as other applicable rules and regulations. (iv) A Scheduled Operator's Permit can be granted only to a company: *a) that is registered and has its principal place of business within India;* *b) the Chairman and at least two-thirds of the Directors of which are citizens of India; and* *c) the substantial ownership and effective control of which is vested in Indian nationals.* (v) All foreign nationals likely to be associated with Indian scheduled and non-		

	scheduled air transport services, as a result of such investment shall be cleared from security view point before deployment; and (vi) All technical equipment that might be imported into India as a result of such investment shall require clearance from the relevant authority in the Ministry of Civil Aviation. **Note:** (i)The FDI limits/entry routes, mentioned at paragraph 9.3(1) and 9.3(2) above, are applicable in the situation where there is no investment by foreign airlines. (ii) The dispensation for NRIs regarding FDI up to 100% will also continue in respect of the investment regime specified at paragraph 9.3.1(c)(ii) above. (iii) The policy mentioned at paragraph 9.3.1(c) above is not applicable to M/s Air India Limited		
15	**Telecom services (including Telecom Infrastructure Providers Category-I)** 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 licenses, 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.	100%	Automatic upto 49% Government route beyond 49%
15.1.1	**Other condition**:		
	FDI up to 100% with 49% on the automatic route and beyond 49% on the government 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, expect "Other Service Providers", which are allowed 100% FDI on the automatic route.		
16	**TRADING**		
16.3	**Single Brand product retail trading**	100%	Automatic up to 49%. Government route beyond 49%
	(3) Applications 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 & 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 list of products/ product categories proposed to be sold except food products would be provided to the RBI.		
	FINANCIAL SERVICES Foreign investment in other financial services , other than those indicated below, would require prior approval of the Government:		
17	**Asset Reconstruction Companies**		
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).	100% of paid-up capital of ARC (FDI + FII/FPI)	Automatic up to 49% Government route beyond 49%
17.2	**Other conditions:**		
	(i) Persons resident outside India can invest in the capital of Asset Reconstruction Companies (ARCs) registered with Reserve Bank, up to 49% on the automatic route, and beyond 49% on the Government route. (ii) No sponsor may hold more than 50% of the shareholding in an ARC either by way of FDI or by routing it through an FII/FPI controlled by the single sponsor. (iii) The total shareholding of an individual FII/FPI shall be below 10% of the total paid-up capital. (iv) FIIs/FPIs can invest in the Security Receipts (SRs) issued by ARCs registered with Reserve Bank. FIIs/FPIs can invest up to 74 per cent of each tranche of scheme of SRs. Such investment should be within the FII/FPI limit on corporate bonds prescribed from time to time, and sectoral caps under extant FDI Regulations should also be complied with. (v) All investments would be subject to provisions of section 3(3) (f) of Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.		
18	**Banking –Private sector**		
18.1	Banking –Private sector	74% including investment by FIIs/FPIs	Automatic upto 49% Government route beyond 49% and upto 74%
18.2	**Other conditions:**		
	(1) This 74% limit will include investment under the Portfolio Investment Scheme (PIS)		

	by FIIs/FPIs, NRIs and shares acquired prior to September 16, 2003 by erstwhile OCBs, and continue to include IPOs, Private placements, GDR/ADRs and acquisition of shares from existing shareholders. (4) The permissible limits under portfolio investment schemes through stock exchanges for FIIs/FPIs and NRIs will be as follows: (i) In the case of FIIs/FPIs, as hitherto, individual FII/FPI holding is restricted to below 10 per cent of the total paid-up capital, aggregate limit for all FIIs/FPIs/QFIs cannot exceed 24 per cent of the total paid-up capital, which can be raised to 49 per cent of the total paid-up capital by the bank concerned through a resolution by its Board of Directors followed by a special resolution to that effect by its General Body. (a) Thus, the FII/FPI/QFI investment limit will continue to be within 49 per cent of the total paid-up capital. (d) Transfer of shares under FDI from residents to non-residents will continue to require approval of RBI and Government as per Regulation 14(5) as applicable.		
20	**Commodity Exchanges**		
20.2	**Commodity Exchange**	49% (FDI & FII/FPI) [Investment by Registered FII /FPI under Portfolio Investment Scheme (PIS) will be limited to 23% and Investment under FDI Scheme limited to 26%]	Automatic
20.3	**Other conditions:**		
	(i) FII/FPI purchases shall be restricted to secondary market only. (ii) No non-resident investor / entity, including persons acting in concert, will hold more than 5% of the equity in these companies. (iii) Foreign investment in commodity exchanges will be subject to the guidelines of the Central Government / Forward Markets Commission (FMC).		
21	**Credit Information Companies (CIC)**		
21.1	Credit Information Companies	74% (FDI + FII/FPI)	Automatic
21.2	**Other Conditions:**		
	(2) Foreign investment is permitted subject to regulatory clearance from RBI.		

	(3) Investment by a registered FII/FPI 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. (4) Such FII/FPI investment would be permitted subject to the conditions that: (a) No single entity should directly or indirectly hold below 10% equity. (b) Any acquisition in excess of 1% will have to be reported to RBI as a mandatory requirement; and (c) FIIs/FPIs investing in CICs shall not seek a representation on the Board of Directors based upon their shareholding.		
22	**Infrastructure Company in the Securities Market**		
22.1	Infrastructure companies in Securities Markets, namely, stock exchanges, depositories and clearing corporations, in compliance with SEBI Regulations	49% (FDI+ FII/FPI) [FDI limit of 26 per cent and an FII/FPI limit of 23 per cent of the paid-up capital]	Automatic
22.2	**Other Conditions:**		
22.2.1	FII/FPI can invest only through purchases in the secondary market		
25	**Pharmaceuticals**		
25.1	Greenfield	100%	Automatic
25.2	Brownfield	100%	Government
25.3	**Other Conditions**		
	(i) ‘Non-compete’ clause would not be allowed except in special circumstances with the approval of the Foreign Investment Promotion Board. (ii) The prospective investor and the prospective investee are required to provide necessary certificate along with the FIPB application. (iii) Government may incorporate appropriate conditions for FDI in brownfield cases, at the time of granting approval.		
26	**Power Exchanges**		
26.1	Power Exchanges under the Central Electricity Regulatory Commission (Power Market) Regulations, 2010	49% (FDI + FII/FPI)	Automatic
26.2	**Other conditions:**		
	(i) Such foreign investment would be subject to an FDI limit of 26 per cent and an FII/FPI limit of 23 per cent of the paid-up capital; (ii) FII/FPI purchases shall be restricted to secondary market only;		