

The Foreign Exchange Management (Transfer Or Issue Of Security By A Person Resident Outside India) Regulations, 2000

UNION OF INDIA

India

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Rule

THE-FOREIGN-EXCHANGE-MANAGEMENT-TRANSFER-OR-ISSUE-OF of 2000

- Published on 3 May 2000
- Commenced on 3 May 2000
- [This is the version of this document from 3 May 2000.]
- [Note: The original publication document is not available and this content could not be verified.]

The Foreign Exchange Management (Transfer Or Issue Of Security By A Person Resident Outside India) Regulations, 2000 Published Vide G.S.R. 406(E), dated 3.5.2000, published in the Gazette of India, Ext., Pt.II, Section 3(i), dated 8.5.2000

11.

/580In exercise of the powers conferred by clause (b) of sub-section (3) of section 6 and section 47 of the Foreign Exchange Management Act, 1999 (42 of 1999), the Reserve Bank makes the following regulations to prohibit, restrict or regulate, transfer or issue security by a person resident outside India, namely:

1. Short title and commencement.

(1)These regulations may be called The Foreign Exchange Management (Transfer Or Issue Of Security By A Person Resident Outside India) Regulations, 2000.(2)They shall come into effect on the 1st day of June, 2000.

2. Definitions.

- In these regulations, unless the context requires otherwise, (i) "Act" means the Foreign Exchange Management Act, 1999 (42 of 1999); (ia) ["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).] [Inserted by G.S.R. 413(E), dated 9.6.2006 (w.r.e.f. 8.11.2005).] (ii) ["capital" means equity shares, preference shares, convertible preference shares, and convertible debentures;] [Substituted by Notification No. G.S.R. 896 (E) dated 22.8.2008 (w.e.f. 1.5.2007)] [Explanation : The equity shares issued in accordance with the provisions of the Companies Act, as applicable, shall include equity shares that have been partly paid. Preference shares and convertible debentures shall be required to be fully paid, mandatorily and fully convertible.] [Inserted by Notification No. G.S.R. 436 (E), dated 30.6.2014 (w.e.f. 8.11.2005)] (iiA) ['convertible note' means an instrument issued by a startup company evidencing receipt of money initially as debt, which is repayable at the option of the holder, or which is convertible into such number of equity shares of such startup company, within a period not exceeding five years from the date of issue of the convertible note, upon occurrence of specified events as per the other terms and conditions agreed to and indicated in the instrument;] [Substituted 'Category I Alternative Investment Fund (Cat-I AIF)' means an Alternative Investment Fund registered under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012 which raises money and invests in such funds or sectors or activities or areas in accordance with the said Regulations.' by Notification No. G.S.R. 16(E), dated 10.1.2017 (w.e.f. 8.5.2000).] (iib) ["preference shares" mean compulsorily and mandatorily convertible preference shares.] [Inserted by Notification No. G.S.R. 896 (E), dated 22.8.2008 (w.e.f. 1.5.2007)] (iic) ["debenture" means compulsorily and mandatorily convertible debenture.] [Inserted by Notification No. G.S.R. 896 (E), dated 22.8.2008 (w.e.f. 8.6.2007).] (iii) "registered foreign institutional investor (FII)" means the foreign institutional investor registered with SEBI; (iiia) ["foreign venture capital investor" means an investor incorporated and established outside India which proposes to make investment in venture capital fund(s) or venture capital undertaking(s) in India and is registered with SEBI under SEBI (Foreign Venture Capital Investors) Regulations, 2000;] [Inserted by G.S.R. 175(E), dated 26.12.2000 (w.e.f. 13.3.2001).] (iiib) ["Foreign Central Bank" means an institution/organization/body corporate established in a country outside India and entrusted with the responsibility of carrying out central bank functions under the law for the time being in force in that country;] [Inserted by G.S.R. 712(E), dated 17.10.2007 (w.e.f. 14.11.2007).] (iv) "Government approval" means approval from the Secretariat for Industrial Assistance (SIA), Department of Industrial Policy and Promotion, Government of India or, as the case may be, Foreign Investment Promotion Board (FIPB) of the Government of India; (iva) ['Group company' means two or more enterprises which, directly or indirectly, are in a position to : (i) exercise twenty-six per cent, or more of voting rights in other enterprise; or (ii) appoint more than fifty per cent, of members of board of directors in the other enterprise.] (v) Indian company means a company incorporated in India; (va) ["Indian Depository Receipts (IDRs)" shall have the meaning as assigned to it in the Companies (Issue of Indian Depository Receipts) Rules, 2004;] [* * *] [Omitted '(vb) 'Indian venture capital undertaking' means a company incorporated in India whose shares are not listed on a recognized stock exchange in India and which is not engaged in an activity under the negative list specified by SEBI;' by Notification No. G.S.R. 465(E), dated 28.4.2016 (w.e.f. 8.5.2000).] (vi) "investment on

repatriation basis means an investment the sale proceeds of which are, net of taxes, eligible to be repatriated out of India, and the expression 'investment on non-repatriation basis', shall be construed accordingly;(vii)Joint Venture QV) and Wholly Owned Subsidiary shall have the meanings respectively assigned to them in the Foreign Exchange Management (Transfer and Issue of Foreign Security) Regulations, 2000;(viia)[Non-Resident Indian (NRI) means an individual resident outside India who is citizen of India or is an 'Overseas Citizen of India' cardholder within the meaning of section 7 (A) of the Citizenship Act, 1955.] [Substituted by Notification No. G.S.R. 165(E), dated 15.2.2016 (w.e.f. 8.5.2000).] (vii AA) "Manufacture", with its grammatical variations, means a change in a non-living physical object or article or thing- (a) resulting in transformation of the object or article or thing into a new and distinct object or article or thing having a different name, character and use; or (b) bringing into existence of a new and distinct object or article or thing with a different chemical composition or integral structure.] [Inserted by Notification No. G.S.R. 165(E), dated 15.2.2016 (w.e.f. 8.5.2000).] (viii)[* * *] [Omitted by G.S.R. 558(E), dated 18.6.2003 (w.e.f. 22.7.2003).] "Overseas Corporate Body (OCB)", shall have the meanings respectively assigned to them in the Foreign Exchange Management (Deposit) Regulations, 2000;(viia)['Qualified Foreign Investor' (QFI) means [Inserted by Notification No. G.S.R. 795 (E) dated 19.10.2012 (w.e.f. 9.8.2011)](a)during the period from 9th day of August, 2011 to 15th day of July, 2012, a person who satisfied the following criteria at the relevant time,(i)resident of a country, that is compliant with the Financial Action Task Force (FATF) standards and is a signatory to the IOSCO's Multilateral Memorandum of Understanding (MMoU); and(ii)satisfied the KYC requirements stipulated by SEBIProvided that such a person is not registered with SEBI as a Foreign Institutional Investor (FII) or Foreign Venture Capital Investor (FVCI).(b)With effect from 16th day of July, 2012, a person who satisfies the following criteria at the relevant time:(i)Resident in a country that is a member of FATF or a member of a group which is a member of FATF; and(ii)Resident in a country that is a signatory to IOSCO's MMoU (and referred to as Appendix A Signatories therein) or a signatory of a bilateral MoU with SEBIProvided that the person is not resident in a country listed in the public statements issued by FATF from time to time on jurisdictions having strategic AMUCFT deficiencies to which counter measures apply or that have not made sufficient progress in addressing the deficiencies or have not committed to an action plan developed with the FATF to address the deficiencies;Provided that such person is not resident in India;Provided further that such person is not registered with SEBI as a FII or Sub-Account of an FII or FVCLExplanation. - For the purposes of this clause:

1. "bilateral MoU with SEBI" shall mean a bilateral MoU between SEBI and the overseas regulator that, inter alia, provides for information sharing arrangements.

2. Member of FATF shall not mean an associate member of FATF.]

(ix)"SEBI" means the Securities and Exchange Board of India established under the Securities and Exchange Board of India Act, 1992 (15 of 1992);(x)"Secretariat for Industrial Assistance" means Secretariat for Industrial Assistance in the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India;(xa)['startup' shall mean an entity, incorporated

or registered in India not prior to five years, with an annual turnover not exceeding INR 25 Crores in any preceding financial year, working towards innovation, development, deployment or commercialization of new products, processes or services driven by technology or intellectual property, [Substituted "sweat equity shares' means the option given to the directors, officers or employees of a company to its directors or employees at a discount or for consideration other than cash, for providing their know-how or making available rights in the nature of intellectual property rights or value additions, by whatever name called;' by Notification No. G.S.R. 465(E), dated 28.4.2016 (w.e.f. 8.5.2000).] Provided that such entity is not formed by splitting up, or reconstruction of a business already in existence. For this purpose, (i) 'entity' shall mean a private limited company (as defined in the Companies Act, 2013), or a registered partnership firm (registered under section 59 of the Partnership Act, 1932) or a limited liability partnership (under the Limited Liability Partnership Act, 2008). (ii) the expression 'turnover' shall have the same meaning as assigned to it under the Companies Act, 2013. (iii) An entity is considered to be working towards innovation, development, deployment or commercialization of new products, processes or services driven by technology or intellectual property if it aims to develop and commercialize (a) a new product or service or process; or (b) a significantly improved existing product or service or process that will create or add value for customers or work-flow. Provided that it will not include the mere act of developing (a) products or services or processes which do not have potential for commercialization; or (b) undifferentiated products or services or processes or (c) products or services or processes with no or limited incremental value for customers or work-flow.] [Inserted by Notification No. G.S.R. 606 (E) dated 7.3.2012 (w.e.f. 8.5.2000)] (xi) "Transferable Development Rights (TDR)" shall have the same meaning as assigned to it in the regulations made under sub-section (2) of section 6 of the Act; (xii) ["venture capital fund" means a fund established in the form of a trust, a company including a body corporated and registered under the Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996 which has a dedicated pool of capital raised in a manner specified under the said regulations and which invests in venture capital undertakings in accordance with the said regulations;] [Inserted by G.S.R. 175(E), dated 26.12.2000 (w.e.f. 13.3.2001).] (xiii) ['Warrant' includes Share Warrant issued by an Indian Company in accordance to provisions of the Companies Act, as applicable. Such warrants shall be treated as security within the meaning of Section 2(z) of FEMA, 1999.] [Inserted by Notification No. G.S.R. 436 (E), dated 30.6.2014 (w.e.f. 8.11.2005)] (xiv) the words and expressions used but not defined in these regulations shall have the same meanings respectively assigned to them in the Act.

3. Restriction on issue or transfer of security by a person resident outside India.

- Save as otherwise provided in the Act, or rules or regulations made thereunder, no person resident outside India shall issue or transfer any security: Provided that a security issued prior to, and held on, the date of commencement of these Regulations, shall be deemed to have been issued under these regulations and shall accordingly be governed by these regulations: Provided further that the Reserve Bank may, on an application made to it and for sufficient reasons, permit a person resident outside India to issue or transfer any security, subject to such conditions as may be considered necessary.

4. Restriction on an Indian entity to issue security to a person resident outside India or to record a transfer of security from or to such a person in its books.

- Save as otherwise provided in the Act or Rules or Regulations made thereunder, an Indian entity shall not issue any security to a person resident outside India or shall not record in its books any transfer of security from or to such person: Provided that the Reserve Bank may, on an application made to it and for sufficient reasons, permit an entity to issue any security to a person resident outside India or to record in its books transfer of security from or to such person, subject to such conditions as may be considered necessary.

[5. Permission for purchase of shares by certain persons resident outside India. - (1) (i) A person resident outside India (other than a citizen of Bangladesh or Pakistan or an entity incorporated outside India, (other than an entity in Bangladesh or Pakistan), may purchase shares or convertible debentures of an Indian company under Foreign Direct Investment Scheme, subject to the terms and conditions specified in Schedule 1. Explanation : Shares or convertible debentures containing an optionality clause but without any option/right to exit at an assured price shall be reckoned as eligible instruments to be issued to a person resident outside India by an Indian company subject to the terms and conditions as specified in Schedule I.][Further, shares or convertible debentures containing an optionality clause but without any option/right to exit at an assured price shall be reckoned as eligible instruments to be issued to a person resident outside India by an Indian company subject to the terms and conditions as specified in Schedule I.] [Added by Notification No. G.S.R. 805 (E) dated 12.11.2013 (w.e.f. 8.5.2000)](ii)[Notwithstanding anything contained in sub-regulation (i) above, a person who is a citizen of Bangladesh or an entity incorporated in Bangladesh may, with the prior approval of the Foreign Investment Promotion Board of the Government of India, purchase [shares or convertible debentures or warrants] [Inserted by G.S.R. 713(E), dated 23.10.2007 (w.e.f. 14.11.2007).] of an Indian company under Foreign Direct Investment Scheme, subject to the terms and conditions specified in Schedule 1.](iii)[Further, notwithstanding anything contained in clause (i) of the sub-regulation (1) above, a person who is a citizen of Pakistan or an entity incorporated in Pakistan may, with the prior approval of the Foreign Investment Promotion Board of the Government of India, purchase [shares or convertible debentures or warrants] [Inserted by Notification No. G.S.R. 946 (E) dated 22.10.2012 (w.e.f. 1.8.2012)] of an Indian company under Foreign Direct Investment Scheme, subject to the terms and conditions specified in Schedule 1. Provided further that notwithstanding anything contained in Schedule 1, the Indian company, receiving such foreign direct investment, is not engaged or shall not engage in sectors/activities pertaining to defence, space and atomic energy and sectors/activities prohibited for foreign investment.](2)A registered Foreign Institutional Investor (FII) may purchase [shares or convertible debentures or warrants] [Substituted for the words "shares or convertible debentures" by Notification No. G.S.R. 436 (E), dated 30.6.2014 (w.e.f. 8.11.2005)] of an Indian company under the Portfolio Investment Scheme, subject to the terms and conditions specified in Schedule 2 : [and the limits and margin requirements prescribed by RBI/SEBI as well as the stipulations regarding collateral securities as specified by the Reserve Bank from time to time.] [Inserted by Notification No. G.S.R. 821 dated 7.3.2012 (w.e.f. 8.5.2000)][* * *] [Proviso omitted by G.S.R. 504(E), dated 22.7.2005 (w.e.f. 25.7.2005).][Provided further that Foreign Institutional Investors shall not invest in the paid up equity capital of Asset Reconstruction Companies.] [Inserted by G.S.R. 413(E), dated 9.6.2006]

(w.r.e.f. 8.11.2005).](3)[(i) A Non-Resident Indian (NRI) may acquire securities or units on a Stock Exchange in India on repatriation basis under the Portfolio Investment Scheme, subject to the terms and conditions specified in Schedule 3.(ii)A Non-Resident Indian (NRI) may acquire securities or units on a non-repatriation basis, subject to the terms and conditions specified in Schedule 4.][Provided that NRI/OCB shall not purchase shares or convertible debentures of an Indian company which is engaged in the print media sector.] [Inserted by Notification No. G.S.R. 182 (E) dated 16.2.2001 (w.e.f. 8.5.2000)](4)[A non-resident Indian or a registered FII or a Foreign Central Bank [or a OFI or any other person resident outside India included in Schedule 5] [Substituted by G.S.R. 712(E), dated 17.10.2007 (w.e.f. 14.11.2007).] may purchase securities, other than shares or convertible debentures of an Indian company, subject to the terms and conditions specified in Schedule 5.] [Substituted by Notification No. G.S.R. 165(E), dated 15.2.2016 (w.e.f. 8.5.2000).](5)[A foreign venture capital investor registered with SEBI may make investment in the manner and subject to the terms and conditions specified in Schedule 6:] [Substituted by Notification No. G.S.R. 465(E), dated 28.4.2016 (w.e.f. 8.5.2000).][* * *] [Proviso omitted by G.S.R. 504(E), dated 22.7.2005 (w.e.f. 25.7.2005).](6)[A registered Foreign Institutional Investor (FII) having valid approval under the Foreign Exchange Regulation Act, 1973 or under the Foreign Exchange Management Act, 1999 may trade in all exchange traded derivative contracts approved by RBI/SEBI as well as the stipulations regarding collateral securities as directed by the Reserve Bank from time to time.] [Substituted words "A registered Foreign Institutional Investor (FII) having valid approval under FERA, 1973 or under FEMA, 1999 may trade in all exchange traded derivative contracts approved by SEBI from time to time subject to the limits as prescribed in by SEBI" by Notification No. G.S.R. 896 (E), dated 22.8.2008 (w.e.f. 31.12.2007)](7)A Non-Resident Indian (NRI) may invest in exchange traded derivative contracts, approved by SEBI from time to time out of INR funds held in India or non-repatriable basis subject to the limits prescribed by SEBI. Such investments will not be eligible for repatriation benefits.] [Substituted by G.S.R. 436 (E), dated 30.6.2014 (w.e.f. 8.11.2005)](7A)[A QFI may purchase equity shares of an Indian company subject to the terms and conditions specified in Schedule 8.] [Inserted by Notification No. G.S.R. 795 (E) dated 19.10.2012 (w.e.f. 13.1.2012)] [Explanation: For the purposes of sub-regulations (1) to (7) above, no class of investor referred to in those sub-regulations shall make investment, directly or indirectly, in any security, issued by an Indian company which is engaged or proposes to engage in any of the activities in which foreign investment is prohibited under sub-regulation (b) of Regulation 4 of the Foreign Exchange Management (Permissible Capital Account Transactions) Regulations, 2000, as amended from time to time.] [Inserted by Notification No. G.S.R. 795 (E) dated 19.10.2012 (w.e.f. 13.1.2012)](8)[A registered Foreign Institutional Investor (FII) including SEBI approved sub-accounts of the Fils, registered with SEBI· or a Non Resident Indian (NRI) may purchase, hold or sell Indian Depository Receipts (IDRs) of eligible companies resident outside India and issued in the Indian capital market, subject to the terms and conditions specified in Para 2 of Schedule 7.] [Inserted by Notification No. G.S.R. 606 (E) dated 7.3.2012 (w.e.f. 8.5.2000).](9)[A person resident outside India (other than a citizen of Pakistan or Bangladesh) or an entity incorporated outside India (other than an entity in Pakistan or Bangladesh), not being a Foreign Portfolio Investor or Foreign Institutional Investor or Foreign Venture Capital Investor registered in accordance with SEBI guidelines, may contribute foreign capital either by way of capital contribution or by way of acquisition/ transfer of profit shares in the capital structure of an LLP under Foreign Direct Investment, subject to the terms and conditions as specified in Schedule 9.] [Substituted by

6. Acquisition of right shares.

(1) A person resident outside India may purchase equity or preference shares or convertible debentures offered on right basis by an Indian company which satisfies the conditions specified in sub-regulations (2). (2) An Indian company which satisfies the following conditions, may offer to a person resident outside India, equity or preference shares or convertible debentures on right basis, namely: (i) the offer on right basis does not result in increase in the percentage of foreign equity already approved, or permissible under the Foreign Direct Investment Scheme in terms of these regulations; (ii) [the existing non-resident shareholders may apply for issue of additional shares, and the investee company may allot the same subject to the condition that the overall issue of shares to non-residents in the total paid-up capital does not exceed the sectoral cap;] [Added by G.S.R. 223(E), dated 12.11.2002 (w.e.f. 18.3.2003).] (iii) [Renumbered by G.S.R. 223(E), dated 12.11.2002 (w.e.f. 18.3.2003).] the existing shares or debentures against which shares or debentures are issued by the company on right basis were acquired and are held by the person resident outside India in accordance with these regulations; (iv) [The offer on right basis to the persons resident outside India shall be: [Substituted by Notification No. G.S.R. 341 (E) dated 7.4.2010 (w.e.f. 8.5.2000).] (a) in the case of shares of a company listed on a recognized stock exchange in India, at a price as determined by the company; (b) in the case of shares of a company not listed on a recognized stock exchange in India, at a price which is not less than the price at which the offer on right basis is made to resident shareholders.] (3) The right shares or debentures purchased by the person resident outside India shall be subject to same conditions including restrictions in regard to repatriability as are applicable to the original shares against which right shares or debentures are issued: Provided that the amount of consideration for purchase of right shares or debentures is paid by way of inward remittance in foreign exchange through normal banking channels or by debit to NRE/FCNR account, when the shares or debenture are issued on repatriation basis: Provided further that in respect of shares or debentures issued on non-repatriation basis, the amount of consideration may also be paid by debit to NRO/NRSE/NRNR account. [6-A. Acquisition of bonus shares. [Inserted by G.S.R. 558(E), dated 18.6.2003 (w.e.f. 22.7.2003).] - An Indian company may issue bonus shares to its non-resident shareholders, subject to the following conditions: - (a) the shares against which bonus shares are issued by the company (hereinafter referred to as "the original shares") were acquired or held by the non-resident shareholder in accordance with the rules/ regulations applicable to such acquisition; (b) the bonus shares acquired by the non-resident shareholder shall be subject to the same conditions including restrictions in regard to repatriability as are applicable to the original shares.

6.

-B. Report to RBI.- A company issuing [right shares or bonus shares or warrants] [Substituted for the words "right shares or bonus shares" Notification No. G.S.R. 436 (E), dated 30.6.2014 (w.e.f. 8.11.2005)] in terms of regulation 6 or regulation 6-A as the case may be, shall, within thirty days from the date of issue, report the transaction in Form FC-GPR to the Regional Office of the Reserve Bank of India under whose jurisdiction the Registered Office of the company is situated.] [Inserted

by Notification No. G.S.R. 683 (E) dated 4.10.2013 (w.e.f. 8.5.2000)] [6-C. Acquisition of warrants - An Indian company may issue warrants to a person resident outside India subject to terms and conditions stipulated by the Reserve Bank in this behalf from time to time.] [Inserted by Notification No. G.S.R. 436 (E), dated 30.6.2014 (w.e.f. 8.11.2005)] [6D. Issue of Convertible Notes by startup companies. [Inserted by Notification No. G.S.R. 16(E), dated 10.1.2017 (w.e.f. 8.5.2000).](1)A person resident outside India (other than an individual who is citizen of Pakistan or Bangladesh or an entity which is registered/ incorporated in Pakistan or Bangladesh), may purchase convertible notes issued by an Indian startup company for an amount of twenty five lakh rupees or more in a single tranche.Explanation. - For the purpose of this Regulation, a 'startup company' means a private company incorporated under the Companies Act, 2013 or Companies Act, 1956 and recognized as such in accordance with notification number G.S.R. 180(E) dated February 17, 2016 issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry.(2)A startup company engaged in a sector where foreign investment requires Government approval may issue convertible notes to a non-resident only with approval of the Government.Explanation. - For the purpose of this regulation, the issue of shares against such convertible notes shall have to be in accordance with the Schedule 1 of the Principal Regulations.(3)A startup company issuing convertible notes to a person resident outside India shall receive the amount of consideration by inward remittance through banking channels or by debit to the NRE/ FCNR (B)/ Escrow account maintained by the person concerned in accordance with the Foreign Exchange Management (Deposit) Regulations, 2016, as amended from time to time.Provided that an escrow account for the above purpose shall be closed immediately after the requirements are completed or within a period of six months, which ever is earlier. However, in no case continuance of such escrow account shall be permitted beyond a period of six months.(4)NRIs may acquire convertible notes on non-repatriation basis in accordance with Schedule 4 of the Principal Regulations.(5)A person resident outside India may acquire or transfer, by way of sale, convertible notes, from or to, a person resident in or outside India, provided the transfer takes place in accordance with the pricing guidelines as prescribed by RBI. Prior approval from the Government shall be obtained for such transfers in case the startup company is engaged in a sector which requires Government approval.(6)The startup company issuing convertible notes shall be required to furnish reports as prescribed by Reserve Bank.]

7. Issue and acquisition of shares after merger or de-merger or amalgamation of Indian companies.

(1)Where a scheme of merger or amalgamation of two or more Indian companies or a reconstruction by way of de-merger or otherwise of an Indian Company, has been approved by a Court in India, the transferee company or, as the case may be, the new company may issue shares to the shareholders of the transferor company resident outside India, subject to the following conditions, namely:(a)the percentage of shareholding of persons resident outside India in the transferee or new company does not exceed the percentage specified in the approval granted by the Central Government or the Reserve Bank, or specified in these regulations:Provided that where the percentage is likely to exceed the percentage specified in the approval or the Regulations, the transferor company or the transferee or new company may, after obtaining an approval from the Central Government, apply to the Reserve Bank for its approval under these regulations;(b)the transferor company or the

transferee or new company shall not engage in agriculture, plantation or real estate business or trading in TDRs; and(c)the transferee or the new company files a report within 30 days with the Reserve Bank giving full details of the shares held by persons resident outside India in the transferor and the transferee or the new company, before and after the merger/amalgamation/reconstruction, and also furnishes a confirmation that all the terms and conditions stipulated in the scheme approved by the Court have been complied with.(2)[Where a Scheme of Arrangement for an Indian company has been approved by a Court in India, the Indian company may issue non-convertible redeemable preference shares or debentures out of its general reserves by way of distribution as bonus to the shareholders resident outside India, subject to the following conditions, namely:a) the original acquisition of shares convertible debentures (including non-convertible/ optionally convertible/ partially convertible preference shares issued as on and up to April 30, 2007 and optionally convertible/ partially convertible debentures issued up to June 7, 2007 under Foreign Direct Investment Scheme and treated as eligible (FDI) compliant instruments under the then applicable guidelines) of the Indian company by non-resident shareholders entitling them to hold non-convertible redeemable preference shares or debentures is in accordance with these Regulations and the conditions specified in the relevant Schedule;b) in accordance with the provisions of the Companies Act, as applicable and the terms and conditions, if any, stipulated in the scheme approved by the Court in India have been complied with;c) the Indian company or transferee company or a new company has a 'No objection certificate' from Income Tax authority; andd) the Indian company shall not engage in any activity/sector mentioned in Annex A to Schedule 1 to these Regulations.]

8. Issue of shares under Employees Stock Options Scheme to persons resident outside India.

- [(1) An Indian company may issue "employees' stock option" and/or "sweat equity shares" to its employees/ directors or employees/ directors of its holding company or joint venture or wholly owned overseas subsidiary/ subsidiaries who are resident outside India, provided that: [Substituted by Notification No. G.S.R. 484(E), dated 11.6.2015 (w.e.f. 8.5.2000).](a)The scheme has been drawn either in terms of regulations issued under the Securities Exchange Board of India Act, 1992 or the Companies (Share Capital and Debentures) Rules, 2014 notified by the Central Government under the Companies Act 2013, as the case may be.(b)The "employee's stock option"/ sweat equity shares issued to non-resident employees/ directors under the applicable rules/ regulations are in compliance with the sectoral cap applicable to the said company.(c)Issue of "employee's stock option"/ sweat equity shares in a company where foreign investment is under the approval route shall require prior approval of the Foreign Investment Promotion Board (FIPB) of Government of India.(d)Issue of "employee's stock option"/ sweat equity shares under the applicable rules/ regulations to an employee/ director who is a citizen of Bangladesh/ Pakistan shall require prior approval of the Foreign Investment Promotion Board (FIPB) of Government of India.(2)The Reserve Bank may require the company issuing "employees' stock option" and/or "sweat equity shares" to submit such reports and at such frequency as it may consider necessary.] [Inserted by Notification No. G.S.R. 818 (E) dated 4.10.2013 (w.e.f. 8.5.2000)]

9. Transfer of [shares or convertible debentures or warrants of an Indian company or units of an Investment Vehicle] [Substituted by Notification No. G.S.R. 858 (E), dated 16.11.2015 (w.e.f. 8.11.2005)] of an Indian company by a person resident outside India.

(1) Subject to the provisions of sub-regulation (2), a person resident outside India holding the [shares or convertible debentures or warrants of an Indian company or units of an Investment Vehicle] [Substituted by Notification No. G.S.R. 858 (E), dated 16.11.2015 (w.e.f. 8.11.2005)] of an Indian company in accordance with these regulations, may transfer the [shares or convertible debentures or warrants of an Indian company or units of an Investment Vehicle] [Substituted by Notification No. G.S.R. 858 (E), dated 16.11.2015 (w.e.f. 8.11.2005)] so held by him, in compliance with the conditions, specified in the relevant Schedule of these regulations. [Further, subject to minimum lock-in period of one year or minimum lock-in period as prescribed under Annex-B of Schedule 1 whichever is higher, a person resident outside India holding the [shares or convertible debentures or warrants] [Added by Notification No. G.S.R. 805 (E) dated 12.11.2013 (w.e.f. 8.5.2000)] of an Indian company containing an optionality clause in accordance with these Regulations and exercising the option/right, may exit without any assured return, subject to the following conditions: (i) In case of listed company, at the market price determined on the floor of the recognized stock exchanges; (ii) In case of equity shares of unlisted company, at a price not exceeding that arrived on the basis of Return on Equity (RoE) as per latest audited balance sheet. Any agreement permitting return linked to equity as above shall not be treated as violation of FDI policy. Explanation - RoE shall mean Profit After Tax/ Net Worth; Net worth would include all free reserves and paid up capital. (iii) In case of Preference [shares or convertible debentures or warrants] [Substituted for the words "shares or convertible debentures" Notification No. G.S.R. 436 (E), dated 30.6.2014 (w.e.f. 8.11.2005)], at a price worked out as per any internationally accepted pricing methodology at the time of exit, duly certified by a Chartered Accountant or a SEBI registered Merchant Banker. The guiding principle would be that the non-resident investor is not guaranteed any assured exit price at the time of making such investment/agreements and shall exit at the price prevailing at the time of exit, subject to lock in period requirement.] (2) [(i) A person resident outside India, not being a non-resident Indian or an overseas corporate body, may transfer by way of sale or gift the [shares or convertible debentures or warrants of an Indian company or units of an Investment Vehicle] [Substituted by G.S.R. 558(E), dated 18.6.2003 (w.e.f. 22.7.2003).] held by him or it to any person resident outside India; (ii) A non-resident Indian or an overseas corporate body may transfer by way of sale or gift, the [shares or convertible debentures or warrants of an Indian company or units of an Investment Vehicle] [Substituted by Notification No. G.S.R. 858 (E), dated 16.11.2015 (w.e.f. 8.11.2005)] held by him or it to another non-resident Indian [* * *] [Omitted by G.S.R. 836(E), dated 3.10.2003 (w.e.f. 23.10.2003).] [only: [Substituted by G.S.R. 558(E), dated 18.6.2003 (w.e.f. 22.7.2003).] [* * *] (iii) A person resident outside India holding the [shares or convertible debentures or warrants of an Indian company or units of an Investment Vehicle] [Substituted by Notification No. G.S.R. 858 (E), dated 16.11.2015 (w.e.f. 8.11.2005)] of an Indian company in accordance with these regulations (a) may transfer the same to a person resident in India by way of gift; (b) may sell the same on a recognized Stock Exchange in India through a registered broker.]

10. Prior permission of Reserve Bank in certain cases for transfer of security.

A. Transfer by way of gift or sale by a person resident in India A person resident in India who proposes to transfer to a person resident outside India [not being erstwhile OCBs] [Added by G.S.R. 202(E), dated 17.3.2005 (w.e.f. 4.10.2004).](a)[(i) any security, by way of gift, shall make an application to the Reserve Bank for its approval; [Substituted by G.S.R. 504(E), dated 22.7.2005 (w.e.f. 25.7.2005).](ii)the Reserve bank may grant such approval on being satisfied of the following conditions:(a)the donee is eligible to hold such a security under Schedules 1, 4 and 5 of these regulations;(b)the gift does not exceed 5 per cent of the paid-up capital of the Indian company/each series of debentures/each mutual fund scheme;(c)the applicable sectoral cap/foreign direct investment limit in the Indian company is not breached;(d)the donor and the donee are relatives as defined in section 6 of the Companies Act, 1956 (1 of 1956);(e)[The value of security to be transferred by the donor together with any security transferred to any person residing outside India as gift during the financial year does not exceed the rupee equivalent of US \$ 50,000.](f)such other conditions as considered necessary in public interest by the Reserve Bank;(iii)the application for approval referred to in sub-clause (i) shall contain the following information/ documents:(a)name and address of the donor and the donee;(b)relationship between the donor and the donee;(c)reasons for making the gift;(d)in case of Government dated securities and treasury bills and bonds, a certificate issued by a chartered accountant on the market value of such securities;(e)in case of units of domestic mutual funds and units of money market mutual funds, a certificate from the issuer on the net asset value of such security;(f)[in case of shares or convertible debentures or warrants, a certificate from a chartered accountant or Merchant Banker registered with Securities and Exchange Board of India (SEBI) on the value of such securities according to the pricing guidelines stipulated by the Reserve Bank from time to time.] [Substituted by Notification No. G.S.R. 436 (E), dated 30.6.2014 (w.e.f. 8.11.2005)](g)certificate from the concerned Indian company certifying that the proposed transfer of [shares or convertible debentures or warrants] [Substituted for the words "shares or convertible debentures" Notification No. G.S.R. 436 (E), dated 30.6.2014 (w.e.f. 8.11.2005)], by way of gift, from resident to the non-resident shall not breach the applicable sectoral cap/ FDI limit in the company and that the proposed number of [shares or convertible debentures or warrants] [Substituted for the words "shares or convertible debentures" Notification No. G.S.R. 436 (E), dated 30.6.2014 (w.e.f. 8.11.2005)] to be held by the non-resident transferee shall not exceed 5 per cent of the paid up capital of the company;](h)[A declaration from the donee accepting partly paid shares or warrants that donee is aware of the liability as regards calls in arrear and consequences thereof.] [*Inserted by Notification No. G.S.R. 436 (E), dated 30.6.2014 (w.e.f. 8.11.2005)](b)[any [shares or convertible debentures or warrants] [Substituted by G.S.R. 202(E), dated 17.3.2005 (w.r.e.f. 4.10.2004).] of an Indian company whose activities fall under Annexure B to Schedule 1, other than items nos. 1, 2 and 3 and subject to the Sectoral Limits specified therein, shall transfer such shares/ debentures without prior approval of Government and RBI if the same is by way of sale subject to the following:(i)that the Indian Company whose shares or convertible debentures are proposed to be transferred is not engaged in rendering any financial service;(ii)that the transfer does not fall within the purview of the provisions of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997; and(iii)that the concerned parties adhere to pricing guidelines, documentation and reporting requirements for such transfers as may be specified by Reserve Bank, from time to time.Explanation. - For the purpose of this Regulation, "financial

services" shall mean service rendered by banking and non-banking companies regulated by the Reserve Bank, insurance, companies regulated by Insurance Regulatory and Development Authority (IRDA) and other companies regulated by any other financial regulator as the case maybe.]B. Transfer by way of sale not covered by regulation 9 by a person resident outside India.[** *] [Omitted by G.S.R. 202(E), dated 17.3.2005 (w.r.e.f. 4.10.2004).][A person resident outside India, may transfer [shares or convertible debentures or warrants] [Substituted by G.S.R. 202(E), dated 17.3.2005 (w.r.e.f. 4.10.2004).] of an Indian Company, without the prior permission of the Reserve Bank, by way of sale, to a person resident in India subject to the adherence to pricing guidelines, documentation and reporting requirements for such transfers as may be specified by Reserve Bank from time to time.][C. A person resident outside India may open an Escrow account with an authorized dealer bank in Indian Rupees in India, subject to the terms and conditions as specified in the Foreign Exchange Management (Deposit) Regulations, 2000, as amended from time to time for acquisition of [shares or convertible debentures or warrants] [Inserted by Notification No. G.S.R. 532(E) dated 5.3.2013 (w.e.f 8.5.2000)] through open offers/delisting/exit offers, subject to compliance with the relevant SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended from time to time. Such Escrow account may be funded by way of inward remittance through normal banking channel and/or by way of guarantee issued by an authorized dealer bank, subject to terms and conditions as specified in the Foreign Exchange Management (Guarantees) Regulations, as amended from time to time.][10A. [Inserted by Notification No. G.S.R. 537(E), dated 20.5.2016 (w.e.f. 8.5.2000).]In case of transfer of shares between a resident buyer and a non-resident seller or vice-versa, not more than twenty five per cent of the total consideration can be paid by the buyer on a deferred basis within a period not exceeding eighteen months from the date of the transfer agreement. For this purpose, if so agreed between the buyer and the seller, an escrow arrangement may be made between the buyer and the seller for an amount not more than twenty five per cent of the total consideration for a period not exceeding eighteen months from the date of the transfer agreement or if the total consideration is paid by the buyer to the seller, the seller may furnish an indemnity for an amount not more than twenty five per cent of the total consideration for a period not exceeding eighteen months from the date of the payment of the full consideration:Provided the total consideration finally paid for the shares must be compliant with the applicable pricing guidelines.]

11. Remittance of sale proceeds.

(1)No remittance of sale proceeds of an Indian security held by a person resident outside India shall be made, otherwise than in accordance with these regulations and the conditions, specified in the relevant Schedule.(2)An authorized dealer may allow the remittance of sale proceeds of a security (net of applicable taxes) to the seller of shares resident out side India:Provided(a)the security was held by the seller on repatriation basis;(b)either the security has been sold on a recognised stock exchange in India through a stock broker at the ruling market price as determined on the floor of the exchange, or the Reserve Bank's approval has been obtained in other cases for sale of the security and remittance of the sale proceeds therefore, and(c)a no objection/tax clearance certificate from the Income-tax authority has been produced.[12. Pledge of shares of company incorporated in India - (i) Any person being a promoter of a company registered in India (borrowing company), which has raised external commercial borrowing, may pledge the shares of the borrowing company or that of

its associate resident companies for the purpose of securing the external commercial borrowing (ECB) raised by the borrowing company:(ii)A bank which is an authorized dealer may grant 'no objection' for pledge of shares under clause (i) after satisfying itself of the following :(a)the underlying ECB is strictly in compliance with the extant ECB guidelines,(b)the loan agreement has been signed by both the lender and the borrower,(c)there exists a security clause in the Loan Agreement requiring the borrower to create charge on financial securities, and(d)the borrower has obtained Loan Registration Number (LRN) from the Reserve Bank : (Amendment) Rules, 2009 Provided that the 'no objection' may be granted by a bank which is an authorized dealer subject to the following conditions, namely :-(a)the period of such pledge shall be co-terminus with the maturity of the underlying external commercial borrowing :(b)in case of invocation of pledge, transfer shall be in accordance with the extant FDI policy and directions issued by the Reserve Bank;(c)the Statutory Auditor has certified that the borrowing company will utilize/has utilized the proceeds of the external commercial borrowing for the permitted end-use/s only.]

Schedule 1

[See regulation (5)(1)]Foreign Direct Investment Scheme

1. Purchase by a person resident outside India of [shares or convertible debentures or warrants] [Substituted for the words "equity/preference/convertible preference shares and convertible debentures" Notification No. G.S.R. 436 (E), dated 30.6.2014 (w.e.f. 8.11.2005)] issued by an Indian company. [(1) A person resident outside India referred to in clauses (i), (ii) and (iii) of sub-regulation (1) of Regulation 5, may purchase [shares or convertible debentures or warrants] [Substituted by Notification No. G.S.R. 945 (E) dated 25.9.2012 (w.e.f. 15.9.2011)] issued by an Indian company up to the extent and subject to the terms and conditions set out in this Schedule.] [Inserted by Notification No. G.S.R. 951 (E) dated 10.11.2009 (w.e.f. 8.5.2000)]

[* * *] [Omitted by Notification No. G.S.R. 796(E), dated 23.4.2012 (w.e.f. 8.5.2000)]

2. Automatic route of Reserve Bank for issue of shares by an Indian company.-(1) An Indian company which is not engaged in any activity, or in manufacturing of item included in Annexure A to this Schedule, may issue shares or convertible debentures to a person resident outside India, referred to in paragraph 1 upto the extent specified in Annexure 6, subject to compliance with the provisions of the Industrial Policy and Procedures as notified by Secretariat for Industrial Assistance (SIA) in the Ministry of Commerce and Industry, Government of India, from time to time:

[Provided that a. In the sectors/activities mentioned in the Annex B to the Schedule, foreign investment upto the limit indicated against each sector/activity is allowed subject to the conditions of the extant policy on specified sectors and applicable laws/regulations; security and other conditionalities. In sectors/activities not listed therein, foreign investment is permitted upto 100% on the automatic route, subject to applicable laws/regulations; security and other conditionalities. b. Wherever there is a requirement of minimum capitalization it shall include share premium received along with the face value of the share, only when it is received by the company upon issue of the shares to the non-resident investor. Amount paid by the transferee during post-issue transfer of shares beyond the issue price of the share, cannot be taken into account while calculating minimum capitalization requirement. c. "Sectoral cap" i.e. the maximum amount which can be invested by foreign investors in an entity, unless provided otherwise, is composite and includes all types of foreign investments, direct and indirect, regardless of whether the said investments have been made under Schedule 1, 2, 2(A), 3, 6, 8, 9 and 10 of FEMA (Transfer or Issue of Security by Persons Resident Outside India) Regulations, 2000. FCCBs and DRs having underlying of instruments which can be issued under Schedule 5, being in the nature of debt, shall not be treated as foreign investment. However, any equity holding by a person resident outside India resulting from conversion of any debt instrument under any arrangement shall be reckoned as foreign investment under the composite cap. Sectoral cap is as per table appended below. d. Total foreign investment, direct and/or indirect, in an entity will not exceed the sectoral/statutory cap. e. Foreign investment in sectors under Government approval route resulting in transfer of ownership and/or control of Indian entities from resident Indian citizens to non-resident entities will be subject to Government approval. Foreign investment in sectors under automatic route but with conditionalities, resulting in transfer of ownership and/or control of Indian entities from resident Indian citizens to non-resident entities, will be subject to compliance of such conditionalities. f. Notwithstanding anything contained in paragraphs (a), (b) and (e) above, portfolio investment upto aggregate foreign investment level of 49% or sectoral/statutory cap, whichever is lower, will not be subject to either Government approval or compliance of sectoral conditions, as the case may be, if such investment does not result in transfer of ownership and/or control of Indian entities from resident Indian citizens to non-resident entities. Other foreign investments will be subject to conditions of Government approval and compliance of sectoral conditions as laid down in the FDI policy. g. The onus of compliance with the sectoral/statutory caps on foreign investment and attendant conditions, if any, shall be on the company receiving foreign investment.]] [* * *] [Deleted by Notification No. G.S.R. 166(E), dated 15.2.2016 (w.e.f. 8.5.2000).][Provided further that] [Substituted by Notification No. G.S.R. 823(E), dated 30.10.2015 (w.e.f. 8.5.2000).] the [shares or convertible debentures or warrants] [Substituted for the words "shares or convertible debentures" Notification No. G.S.R. 436 (E), dated 30.6.2014 (w.e.f. 8.11.2005)] are not being issued by the Indian company with a view to acquiring existing shares of any Indian company. Explanation. - A company which proposes to embark on expansion programme to undertake activities or manufacture items included in Annexure B to this schedule may issue [shares or convertible debentures or warrants] [Substituted for the words "shares or convertible debentures" Notification No. G.S.R. 436 (E), dated 30.6.2014 (w.e.f. 8.11.2005)] out of fresh capital proposed to be issued by it for the purpose of financing expansion programme, upto the extent indicated in Annexure B, subject to compliance with the provisions of this paragraph. (2) [A company which is reckoned as Micro and Small Enterprise (MSE) (earlier Small Scale Industrial Unit) in terms of the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006,

including an Export Oriented Unit or a Unit in a Free Trade Zone or in an Export Processing Zone or in a Software Technology Park or in an Electronic Hardware Technology Park, and which is not engaged in any activity/ sector mentioned in Annex A to this Schedule may issue [shares or convertible debentures or warrants] [Substituted by Notification No. G.S.R. 797 dated by 29.5.2012 (w.e.f. 8.5.2000)] to a person referred to in paragraph 1, subject to the limits prescribed in Annex B to this Schedule, in accordance with the Entry Routes specified therein and the provision of the Foreign Direct Investment Policy, as notified by the Ministry of Commerce & Industry, Government of India, from time to time.] [Inserted by Notification No. G.S.R. 823(E), dated 30.10.2015 (w.e.f. 8.5.2000).](3)[Any Industrial undertaking, with or without Foreign Direct Investment, which is not an MSE, having an industrial license under the provisions of the Industries (Development & Regulation) Act, 1951 for manufacturing items reserved for manufacture in the MSE sector may issue [shares or convertible debentures or warrants] [Substituted by Notification No. G.S.R. 797 dated by 29.5.2012 (w.e.f. 8.5.2000)] to persons resident outside India referred to in paragraph 1, to the extent of 24 per cent of its paid-up capital. Issue of shares in excess of 24 per cent of paid-up capital shall require prior approval of the Foreign Investment Promotion Board of the Government of India and shall be in compliance with the terms and conditions of such approval.](4)Notwithstanding anything contained in clause (3) an Export Oriented Unit or a Unit in Free Trade Zone or in Export Processing Zone or in a Software Technology Park or in an Electronic Hardware Technology Park may issue shares or convertible debentures to person resident outside India referred to in paragraph 1 in excess of 24 per cent provided it complies with the ceilings specified in Annexure B.(5)[An Indian company, otherwise eligible to issue shares under this Schedule may issue equity/ preference shares, subject to pricing guidelines as given in paragraph 5 of this Schedule, to a person resident out side India,(i)being a provider of technology/ technical know-how, against royalty/lump sum fees due for payment;(ii)against external commercial borrowing (ECB) (other than import dues deemed as ECB or trade credit as per RBI Guidelines):Provided that the foreign equity in the company after the conversion of royalty/lump sum fee/ECB into equity is within the sectoral cap notified, if any.] [Added by G.S.R. 799(E), dated 27.11.2004 (w.e.f. 1.10.2004).]

3. [An Indian company intending to issue shares to a person resident outside India in accordance with these Regulations directly against foreign inward remittance (or by, debit to NRE account FCNR account) or against consideration other than inward remittance i.e., against royalty/ lump sum fee due for payment import of capital goods by units in SEZs/ ECBs (excluding those deemed as ECBs) shall obtain prior approval of the Foreign Investment Promotion Board (FIPB) of Government of India, if the Indian company;

(a)is engaged or proposes to engage, in any activity, specified in Annex A to this Schedule; or(b)proposes to issue shares to a person resident outside India beyond sectoral limits or the activity of the Indian company falls under the FIPB route, as stipulated in Annex B to this Schedule; or[* * *](d)proposes to issue shares to a person resident outside India against import of capital goods/ machinery/ equipment (including second-hand machinery) subject to compliance with the conditions specified by the Government of India and the Reserve Bank from time to time;

or(e)proposes to issue shares to a person resident outside India against preoperative/ pre-incorporation expenses (including payments of rent etc.), subject to compliance with the conditions specified by the Government of India and the Reserve Bank from time to time.][* * *]
[Deleted '1 This amendment is given retrospective effect from 6th day of December 2003 that is from the date of issuance of A.P. (Dir Series) Circular No. 41 issued by the reserve bank of India.' by Notification No. G.S.R. 166(E), dated 15.2.2016 (w.e.f. 8.5.2000).]

4. Issue of shares by International Offering through ADR and/or GDR. - (1) An Indian company may issue its rupee denominated shares to a person resident outside India being a depository for the purpose of issuing Global Depository Receipts (GDRs) and/or American Depository Receipts (ADRs):

Provided the Indian company issuing such shares(a)has an approval from the Ministry of Finance, Government of India to issue such ADRs and/or GDRs or is eligible to issue ADRs/GDRs in term of the relevant scheme in force or notification issued by the Ministry of Finance, and(b)is not otherwise ineligible to issue shares to persons resident outside India in terms of these regulations, and(c)the ADRs/GDRs are issued in accordance with the Scheme for issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993 and guidelines issued by the Central Government thereunder from time to time.(2)The Indian company issuing shares under sub-paragraph (1), shall furnish to the Reserve Bank, full details of such issue in the [Form DR] [Substituted words "form specified in Annexure C" by Notification No. G.S.R. 896 (E) dated 22.8.2008 (w.e.f. 8.5.2000)], within 30 days from the date of closing of the issue.(3)The Indian company issuing shares against ADRs/GDRs shall furnish a quarterly return in the [Form DR-Quarterly] [Substituted words "form specified in Annexure D" by Notification No. G.S.R. 896 (E) dated 22.8.2008 (w.e.f. 8.5.2000)] to Reserve Bank within fifteen days of the close of the calendar quarter.(4)Pending repatriation or utilization of foreign exchange resources raised in terms of clause (1) the Indian company may invest the foreign currency funds in(a)[deposits with or certificate of deposit or other instruments offered by banks who have been rated by Standard and Poor, Fitch, 1 BCA or Moody's etc.; and such rating not being less than the rating stipulated by Reserve Bank from time to time for the purpose,] [Substituted by G.S.R. 454(E), dated 16.6.2004 (w.e.f. 16.6.2004).](b)deposits with branch outside India of an authorized dealer in India, and(c)treasury bills and other monetary' instruments with a maturity or un-expired maturity of the instrument of one year or less.[4-A. Purchase of shares by a registered broker. [Added by G.S.R. 158(E), dated 2.3.2001 (w.e.f. 2.3.2001).] - A registered broker in India may purchase shares of an Indian company on behalf of a person resident outside India, for the purpose of converting the shares so purchased into ADRs/GDRs:Provided that(i)the shares are purchased on a recognized stock exchange;(ii)the India company has issued ADRs/GDRs;(iii)the shares are purchased with the permission of custodian of the ADRs/GDRs of the concerned Indian company and are deposited with the custodian;(iv)the number of shares so purchased shall not exceed ADRs/GDRs converted into underlying shares and shall be subject to sectoral caps as applicable;(v)the non-resident investor, broker, custodian and the overseas depository comply with the provisions of the scheme for the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993, and guidelines issued thereunder by the Central Government

from time to time.][4-B. An Indian company may sponsor an issue of ADRs/GDRs with an overseas depository against shares held by its shareholders at a price to be determined under the provisions of the Scheme for Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993 and guidelines issued by the Government of India and the reporting requirements as directed by Reserve Bank, from time to time.] [Substituted by Notification No. G.S.R. 896 (E) dated 22.8.2008 (w.e.f. 8.5.2000)][5. Issue price - Price of shares issued to persons resident outside India under this Schedule, shall not be less than(a)the price worked out in accordance with the SEBI guidelines, as applicable, where the shares of the company is listed on any recognized stock exchange in India;(b)the fair valuation of shares done by a SEBI registered Category-I Merchant Banker or a Chartered Account as per the discounted free cash flow method, where the shares of the company is not listed on any recognized stock exchange in India; and(c)the price as applicable to transfer of shares from resident to non-resident as per the pricing guidelines laid down by the Reserve Bank from time to time, where the issue of shares is on preferential allotment.][* * *] [Omitted "5A. Issue price of ADRs/GDRs-Price of ADRs/GDRs to be issued to a person resident outside India may be decided by the Indian company. (a) where the issue is on public offer basis, in consultation with the Lead Manager to the issue; and (b) in other cases, as provided in paragraph 5 above." by Notification No. G.S.R. 896 (E) dated 22.8.2008 (w.e.f. 8.5.2000)]

6. Dividend Balancing. - Where a company is engaged in any of the industries in the consumer goods sector, specified in Annexure E, or in any other activity where the condition of dividend balancing has been stipulated in terms of the provisions of Industrial Policy and Procedures notified by Secretariat for Industrial Assistance, the cumulative outflow of foreign exchange on account of payment of dividend over a period of seven years from the date of commencement of commercial production to investors outside India shall not exceed cumulative amount of export earning of the company during those years:Provided that

(a)the restriction under this paragraph shall not apply(i)in respect of shares held in such a company by International Finance Corporation (IFC), the Deutsche Entwicklungs Gescellschaft (DEG), the Commonwealth Development Corporation (CDC) and Asian Development Bank (ADB),(ii)to a company that has completed a period of seven years from the date of commencement of commercial production,(iii)[to obligations arising out of dividends declared /remitted after 14th July 2000, i.e., the date on which conditions of dividend balancing was withdrawn.] [Inserted by G.S.R. 558(E), dated 18.6.2003 (w.e.f. 22.7.2003).][* * *] [Omitted by G.S.R. 558(E), dated 18.6.2003 (w.e.f. 22.7.2003).]

7. Rate of Dividend on Preference Shares.-The rate of dividend on preference shares or convertible preference shares issued under these regulations shall not exceed 300 basis points over the Prime Lending Rate of State Bank of India prevailing as on the date of the Board meeting of the company in which

issue of such shares is recommended.

[8. Mode of payment for shares issued to persons resident outside India.-A company in India issuing shares or convertible debentures under this Schedule to a person resident outside India shall receive the amount of consideration for such shares or convertible debentures or warrants -(i)by inward remittance through normal banking channels, or(ii)by debit to NRE/FCNR (B) account of the person concerned maintained with an authorized dealer/ authorized bank, or(iii)by debit to a non-interest bearing Escrow account (in Indian Rupees) maintained in India with an AD bank in accordance with Foreign Exchange Management (Deposit) Regulations,

2000Explanation.-Conversion of royalty/lump sum fee due for payment or conversion of ECB, import of capital goods by units in Special Economic Zones, as given elsewhere in this Schedule, shall be treated as consideration for issue of shares within the meaning of this paragraph.Provided that if the shares or convertible debentures or warrants are not issued within 180 days from the date of receipt of the inward remittance or date of debit to NRE/FCNR (B)/Escrow account, the amount of consideration so received shall be refunded to the person concerned by outward remittance through normal banking channels or by credit to his NRE/FCNR (B) account, as the case may be;Provided further that the Reserve Bank may, on an application made to it and for sufficient reasons permit an Indian company to refund the amount of consideration received towards issue of security, if such amount of consideration is outstanding beyond a period of 180 days from the date of receipt.] [Substituted by Notification No. G.S.R. 436 (E), dated 30.6.2014 (w.e.f. 8.11.2005)]

9. Report by the Indian company.-(I) An Indian company issuing [shares or convertible debentures or warrants] [Substituted for the words "shares or convertible debentures" Notification No. G.S.R. 436 (E), dated 30.6.2014 (w.e.f. 8.11.2005)] in accordance with these regulations shall submit to Reserve Bank

(A)not later than 30 days from the date of receipt of the amount of consideration, a [report in form specified in Annex C to this schedule] [Substituted for the words "report" Notification No. G.S.R. 896 (E) dated 22.8.2008 (w.e.f. 8.5.2000)] indicating(i)name and address of the foreign investors;(ii)date of receipt of funds and their rupees equivalent;(iii)name and address of the authorized dealer through whom the funds have been received; and(iv)details of the Government approval, if any.[Explanation - An Indian company issuing partly paid shares, shall furnish a report not later than 30 days from the date of receipt of each call payment.] [Inserted by Notification No. G.S.R. 436 (E), dated 30.6.2014 (w.e.f. 8.11.2005)](B)not later than 30 days from the date from [shares or convertible debentures or warrants] [Substituted for the words "the date of issue of shares" Notification No. G.S.R. 436 (E), dated 30.6.2014 (w.e.f. 8.11.2005)], [the date of issue of shares or convertible debentures or warrants] [Substituted for the words "a report in form FC-GPR" by Notification No. G.S.R. 341(E) dated 5.3.2013 (w.e.f. 8.5.2000)] together with(i)a certificate from the Company Secretary of the company accepting investment from persons resident outside India certifying that(a)all the requirements of the Companies Act, 1956 have been complied(b)terms and conditions of the Government approval, if any, have been(c)the company is eligible to issue shares under these regulations; and any has all original certificates issued by authorized dealers in(d)the

company India evidencing receipt of amount of consideration in accordance with paragraph 9;(ii)a certificate from Statutory Auditors or Chartered Accountant indicating the manner of arriving at the price of the shares issued to the persons resident outside India:[Provided that, in addition to above, the company shall report the conversion of ECB into equity, in ECB-2 return of the respective month in case of full conversion of ECB. In case of partial conversion of ECB, the converted portion shall be reported in Form FCGPR to the concerned regional office of the Reserve Bank and non converted portion in Form ECB-2.] [Added by G.S.R. 799(E), dated 27.11.2004 (w.e.f. 1.10.2004).][Explanation : - An Indian company issuing partly paid equity shares, shall furnish a report not later than 30 days from the date of receipt of each call payment.] [Inserted by Notification No. G.S.R. 436 (E), dated 30.6.2014 (w.e.f. 8.11.2005)][(C) the amount of consideration received by Indian company as advance against equity shall be reported to the Regional Office of the Reserve Bank under whose jurisdiction the Registered Office of the Company operated in the form specified in "Annex C" within 30 days of receipt thereof.] [Inserted by Notification No. G.S.R. 896 (E) dated 22.8.2008 (w.e.f. 8.5.2000)]

10. Permission for retaining share subscription money received from persons resident outside India in a foreign currency account.-Reserve Bank may, on an application made to it and on being satisfied that it is necessary so to do, permit an Indian company issuing [shares or convertible debentures or warrants] [Substituted for the words "shares" Notification No. G.S.R. 436 (E), dated 30.6.2014 (w.e.f. 8.11.2005)] to persons resident outside India under this Schedule, to retain the subscription amount in a foreign currency account, subject to such terms and conditions as it may stipulate.

[ANNEXURE A [Substituted by G.S.R. 800 (E), dated 5.9.2014 (w.e.f. 8.5.2000)]Sectors Prohibited for FDI/FDI is prohibited in:(a)Lottery Business including Government/ private lottery, online lotteries, etc.(b)Gambling and Betting including casinos etc.(c)Chit funds.(d)Nidhi company.(e)Trading in Transferable Development Rights (TDRs).(f)Real Estate Business or Construction of Farm Houses.(g)Manufacturing of Cigars, Cheroots, cigarillos and cigarettes, of tobacco substitutes.(h)Activities/ sectors not open to private sector investment e.g. (I) Atomic energy and (II) Railway operations (other than permitted activities mentioned in entry 18 of Annex B.)Note: Foreign technology collaboration in any form including licensing for franchise, trademark, brand name, management contract is also prohibited for Lottery Business and Gambling and Betting activities.]Substituted by G.S.R. 800 (E), dated 5.9.2014 (w.e.f. 8.5.2000)[Substituted by Notification No. G.S.R. 341 (E) dated 7.4.2010 (w.e.f. 8.5.2000)]

[ANNEXURE A [Substituted by G.S.R. 558(E), dated 18.6.2003 (w.e.f. 22.7.2003).](See paragraph 2)[* * *][Sectors prohibited for FDIi. Retail Trading (except single brand product retailing);ii. Lottery Business including Government/ private lottery, online lotteries etc.;iii. Gambling and Betting including casinos etc.;iv. Chit funds;v. Nidhi Company;vi. Trading in Transferable Development Rights (TORs);vii. Real Estate Business or Construction of Farm Houses;viii. Manufacturing of cigars, cheroots, cigarillos and cigarettes, of tobacco or of tobacco substitutes;

andix. Activities/sector not opened to private sector investment e.g. Atomic Energy and Railway Transport (other than Mass Rapid Transport Systems). Foreign technology collaboration in any form including licensing for franchise, trademark, brand name, management contract is also prohibited for Lottery Business and Gambling and Betting activities.][Substituted by Notification No. G.S.R. 796 dated by 23.4.2012 (w.e.f. 8.5.2000)]

[Annex B] [Substituted by Notification No. G.S.R. 166(E), dated 15.2.2016 (w.e.f. 8.5.2000).] Foreign Investments caps and entry route in various sectors

Sl.No	Sector/ Activity	Foreign Investment Cap (%)	Entry Route
Agriculture			
1. [[Substituted by Notification No. G.S.R. 1118(E), dated 7.12.2016 (w.e.f. 8.5.2000).]	Agriculture & Animal Husbandry		
a) Floriculture, horticulture, Apiculture and Cultivation Of vegetables & mushrooms undercontrolled conditions;b)			
Development and production of seeds and planting material;c)			
Animal Husbandry (including breeding of dogs), Pisciculture, Aquaculture, Apiculture; and d) Services related to agro and allied sectors. Note : Other than the above, foreign investment is not allowed in any other agricultural sector/ activity	100%	Automatic]	
1.1	Other Conditions		
	[The term 'under controlled conditions' covers the following: [Substituted by Notification No. G.S.R. 1118(E), dated 7.12.2016 (w.e.f. 8.5.2000).](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 –(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.

2.

Plantation

2.1

100%

Automatic route

	i. Tea sector including teaplantationsii. Coffee plantationsiii. Rubber Plantationsiv. Cardamom plantationsv. Palm oil tree plantationsvi. Olive oil tree plantations		
	Note: FDI is not allowed in any plantation sector/activityexcept those mentioned above.		
2.2	Other Condition		
	Prior approval of the State Government concerned is requiredin case of any future land use change.		
3.	Mining		
	Mining and Exploration of metal and non-metal ores includingdiamond, gold, silver and precious ores but excluding titaniumbearing minerals and its ores;	100%	Automatic
3.1	subject to the Mines and Minerals(Development & Regulation) Act, 1957.		
3.2	Coal and Lignite		
	(1) Coal & Lignite mining for captive consumption by powerprojects, iron & steel and cement units and other eligibleactivities permitted under and subject to the provisions of CoalMines (Nationalization) Act, 1973.	100%	Automatic
	(2) Setting up coal processing plants like washeries, subjectto the condition that the company shall not do coal mining andshall not sell washed coal or sized coal from its coal processingplants in the open market and shall supply the washed or sizedcoal to those parties who are supplying raw coal to coalprocessing plants for washing or sizing.	100%	Automatic
3.3	Mining and mineral separation of titanium bearing mineralsand ores, its value addition and integrated activities		
3.3.1	Mining and mineral separation of titanium bearing minerals &ores, its value addition and integrated activities subject tosectoral regulations and the Mines and Minerals	100%	Government

(Development and Regulation) Act, 1957.

3.3.2

Other Conditions

(i) FDI for separation of titanium bearing minerals & ores will be subject to the following conditions viz: A. Value addition facilities are set up within India along with transfer of technology; B. 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. (ii) FDI will not be allowed in mining of "prescribed substances" listed in the Notification No. S.O. 61(E), dated 18.1.2006, issued by the Department of Atomic Energy.

Clarification: i. For titanium bearing ores such as Ilmenite, Leucoxene and Rutile, manufacture of titanium dioxide pigment and titanium sponge constitutes value addition, Ilmenite can be processed to produce Synthetic Rutile or Titanium Slag as an intermediate value added product. ii. The objective is to ensure that the raw material available in the country is utilized for setting up downstream industries and the technology available internationally is also made available for setting up such industries within the country. Thus, if with the technology transfer, the objective of the FDI Policy can be achieved, the conditions prescribed at (i) (A) above shall be deemed to be fulfilled.

4.

Petroleum & Natural Gas

4.1

Exploration activities of oil and natural gas 100% fields, infrastructure related to marketing of petroleum products and natural gas, marketing of natural gas and petroleum products, petroleum product pipelines, natural gas/pipelines, LNG Regasification

Automatic

	infrastructure, market study and formulation and Petroleum refining in the private sector, subject to the existing sectoral policy and regulatory framework in the oil marketing sector and the policy of the Government on private participation in exploration of oil and the discovered fields of national oil companies.		
4.2	Petroleum refining by the Public Sector Undertakings (PSUs), without any disinvestment or dilution of domestic equity in the existing PSUs.	49%	Automatic
5. [[Substituted by Notification No. G.S.R. 1118(E), dated 7.12.2016 (w.e.f. 8.5.2000).]	Manufacturing	100%	Automatic
	Subject to the provisions of these Regulations, foreign investment in 'manufacturing' sector is under automatic route. Further, a manufacturer is permitted to sell its products manufactured in India through wholesale and/or retail, including through e-commerce without Government approval. Notwithstanding the foreign investment policy provisions on trading sector, 100% foreign investment under Government approval route is allowed for trading, including through e-commerce, in respect of food products manufactured and/or produced in India. Applications for foreign investment in food products retail trading would be processed in the Department of Industrial Policy & Promotion before being considered by the Government for approval.		
6.	Defence		
6.1	Defence Industry subject to Industrial license under the Industries (Development & Regulation) Act, 1951; and Manufacturing of small arms and ammunition under the Arms Act, 1959	100%	Automatic route up to 49% Government route beyond 49% wherever it is likely to result in access to modern technology or for

other reasons to be recorded.

6.2

Other Conditions

i. Infusion of fresh foreign investment within the permitted automatic route level, in a company not seeking industrial license, resulting in change in the ownership pattern or transfer of stake by existing investor to new foreign investor, will require Government approval.ii. Licence applications will be considered and licences given by the Department of Industrial Policy & Promotion, Ministry of Commerce & Industry, in consultation with Ministry of Defence and Ministry of External Affairs.iii. Foreign investment in the sector is subject to security clearance and guidelines of the Ministry of Defence.iv. Investee company should be structured to be self-sufficient in areas of product design and development. The investee/ joint venture company along with manufacturing facility, should also have maintenance and life cycle support facility of the product being manufactured in India.

Services Sector

Information Services

7.

Broadcasting

7.1

Broadcasting Carriage Services

7.1.1

(1) Teleports (setting up of up-linking HUBs/Teleports);(2) Direct to Home (DTH);(3) Cable Networks (Multi System Operators (MSOs) operating at National or State or District level and undertaking upgradation of networks towards digitalization and addressability):(4) Mobile TV;(5) Headend-in-the Sky Broadcasting Service (HITS)

100%

Automatic

7.1.2

Cable Networks(Other MSOs not undertaking upgradation of networks towards digitalization and addressability and Local Cable Operators (LCOs)).

100%

Automatic

	Note: Infusion of fresh foreign investment, beyond 49% in a company not seeking license/ permission from sectoral Ministry, resulting in change in the ownership pattern or transfer of stake by existing investor to new foreign investor, will require Government approval]		
7.2	Broadcasting Content Services		
7.2.1	Terrestrial Broadcasting FM (FM Radio),subject to such terms and conditions, as specified from time to time, by Ministry of Information & Broadcasting, for grant of permission for setting up of FM Radio stations.	49%	Government
7.2.2	Up-Linking of 'News & Current Affairs' TV Channels	49%	Government
7.2.3	Up-linking a Non-'News & Current Affairs' TV Channels/Down-linking of TV Channels	100%	Automatic
7.3	FDI for Up-linking/Down-linking TV Channels will be subject to compliance with the relevant Uplinking/ Down-linking Policy notified by the Ministry of Information & Broadcasting from time to time.		
7.4	Foreign Investment (FI) in companies engaged in all the aforesaid services will be subject to relevant regulations and such terms and conditions, as may be specified from time to time, by the Ministry of Information and Broadcasting.		
7.5	The foreign investment (FI) limit in companies engaged in the aforesaid activities shall include, in addition to FDI, investment by Foreign Institutional Investors (FIIs), Foreign Portfolio Investors (FPIs), Non-Resident Indians (NRIs), Foreign Currency Convertible Bonds (FCCBs), [Depository Receipts issued under Schedule 10 of these Regulations with equity shares or compulsorily and mandatorily convertible preference shares or compulsory and mandatorily convertible		

debentures or warrant or any other security in which foreign direct investment can be made in terms of Schedule 1 of the principal Regulations, as underlying] (GDRs) and convertible preference shares held by foreign entities.]

7.6

Foreign investment in the aforesaid broadcasting carriage services will be subject to the following security conditions/ terms: Mandatory Requirement for Key Executives of the Company (i) The majority of Directors on the Board of the Company shall be Indian Citizens. (ii) The Chief Executive Officer (CEO), Chief Officer In-charge of technical network operations and Chief Security Officer should be resident Indian citizens. Security Clearance of Personnel (iii) The Company, all Directors on the Board of Directors and such key executives like Managing Director/ Chief Executive Officer, Chief Financial Officer (CFO), Chief Security Officer (CSO), Chief Technical Officer (CTO), Chief Operating Officer (COO), shareholders who individually hold 10% or more paid-up capital in the company and any other category, as may be specified by the Ministry of Information and Broadcasting from time to time, shall require to be security cleared. In case of the appointment of Directors on the Board of the Company and such key executives like Managing Director/ Chief Executive Officer, Chief Financial Officer (CFO), Chief Security Officer (CSO), Chief Technical Officer (CTO), Chief Operating Officer (COO), etc., as may be specified by the Ministry of Information and Broadcasting from time to time, prior permission of the Ministry of Information and Broadcasting shall have to be obtained. It shall be obligatory on the part of the company to also take prior permission from the Ministry

of Information and Broadcasting before effecting any change in the Board of Directors. (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 (v) The permission shall be subject to permission holder/licensee remaining security cleared throughout the currency of permission. In case the security clearance is withdrawn the permission granted is liable to be terminated forthwith. (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 service is 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. Infrastructure/ Network/Software related requirement (vii) The officers/officials of the licensee companies dealing with the lawful interception of Services will be resident Indian citizens. (viii) Details of infrastructure/network diagram (technical details of the network) could be provided on a need basis only, to equipment suppliers/manufacturers and the affiliate of the licensee company. Clearance

from the licensor would be required if such information is to be provided to anybody else. (ix) The Company shall not transfer the subscribers' databases to any person/place outside India unless permitted by relevant Law. (x) The Company must provide traceable identity of their subscribers. Monitoring, Inspection and Submission of Information (xi) The Company should ensure that necessary provision (hardware/software) is available in their equipment for doing the Lawful interception and monitoring from a centralized location as and when required by Government. (xii) The company, at its own costs, shall, on demand by the Government or its authorized representative, provide the necessary equipment, services and facilities at designated place(s) for continuous monitoring of the broadcasting service by or under supervision of the Government or its authorized representative. (xiii) The Government of India, Ministry of Information & Broadcasting or its authorized representative shall have the right to inspect the broadcasting facilities. No prior permission/intimation shall be required to exercise the right of Government or its authorized representative to carry out the inspection. The company will, if required by the Government or its authorized representative, provide necessary facilities for continuous monitoring for any particular aspect of the company's activities and operations. Continuous monitoring, however, will be confined only to security related aspects, including screening of objectionable content. (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. (xv) The company shall submit such information with respect to its services as may be required by the Government or its authorized representative, in the format as may be required, from time to time. (xvi) The permission holder/licensee shall be liable to furnish the Government of India or its authorized representative or TRAI or its authorized representative, such reports, accounts, estimates, returns or such other relevant information and at such periodic intervals or such times as may be required. The service providers should familiarize/train designated officials of the Government or officials of TRAI or its authorized representative(s) in respect of relevant operations/features of their systems. National Security Conditions (xvii) 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. (xviii) The company shall not import or utilize any equipment, which are identified as unlawful and/or render network security vulnerable. Other conditions (xix) Licensor reserves the right to modify these conditions or incorporate new conditions considered

	necessary in the interest of national security and public interest or for proper provision of broadcasting services.(xx) Licensee will ensure that broadcasting service installation carried out by it should not become a safety hazard and is not in contravention of any statute, rule or regulation and public policy.		
8.	Print Media		
8.1	Publishing of newspaper and periodicals dealing with news and current affairs	26%	Government
8.2	Publication of Indian editions of foreign magazines dealing with news and current affairs	26%	Government
8.2.1	Other conditions (i) 'Magazine', for the purpose of these guidelines, will be defined as a periodical publication, brought out on non-daily basis, containing public news or comments on public news.(ii) Foreign investment would also be subject to the Guidelines for Publication of Indian editions of foreign magazines dealing with news and current affairs issued by the Ministry of Information & Broadcasting on 4-12-2008.		
8.3	Publishing/printing of Scientific and Technical Magazines/specialty journals/periodicals, subject to compliance with the legal framework as applicable and guidelines issued in this regard from time to time by Ministry of Information and Broadcasting.	100%	Government
8.4	Publication of facsimile edition of foreign newspapers	100%	Government
8.4.1	Other conditions: (i) FDI should be made by the owner of the original foreign newspapers whose facsimile edition is proposed to be brought out in India.(ii) Publication of facsimile edition of foreign newspapers can be undertaken only by an entity incorporated or registered in India		

under the provisions of the Companies Act, as applicable. (iii) Publication of facsimile edition of foreign newspaper would also be subject to the Guidelines for publication of newspapers and periodicals dealing with news and current affairs and publication of facsimile edition of foreign newspapers issued by Ministry of Information & Broadcasting on 31-3-2006, as amended from time to time.

9. [[Substituted by
Notification No. G.S.R.
1118(E), dated 7.12.2016
(w.e.f. 8.5.2000).]

Civil Aviation]

9.1

The Civil Aviation sector 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. For the purposes of the Civil Aviation sector: (i) "Airport" means a landing and taking off area for aircrafts, usually with runways and aircraft maintenance and passenger facilities and includes an aerodrome as defined in clause (2) of section 2 of the Aircraft Act, 1934; (ii) "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 pertaining thereto; (iii) "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; (iv) "Air Transport Undertaking" means an undertaking whose business includes the carriage by air of passengers or cargo for hire or reward; (v) "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; (vi) "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; (vii) "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 recognizably systematic series, each flight being open to use by members of the public; (viii) "Non-Scheduled air transport service" means any service which is not a scheduled air transport service and will include Cargo airlines; (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; (x) "Seaplane" means an aeroplane capable normally of taking off from and alighting solely on water; (xi) "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 apart of either ramp handling or traffic handling.

9. [2 [Substituted by Notification No. G.S.R. 1118(E), dated 7.12.2016 (w.e.f. 8.5.2000).]

Airports

(a) Greenfield projects (b) Existing projects 100% 100% Automatic Automatic]

9.3

Air Transport Services

1) (a) Scheduled Air Transport Service/Domestic Scheduled Passenger Airline(b) Regional Air Transport Service	49%(100% for NRIs)	Automatic
(2) Non-Scheduled Air Transport Service	100 %	Automatic
(3) Helicopter services/ seaplane services requiring DGCA approval	100%	Automatic

9.3.1

Other Conditions

(a) Air Transport Services would include Domestic Scheduled Passenger Airlines; Non-Scheduled Air Transport Services, helicopter and seaplane services.(b) Foreign airlines are allowed to participate in the equity of companies operating Cargo airlines, helicopter and seaplane services, as per the limits and entry routes mentioned above.(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 airtransport 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 9.3.1(c) above is not applicable to M/s Air India Limited		
9.3.2	Foreign Airlines in the capital of the Indian companies, operating schedule and non-scheduled air transport services	49% (100% for NRIs)	Government
9.4	Other Services under Civil Aviation sector		
	(1) Ground Handling Services subject to sectoral regulations and security clearance	100 %	Automatic
	(2) Maintenance and Repair organizations; flying training institutes and technical training institutions	100%	Automatic
10.	Courier services for carrying packages, parcels and other items which do not come within the ambit of the Indian Post Office Act, 1898 and excluding the activity relating to the distribution of letters	100%	Automatic
11.	Construction Development: Townships, Housing, Built-up infrastructure		
11.1	Construction-development projects (which would include development of townships, construction of residential/commercial premises, roads or bridges, hotels, resorts, hospitals, educational institutions, recreational facilities, city and regional level infrastructure, townships)	100%	Automatic

11.2

Each phase of the construction/development project would be considered as a separate project for the purposes of FDI policy. Investment will be subject to the following conditions: (A) (i) The investor will be permitted to exit on completion of the project or after development of trunk infrastructure i.e. roads, water supply, street lighting, drainage and sewerage. (ii) Notwithstanding anything contained at (A) (i) above, a foreign investor will be permitted to exit and repatriate foreign investment before the completion of project under automatic route, provided that a lock-in-period of three years, calculated with reference to each tranche of foreign investment has been completed. Further, transfer of stake from one non-resident to another non-resident, without repatriation of investment will neither be subject to any lock-in-period nor to any government approval. (B) The project shall conform to the norms and standards, including land use requirements and provision of community amenities and common facilities, as laid down in the applicable building control regulations, bye-laws, rules, and other regulations of the State Government/Municipal/Local Body concerned. (C) The Indian investee company will be permitted to sell only developed plots. For the purposes of this policy "developed plots" will mean plots where trunk infrastructure i.e. roads, water supply, street lighting, drainage and sewerage, have been made available. (D) The Indian investee company shall be responsible for obtaining all necessary approvals, including those of the building/layout plans, developing internal and peripheral areas and other infrastructure facilities, payment of

development, external development and other charges and complying with all other requirements as prescribed under applicable rules/bye-Laws/regulations of the State Government/Municipal/Local Body concerned. (E) The State Government/Municipal/Local Body concerned, which approves the building/development plans, will monitor compliance of the above conditions by the developer. Note: i. It is clarified that FDI is not permitted in an entity which is engaged or proposes to engage in real estate business, construction of farm houses and trading in transferable development rights (TDRs). "Real estate business" means dealing in land and immovable property with a view to earning profit therefrom and does not include development of townships, construction of residential commercial premises, roads or bridges, educational institutions, recreational facilities, city and regional level infrastructure, townships. Further, earning of rent income on lease of the property, not amounting to transfer, will not amount to real estate business. ii. Condition of lock-in period at (A) above will not apply to Hotels & Tourist Resorts, Hospitals, Special Economic Zones (SEZs), Educational Institutions, Old Age Homes and investment by NRIs. iii. Completion of the project will be determined as per the local bye-laws/rules and other regulations of State Governments. iv. It is clarified that 100 % FDI under automatic route is permitted in completed projects for operation and management of townships, malls/ shopping complexes and business centres. Consequent to foreign investment, transfer of ownership and/or control of the investee company

from residents to non-residents is also permitted. However, there would be a lock-in-period of three years, calculated with reference to each tranche of FDI, and transfer of immovable property or part thereof is not permitted during this period. v. "Transfer", in relation to FDI policy on the sector, includes, -a. the sale, exchange or relinquishment of the asset; orb. the extinguishment of any right therein; orc. the compulsory acquisition thereof under any law; ord. any transaction involving the allowing of the possession of any immovable property to be taken or retained in part performance of a contract of the nature referred to in section 53A of the Transfer of Property Act, 1882 (4 of 1882); ore. any transaction, by acquiring shares in a company or by way of any agreement or any arrangement or in any other manner whatsoever, which has the effect of transferring, or enabling the enjoyment of, any immovable property.

12.	Industrial Parks - New and existing	100%	Automatic
12.1	(i) "Industrial Park" is a project in which quality infrastructure 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. (ii) "Infrastructure" refers to facilities required for functioning of units located in the Industrial Park and includes roads (including approach roads), railway line/sidings including electrified railway lines and connectivities to the main railway line, water supply and sewerage, common effluent treatment facility, telecom network, generation and distribution of power, air conditioning. (iii) "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), railway		

line/sidings including electrified railway lines and connectivities to the main railway line, 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. (iv)

"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. (v)

"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; basic and applied R&D on biotechnology, pharmaceutical sciences/life sciences, natural sciences and engineering; business and management consultancy activities; and architectural, engineering and other technical activities.

12.2

FDI in Industrial Parks would not be subject to the conditionalities applicable for construction development projects etc. spelt out in para 11 above, provided the Industrial Parks meet with the

	undermentioned 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.		
13.	Satellites - Establishment and operation		
13.1	Satellites Establishment and operation, subject to these sectoral guidelines of Department of Space/ISRO	100%	Government
14.	Private Security Agencies	49%	Government
15.	Telecom services (including Telecom Infrastructure Providers Category-I) All telecom services including Telecom Infrastructure Providers Category-I, viz. Basic, Cellular, Unified 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 Government route beyond 49% (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%
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, except "Other Service Providers", which are allowed 100% FDI on the automatic route.		
16.	Trading		
16.1	(i) Cash & Carry Wholesale Trading/Wholesale Trading (including	100%	Automatic

sourcing from MSEs)

16.1.1 Definition: Cash & Carry Wholesale trading/Wholesale trading, would mean sale of goods/merchandise to retailers, industrial, commercial, institutional or other professional business users or to other wholesalers and related subordinate service providers. Wholesale trading would, accordingly, imply sales for the purpose of trade, business and profession, as opposed to sales for the purpose of personal consumption. Theyardstick to determine whether the sale is wholesale or not would be the type of customers to whom the sale is made and not the size and volume of sales. Wholesale trading would include resale, processing and thereafter sale, bulk imports with ex-port/ex-bonded warehouse business sales and B2B e-Commerce.

16.1.2 Guidelines for Cash & Carry Wholesale Trading/Wholesale Trading (WT): (a) For undertaking 'WT', requisite licenses/registration/permits, as specified under the relevant Acts/Regulations/Rules/Orders of the State Government/Government Body/Government Authority / Local Self-Government Body under that State Government should be obtained. (b) Except in case of sales to Government, sales made by the wholesaler would be considered as 'cash & carry wholesale trading/wholesale trading' with valid business customers, only when WT are made to the following entities: (i) Entities holding sales tax/VAT registration/service tax/excise duty registration; or (ii) Entities holding trade licenses i.e. a license/registration certificate/membership certificate/registration under Shops and Establishment Act, issued by a Government Authority/Government Body/ Local Self-Government Authority,

reflecting that the entity/person holding the license/registration certificate/membership certificate, as the case may be, is itself/himself/herself engaged in a business involving commercial activity; or (iii) Entities holding permits/license etc. for undertaking retail trade (like tehbazari and similar license for hawkers) from Government Authorities/Local Self Government Bodies; or (iv) Institutions having certificate of incorporation or registration as a society or registration as public trust for their self consumption. Note: An Entity, to whom WT is made, may fulfil any one of the 4 conditions. (c) Full records indicating all the details of such sales like name of entity, kind of entity, registration/ license/ permit etc. number, amount of sale etc. should be maintained on a day to day basis. (d) WT of goods would be permitted among companies of the same group. However, such WT to group companies taken together should not exceed 25% of the total turnover of the wholesale venture. (e) WT can be undertaken as per normal business practice, including extending credit facilities subject to applicable regulations. (f) A wholesale/cash & carry trader can undertake single brand retail trading, subject to the conditions mentioned in para 16.3. An entity undertaking wholesale/cash and carry as well as retail business will be mandated to maintain separate books of accounts for these two arms of the business and duly audited by the statutory auditors. Conditions of the FDI policy for wholesale/cash and carry business and for retail business have to be separately complied with by the respective business arms.

E-commerce

Entry route

16. [2 [Substituted by Notification No. G.S.R. 224(E), dated 9.3.2017 (w.e.f. 8.5.2000).]		% of equity/ FDI Cap	
16.2.1	B2B E-commerce activities Such companies would engage only in Business to Business (B2B) e-commerce and not in retail trading, inter alia implying that existing restrictions on FDI in domestic trading would be applicable to e-commerce as well.	100%	Automatic
16.2.2	Market place model of e-commerce	100%	Automatic
16.2.3	Other Conditions a) Digital & electronic network will include network of computers, television channels and any other internet application used in automated manner such as web pages, extranets, mobiles etc.b) Marketplace e-commerce entity will be permitted to enter into transactions with sellers registered on its platform on B2B basis.c) E-commerce marketplace may provide support services to sellers in respect of warehousing, logistics, order fulfilment, call centre, payment collection and other services.d) E-commerce entity providing a marketplace will not exercise ownership over the inventory i.e. goods purported to be sold. Such an ownership over the inventory will render the business into inventory based model.e) An e-commerce entity will not permit more than 25% of the sales value on financial year basis affected through its marketplace from one vendor or their group companies.f) Goods/ services made available for sale electronically on website should clearly provide name, address and other contact details of the seller. Post sales, delivery of goods to the customers and customer satisfaction will be responsibility of the seller.g) Payments for sale may be facilitated by the e-commerce entity in		

	<p>conformity with the guidelines of the Reserve Bank of India.h) Any warranty/ guarantee of goods and services sold will be responsibility of the seller.i) E-commerce entities providing marketplace will not directly or indirectly influence the sale price of goods or services and shall maintain level playing field.j) Guidelines on cash and carry wholesale trading as given in S.No. 16.1.2 (stated above) shall apply to B2B e-commerce activities.Note: FDI is not permitted in inventory based model of e-commerce. Sale of services through e-commerce shall be under automatic route subject to the sector specific conditions, applicable laws/regulations, security and other conditionalities.]</p>		
16.2.4			
16. [3 [Substituted by Notification No. G.S.R. 1118(E), dated 7.12.2016 (w.e.f. 8.5.2000).]	Single Brand product retail trading	100%	Automatic up to 49%. Government route beyond 49%
	<p>1) Foreign Investment in Single Brand product retail trading is aimed at attracting investments in production and marketing, improving the availability of such goods for the consumer, encouraging increased sourcing of goods from India, and enhancing competitiveness of Indian enterprises through access to global designs, technologies and management practices.2) Foreign investment in Single Brand product retail trading would be subject to the following conditions:a) Products to be sold should be of a 'Single Brand' only.b) Products should be sold under the same brand internationally i.e. products should be sold under the same brand in one or more countries other than India.c) 'Single Brand' product retail trading would cover only products which are branded during manufacturing.d) A non-resident entity or entities, whether</p>		

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.e) In respect of proposals involving foreign investment beyond 51%, sourcing of 30% of the value of goods purchased, will be done from India, preferably from MSMEs, village and cottage industries, artisans and craftsmen, in all sectors. The quantum of domestic sourcing will be self-certified by the company, to be subsequently checked, by statutory auditors, from the duly certified accounts which the company will be required to maintain. This procurement requirement would have to be met, in the first instance, as an average of five years' total value of the goods purchased, beginning 1st April of the year of the commencement of the business i.e. opening of the first store. Thereafter, it would have to be met on an annual basis. For the purpose of ascertaining the sourcing requirement, the relevant entity would be the company, incorporated in India, which is the recipient of foreign investment for the purpose of carrying out single brand product retail trading.f) Subject to the conditions mentioned in this

Para, a single brand retail trading entity operating through brick and mortar stores, is permitted to undertake retail trading through e-commerce.3) Application seeking permission of the Government for foreign investment 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 foreign investment up to 49 %, the list of products/product categories proposed to be sold except food products would be provided to the RBI.4) Applications would be processed in the Department of Industrial Policy & Promotion, to determine whether the proposed investment satisfies the notified guidelines, before being considered by the FIPB for Government approval.Note:i. Conditions mentioned at Para (2) (b) & (2) (d) above will not be applicable for undertaking Single Brand Retail Trading (SBRT) of Indian brands.ii. An Indian manufacturer is permitted to sell its own branded products in any manner i.e. wholesale, retail, including through e-commerce platforms.iii. Indian manufacturer would be the investee company, which is the owner of the Indian brand and which manufactures in India, in terms of value, at least 70% of its products in-house, and sources, at most 30% from Indian manufacturers.iv. Indian brands should be owned and controlled by resident Indian citizens and/or companies which are owned and controlled by

resident Indian citizens.v. Sourcing norms will not be applicable up to three years from commencement of the business i.e. opening of the first store for entities undertaking single brand retail trading of products having 'state-of-art' and 'cutting-edge' technology and where local sourcing is not possible. Thereafter, provisions of Para (2) (e) above will be applicable.]

16.4	Multi Brand Retail Trading	51%	Government
<p>(1) FDI in multi brand retail trading, in all products, will be permitted, subject to the following conditions: (i) Fresh agricultural produce, including fruits, vegetables, flowers, grains, pulses, fresh poultry, fishery and meat products, may be unbranded. (ii) Minimum amount to be brought in, as FDI, by the foreign investor, would be US \$ 100 million. (iii) At least 50% of total FDI brought in the first tranche of US \$ 100 million, shall be invested in 'back-end infrastructure' within three years, where 'back-end infrastructure' will include capital expenditure on all activities, excluding that on front-end units; for instance, back-end infrastructure will include investment made towards processing,</p>			

manufacturing,
distribution, design
improvement, quality
control, packaging,
logistics, storage,
warehouse, agriculture
market produce
infrastructure etc.
Expenditure on land cost
and rentals, if any, will
not be counted for
purposes of back-end
infrastructure.
Subsequent investment
in the
back-end infrastructure
would be made by the
MBRT retailer as
needed, depending upon
its business
requirements. (iv) At least
30% of the value
of procurement of
manufactured/processed
products purchased shall
be sourced from Indian
micro, small and medium
industries, which have a
total investment in plant
& machinery not
exceeding US\$ 2.00
million. This valuation
refers to the value at the
time of installation,
without providing for
depreciation. The
'small industry' status
would be reckoned only
at the time of
first engagement with the
retailer and such industry
shall continue to qualify
as a 'small industry' for
this purpose, even if

it outgrows the said investment of US \$ 2.00 million during the course of its relationship with the said retailer. Sourcing from agricultural co-operatives and farmers co-operatives would also be considered in this category. The procurement requirement would have to be met, in the first instance, as an average of five years total value of the manufactured/processed products purchased, beginning 1st April of the year during which the first tranche of FDI is received. Thereafter, it would have to be met on an annual basis. (v) Self-certification by the company, to ensure compliance of the conditions at serial Nos. (i), (ii) and (iv) above, which could be cross-checked, as and when required. Accordingly, the investors shall maintain accounts, duly certified by statutory auditors. (vi) Retail sales outlets may be set up only in cities with a population of more than 10 lakh as per the 2011 Census or any other cities as per the decision of the respective State

Governments, and may also cover an area of 10 kms. Around the municipal/urban agglomeration limits of such cities; retail locations will be restricted to conforming areas as per the Master/Zonal Plans of the concerned cities and provision will be made for requisite facilities such as transport connectivity and parking. (vii) Government will have the first right to procurement of agricultural products. (viii) The above policy is an enabling policy only and the State Governments/Union Territories would be free to take their own decisions in regard to implementation of the policy. Therefore, retail sales outlets may be set up in those States/Union Territories which have agreed, or agree in future, to allow FDI in MBRT under this policy. The list of States/Union Territories which have conveyed their agreement is at (2) below. Such agreement, in future, to permit establishment of retail outlets under this policy, would be conveyed

to the Government of India through the Department of Industrial Policy & Promotion and additions would be made to the list at (2) below accordingly. The establishment of the retail sales outlets will be in compliance of applicable State/Union Territory laws/regulations, such as the Shops and Establishments Act etc. (ix) Retail trading, in any form, by means of e-commerce, would not be permissible, for companies with FDI, engaged in the activity of multi-brand retail trading. (x) Applications would be processed in the Department of Industrial Policy & Promotion, to determine whether the proposed investment satisfies the notified guidelines, before being considered by the FIPB for Government approval. (2) List of States/Union Territories as mentioned in Paragraph 16.4. (1) (viii) 1. Andhra Pradesh 2. Assam 3. Delhi 4. Haryana 5. Himachal Pradesh 6. Jammu & Kashmir 7. Karnataka 8. Maharashtra 9. Manipur 10. Rajasthan 11.

Uttarakhand
Diu and Dadra and Nagar
Haveli (Union Territories)

16.5	Duty Free Shops	100%	Automatic
	<p>(i) Duty Free Shops would mean shops set up in custom bonded area at International Airports/International Seaports and Land Custom Stations where there is transit of international passengers.(ii) Foreign investment in Duty Free Shops is subject to compliance of conditions stipulated under the Customs Act, 1962 and other laws, rules and regulations.(iii) Duty Free Shop entity shall not engage into any retail trading activity in the Domestic Tariff Area of the country.</p> <p>Financial Services Foreign investment in other financial services, other than those indicated below, would require prior approval of the Government:</p>		
[F.1 [Substituted by Notification No. G.S.R. 1015 (E), dated 27.10.2016 (w.e.f. 8.5.2000).]			
	Asset Reconstruction Companies		
F.1.1	Asset Reconstruction Company	100%	Automatic
F.1.1.2	<p>Other Conditions (i) Persons resident outside India can invest in the capital of Asset Reconstruction Companies (ARCs), up to 100% under the automatic route.(ii) Investment limit of a sponsor in the shareholding of an ARC will be governed by the provisions of Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, as amended from time to time. Similarly, investment by institutional/non-institutional investors will also be governed by the said Act, as amended from time to time.(iii) The total shareholding of a single FII/FPI shall be below 10% of the total paid-up capital.(iv) FIIs/FPIs can invest in the Security</p>		

	<p>Receipts (SRs) issued by ARCs. FIIs/FPIs may be allowed to invest up to 100 per cent of each tranche in SRs issued by ARCs, subject to directions/guidelines of Reserve Bank of India. Such investment should be within the relevant regulatory cap as applicable.(v) All investments would be subject to provisions of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, as amended from time to time.]</p>		
F.2	Banking - Private sector		
F.2.1	Banking - Private sector	74%	Automatic upto 49% Government route beyond 49% and upto 74%
F.2.2	<p>Other conditions:</p> <p>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 shall continue to include investment made by non-residents under IPOs, Private placements, DRs and through acquisition of shares from existing shareholders. 2) The aggregate foreign investment in a private bank from all sources will be allowed - up to a maximum of 74 per cent of the paid-up capital of the Bank. At all times, at least 26 per cent of the paid up capital will have to be held by residents, except in regard to a wholly-owned subsidiary of a foreign bank. 3) The stipulations as above will be applicable to all investments in existing private sector banks also. 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</p>		

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 up to sectoral limit of 74 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. In the case of NRIs, as hitherto, individual holding is restricted to 5 per cent of the total paid-up capital both on repatriation and non-repatriation basis and aggregate limit cannot exceed 10 per cent of the total paid-up capital both on repatriation and non-repatriation basis. However, NRI holding can be allowed up to 24 per cent of the total paid-up capital both on repatriation and non-repatriation basis provided the banking company passes a special resolution to that effect in the General Body. b. Applications for foreign direct investment in private banks having joint venture/subsidiary in insurance sector may be addressed to the Reserve Bank of India (RBI) for consideration in consultation with the Insurance Regulatory and Development Authority of India (IRDAI) in order to ensure that the 49 per cent limit of foreign shareholding applicable for the insurance sector is not being breached. c. 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. d. The policies and procedures prescribed from time to time by RBI and other institutions such as SEBI, Ministry of Corporate Affairs and IRDAI on these matters will continue to apply. e. RBI guidelines relating to acquisition by purchase or otherwise of shares of a private bank, if such acquisition results in any person owning or controlling

5per cent or more of the paid up capital of the private bank will apply to non-resident investors as well.(ii) Setting up of a subsidiary by foreign banks(a) Foreign banks will be permitted to either have branches or subsidiaries but not both.(b) Foreign banks regulated by banking supervisory authority in the home country and meeting Reserve Bank's licensing criteria will be allowed to hold 100 percent paid-up capital to enable them to set up a wholly-owned subsidiary in India.(c) A foreign bank may operate in India through only one of the three channels viz., (i) branches(ii) a wholly-owned subsidiary and (iii) a subsidiary with aggregate foreign investment up to a maximum of 74 per cent in a private bank.(d) A foreign bank will be permitted to establish a wholly-owned subsidiary either through conversion of existing branches into a subsidiary or through a fresh banking license. A foreign bank will be permitted to establish a subsidiary through acquisition of shares of an existing private sector bank provided at least 26 per cent of the paid-up capital of the private sector bank is held by residents at all times consistent with para (i) (b) above.(e) A subsidiary of a foreign bank will be subject to the licensing requirements and conditions broadly consistent with those for new private sector banks.(f) Guidelines for setting up a wholly-owned subsidiary of a foreign bank will be issued separately by RBI.(g) All applications by a foreign bank for setting up a subsidiary or for conversion of their existing branches to subsidiary in India will have to be made to the RBI.(iii) At present there is a limit of ten per cent on voting rights in respect of banking companies, and this should be noted by potential investor. Any change in the ceiling can be brought about only after

	final policy decisions and appropriate Parliamentary approvals.		
F.3	Banking - Public Sector		
	Banking - Public Sector subject to Banking Companies (Acquisition & Transfer of Undertakings) Acts, 1970/80. This ceiling (20%) is also applicable to the State Bank of India and its associate banks.	20%	Government
[F.4 [Substituted by Notification No. G.S.R. 16(E), dated 10.1.2017 (w.e.f. 8.5.2000).]	Infrastructure Company in the Securities Market		
F.4.1	Infrastructure companies in Securities Markets, namely, stock exchanges, commodity derivative exchanges, depositories and clearing corporations, in compliance with SEBI Regulations.	49%	Automatic
F.4.2	Other Conditions: (i) Foreign investment, including investment by FPIs, will be subject to the Guidelines/ Regulations issued by the Central Government, SEBI and the Reserve Bank from time to time. (ii) Words and expressions used herein and not defined in these regulations but defined in the Companies Act, 2013 (18 of 2013) or the Securities Contracts (Regulation) Act, 1956 (42 of 1956) or the Securities and Exchange Board of India Act, 1992 (15 of 1992) or the Depositories Act, 1996 (22 of 1996) or in the concerned Regulations issued by SEBI shall have the same meanings respectively assigned to them in those Acts/ Regulations.]		
F.5	Credit Information Companies (CIC)		
F.5.1	Credit Information Companies	100 %	Automatic
F.5.2	Other Conditions: (1) Foreign investment in Credit Information Companies is subject to the Credit Information Companies (Regulation) Act, 2005. (2) Foreign investment is permitted subject to regulatory clearance from RBI. (3) Such		

	FII/FPI investment would be permitted subject to the conditions that: (a) A 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 investing in CICs shall not seek a representation on the Board of Directors based upon their shareholding.		
[F.6.1] [Re-numbered 'F.7' by Notification No. G.S.R. 17(E), dated 10.1.2017 (w.e.f. 8.5.2000).]	Insurance (i) Insurance Company (ii) Insurance Brokers (iii) Third Party Administrators (iv) Surveyors and Loss Assessors (v) Other Insurance Intermediaries appointed under the provisions of Insurance Regulatory and Development Authority Act, 1999 (41 of 1999)	49%	Automatic
[F.6.2] [Re-numbered 'F.8' by Notification No. G.S.R. 17(E), dated 10.1.2017 (w.e.f. 8.5.2000).]	Other Conditions: (a) No Indian Insurance Company shall allow the aggregate holdings by way of total foreign investment in its equity shares by foreign investors, including portfolio investors, to exceed forty-nine percent of the paid up equity capital of such Indian Insurance company. (b) The foreign investment up to forty-nine percent of the total paid-up equity of the Indian Insurance Company shall be allowed on the automatic route subject to approval/verification by the Insurance Regulatory and Development Authority of India. (c) Foreign investment in this sector shall be subject to compliance with the provisions of the Insurance Act, 1938 and the condition that Companies receiving FDI shall obtain necessary license / approval from the Insurance Regulatory & Development Authority of India for undertaking insurance and related activities. (d) An Indian Insurance Company shall ensure that its ownership and control remains at all times in the hands of resident Indian entities as determined by Department of Financial Services/ Insurance Regulatory		

and Development Authority of India as per the rules/regulation issued by them from time to time(e) Foreign portfolio investment in an Indian Insurance Company shall be governed by the provisions contained in sub-regulations (2), (2A), (3) and (8) of Regulation 5 of FEMA Regulations, 2000 and provisions of the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014.(f) Any increase in foreign investment in an Indian Insurance Company shall be in accordance with the pricing guidelines specified by Reserve Bank of India under the FEMA Regulations.(g) The foreign equity investment cap of 49 percent shall apply on the same terms as above to Insurance Brokers, Third Party Administrators, Surveyors and Loss Assessors and Other Insurance Intermediaries appointed under the provisions of the Insurance Regulatory and Development Authority Act,1999 (41 of 1999).(h) Provided that where an entity like a bank, whose primary business is outside the insurance area, is allowed by the Insurance Regulatory and Development Authority of India to function as an insurance intermediary, the foreign equity investment caps applicable in that sector shall continue to apply, subject to the condition that the revenues of such entities from their primary (i.e., non-insurance related) business must remain above 50 percent of their total revenues in any financial year.(i) The provisions of paragraphs F.2.2 (4) (i) (b) & (d), relating to 'Banking-Private Sector', shall be applicable in respect of bank promoted insurance companies.(j) Terms 'Control', 'Equity Share Capital', 'Foreign Direct Investment' (FDI), 'Foreign Investors', 'Foreign Portfolio Investment', 'Indian Insurance Company', 'Indian

Company', 'Indian Control of an Indian Insurance Company', 'Indian Ownership', 'Non-resident Entity', 'Public Financial Institution', 'Resident Indian Citizen', 'Total Foreign Investment' will have the same meaning as provided in Notification No. G.S.R 115 (E), dated 19th February, 2015 issued by Department of Financial Services and regulations issued by Insurance Regulatory and Development Authority of India from time to time.]

[F.7] [Re-numbered 'F.8' by Notification No. G.S.R. 17(E), dated 10.1.2017 (w.e.f. 8.5.2000).]

Other Financial Services

Financial Services activities regulated by financial sector regulators, viz., RBI, SEBI, IRDA, PFRDA, NHB or any other financial sector regulator as may be notified by the Government of India.

100%

Automatic

[F.7.1] [Re-numbered 'F.8.1' by Notification No. G.S.R. 17(E), dated 10.1.2017 (w.e.f. 8.5.2000).]

Other Conditions

i. Foreign investment in 'Other Financial Services' activities shall be subject to conditionalities, including minimum capitalization norms, as specified by the concerned Regulator/ Government Agency.ii. 'Other Financial Services' activities need to be regulated by one of the Financial Sector Regulators. In all such financial services activity which are not regulated by any Financial Sector Regulator or where only part of the financial services activity is regulated or where there is doubt regarding the regulatory oversight, foreign investment up to 100% will be allowed under Government approval route subject to conditions including minimum

capitalization requirement, as may be decided by the Government.iii. Any activity which is specifically regulated by an Act, the foreign investment limits will be restricted to those levels/ limit that may be specified in that Act, if so mentioned.iv. Downstream investments by any of these entities engaged in "Other Financial Services" will be subject to the extant sectoral regulations and provisions of Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, as amended from time to time.]

[F.7.2] [Re-numbered
'F.8.2' by Notification No.
G.S.R. 17(E), dated
10.1.2017 (w.e.f.
8.5.2000).]

Other Conditions

(1) Investment would be subject to the following minimum capitalisation norms:(i) US \$0.5 million for foreign capital up to 51 % to be brought upfront.(ii) US \$ 5 million for foreign capital more than 51 % and up to 75% to be brought upfront.(iii) US \$ 50 million for foreign capital more than 75% out of which US \$ 7.5 million to be brought upfront and the balance in 24 months.(iv) NBFCs (i) having foreign investment more than 75% and up to 100%, and (ii) with a minimum capitalisation of US\$ 50 million, can set up step down subsidiaries for specific NBFC activities, without any restriction on the number of operating subsidiaries and without bringing in additional capital. The minimum capitalization condition as mandated by para 3.10.4.1 of DIPP Circular 1 on Consolidated FDI Policy, therefore, shall not apply to downstream subsidiaries.(v) Joint Venture operating NBFCs that have 75% or less than 75% foreign investment

can also set up subsidiaries for undertaking other NBFC activities, subject to the subsidiaries also complying with the applicable minimum capitalisation norm mentioned in (i), (ii) and (iii) above and (vi) below. (vi) Non-Fund based activities: US\$0.5 million to be brought upfront for all permitted non-fund based NBFCs irrespective of the level of foreign investments subject to the following condition: It would not be permissible for such a company to set up any subsidiary for any other activity, nor it can participate in any equity of an NBFC holding/operating company. Note: The following activities would be classified as Non-Fund Based activities: (a) Investment Advisory Services (b) Financial Consultancy (c) Forex Broking (d) Money Changing Business (e) Credit Rating Agencies (vii) This will be subject to compliance with the guidelines of RBI. Note: (i) Credit Card business includes issuance, sales, marketing & design of various payment products such as credit cards, charge cards, debit cards, stored value cards, smart card, value added cards etc. (ii) Leasing & Finance covers only financial leases and not operating leases. FDI in operating leases is permitted up to 100 % on the automatic route. (2) The NBFC will have to comply with the guidelines of the relevant regulator/s, as applicable.

[F.7.3] [Re-numbered 'F.8.3' by Notification No. G.S.R. 17(E), dated 10.1.2017 (w.e.f. 8.5.2000).]

White Label ATM Operations	100%	Automatic
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Other Conditions: i. Any non-bank entity intending to set up a WLAs should have a minimum net worth of Rs. 100 crore as per the latest financial year's audited balance sheet, which is to be maintained at all

times.ii. In case the entity is also engaged in any other 18 NBFC activities, then the foreign investment in the company setting up WLA, shall have to comply with the minimum capitalisation norms for foreign investment in NBFC activities, as provided in para F.8.2.iii. FDI in the WLAO will be subject to the specific criteria and guidelines issued by RBI vide Circular No.DPSS,CO.PD.No.2298/02.10.002/2011-12, as amended from time to time.

[F.8] [Re-numbered 'F.9'

by Notification No.

G.S.R. 17(E), dated

10.1.2017 (w.e.f.

8.5.2000).]

Power Exchanges

[F.8.1] [Re-numbered

'F.9.1' by Notification No. Power Exchanges under the Central

G.S.R. 17(E), dated

10.1.2017 (w.e.f.

8.5.2000).]

Electricity Regulatory Commission (Power 49%
Market) Regulations, 2010

Automatic

[F.8.2] [Re-numbered

'F.9.2' by Notification No.

G.S.R. 17(E), dated

10.1.2017 (w.e.f.

8.5.2000).]

Other conditions

(i) FII 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; and(iii) The foreign investment would be in compliance with SEBI Regulations; other applicable laws/regulations; security and other conditionalities.

[F.9] [Re-numbered

'F.10' by Notification No.

G.S.R. 17(E), dated

10.1.2017 (w.e.f.

8.5.2000).]

Pension Sector

49%

Automatic route

[F.9.1] [Re-numbered

'F.10.1' by Notification

No. G.S.R. 17(E), dated

Other Conditions(a) Foreign investment in the Pension Funds is allowed as per the Pension Fund Regulatory and Development

10.1.2017 (w.e.f. 8.5.2000).] Authority (PFRDA) Act, 2013.(b) Foreign investment in Pension Funds will be subject to the condition that entities bringing in foreign investments as equity shares or preference shares or convertible debentures or warrants as per Section 24 of the PFRDA Act, 2013 shall obtain necessary registration from the PFRDA and comply with other requirements as per the PFRDA Act, 2013 and Rules and Regulations framed under it for so participating in Pension Fund Management activities in India.(c) An Indian pension fund shall ensure that its ownership and control remains at all times in the hands of resident Indian entities as determined by the Government of India / PFRDA as per the rules/ regulation issued by them from time to time. The meaning of ownership and control would be as defined in Regulation 14 of the Principal Regulations.]

17. [[Substituted by Notification No. G.S.R. 1118(E), dated 7.12.2016 (w.e.f. 8.5.2000).]

Pharmaceuticals

17.1	Greenfield	100%	Automatic
17.2	Brown Field	100%	Automatic up to 74% Government route beyond 74%
17.3	Other Conditions		
	(i) 'Non-compete' clause would not be allowed in automatic or government approval route except in special circumstances with the approval of the Foreign Investment Promotion Board (FIPB).(ii) The prospective investor and the prospective investee are required to provide a certificate along with the FIPB application as given at Para 17.4.(iii) Government may incorporate appropriate conditions for foreign investment in brownfield cases, at the time of granting		

approval. foreign investment in brownfield pharmaceuticals, under both automatic and government approval routes, is further subject to compliance of following conditions: a) The production level of National List of Essential Medicines (NLEM) drugs and/or consumables and their supply to the domestic market at the time of induction of foreign investment, being maintained over the next five years at an absolute quantitative level. The benchmark for this level would be decided with reference to the level of production of NLEM drugs and/or consumables in the three financial years, immediately preceding the year of induction of foreign investment. Of these, the highest level of production in any of these three years would be taken as the level. b) Research and Development (R&D) expenses being maintained in value terms for 5 years at an absolute quantitative level at the time of induction of foreign investment. The benchmark for this level would be decided with reference to the highest level of R&D expenses which has been incurred in any of the three financial years immediately preceding the year of induction of foreign investment. c) The administrative Ministry will be provided complete information pertaining to the transfer of technology, if any, along with induction of foreign investment into the investee company. d) The administrative Ministry (s) i.e. Ministry of Health and Family Welfare, Department of Pharmaceuticals or any other regulatory Agency/Development as notified by Central Government from time to time, will monitor the compliance of conditionalities. Note : i. foreign investment up to 100% under the automatic route is permitted for manufacturing of medical devices. The above mentioned conditions will, therefore, not be applicable to

greenfield as well as brownfield projects of this industry.ii. Medical device means :-a) Any instrument, apparatus, appliance, implant, material or other article, whether used alone or in combination, including the software, intended by its manufacturer to be used specially for human beings or animals for one or more of the specific purposes of :-(aa) Diagnosis, prevention, monitoring, treatment or alleviation of any disease or disorder;(ab) diagnosis, monitoring, treatment, alleviation of, or assistance for, any injury or handicap;(ac) investigation, replacement or modification or support of the anatomy or of a physiological process;(ad) supporting or sustaining life;(ae) disinfection of medical devices;(af) control of conception;and which does not achieve its primary intended action in or on the human body or animals by any pharmacological or immunological or metabolic means, but which may be assisted in its intended function by such means;b) an accessory to such an instrument, apparatus, appliance, material or other article;c) a device which is reagent, reagent product, calibrator, control material, kit, instrument, apparatus, equipment or system whether used alone or in combination thereof intended to be used for examination and providing information for medical or diagnostic purposes by means of in vitro examination of specimens derived from the human body or animals.iii. The definition of medical device at Note (ii) above would be subject to the amendment in Drugs and Cosmetics Act, 1940, as amended from time to time.

17.4

Certificate to be Furnished by the Prospective Investor as well as the Prospective Recipient EntityIt is certified that the following is the complete list of all inter-se agreements, including the

shareholders agreement, entered into between foreign investor(s) and investee brownfield pharmaceutical entity1.

.....2.3.

.....(copies of all agreements to be enclosed)It is also certified that none of the inter-se agreements, including the shareholders agreement, entered into between foreign investor(s) and investee brownfield pharmaceutical entity contain any non-compete clause in any form whatsoever.It is further certified that there are no other contracts/agreements between the foreign investor(s) and investee brownfield pharma entity other than those listed above.The foreign investor(s) and investee brownfield pharma entity undertake to submit to the FIPB any inter-se agreements that may be entered into between them subsequent to the submission and consideration of this application.

18

Railway Infrastructure

Construction, operation and maintenance of the following:(i)Suburban corridor projects through PPP, (ii) speed trainprojects, (iii) Dedicated freight lines, (iv) Rolling stockincluding train sets, and locomotives/coaches manufacturing andmaintenance facilities, (v) Railway Electrification, (vi)Signaling systems, (vii) Freight terminals, (viii)

Passengerterminals, (ix) Infrastructure in industrial park pertaining torailway line/sidings including electrified railway lines andconnectivities to main railway line and (x) Mass Rapid TransportSystems.

Note:-(i) Foreign Direct Investment inthe abovementioned activities open to private participationincluding FDI is subject to sectoral guidelines of Ministry ofRailways.(ii) Proposals involving FDI beyond 49% in sensitive areasfrom

100%

Automatic

security point of view, will be brought by
the Ministry of Railways before the Cabinet
Committee on Security (CCS)
for consideration on a case to case basis.

Substituted by Notification No. G.S.R. 166(E), dated 15.2.2016 (w.e.f. 8.5.2000). [Substituted by
Notification No. G.S.R. 796(E), dated 23.4.2012 (w.e.f. 8.5.2000)]

[Annex B] [Substituted by
Notification No. G.S.R. 823(E),
dated 30.10.2015 (w.e.f.
8.5.2000).]

SL.No	Sector/ Activity	Foreign Investment Cap(%)	Entry
Agriculture			
1.	Agriculture & Animal Husbandry		Floriculture, Apiculture and Cultivation Of vegetables & mushrooms under controlled conditions
		a)	
b)	Development and production of seeds and planting material;		
c)	Animal Husbandry (including breeding of dogs), Pisciculture, Aquaculture, under controlled conditions; and		
d)	Services related to agro and allied sectors.		
Note: Besides the above, FDI is not allowed in any other agricultural sector/ activity			
1.1	Other Conditions		
	I. For companies dealing with development of transgenic seeds/vegetables, the following conditions apply:		
	(i)	When dealing with genetically modified seeds or planting material the company	

shall comply with safety requirements in accordance with laws enacted under the Environment (Protection) Act on the genetically modified organisms.

- (ii) Any import of genetically modified materials if required shall be subject to the conditions laid down vide Notifications issued under Foreign Trade (Development and Regulation) Act, 1992.
 - (iii) The company shall comply with any other Law, Regulation or Policy governing genetically modified material in force from time to time.
 - (iv) Undertaking of business activities involving the use of genetically engineered cells and material shall be subject to the receipt of approvals from Genetic Engineering Approval Committee (GEAC) and Review Committee on Genetic Manipulation (RCGM).
 - (v) Import of materials shall be in accordance with National Seeds Policy.
- II. The term 'under controlled conditions' covers the following:
- '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.
- (i)
 - (ii)

	In case of Animal Husbandry, scope of the term 'under controlled conditions' covers –		
	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.		
(a)			
	Poultry breeding farms and hatcheries where micro-climate is controlled through advanced technologies like incubators, ventilation systems etc.		
(b)			
	In the case of pisciculture and aquaculture, scope of the term 'under controlled conditions' covers –		
(iii)			
	Aquariums		
	Hatcheries where eggs are artificially fertilized and fry are hatched and incubated in an enclosed environment with artificial climate control.		
(a)			
	In the case of apiculture, scope of the term 'under controlled conditions' covers –		
	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.		
(iv)			
2.	Tea Plantation		
	Tea sector including tea plantations	Note:	
2.1	Besides the above, FDI is not allowed in any other plantation sector/activity	100%	Government
2.2	Other Condition		
	Prior approval of the State Government concerned is required in case of any future land use change		
3.	Mining		
3.1		100%	Automated

	Mining and Exploration of metal and non-metal ores including diamond, gold, silver and precious ores but excluding titanium bearing minerals and its ores; subject to the Mines and Minerals (Development & Regulation) Act, 1957.		
3.2	Coal and Lignite		
	(1)	Coal & Lignite mining for captive consumption by power projects, iron & steel and cement units and other eligible activities permitted under and subject to the provisions of Coal Mines (Nationalization) Act, 1973.	100%
	(2)	Setting up coal processing plants like washeries, subject to the condition that the company shall not do coal mining and shall not sell washed coal or sized coal from its coal processing plants in the open market and shall supply the washed or sized coal to those parties who are supplying raw coal to coal processing plants for washing or sizing.	100%
3.3	Mining and mineral separation of titanium bearing minerals and ores, its value addition and integrated activities		
3.3.1	Mining and mineral separation of titanium bearing minerals & ores, its value addition	100%	Government

and integrated activities subject to sectoral regulations and the Mines and Minerals (Development and Regulation) Act, 1957.

3.3.2

Other Conditions

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.

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 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).

Vide 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'.

- (i) FDI for separation of titanium bearing minerals & ores will be subject to the following additional conditions viz:
 - (A) value addition facilities are set up within India along with transfer of technology; 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.
 - (B) FDI will not be allowed in mining of 'prescribed substances' listed in the Notification No. SO 61(E), dated 18-1-2006 issued by the Department of Atomic Energy.
- (ii) Clarification: (1) For titanium bearing ores such as Ilmenite, Leucoxene and Rutile, manufacture of titanium dioxide pigment and titanium sponge constitutes value addition, Ilmenite can be processed to produce Synthetic Rutile or Titanium Slag as an intermediate value added product. (2) The objective is to ensure that the raw material available in the country is utilized for setting up downstream industries and the technology available internationally is also made available for setting up such industries within the country. Thus, if with the technology transfer, the objective of the FDI Policy can be achieved, the conditions prescribed at (I) (A) above shall be deemed to be fulfilled.

4. Petroleum & Natural Gas

- 4.1 Exploration activities of oil and natural gas fields, infrastructure related to marketing of 100%

Autom

petroleum products and natural gas, marketing of natural gas and petroleum products, petroleum product pipelines, natural gas/pipelines, LNG Regasification infrastructure, market study and formulation and Petroleum refining in the private sector, subject to the existing sectoral policy and regulatory framework in the oil marketing sector and the policy of the Government on private participation in exploration of oil and the discovered fields of national oil companies.

4.2 Petroleum refining by the Public Sector Undertakings (PSUs), without any disinvestment or dilution of domestic equity 49% in the existing PSUs.

5. Defence

5.1 Defence Industry subject to Industrial license under the Industries (Development & Regulation) Act, 1951 49%

Note: (i) The above limit of 49% is composite and includes all kinds of foreign investments i.e. Foreign Direct Investment (FDI), Foreign Institutional Investors (FIIs), Foreign Portfolio Investors (FPIs), Non Resident Indians (NRIs) and Foreign Venture Capital Investors (FVCI) regardless

of whether the said investments have been made under Schedule 1 (FDI), 2 (FII), 2A (FPI), 3 (NRI), 6 (FVCI) and 8 (QFI) of FEMA (Transfer or Issue of Security by Persons Resident Outside India) Regulations. (ii) Portfolio investment by FPIs/FIIs/NRIs and investments by FVCIs together will not exceed 24% of the total equity of the investee/joint venture company. Portfolio investments will be under automatic route.

5.2

Other Conditions

Licence applications will be considered and licences given by the Department of Industrial Policy & Promotion, Ministry of Commerce & Industry, in consultation with Ministry of Defence and Ministry of External Affairs.

i.

ii.

The applicant company seeking permission of the Government for FDI up to 49% should be an Indian company owned and controlled by resident Indian citizens.

iii.

The management of the applicant company should be in Indian hands with majority representation on the Board as well as the Chief Executives of the company/partnership firm being resident Indians.

iv.

Chief Security Officer (CSO) of the investee/joint venture company should be a resident Indian citizen.

v.

Full particulars of the Directors and the Chief Executives should be furnished along with the applications.

vi.

The Government reserves the right to verify the antecedents of the foreign collaborators and domestic promoters

- including their financial standing and credentials in the world market. Preference would be given to original equipment manufacturers or design establishments and companies having a good track record of past supplies to Armed Forces, Space and Atomic energy sections and having an established R & D base.
- vii. There would be no minimum capitalization for the FDI. A proper assessment, however, needs to be done by the management of the applicant company depending upon the product and the technology. The licensing authority would satisfy itself about the adequacy of the net worth of the non-resident investor taking into account the category of weapons and equipment that are proposed to be manufactured.
- viii. The Ministry of Defence is not in a position to give purchase guarantee for products to be manufactured. However, the planned acquisition programme for such equipment and overall requirements would be made available to the extent possible.
- ix. Investee/joint venture company should be structured to be self-sufficient in areas of product design and development. The investee/joint venture company along with manufacturing facility, should also have maintenance and life cycle support facility of the product being manufactured in India.
- x. Import of equipment for pre-production activity including development of prototype by the applicant company would be permitted.
- xi. Adequate safety and security procedures would need to be put in place by the licensee once the licence is granted and production commences. These would be subject to verification by authorized

Government agencies.

- xii. The standards and testing procedures for equipment to be produced under licence from foreign collaborators or from indigenous R & D will have to be provided by the licensee to the Government nominated quality assurance agency under appropriate confidentiality clause. The nominated quality assurance agency would inspect the finished product and would conduct surveillance and audit of the Quality Assurance Procedures of the licensee. Self-certification would be permitted by the Ministry of Defence on case to case basis, which may involve either individual items, or group of items manufactured by the licensee. Such permission would be for a fixed period and subject to renewals.
- xiii. Purchase preference and price preference may be given to the Public Sector organizations as per guidelines of the Department of Public Enterprises. The Licensee shall be allowed to sell Defence items to Government entities under the control of Ministry of Home Affairs (MHA), State Governments, Public Sector Undertakings (PSUs) and other valid
- xiv. Defence Licensed Companies without prior approval of the Department of Defence Production (DoDP). However, for sale of the items to any other entity, the Licensee shall take prior permission from the Department of Defence Production, Ministry of Defence.
- xv. All applications seeking permission of the Government for FDI in defence would be made to the Secretariat of Foreign Investment Promotion Board (FIPB) in the Department of Economic Affairs.
- xvi. Applications for FDI up to 49% will follow the existing procedure with proposals involving inflows in excess of Rs. 3000

- crore being approved by Cabinet Committee on Economic Affairs (CCEA).
- Based on the recommendation of the Ministry of Defence and FIPB, approval of the Cabinet Committee on Security (CCS) will be sought by the Ministry of Defence in respect of cases seeking permission of the Government for FDI beyond 49% which are likely to result in access to modern and 'state-of-art' technology in the country.
- Proposals for FDI beyond 49% with proposed inflow in excess of Rs. 3000 crores, which are to be approved by CCS will not require further approval of the Cabinet Committee on Economic Affairs (CCEA).
- Government decision on applications for FDI in defence industry sector will be normally communicated within a time frame of 10 weeks from the date of acknowledgement.
- For the proposal seeking Government approval for foreign investment beyond 49% applicants should be Indian company/foreign investor. Further condition at para (iii) above will not apply on such proposals.

Services Sector Information Services

6. Broadcasting
- 6.1 Broadcasting Carriage Services
- (1) Teleports (setting up of up-linking HUBs/Teleports); (2) Direct to Home (DTH); (3) Cable Networks [Multi System Operators (MSOs) operating at National or State or District level and undertaking up gradation of networks towards digitalization and addressability]; (4) Mobile TV; (5) Headend-in-the Sky Broadcasting Service (HITS)
- 6.1.1 74%
- 6.1.2. 49%
- Cable Networks (Other MSOs not undertaking upgradation of networks towards digitalization and address ability

Autom
to
49%G
route
beyond
and up
74%

Autom

	and Local Cable Operators(LCOs)).		
6.2	Broadcasting Content Services Terrestrial Broadcasting FM (FM Radio), subject to such terms and conditions, as specified from time to time, by Ministry of Information & Broadcasting, for grant of permission for setting up of FM Radio stations.	26%	Government
6.2.1	Up-Linking of 'News & Current Affairs' TV Channels	26%	Government
6.2.2	Up-linking a Non-'News & Current Affairs' TV Channels/Down-linking of TV Channels	100%	Government
6.2.3	FDI for Up-linking/Down-linking TV Channels will be subject to compliance with the relevant Uplinking/ Down-linking Policy notified by the Ministry of Information & Broadcasting from time to time.		
6.3	Foreign Investment (FI) in companies engaged in all the aforesaid services will be subject to relevant regulations and such terms and conditions, as may be specified from time to time, by the Ministry of Information and Broadcasting.		
6.4	The foreign investment (FI) limit in companies engaged in the afore stated activities shall include, in addition to FDI, investment by Foreign Institutional Investors (FIIs), Foreign Portfolio Investors (FPIs), Non-Resident Indians (NRIs), Foreign Currency Convertible Bonds (FCCBs), [
6.5	Depository Receipts issued under Schedule 10 of these Regulations with equity shares or compulsorily and mandatorily convertible preference shares or compulsory and mandatorily convertible debentures or warrant or any other security in which foreign direct investment can be made in terms of Schedule 1 of the principal Regulations, as underlying] (GDRs) and convertible preference shares held by foreign entities.]		

6.6	Foreign investment in theaforestated broadcasting carriage services will be subject to thefollowing security conditions/ terms:	The majority of Directorson the Board of the Company shall be Indian Citizens.
Mandatory Requirementfor Key Executives of the Company	(i)	
(ii)	The Chief ExecutiveOfficer (CEO), Chief Officer In-charge of technical networkoperations and Chief Security Officer should be resident Indiancitizens	
Security Clearance ofPersonnel	(iii)	TheCompany, all Directors on the Board of Directors and such keyexecutives like Managing Director/ Chief Executive Officer, ChiefFinancial Officer (CFO), Chief Security Officer (CSO), ChiefTechnical Officer (CTO), Chief Operating Officer (COO),shareholders who individually hold 10% or more paid-up capital inthe company and any other category, as may be specified by theMinistry of Information and Broadcasting from time to time, shallrequire to be

security cleared. In case of the appointment of Directors on the Board of the Company and such key executives like Managing Director/Chief Executive Officer, Chief Financial Officer (CFO), Chief Security Officer (CSO), Chief Technical Officer (CTO), Chief Operating Officer (COO), etc., as may be specified by the Ministry of Information and Broadcasting from time to time, prior permission of the Ministry of Information and Broadcasting shall have to be obtained. It shall be obligatory on the part of the company to also take prior permission from the Ministry of Information and Broadcasting before effecting any change in the Board of Directors.

(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

(v)

The permission shall be subject to permission holder/licensee remaining security cleared throughout the currency of permission. In case the security clearance is withdrawn the permission granted is liable to be terminated forthwith.

(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 service 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.

Infrastructure/Network/Software related requirement

(vii)

The officers/officials of the licensee companies dealing with the lawful interception of Services will be resident Indian

citizens.

- (viii) Details of infrastructure/network diagram (technical details of the network) could be provided on a need basis only, to equipment suppliers/manufacturers and the affiliate of the licensee company. Clearance from the licensor would be required if such information is to be provided to anybody else.
- (ix) The Company shall not transfer the subscribers' databases to any person/place outside India unless permitted by relevant Law.
- (x) The Company must provide traceable identity of their subscribers.

Monitoring, Inspection and Submission of Information

The Company should ensure that necessary provision (hardware/software) is available in their equipment for doing the Lawful interception and monitoring from a centralized location as and when required by Government.

- (xi)
- (xii) The company, at its own costs, shall, on demand by the Government or its authorized representative, provide the necessary equipment, services and facilities at designated place(s) for continuous monitoring of the broadcasting service by or under supervision of the Government or its authorized representative.
- (xiii) The Government of India, Ministry of Information & Broadcasting or its authorized representative shall have the right to inspect the broadcasting facilities. No prior permission/intimation shall be required to exercise the right of

- Government or its authorized representative to carry out the inspection. The company will, if required by the Government or its authorized representative, provide necessary facilities for continuous monitoring for any particular aspect of the company's activities and operations. Continuous monitoring, however, will be confined only to security related aspects, including screening of objectionable content.
- (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.
- (xv) The company shall submit such information with respect to its services as may be required by the Government or its authorized representative, in the form as may be required, from time to time.
- (xvi) The permission holder/licensee shall be liable to furnish the Government of India or its authorized representative or TRAI or its authorized representative, such reports, accounts, estimates, returns or such other relevant information and at such periodic intervals or such times as may be required.
- (xvii) The service providers should familiarize/train designated officials of the Government or officials of TRAI or its authorized representative(s) in respect of relevant operations/features of their systems.
- 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.

(xix)

The company shall not import or utilize any equipment, which are identified as unlawful and/or render network security vulnerable.

Other conditions

(xx)

Licensor reserves the right to modify these conditions or incorporate new conditions considered necessary in the interest of national security and public interest or for proper provision of broadcasting

			services.	
(xxi)	Licensee will ensure that broadcasting service installation carried out by it should not become a safety hazard and is not in contravention of any statute, rule or regulation and public policy.			
7.	Print Media			
7.1	Publishing of newspaper and periodicals dealing with news and current affairs	26%		Government
7.2	Publication of Indian editions of foreign magazines dealing with news and current affairs	26%		Government
7.2.1	Other conditions			
	(i)		'Magazine', for the purpose of these guidelines, will be defined as a periodical publication, brought out on non-daily basis, containing public news or comments on public news.	
(ii)	Foreign investment would also be subject to the Guidelines for Publication of Indian editions of foreign magazines dealing with news and current affairs issued by the Ministry of Information & Broadcasting on 4-12-2008.			
7.3.	Publishing/printing of Scientific and Technical Magazines/speciality journals/periodicals, subject to compliance with the legal framework as applicable and guidelines issued in this regard from time to time by Ministry of Information and Broadcasting.	100%		Government
7.4.	Publication of facsimile edition of foreign newspapers	100%		Government
7.4.1	Other conditions:			
	(i)			

FDI should be made by the owner of the original foreign newspapers whose facsimile edition is proposed to be brought out in India.

(ii) Publication of facsimile edition of foreign newspapers can be undertaken only by an entity incorporated or registered in India under the provisions of the Companies Act, as applicable.

(iii) Publication of facsimile edition of foreign newspaper would also be subject to the Guidelines for publication of newspapers and periodicals dealing with news and current affairs and publication of facsimile edition of foreign newspapers issued by Ministry of Information & Broadcasting on 31-3-2006, as amended from time to time.

8. Civil Aviation

8.1 The Civil Aviation sector 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.

For the purposes of the Civil Aviation sector:

(i) "Airport" means a landing and taking off area for aircrafts, usually with runways and aircraft maintenance and passenger facilities and includes an aerodrome as defined in clause (2) of section 2 of the Aircraft Act, 1934;

- (ii) "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 pertaining thereto;
- (iii) "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;
- (iv) "Air Transport Undertaking" means an undertaking whose business includes the carriage by air of passengers or cargo for hire or reward;
- (v) "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;
- (vi) "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;
- (vii) "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 recognizably systematic series, each flight being open to use by members of the public;
- (viii) "Non-Scheduled air transport service" means any service which is not a scheduled air transport service and will include Cargo airlines;
- (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;
- (x)

	"Seaplane" means an aeroplane capable normally of taking off from and alighting solely on water;		
(xi)	"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.		
8.2	Airports		
	(a)	Greenfield projects	100% Automated upto 7 ; Govern Route beyond
(b)	Existing projects	100%	
8.3	Air Transport Services		
	(1)	Scheduled Air Transport Service/Domestic Scheduled Passenger Airline	100% (100% for NR)
	(2)	Non-Scheduled Air Transport Service	74% (100% for NR)
	(3)	Helicopter services/seaplane services requiring DGCA approval	100%
8.3.1	Other Conditions		
	(a)	Air Transport Services would include Domestic Scheduled Passenger Airlines; Non-Scheduled Air Transport Services, helicopter and seaplane services.	
(b)			

Foreign airlines are allowed to participate in the equity of companies operating Cargo airlines, helicopter and seaplane services, as per the limits and entry routes mentioned above.

- (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

- (vi) non-scheduled air transport services, as a result of such investment shall be cleared from security view point before deployment; and
- All technical equipment that might be imported into India as a result of such investments shall require clearance from the relevant authority in the Ministry of Civil Aviation.

Note: (i) The FDI limits/entry routes, mentioned at paragraph 8.3(1) and 8.3(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 8.3.1(c) (ii) above.

(iii) The policy mentioned at 8.3.1(c) above is not applicable to M/s Air India Limited

8.3.2.	Foreign Airlines in the capital of the Indian companies, operating schedule and non-scheduled air transport services	49% (100% for NRIs)	Government
8.4	Other Services under Civil Aviation sector		
(1)		Ground Handling Services subject to sectoral regulations and security clearance	74% (100% for NRIs)
(2)		Maintenance and Repair organizations; flying training institutes and technical training institutions	100%
9.	Courier services for carrying packages, parcels and other items which do not come within the ambit of the Indian Post	100%	Automated

	Office Act, 1898 and excluding the activity relating to the distribution of letters		
10.	Construction Development: Townships, Housing, Built-up infrastructure		
	Construction-development projects (which would include development of townships, construction of residential/commercial premises, roads or bridges, hotels, resorts, hospitals, educational institutions, recreational facilities, city and regional level infrastructure, townships)		
10.1	Investment will be subject to the following conditions:	100%	Autom
(A)		Minimum area to be developed under each project would be as under:	
(i)	In case of development of serviced plots, no minimum land area requirement.		
(ii)	In case of construction-development projects, a minimum floor area of 20,000 sq. meter.		
(B)	Investee company will be required to bring minimum FDI of US\$ 5 million within six months of commencement of the project. The commencement of the project will be the date of approval of the building plan/layout plan by the relevant statutory authority. Subsequent tranches of FDI can be brought till the period of ten years from the commencement of the project or before the completion of project, whichever expires earlier.		
(C)	(i)	The investor will be permitted to exit on completion of the project or after development of trunk infrastructure i.e. roads, water supply, street lighting, drainage	

and sewerage.

(ii) The Government may, in view of facts and circumstances of a case, permit repatriation of FDI or transfer of stake by one non-resident investor to another non-resident investor, before the completion of project. These proposals will be considered by FIPB on case to case basis inter-alia with specific reference to Note (i).

(D) The project shall conform to the norms and standards, including land use requirements and provision of community amenities and common facilities, as laid down in the applicable building control regulations, bye-laws, rules, and other regulations of the State Government/Municipal/Local Body concerned.

(E) The Indian investee company will be permitted to sell only developed plots. For the purposes of this policy "developed plots" will mean plots where trunk infrastructure i.e. roads, water supply, street lighting, drainage and sewerage, have been made available.

(F) The Indian investee company shall be responsible for obtaining all necessary approvals, including those of the building/layout plans, developing internal and peripheral areas and other infrastructure facilities, payment of development, external development and other charges and complying with all other requirements as prescribed under applicable rules/bbye-laws/regulations of the State Government/ Municipal/Local Body concerned.

(G) The State Government/Municipal/ Local Body concerned, which approves the building /development plans, will monitor compliance of the above conditions by the developer.

Note:

- (i) It is clarified that FDI is not permitted in an entity which is engaged or proposes to engage in real estate business, construction of farm houses and trading in transferable development rights (TDRs). "Real estate business" will have the same meaning as provided in FEMA Notification No. 1/2000-RB dated May 03, 2000 read with RBI Master Circular i.e. dealing in land and immovable property with a view to earning profit or earning income therefrom and does not include development of townships, construction of residential/ commercial premises, roads or bridges, educational institutions, recreational facilities, city and regional level infrastructure, townships. The conditions at (A) to (C) above, will not apply to Hotels & Tourist Resorts; Hospitals; Special Economic Zones (SEZs); Educational Institutions, Old Age Homes and Investment by NRIs.
- (ii) The conditions at (A) and (B) above, will also not apply to investee/joint venture companies which commit at least 30 percent of the total project cost for low cost affordable housing.
- (iii) An Indian company, which is the recipient of FDI, shall procure a certificate from an architect empanelled by any Authority, authorized to sanction building plan to the effect that the minimum floor area requirement has been fulfilled.
- (iv) 'Floor area' will be defined as per the local laws/regulations of the respective State governments/Union territories.
- (v) Completion of the project will be determined as per the local bye-laws/ rules and other regulations of State Governments.
- (vi) Project using at least 40% of the FAR/FSI for dwelling unit of floor area of not more than 140 square meter will be considered as Affordable Housing Project for the purpose
- (vii)

	<p>of FDI policy in Construction Development Sector. Out of the total FAR/ FSI reserved for Affordable Housing, atleast one-fourth should be for houses of floor area of not more than 60 square meter.</p> <p>It is clarified that 100% FDI under automatic route is permitted in completed projects for operation and management of townships, malls/ shopping complexes and business centres.</p>		
(viii)			
11.	Industrial Parks - New and existing	100%	Autom
		<p>"Industrial Park" is a project in which quality infrastructure in the form of plot 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.</p>	
11.1	(i)		
	<p>"Infrastructure" refers to facilities required for functioning of units located in the Industrial Park and includes roads (including approach roads), railway line/sidings including electrified railway lines and connectivities to the main railway line, water supply and sewerage, common effluent treatment facility, telecom network, generation and distribution of power, air conditioning.</p>		
	(ii)		
	(iii)		
	<p>"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), railway line/sidings including electrified railway lines and connectivities to the main railway line, water supply and sewerage, common effluent treatment, common testing, telecom services, air</p>		

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.

- (iv) "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.
- (v) "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; basic and applied R&D on biotechnology, pharmaceutical sciences/life sciences, natural sciences and engineering; business and management consultancy activities; and architectural, engineering and other technical activities.
- FDI in Industrial Parks would not be subject to the conditionalities applicable for construction development projects etc. spelt out in para 11 above, provided the Industrial Parks meet with the undermentioned 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		
12.	Satellites - Establishment and operation		
12.1	Satellites Establishment and operation, subject to the sectoral guidelines of Department of Space/ ISRO	74%	Government
13.	Private Security Agencies	49%	Government
14.	Telecom services (including Telecom Infrastructure Providers Category-I) All telecom services including Telecom Infrastructure Providers Category-I, viz. Basic, Cellular, Unified 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.	49%	Automatic upto 49% Government route beyond
14.1.1	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, except "Other Service Providers", which are allowed 100% FDI on the automatic route.		
15.	Trading		
15.1	(i) Cash & Carry Wholesale Trading/ Wholesale Trading (including sourcing from MSEs)	100%	Automatic
15.1.1	Definition: Cash & Carry Wholesale trading/ Wholesale trading, would mean		

sale of goods/merchandise to retailers, industrial, commercial, institutional or other professional business users or to other wholesalers and related subordinated service providers. Wholesale trading would, accordingly, imply sales for the purpose of trade, business and profession, as opposed to sales for the purpose of personal consumption. The yardstick to determine whether the sale is wholesale or not would be the type of customers to whom the sale is made and not the size and volume of sales. Wholesale trading would include resale, processing and thereafter sale, bulk imports with ex-port/ ex-bonded warehouse business sales and B2B e-Commerce.

15.1.2

Guidelines for Cash & Carry Wholesale Trading/Wholesale Trading (WT):

For undertaking 'WT', requisite licenses/registration/permits, as specified under the relevant

(a)

Acts/Regulations/Rules/Orders of the State Government/Government Body/Government Authority /Local Self-Government Body under that State Government should be obtained.

(b)

Except in case of sales to Government, sales made by the wholesaler would be considered as 'cash & carry wholesale trading/wholesale trading' with valid business customers, only when WT are made to the following entities:

(i)

Entities holding sales tax/VAT registration/service tax/excise duty registration; or

(ii)

Entities holding trade licenses i.e. a license/registration certificate/membership certificate/registration under Shops and Establishment Act, issued by a Government Authority/Government Body/ Local Self-Government Authority, reflecting that the entity/person holding the license/registration

- (iii) certificate/membership certificate, as the case may be, is itself/himself/herself engaged in a business involving commercial activity; or Entities holding permits/license etc. for undertaking retail trade (like tehbazari and similar license for hawkers) from Government Authorities/Local Self Government Bodies; or
- (iv) Institutions having certificate of incorporation or registration as a society or registration as public trust for their self consumption.

Note: An Entity, to whom WT is made, may fulfil anyone of the 4 conditions.

- (c) Full records indicating all the details of such sales like name of entity, kind of entity, registration/ license/permit etc. number, amount of sale etc. should be maintained on a day to day basis.
- (d) WT of goods would be permitted among companies of the same group. However, such WT to group companies taken together should not exceed 25% of the total turnover of the wholesale venture.
- (e) WT can be undertaken as per normal business practice, including extending credit facilities subject to applicable regulations.
- (f) A Wholesale/Cash & carry trader cannot open retail shops to sell to the consumer directly.

15.2

B2B E-commerce activities

100%

Autom

E-commerce activities refer to the activity of buying and selling by a company through the e-commerce platform. Such companies would engage only in Business (B2B) e-commerce and not in retail trading, inter alia implying that existing restrictions on FDI in domestic trading would be applicable to

e-commerce as well.

15.3

Single Brand product retail trading

100%

Autom
up to
40%G
route
beyond

Foreign Investment in Single Brand product retail trading is aimed at attracting investments in production and marketing, improving the availability of such goods for the consumer, encouraging increased sourcing of goods from India, and enhancing competitiveness of Indian enterprises through access to global designs, technologies and management practices.

(1)

(2)

FDI in Single Brand product retail trading would be subject to the following conditions:

(a)

Products to be sold should be of a 'Single Brand' only.

(b)

Products should be sold under the same brand internationally i.e. products should be sold under the same brand in one or more countries other than India.

(c)

'Single Brand' product-retail trading would cover only products which are branded during manufacturing.

(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 orthrough a legally tenable agreement, with the brand owner forundertaking single brand product retail trading. The onus forensuring compliance with this condition will rest with the Indianentity carrying out single-brand product retail trading in India.The investing entity shall provide evidence to this effect at thetime of seeking approval, including a copy of thelicensing/franchise/sub-licence agreement, specificallyindicating compliance with the above condition. The requisiteevidence should be filed with the RBI for the automatic route andSIA/FIPB for cases involving approval.

- (e) In respect of proposalsinvolving FDI beyond 51 %, sourcing of 30% of the value of goodspurchased, will be done from India, preferably from MSMEs,village and cottage industries, artisans and craftsmen, in allsectors. The quantum of domestic sourcing will be self-certifiedby the company, to be subsequently checked, by statutoryauditors, from the duly certified accounts which the company willbe required to maintain. This procurement requirement would haveto be met, in the first instance, as an average of five years;total value of the goods purchased, beginning 1st April of theyear during which the first tranche of FDI is received.Thereafter, it would have to be met on an annual basis. For thepurpose of ascertaining the sourcing requirement, the relevantentity would be the company, incorporated in India, which is therecipient of FDI for the purpose of carrying out single-brandproduct retail trading.

- (f) Retail trading, in anyform, by means of e-commerce, would not be permissible, forcompanies with FDI, engaged in the activity of single brandretail trading.

	<p>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.</p> <p>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.</p> <p>Applications would be processed in the Department of Industrial Policy & Promotion, to determine whether the proposed investment satisfies the notified guidelines, before being considered by the FIPB for Government approval.</p>			
(3)				
(4)				
15.4	Multi Brand Retail Trading	15%		Government
	(1)	FDI in multi brand retail trading, in all products, will be permitted, subject to the following conditions:		
(i)	Fresh agricultural produce, including fruits, vegetables, flowers, grains, pulses, fresh poultry, fishery and meat products, may be unbranded.			
(ii)	Minimum amount to be brought in, as FDI, by the foreign investor, would be US \$ 100 million.			
(iii)	At least 50% of total FDI brought in the first tranche of US \$ 100 million, shall be invested in 'back-end infrastructure' within three years, where 'back-end infrastructure' will include capital expenditure on all activities, excluding that			

on front-end units; for instance, back-end infrastructure will include investment made towards processing, manufacturing, distribution, design improvement, quality control, packaging, logistics, storage, warehouse, agriculture market produce infrastructure etc. Expenditure on land cost and rentals, if any, will not be counted for purposes of back-end infrastructure. Subsequent investment in the back-end infrastructure would be made by the MBRT retailer as needed, depending upon its business requirements.

At least 30% of the value of procurement of manufactured/processed products purchased shall be sourced from Indian micro, small and medium industries, which have a total investment in plant & machinery not exceeding US\$ 2.00 million. This valuation refers to the value at the time of installation, without providing for depreciation. The 'small industry' status would be reckoned only at the time of first engagement with the retailer and such industry shall continue to qualify as a 'small industry' for this purpose, even if it outgrows the said investment of US \$ 2.00 million during the course of its relationship with the said retailer. Sourcing from agricultural co-operatives and farmers co-operatives would also be considered in this category. The procurement requirement would have to be met, in the first instance, as an average of five years total value of the manufactured/processed products purchased, beginning 1st April of the year during which the first tranche of FDI is received. Thereafter, it would have to be met on an annual basis.

(iv)

(v)

Self-certification by the company, to ensure compliance of the conditions at serial Nos. (i), (ii) and (iv) above, which could be cross-checked, as and when required. Accordingly, the investors shall

maintain accounts, duly certified by statutory auditors.

- (vi) Retail sales outlets may be set up only in cities with a population of more than 10 lakhs per the 2011 Census or any other cities as per the decision of the respective State Governments, and may also cover an area of 10 kms. Around the municipal/urban agglomeration limits of such cities; retail locations will be restricted to conforming areas as per the Master/Zonal Plans of the concerned cities and provision will be made for requisite facilities such as transport connectivity and parking.
- (vii) Government will have the first right to procurement of agricultural products. The above policy is an enabling policy only and the State Governments/Union Territories would be free to take their own decisions in regard to implementation of the policy. Therefore, retail sales outlets may be set up in those States/Union Territories which have agreed, or agree in future, to allow FDI in MBRT under this policy. The list of States/Union Territories which have conveyed their agreement is at (2) below.
- (viii) Such agreement, in future, to permit establishment of retail outlets under this policy, would be conveyed to the Government of India through the Department of Industrial Policy & Promotion and additions would be made to the list at (2) below accordingly. The establishment of the retail sales outlets will be in compliance of applicable State/Union Territory laws/ regulations, such as the Shops and Establishments Act etc.
- (ix) Retail trading, in any form, by means of e-commerce, would not be permissible, for companies with FDI, engaged in the activity of multi-brand retail trading.
- (x)

	Applications would beprocessed in the Department of Industrial Policy & Promotion,to determine whether the proposed investment satisfies thenotified guidelines, before being considered by the FIPB forGovernment approval.	
(2)	List of States/UnionTerritories as mentioned in Paragraph 16.4.(1) (viii)	
1.	Andhra Pradesh	
2.	Assam	
3.	Delhi	
4.	Haryana	
5.	Himachal Pradesh	
6.	Jammu & Kashmir	
7.	Karnataka	
8.	Maharashtra	
9.	Manipur	
10.	Rajasthan	
11.	Uttarakhand	
12.	Daman & Diu and Dadraand Nagar Haveli (Union Territories)	
	FinancialServicesForeign investment inother financial services, other than those indicated below, wouldrequire prior approval of the Government:	
F.1	Asset ReconstructionCompanies	
	‘AssetReconstruction Company’ (ARC) means a company registeredwith the Reserve Bank of India under Section 3 of theSecuritisation and Reconstruction of Financial Assets andEnforcement of Security Interest Act, 2002 (SARFAESI Act).	
F.1.1		100%
F.1.2	Other Conditions	
	Persons resident outsideIndia can invest in the capital of Asset Reconstruction Companies(ARCs) registered with Reserve Bank, up to 49% on the automaticroute, and beyond 49% on the Government route.	
(i)		
(ii)	No sponsor may hold morethan 50% of the	

Automatic route up to 49% Government route beyond 49%

	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.	
F.2	Banking - Private Sector	
F.2.1	Banking- Private Sector 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.	74% (FII/FPI upto 49%)
F.2.2	Other Conditions	
	(1)	The aggregate foreign investment in a private bank from all sources will be allowed - up to a maximum of 74 per cent of the paid-up capital of the Bank. At all times, at least 26 per cent of the paid up capital will have to be held by residents,

Autom
49% G
route
beyond
and up
74%

except in regard to
awholly-owned
subsidiary of a
foreign bank.

- (2) The stipulations as above will be applicable to all investments in existing private sector banks also.
- (3) 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 investment limit will continue to be within 49 per cent of the total paid-up capital.
- (b) In the case of NRIs, as hitherto, individual holding is restricted to 5 per cent of the total paid-up capital both on repatriation and non-repatriation basis and aggregate limit cannot exceed 10 per cent of the total paid-up capital both on repatriation and non-repatriation basis. However, NRI holding can be allowed up to 24 per cent of the total paid-up capital both on repatriation and non-repatriation basis provided the banking company passes a special resolution to that effect in the General Body.
- (c) Applications for foreign direct investment in private banks having joint venture/subsidiary in insurance sector may be addressed to the Reserve Bank of India (RBI) for consideration in

- consultation with the Insurance Regulatory and Development Authority (IRDA) in order to ensure that the 49 per cent limit of foreign shareholding applicable for the insurance sector is not being breached.
- (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
- (e) The policies and procedures prescribed from time to time by RBI and other institutions such as SEBI, D/o Company Affairs and IRDA on these matters will continue to apply.
- (f) RBI guidelines relating to acquisition by purchase or otherwise of shares of a private bank, if such acquisition results in any person owning or controlling 5 per cent or more of the paid-up capital of the private bank will apply to non-resident investors as well.
- (ii) Setting up of a subsidiary by foreign banks
- (a) Foreign banks will be permitted to either have branches or subsidiaries but not both.
- (b) Foreign banks regulated by banking supervisory authority in the home country and meeting Reserve Bank's licensing criteria will be allowed to hold 100 percent paid-up capital to enable them to set up a wholly-owned subsidiary in India.
- (c) A foreign bank may operate in India through only one of the three channels viz., (i) branches (ii) a wholly-owned subsidiary and (iii) a subsidiary with aggregate foreign investment up to a maximum of 74 per cent in a private bank.
- (d) A foreign bank will be permitted to establish a wholly-owned subsidiary either through conversion of existing branches into a subsidiary or through a fresh banking license. A foreign bank will be permitted to establish a subsidiary through acquisition of shares of an existing private sector bank

	provided at least 26 per cent of the paid-up capital of the private sector bank is held by residents at all times consistent with para (i) (b) above.		
(e)	A subsidiary of a foreign bank will be subject to the licensing requirements and conditions broadly consistent with those for new private sector banks.		
(f)	Guidelines for setting up a wholly-owned subsidiary of a foreign bank will be issued separately by RBI.		
(g)	All applications by a foreign bank for setting up a subsidiary or for conversion of their existing branches to subsidiary in India will have to be made to the RBI.		
(iii)	At present there is a limit of ten per cent on voting rights in respect of banking companies, and this should be noted by potential investor. Any change in the ceiling can be brought about only after final policy decisions and appropriate Parliamentary approvals.		
F.3	Banking - Public Sector		
F.3.1	Banking - Public Sector subject to Banking Companies (Acquisition & Transfer of Undertakings) Acts, 1970/80.	20%	Government
	This ceiling (20%) is also applicable to the State Bank of India and its associate banks		
F.4	Commodity Exchanges		
F.4.1	(1)	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 was decided to allow foreign investment in Commodity Exchanges.

- (2) For the purposes of this Chapter,
- (i) "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.
- (ii) "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.
- (iii) "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.
- (iv) "Forward contract" means a contract for the delivery of goods and which is not a ready delivery contract.
- (v) "Commodity derivative" means-
- a contract for delivery of goods, which is not a ready delivery contract; or
 - 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.

F.4.2	Commodity Exchange	49%	Autom
F.4.3	Other conditions:		
(i)	FII/FPI purchases shall berestricted to secondary market only.		
(ii)	No non-residentinvestor/entity, including persons acting in concert, will holdmore than 5% of the equity in these companies.		
(iii)	Foreign investment incommodity exchanges will be subject to the guidelines of theCentral Government/ Forward Markets Commission (FMC) from timeto time.		
F.5	Credit InformationCompanies (CIC)		
F.5.1	Credit InformationCompanies	74%	Autom
F.5.2	Other Conditions:		
(1)	Foreign investment inCredit Information Companies is subject to the Credit InformationCompanies (Regulation) Act, 2005.		
(2)	Foreign investment ispermitted subject to regulatory clearance from RBI.		
(3)	Such FII/FPI investmentwould be permitted subject to the conditions that:		
(a)	A single entity shoulddirectly or indirectly hold below 10% equity;		
(b)	Any acquisition in excessof 1 % will have to be reported to RBI as a mandatoryrequirement; and		
(c)	FIIs investing in CICsshall not seek a representation on the Board of Directors basedupon their shareholding.		
F.6	Infrastructure Companyin the Securities Market		
F.6.1	Infrastructure companiesin Securities Markets, namely, stock exchanges, depositories andclearing corporations, in compliance with SEBI Regulations	49%	Autom
F.6.2	Other Conditions:		
F.6.2.1	FII/FPI can invest onlythrough purchases in the secondary market		
F.7.	Insurance		

F.7.1	Insurance	49%
(i)	Insurance Company	
(ii)	Insurance Brokers	
(iii)	Third Party Administrators	
(iv)	Surveyors and Loss Assessors	
(v)	Other Insurance Intermediaries appointed under the provisions of Insurance Regulatory and Development Authority Act, 1999 (41 of 1999)	
F.7.2	Other Conditions:	
(a)	No Indian insurance company shall allow the aggregate holdings by way of total foreign investment in its equity shares by foreign investors, including portfolio investors, to exceed forty-nine percent of the paid up equity capital of such Indian insurance company.	
(b)	Foreign direct investment proposals which take the total foreign investment in the Indian insurance company above 26 percent and up to the cap of 49 percent shall be under Government route.	
(c)	Foreign investment in this sector is subject to compliance of the provisions of the Insurance Act, 1938 and the condition that Companies bringing in FDI shall obtain necessary license from the Insurance Regulatory & Development Authority of India for undertaking insurance activities.	
(d)	An Indian insurance company shall ensure that its ownership and control remains at all times in the hands of resident Indian entities referred to in Notification No.G.S.R 115 (E), dated 19th February, 2015.	
(e)	Foreign portfolio investment in an Indian insurance company shall be governed by the	

Autom
upto
26%,;C
route
beyond
and up
49%

- provisions contained in sub-regulations (2), (2A), (3) and (8) of regulation 5 of FEMA Regulations, 2000 and provisions of the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations. Any increase of foreign investment of an Indian insurance company shall be in accordance with the pricing guidelines specified by Reserve Bank of India under the FEMA.
- (f)
- The foreign equity investment cap of 49 percent shall apply on the same terms as above to Insurance Brokers, Third Party Administrators, Surveyors and Loss Assessors and Other Insurance Intermediaries appointed under the provisions of the Insurance Regulatory and Development Authority Act, 1999 (41 of 1999).
- (g)
- Provided that where an entity like a bank, whose primary business is outside the insurance area, is allowed by the Insurance Regulatory and Development Authority of India to function as an insurance intermediary, the foreign equity investment caps applicable in that sector shall continue to apply, subject to the condition that the revenues of such entities from their primary (i.e. non-insurance related) business must remain above 50 percent of their total revenues in any financial year.
- (h)
- The provisions of paragraphs F.2.2 (3) (i) (c) & (e), relating to 'Banking-Private Sector', shall be applicable in respect of bank promoted insurance companies.
- (i)
- Terms 'Control', 'Equity Share Capital', 'Foreign Direct Investment' (FDI), 'Foreign Investors', 'Foreign Portfolio Investment', 'Indian Insurance Company', 'Indian Company', 'Indian Control of an Indian Insurance Company', 'Indian Ownership', 'Non-resident Entity', 'Public Financial
- (j)

	Institution', 'Resident Indian Citizen', 'Total Foreign Investment' will have the same meaning as provided in Notification No. G.S.R 115 (E), dated 19th February, 2015.		
F.8.	Non-Banking Finance Companies (NBFCs)		
F.8.1	Foreign investment in NBFC is allowed under the automatic route in only the following activities:	100%	Automatic
	(i)		Merchant Banking
(ii)	Underwriting		
(iii)	Portfolio Management Services		
(iv)	Investment Advisory Services		
(v)	Financial Consultancy		
(vi)	Stock Broking		
(vii)	Asset Management		
(viii)	Venture Capital		
(ix)	Custodian Services		
(x)	Factoring		
(xi)	Credit Rating Agencies		
(xii)	Leasing & Finance		
(xiii)	Housing Finance		
(xiv)	Forex Broking		
(xv)	Credit Card Business		
(xvi)	Money Changing Business		
(xvii)	Micro Credit		
(xviii)	Rural Credit		
F.8.2	Other Conditions		
	(1) Investment would be subject to the following minimum capitalisation norms:		
	(i)		US \$ 0.5 million for foreign capital up to 51 % to be brought upfront.
(ii)	US \$ 5 million for foreign capital more than 51 % and up to 75% to be brought upfront.		
(iii)	US \$ 50 million for foreign capital more than 75% out of which US \$ 7.5 million to be brought upfront and the balance in 24 months.		

- (iv) NBFCs (i) having foreign investment more than 75% and up to 100%, and (ii) with a minimum capitalisation of US\$ 50 million, can set up step down subsidiaries for specific NBFC activities, without any restriction on the number of operating subsidiaries and without bringing in additional capital. The minimum capitalization condition as mandated by para 3.10.4.1 of DIPP Circular 1 on Consolidated FDI Policy, therefore, shall not apply to downstream subsidiaries.
- (v) Joint Venture operating NBFCs that have 75% or less than 75% foreign investment can also set up subsidiaries for undertaking other NBFC activities, subject to the subsidiaries also complying with the applicable minimum capitalisation norm mentioned in (i), (ii) and (iii) above and (vi) below.
- (vi) Non-Fund based activities: US\$ 0.5 million to be brought upfront for all permitted non-fund based NBFCs irrespective of the level of foreign investments subject to the following condition:

It would not be permissible for such a company to set up any subsidiary for any other activity, nor it can participate in any equity of an NBFC holding/operating company.

Note: The following activities would be classified as Non-Fund Based activities:

- | | | |
|-------|-------------------------|---------------------------------|
| | (a) | Investment
Advisory Services |
| (b) | Financial Consultancy | |
| (c) | Forex Broking | |
| (d) | Money Changing Business | |
| (e) | Credit Rating Agencies | |
| (vii) | | |

This will be subject to compliance with the guidelines of RBI.

Note: (i) Credit Card business includes issuance, sales, marketing & design of various payment products such as credit cards, charge cards, debit cards, stored value cards, smart card, value added card etc.

(ii)

Leasing & Finance covers only financial leases and not operating leases.

FDI in operating leases is permitted up to 100 % on the automatic route.

(2) The NBFC will have to comply with the guidelines of the relevant regulator/s, as applicable.

F.8.3.

White Label ATM Operations

100%

Autom

Other Conditions:

i.

Any non-bank entity intending to set up a WLAs should have a minimum net worth of Rs.100 crore as per the latest financial year's audited balance sheet, which is to be maintained at all times.

ii.

In case the entity is also engaged in any other 18 NBFC activities, then the foreign investment in the company setting up WLA, shall have to comply with the minimum capitalisation norms for foreign investment in NBFC activities, as provided in para F.8.2.

iii.

FDI in the WLAO will be subject to the specific criteria and guidelines issued by RBI vide Circular No. DPSS, CO.PD.No.2298/02.10.002/2011-12, as amended from time to time.

F.9.

Power Exchanges

F.9.1

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

49%

Autom

F.9.2	Other conditions			
	(i)			FII 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; and			
(iii)	The foreign investment would be in compliance with SEBI Regulations; other applicable laws/regulations; security and other conditionalities.			
F.10	Pension Sector	49%		Automated up to 26%; Government route beyond and up to %
16.	Pharmaceuticals			
16.1	Greenfield	100%		Automated
16.2	Brown Field	100%		Government
16.3	Other Conditions			
(iv)	'Non-compete' clause would not be allowed except in special circumstances with the approval of the Foreign Investment Promotion Board.			
(v)	The prospective investor and the prospective investee are required to provide a certificate along with the FIPB application.			
(vi)	Government may incorporate appropriate conditions for FDI in brownfield cases, at the time of granting approval.			
Note :				
i.	FDI upto 100% under the automatic route is permitted for manufacturing of medical devices. The above-mentioned conditions will, therefore, not be applicable to greenfield as well as brownfield projects of this industry.			

- ii. Medical device means :-
 - Any instrument, apparatus, appliance, implant, material or other article, whether used alone or in combination, including the software, intended by its manufacturer to be used specially for human beings or animals for one or more of the specific purposes of :-
 - (aa) Diagnosis, prevention, monitoring, treatment or alleviation of any disease or disorder;
 - (ab) diagnosis, monitoring, treatment, alleviation of, or assistance for, any injury or handicap;
 - (ac) investigation, replacement or modification or support of the anatomy or of a physiological process;
 - (ad) supporting or sustaining life;
 - (ae) disinfection of medical devices;
 - (af) control of conception;
 - and which does not achieve its primary intended action in or on the human body or animals by any pharmacological or immunological or metabolic means, but which may be assisted in its intended function by such means;
 - b) an accessory to such an instrument, apparatus, appliance, material or other article;
 - a device which is reagent, reagent product, calibrator, control material, kit, instrument, apparatus, equipment or system whether used alone or in combination thereof intended to be used for examination and providing information for medical or diagnostic purposes by means of in vitro examination of specimens derived from the human body or animals.
- iii. The definition of medical device at Note (ii) above would be subject to the amendment in Drugs and Cosmetics Act.

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Railway Infrastructure

Construction, operation and maintenance of the following: (i) Suburban corridor projects through PPP, (ii) speed train projects, (iii) Dedicated freight lines, (iv) Rolling stock including train sets, and locomotives/coaches manufacturing and maintenance facilities, (v) Railway Electrification, (vi) Signaling systems, (vii) Freight terminals, (viii) Passenger terminals, (ix) Infrastructure in industrial park pertaining to railway line/sidings including electrified railway lines and connectivities to main railway line and (x) Mass Rapid Transport Systems. 100%

100%

Autom

Note:-

Foreign Direct Investment in the above mentioned activities open to private participation including FDI is subject to sectoral guidelines of Ministry of Railways.

(i)

(ii)

Proposals involving FDI beyond 49% in sensitive areas from security point of view, will be brought by the Ministry of Railways before the Cabinet Committee on Security (CCS) for consideration on a case to case basis.

[ANNEXURE C Deleted by Notification No. G.S.R. 436 (E), dated 30.6.2014 (w.e.f. 8.11.2005)]

[ANNEXURE C [Substituted by G.S.R. 558(E), dated 18.6.2003 (w.e.f. 22.7.2003).][Refer to paragraph 4(2) of Schedule

I] Return To Be Filed By An Indian Company Who Has

Arranged Issue Of Gdr/adr Instructions: The form should be completed and submitted to the Reserve Bank of India, Foreign Investment Division, Central Office, Mumbai {

1. Name of the Company :
2. Address of Registered Office :
3. Address for correspondence :

4. Existing Business (Please give the NIC Code of the activity in which the company is predominantly engaged) :
5. Details of the purposes for which GDRs/ADRs have been raised. If funds are deployed for overseas investment, details thereof. :
6. Name and address of the Depository abroad :
7. Name and Address of the Lead/Manager Investment/Merchant Banker :
8. Name and addresses of the Sub-Managers to the issue :
9. Name and address of the Indian custodians :
10. Details of FIPB approval (Please quote the relevant NIC Code if the GDRs are being issued under the Automatic Route) :
11. Whether any overall sectoral cap for foreign investment is applicable. If yes, please give details. :
12. Details of the Equity Capital(a) Authorised Capital(b) Issued and Paid-up Capital.i. Held by persons Resident in India ii. Held by foreign Investors other than FIIs/NRIs/PIOs/OCBs (A list of foreign investors holding more than 10 per cent of the paid-up capital and number of shares held by each of them should be furnished)iii.Held by NRIs/PIOs/OCBsiv.Held by FIIs.Total Equity held by non -residents(c) Percentage of equity held by non-residents to total paid-up capital :Before Issue After Issue
13. Whether issue was on private placement basis. If yes, please give details of the investors and ADRs/GDRs issued to each of them. :
14. Number of GDRs/ADRs issued :
15. Ratio of GDRs/ADRs to underlying shares :
16. Issue Related Expensesa. Fee paid/payable to Merchant Bankers/Lead Manageri. Amount (in US \$ etc.)ii. Amount as percentage to the total issue.b. Other Expenses :
17. Whether funds are kept abroad. If yes, name and address of the bank. | - 18. Details of the listing arrangementName of Stock ExchangeDate of commencement of trading :
19. The date on which ADRs/GDRs issue was launched :
20. Amount raised (in US \$) :
21. Amount repatriated (in US \$) :

|||

Certified that all the conditions laid down by Government of India and Reserve Bank of India have been complied with.{||-|Chartered Accountant|

.....Authorized Signatory of the Company|}}ANNEXURE
 DAnexxure D Omitted by Notification No. G.S.R. 341(E) dated 5.3.2013 (w.e.f. 8.5.2000)
 [ANNEXURE D [Substituted by G.S.R. 558(E), dated 18.6.2003
 (w.e.f. 22.7.2003).][Refer to paragraph 4(3) of Schedule I]Quarterly
 Return (To be submitted to the Reserve Bank of India, Foreign
 Investment Division,Central Office, Mumbai){|

- | | |
|-----|--|
| 1. | Name of Company |
| 2. | Address |
| 3. | GDR/ADR issue launched on |
| 4. | Total No. GDRs/ADRs issued |
| 5. | Total amount raised |
| 6. | Total interest earned till end of quarter |
| 7. | Issue expenses and commissions, etc |
| 8. | Amount repatriated |
| 9. | Balance kept abroad details
(i)Banks Deposits
(ii)Treasury Bills
(iii)Others (Please specify) |
| 10. | No. of GDRs still outstanding |
| 11. | Company's share price at the end of the quarter |
| 12. | GDR price quoted on overseas stock exchange as at the end of the quarter |

Certified that funds raised through ADRs/GDRs have not been invested in stock market or real estate.....Chartered

Accountant.....Authorized Signatory of the
 Company.]}ANNEXURE EAnexxure E Omitted by Notification No. G.S.R. 400 (E) dated 26.5.2014 (w.e.f. 8.5.2000)

ANNEXURE E(See paragraph 6 of Schedule I)List of 22 Industries in respect of which Dividend Balancing is Applicable1. Manufacture of food and food products2. Manufacture of dairy products3. Grain Mill products4. Manufacture of bakery products5. Manufacture and refining of sugar (vacuum pan sugar factories)6. Production of common salt7. Manufacture of Hydrogenated oil (Vanaspati)8. Tea processing9. Coffee10. Manufacture of beverages, tobacco and tobacco products11. Distilling, rectifying and blending of spirits, wine industries, malt liquors and malt, production of country liquors and toddy12. Soft drinks and carbonated water industry13.

Manufacture of cigar cigarettes cheroot and cigarette tobacco¹⁴. Manufacture of wood and wood products, furniture and fixtures¹⁵. Manufacture of leather and fur/leather products¹⁶. Tanning, curing, finishing, embossing and japanning of leather¹⁷. Manufacture of footwear (excluding repair) except vulcanized for moulded rubber or plastic footwear¹⁸. Manufacture of footwear made primarily of vulcanised or moulded products¹⁹. Prophylactics (rubber contraceptive)²⁰. Motor cars²¹. Entertainment electronics (VCRs, Colour TVs, CD Players, Tape Recorders)²². White goods (Domestic Refrigerators, Domestic Dish-washing Machines, Programmable Domestic Washing Machines, Microwave Ovens, Air conditioners).

[FORM FC GPR [Substituted by G.S.R. 558(E), dated 18.6.2003 (w.e.f. 22.7.2003).](To be filed with the Regional Office of the RBI under whose jurisdiction the registered office of the company making the declaration is situated)We(Name of the Company) declare that, being eligible to issue shares to non-residents under the permission granted under Notification No FEMA 20/2000-RB, dated 3rd May, 2000, furnish the following information in connection with shares issued:

1. Name and address(Registered office) of the Indian company issuing shares to non-residents
2. Whether existing company or new company recently formed
3. 3. Activities of the company NIC Code Description
(In case no NIC Code has been allotted to the activity, the company may classify in the nearest broad category. In case it is not at all possible to classify the activity under NIC Code, only description may be given).

4. Particulars of share/convertible debenture issued

(a)Name and country of the foreign investor(b)Category of investor (Foreign National, NRI/OCB/FII/Foreign Company, Foreign Venture Capital Fund, Foreign Venture Capital Company, etc.)(c)Whether the shares are issued under Automatic Route/Government Approval or on rights/bonus basis (Please quote SIA/FIPB approval number where applicable)(d)Details of shares/convertible debentures issued (Please furnish details for equity shares, preference shares and convertible debentures separately)

No. of shares/convertible debentures	Face value ofSharesAt par (Rs.)/premium of Rs.Per share, control premium non-competition fee, etc	Total face valueRatio in caseOf bonus shares
--------------------------------------	---	--

Total inflow on account ofIssue of shares to non-residents(including premium, if any) Rs.

(d)(i)We are a listed company, price in terms of SEBI guidelines per share is Rs.OR(ii)The company is not listed, fair value of the share in terms of guidelines issued by the erstwhile CCI is Rs.OR(iii)Shares are issued on rights basisOR(iv)Shares have been issued as a result of merger/de-merger/amalgamation

5. Capital structure of the company (after issue of shares as per item 4)

	Equity	(Rupees)Preference
I. Paid up capital		
II. (a) Non-resident Investment		
(i)NRI/OCB		
(ii)Others (specify)		
(b) Resident investment		
	Total
III. Existing percentage		
of non-resident investment in the paid	NRIs/OCBs%
up capital II as a	Others%
percentage of I]	Total%

]DECLARATIONWe hereby declare that

1. We have carefully followed the procedure for issue of shares as laid down under the automatic route as indicated in the Notification No. FEMA 20/2000-RB, dated 3rd May, 2000.

2. Foreign equity(ies) (other than individuals) to whom we have issued shares does/ do not have any previous joint venture or technical collaboration or trade-mark agreement in India in the same or allied field.

3. We don't require an Industrial Licence under. the Industries (Development and Regulation) Act, 1951 or in terms of vocational policy notified by the Government under the New Industrial Policy of 1991.

4. We are an SSI unit and the investment limit of 24 % has been observed, or we are not an SSI unit.

(Delete whichever is not applicable under signature)

5. Our proposal is within the sectoral policy/cap permissible under the automatic route of RBI.

ORII. Shares have been issued in terms of SIA/FIPB approval No datedIII. Shares have been issued on rights basis and the shares are issued to non-residents at the price that is not lower than that at which shares issued to residents.ORIV. Shares issued are bonus shares.ORV. Shares have been issued under a scheme of merger and amalgamation of two or

more Indian companies or reconstruction by way of demerger or otherwise of an Indian company,
duly approved by a Court in India For(Name of the Company/Seal)Signature

.....Name

.....Designation

.....DatePlace(*To be

signed by senior official/ responsible person in the company)]

Schedule 2

[See regulation 5(2)]PURCHASE/SALE OF [SHARES OR CONVERTIBLE DEBENTURES OR WARRANTS] [Substituted for the words "SHARES AND/OR CONVERTIBLE DEBENTURES" Notification No. G.S.R. 436 (E), dated 30.6.2014 (w.e.f. 8.11.2005)] OF AN INDIAN COMPANY BY A REGISTERED FOREIGN INSTITUTIONAL INVESTOR UNDER PORTFOLIO INVESTMENT SCHEME

1. Purchase/sale of shares and/or convertible debentures. - [(I) A registered Foreign Institutional Investor (FII) may purchase the [shares or convertible debentures or warrants] [Substituted by G.S.R. 12(E), dated 1.1.2004 (w.e.f. 7.1.2004).] of an Indian company under Portfolio Investment Scheme.

(2)The purchase of [shares or convertible debentures or warrants] [Substituted for the words "shares/convertible debentures" Notification No. G.S.R. 436 (E), dated 30.6.2014 (w.e.f. 8.11.2005)] under sub-paragraph (1) shall be made through registered broker on recognized stock exchange in India.](3)The amount of consideration for purchase of [shares or convertible debentures or warrants] [Substituted for the words "shares/debentures" Notification No. G.S.R. 436 (E), dated 30.6.2014 (w.e.f. 8.11.2005)] shall be paid out of award remittance from abroad through normal banking channels or out of funds held in an account maintained with the designated branch of an authorized dealer in India, in accordance with these Regulations.(4)The total holding by each FII/SEBI approved sub-account of FII shall not exceed 10% (ten per cent) of the total paid-up equity capital or 10% (ten per cent) of the paid-up value of each series of convertible debentures issued by an Indian company and the total holdings of all FIIs/sub-accounts of FIIs put together shall not exceed 24 per cent of paid-up equity capital or paid-up value of each series of convertible debentures:[Provided that the limit of 24% referred to in this paragraph may be increased up to the sectoral cap/statutory ceiling, as applicable, by the Indian company concerned by passing a resolution by its Board of Directors followed by passing of a special resolution to that effect by its General Body:] [Substituted by G.S.R. 12(E), dated 1.1.2004 (w.e.f. 7.1.2004).]Explanation. - For arriving at the ceiling on holdings of HIS, [shares or convertible debentures or warrants] [Substituted for the words "shares/convertible debentures" Notification No. G.S.R. 436 (E), dated 30.6.2014 (w.e.f. 8.11.2005)] acquired both through primary as well as secondary market will be included. However, the ceiling will not include investment made by FII through off-shore Funds, Global Depository receipts and Euro-Convertible Bonds.(5)[A registered FII is permitted to purchase [shares or convertible debentures or warrants] [Substituted by G.S.R. 558(E), dated 18.6.2003 (w.e.f. 8.5.2000)] of an Indian company through offer/private placement, subject to the ceiling specified in sub-paragraph (4) of this paragraph and the Indian company is permitted to

issue such shares: Provided that (i) in case of public offer, the price of the shares to be issued is not less than the price at which shares are issued to residents, and (ii) in case of issue by private placement, the price is not less than the price arrived in terms of SEBI guidelines or guidelines issued by erstwhile Controller of Capital Issues, as applicable.](6)[A registered FII may, undertake short selling as well as lending and borrowing of securities subject to such conditions as may be stipulated by the Reserve Bank of India and the SEBI from time to time.] [Inserted by Notification No. G.S.R. 575 (E) dated 22.2.2008 (w.e.f. 8.5.2000)]

2. Maintenance of account by a registered FII for routing transactions of purchase and sale of [shares or convertible debentures or warrants] [Substituted for the words "shares/ convertible debentures" Notification No. G.S.R. 436 (E), dated 30.6.2014 (w.e.f. 8.11.2005)]. - [A registered foreign institutional investor may open a foreign currency account and/or a special non-resident rupee account with a designated branch of an authorized dealer for routing the receipt and payment for transaction relating to purchase and sale of [shares or convertible debentures or warrants] [Substituted by G.S.R. 12(E), dated 1.1.2004 (w.e.f. 7.1.2004).] under this Scheme, subject to the following conditions:

(i) The account shall be funded by inward remittance through normal banking channels or by credit of sale proceeds (net of taxes) of the [shares or convertible debentures or warrants] [Substituted for the words "shares/ convertible debentures" Notification No. G.S.R. 436 (E), dated 30.6.2014 (w.e.f. 8.11.2005)] sold on stock exchange. (ii) The funds in the account shall be utilized for purchase of [shares or convertible debentures or warrants] [Substituted for the words "shares/ convertible debentures" Notification No. G.S.R. 436 (E), dated 30.6.2014 (w.e.f. 8.11.2005)] in accordance with the provisions of paragraph 1 of this Scheme or for remittance outside India. (iii) The funds from Foreign Currency Account of the registered FII may be transferred, to Special Non-Resident Rupee account of the same FII and vice versa.]

3. Remittance of sale proceeds of [shares or convertible debentures or warrants] [Substituted for the words "shares/ convertible debentures" Notification No. G.S.R. 436 (E), dated 30.6.2014 (w.e.f. 8.11.2005)]. - The designated branch of an authorised dealer may allow remittance of net sale proceeds (after payment of taxes) or credit the net amount of sale proceeds of [shares or convertible debentures or warrants] [Substituted for the words "shares/ convertible debentures" Notification No. G.S.R. 436 (E), dated 30.6.2014 (w.e.f. 8.11.2005)] to the foreign currency account or a Non-resident Rupee Account of the registered Foreign Institutional Investor concerned.

4. Investment by certain other investors. - (1) [A domestic asset management company or portfolio manager, who is registered with SEBI as a foreign institutional investor for managing the fund of a sub-account may make investment under the Scheme on behalf of-

(i) a person resident outside India who is a citizen of a foreign State, or (ii) a body corporate registered outside India: Provided such investment is made out of funds raised or collected or brought from outside through normal banking channel.] [Substituted by G.S.R. 12(E), dated 1.1.2004 (w.e.f. 7.1.2004).][* * *] [Sub-paragraph (2) omitted by G.S.R. 12(E), dated 1.1.2004 (w.e.f. 7.1.2004)](2) [Sub-paragraph (3) re-numbered as sub-paragraph (2) by G.S.R. 12(E), dated 1.1.2004 (w.e.f. 7.1.2004).] Investments permitted to be made under sub-paragraph (1) shall not exceed 5% (five per cent) of the total paid-up equity capital or 5% (five per cent) of the paid-up value of each series of convertible debentures issued by an Indian company, and shall also not exceed the over-all ceiling specified in sub-paragraph (4) of paragraph 1 of this Schedule.[Schedule 3] [Substituted by Notification No. G.S.R. 165(E), dated 15.2.2016 (w.e.f. 8.5.2000).][See Regulation 5(3) (i)] Acquisition of Securities or Units by a Non-Resident Indian (NRI) on a Stock Exchange in India on Repatriation basis under the Portfolio Investment Scheme

1. A Non-resident Indian (NRI) may purchase or sell shares, convertible preference shares, convertible debentures and warrants of an Indian company or units of an investment vehicle, on repatriation basis, on a recognised stock exchange, subject to the following conditions:

a. NRIs may purchase and sell shares /convertible preference shares/ convertible debentures /warrants and units under the Portfolio Investment Scheme through a branch designated by an Authorised Dealer for the purpose;b. The paid-up value of shares of an Indian company purchased by any individual NRI should not exceed five percent of the paid-up value of shares issued by the company concerned;c. the paid-up value of convertible preference shares or convertible debentures of any series purchased by any individual NRI on repatriation basis should not exceed five percent of the paid-up value of convertible preference shares or convertible debentures of that series issued by the company concerned;d. the paid-up value of warrants of any series purchased by any individual NRI on repatriation basis should not exceed five percent of the paid-up value of warrants of that series issued by the company concerned;e. the aggregate paid-up value of shares of any company purchased by all NRIs on repatriation basis should not exceed ten percent of the paid-up value of shares of the company and the aggregate paid-up value of each series of convertible preference shares or convertible debentures or warrants purchased by all NRIs should not exceed ten percent of the paid-up value of that series of convertible preference shares or convertible debentures or warrants; Provided that the aggregate ceiling of ten per cent referred to in this clause may be raised to twenty-four per cent if a special resolution to that effect is passed by the General Body of the Indian company concerned;f. The NRI investor should take delivery of the shares/convertible preference shares/ convertible debentures /warrants and units purchased and give delivery of the same when sold;g. The investment shall be subject to the provisions of the FDI policy and Schedule 1 of these Regulations in respect of sectoral caps wherever

applicable. Explanation: 'Investment Vehicles' and 'Units' and shall have the same meaning as defined in sub-regulation (ii g) and (xi A) of Regulation 2 of these Regulations.

2. Report to Reserve Bank

The reporting of transactions under this Schedule shall be made by the designated branch of the Authorized Dealer referred to in paragraph 1, in a manner specified by Reserve Bank of India.

3. Maintenance of accounts by an NRI for routing transactions for purchase and sale of shares/ convertible debentures/ units, etc.

An NRI may open a designated NRE account (opened and maintained by Authorised Dealer bank in terms of the Foreign Exchange Management (Deposit) Regulations, 2000) for the purpose of investment under this scheme with a designated branch of an Authorized Dealer bank referred to in paragraph 1, for routing the receipt and payment for transactions relating to sale and purchase of shares /convertible preference shares/ convertible debentures/ warrants/ units under this Schedule. The designated account will be called an NRE (PIS) Account. The designated branch shall ensure that sale proceeds of securities or units which have been acquired by modes other than Portfolio Investment Scheme such as underlying shares acquired on conversion of ADRs/ GDRs, shares/ convertible preference shares/ convertible debentures /warrants acquired under FDI Scheme or purchased outside India from other NRIs or acquired under private arrangement from residents/non-residents or purchased while resident in India, do not get credited in the NRE (PIS) Account and vice-versa.

4. Permitted Credits/ Debits in NRE(PIS)account Credits

a. Inward remittances in foreign exchange through normal banking channels; b. Transfer from the NRI's other NRE accounts or FCNR (B) accounts maintained with Authorized Dealer in India; c. Net sale proceeds (after payment of applicable taxes) of shares/ convertible preference shares /convertible debentures /warrants/ units acquired on repatriation basis under the Scheme and sold on stock exchange through registered broker; and d. Dividend or income earned on investment made on repatriation basis under the Scheme.

Debits

a. Outward remittances of dividend or income earned; b. Amounts paid on account of purchase of shares /convertible preference shares/ convertible debentures/ warrants/ units on repatriation basis on stock exchanges through registered broker under the Scheme; and c. Any charges on account of sale/ purchase of securities or units under the Scheme. d. Remittances outside India or transfer to NRE/ FCNR (B) accounts of the account holder of the NRI or any other person eligible to maintain such account.

5. Saving

The existing NRO (PIS) accounts may be re-designated as NRO account. [Schedule 4] [Substituted by Notification No. G.S.R. 165(E), dated 15.2.2016 (w.e.f. 8.5.2000).] [See Regulation 5(3)(ii)] Acquisition of Securities or units by a Non-Resident Indian (NRI), on Non-Repatriation

basis Permission to purchase

1. A Non-resident Indian (NRI), including a company, a trust and a partnership firm incorporated outside India and owned and controlled by non-resident Indians, may acquire and hold, on non-repatriation basis, equity shares, convertible preference shares, convertible debenture, warrants or units, which will be deemed to be domestic investment at par with the investment made by residents. Without loss of generality, it is stated that

a. An NRI may acquire, on non-repatriation basis, any security issued by a company without any limit either on the stock exchange or outside it. b. An NRI may invest, on non-repatriation basis, in units issued by an investment vehicle without any limit, either on the stock exchange or outside it. c. An NRI may contribute, on non-repatriation basis, to the capital of a partnership firm, a proprietary firm or a Limited Liability Partnership without any limit. Explanation: 'Investment Vehicles' and 'Units' and 'shall have the same meaning as defined in sub-regulation (ii g) and (xi A) of Regulation 2 of these Regulations. Prohibition on purchase

2. Notwithstanding what has been stated in paragraph 1, an NRI shall not make any investment, under this Schedule, in equity shares, convertible preference shares, convertible debenture, warrants or units of a Nidhi company or a company engaged in agricultural/plantation activities or real estate business or construction of farm houses or dealing in Transfer of Development Rights.

Explanation: For the purpose of this paragraph, "Real estate business" means dealing in land and immovable property with a view to earning profit therefrom and does not include development of townships, construction of residential commercial premises, roads or bridges, educational institutions, recreational facilities, city and regional level infrastructure, townships. Further, earning of rent income on lease of the property, not amounting to transfer, will not amount to "real estate business". Investment in units of Real Estate Investment Trusts (REITs) registered and regulated under the SEBI (REITs) regulations 2014 shall also be excluded from the definition of "real estate business". Method of payment for purchase

3. The consideration for investment under this Schedule shall be paid by way of inward remittance through normal banking channel from abroad or out of funds held in NRE/FCNR/NRO account maintained with a bank in India:

Sale/ Maturity proceeds

4. The sale/ maturity proceeds (net of applicable taxes) of the securities or units acquired under this Schedule shall be credited only to NRO account irrespective of the type of account from which the considerations for acquisition were paid.

5. The amount invested under this Scheme and the capital appreciation thereon shall not be allowed to be repatriated abroad.

Schedule 5

[See regulation 5(4)]PURCHASE AND SALE OF SECURITIES OTHER THAN SHARES OR CONVERTIBLE DEBENTURES OF AN INDIAN COMPANY BY A PERSON RESIDENT OUTSIDE INDIA[1. Permission to Foreign Institutional Investors for purchase of securities -A registered Foreign Institutional Investor may purchase, on repatriation basis, dated Government securities/treasury bills, listed non-convertible debentures/bonds, commercial papers issued by an Indian company and units of domestic mutual funds, Security Receipts issued by Asset Reconstruction Companies and Perpetual Debt instruments eligible for inclusion as Tier I- capital and Debt capital instruments as upper Tier II capital issued by banks in India to augment their capital (the definitions of Tier I capital and Tier II capital will be the same as clarified by Reserve Bank, Department of Banking Operations and Development and modified from time to time); subject to the limits prescribed by RBI and SEBI from time to time; either directly from the issuer of such securities or through a registered stock broker on a recognized Stock Exchange in India:Provided that;i) the FII shall restrict allocation of its total investment between equity and debt instruments (including dated Government Securities and Treasury Bills in the Indian capital market) in the ratio of 70:30;ii) if the FII desires to invest up to 100 per cent in dated Government Securities including Treasury Bills, listed nonconvertible debentures/ bonds issued by an Indian company, it shall form a 100% debt fund and get such fund registered with SEBI;iii) The total holding by a single FII in each tranche of scheme of Security Receipts shall not exceed 10 per cent of the issue and the total holdings of all Fils put together shall not exceed 49 percent of the paid up value of each tranche of scheme of Security Receipts issued by the Asset Reconstruction Companies; andiv) The investment by all Fils in Perpetual Debt instruments (Tier I) should not exceed an aggregate ceiling of 49 per cent of each issue, and investment by individual FII should not exceed the limit of 10 percent of each issue. The investment by Fils in Debt capital instruments (Tier II) shall be within the limits stipulated by SEBI for FII investment in corporate debt.Provided further that Fils may offer such securities as permitted by the Reserve Bank from time to time as collateral to the recognized Stock Exchanges in India for their transactions in exchange traded derivative contracts as specified in sub-Regulation 6.] [Substituted by Notification No. G.S.R. 896 (E) dated 22.8.2008 (w.e.f. 8.5.2000)]Substituted by Notification No. G.S.R. 896 (E) dated 22.8.2008 (w.e.f. 8.5.2000)

1.Permission to Foreign Institution Investors for purchase of securities.-[A registered foreign Institutional Investor may purchase, on repatriation basis, dated Government Securities/ treasury

bills, non-convertible debentures /bonds issued by an Indian company, units of domestic mutual funds and Security Receipts issued by Asset Reconstruction Companies either directly from the issuer of such securities or through a registered stock broker on a recognized stock exchange in India: Provided that (i) the FII shall restrict allocation of its total investment between equity and debt instruments (including dated Government Securities and Treasury Bills in the Indian Capital Market) in the ratio of 70:30, and (ii) if the FII desires to invest upto 100% in dated Government Securities including Treasury Bills, non-convertible debentures /bonds issued by an Indian company, it shall form a 100% debt fund and get such fund registered with SEBI. (iii) The total holding by a single FII in each tranche of scheme of Security Receipts shall not exceed 10% of the issue and the total holdings of all FIIs put together shall not exceed 49% of the paid up value of each tranche of scheme of Security receipts issued by the Asset Reconstruction Companies.][Substituted by G.S.R. 413(E), dated 9.6.2006 (w.r.e.f. 8.11.2005).]

2. Permission to Non-resident Indian [* * *] [Omitted by G.S.R. 836(E), dated 3.10.2003 (w.e.f. 23.10.2003).] for purchase of securities.-

1A. [A Non-resident Indian may, without limit, purchase on repatriation basis,

i) Government dated securities (other than bearer securities) or treasury bills or units of domestic mutual funds; ii) bonds issued by a public sector undertaking (PSU) in India; iii) shares in Public Sector Enterprises being dis-invested by the Government of India, provided the purchase is in accordance with the terms and conditions stipulated in the notice inviting bids.

1B. A Non-resident Indian may purchase on repatriation basis perpetual debt instruments eligible for inclusion as Tier I capital and Debt capital instruments as upper Tier II capital issued by banks in India to augment their capital, as stipulated by Reserve Bank from time to time. The investments by all NRIs in Perpetual Debt instruments (Tier I) should not exceed an aggregate ceiling of 24 per cent of each issue and investments by a single NRI should not exceed 5 percent of each issue. Investment by NRIs in Debt capital instruments (Tier II) shall be in accordance with the extant policy for investment by NRIs in other debt instruments.] [Substituted by Notification No. G.S.R. 896 (E) dated 22.8.2008 (w.e.f. 25.1.2006)]

Substituted by Notification No. G.S.R. 896 (E) dated 22.8.2008 (w.e.f. 8.5.2000)

(1) A Non-resident Indian[* * *] [Omitted by G.S.R. 836(E), dated 3.10.2003 (w.e.f. 23.10.2003).] may, without limit, purchase on repatriation basis (i) Government dated securities (other than bearer securities) or treasury bills or units of domestic mutual funds; (ii) bonds issued by a public sector undertaking (PSU) in India; (iii) shares in Public Sector Enterprises being dis-invested by the Government of India provided the purchase is in accordance with the terms and

conditions stipulated in the notice inviting bids.

(2)A Non-resident Indian [* * *] [Omitted by G.S.R. 836(E), dated 3.10.2003 (w.e.f. 23.10.2003).] may, without limit, purchase on non-repatriation basis, dated Government securities (other than bearer securities), treasury bills, units of domestic mutual funds, units of Money Market Mutual Funds in India, or National Plan/ Savings Certificates.(3)[A Non-Resident Indian may subscribe to National Pension System governed and administered by Pension Fund Regulatory and Development Authority (PFRDA), provided such subscriptions are made through normal banking channels and the person is eligible to invest as per the provisions of the PFRDA Act. The annuity/ accumulated saving will be reparable.] [Added by Notification No. G.S.R. 759(E), dated 6.10.2015 (w.e.f. 8.5.2000).](4)[[Added by G.S.R. 899(E), dated 22.11.2003 (w.e.f. 22.11.2003).] A Multilateral Development Bank which is specifically permitted by Government of India to float rupee bonds in India may purchase Government dated securities.][2-A. Permission to Foreign Central Banks for purchase of Government Securities.-A Foreign Central Bank may purchase and sell dated Government securities/ treasury bills in the secondary market subject to the conditions as may be stipulated by the Reserve Bank from time to time.] [Inserted by G.S.R. 712(E), dated 17.10.2007 (w.e.f. 14.11.2007).]

3. Method of payment of purchase consideration.-(1) A registered Foreign Institutional Investor who purchases securities under the provisions of this Schedule shall make the payment for purchase of such securities either by inward remittance through normal banking channels or out of funds held in Foreign Currency Account or Nonresident Rupee Account maintained by the Foreign Institutional Investor with a designated branch of an authorized dealer with the approval of Reserve Bank in terms of paragraph 2 of Schedule 2.

(2)A Non-resident Indian [* * *] [Omitted by G.S.R. 836(E), dated 3.10.2003 (w.e.f. 23.10.2003).] who purchases securities on repatriation basis, under sub-paragraph (1) of paragraph 2 of this Schedule, shall make payment either by inward remittance through normal banking channels or out of funds held in his/its NRE/ FCNR account.(2A)[A non-resident Indian who subscribes to the National Pension System, under sub-paragraph (3) of paragraph (2) of this Schedule shall make payment either by inward remittance through normal banking channels or out of funds held in his NRE/FCNR/NRO account] [Inserted by Notification No. G.S.R. 759(E), dated 6.10.2015 (w.e.f. 8.5.2000).](3)A Non-resident Indian [* * *] [Omitted by G.S.R. 836(E), dated 3.10.2003 (w.e.f. 23.10.2003).] who purchases securities on non-repatriation basis, under sub-paragraph (2) of paragraph 2 of this Schedule, shall make payment either by inward remittance through normal banking channels or out of funds held in his/its NRE/ FCNR/NRO/ NRSR/NRNR account.(4)[A Multilateral Development Bank which purchases Government dated securities under this Schedule, shall make payment either by inward remittance through normal banking channels or out of funds held in the account opened with the specific approval of RBI.] [Added by G.S.R. 899(E), dated 22.11.2003 (w.e.f. 22.11.2003).]

4. Permission for sale of Securities.-A person resident outside India who has purchased securities in accordance with this Schedule may (a) sell such securities through a registered stock broker on a recognized stock exchange or (b) tender units of mutual funds to the issuer for repurchase or for payment of maturity proceeds or (c) tender Government securities/ treasury bills to the Reserve Bank for payment of maturity proceeds.

5. Remittance/credit of sale/maturity proceeds.-(i) In the case of a registered Foreign Institutional Investor who has sold securities in accordance with paragraph 4, the designated branch of an authorised dealer referred to in sub-paragraph (1) of paragraph 3 may allow remittance of net sale/maturity proceeds (after payment of taxes) or credit the net amount of sale/maturity proceeds of such securities to the foreign currency account or Non-resident Rupee Account of the FII investor maintained in accordance with the provisions of paragraph 2 of Schedule 2.

(ii) In the case of a Non-resident Indian [* * *] [Omitted by G.S.R. 836(E), dated 3.10.2003 (w.e.f. 23.10.2003).] who has sold securities in accordance with paragraph 4, the net sale /maturity proceeds (after payment of taxes) of such securities, may be (a) credited only to NRSR account of the NRI investor where the payment for purchase of securities sold was made out of funds held in NRSR account, or (b) credited, at the NRI [* * *] [Omitted by G.S.R. 836(E), dated 3.10.2003 (w.e.f. 23.10.2003).] investor's option, to his/its NRO or NRSR account, where the payment for the purchase of the securities sold was made out of funds held in NRO account, or (c) remitted abroad or at the NRI, [* * *] [Omitted by G.S.R. 836(E), dated 3.10.2003 (w.e.f. 23.10.2003).] investor's, option, credited to his/its NRE/FCNR/NRO/NRSR/NRNR account, share the securities were purchased on repatriation basis in accordance with sub-paragraph (1) of paragraph 2 and the payment for purchase of the securities sold was made by inward remittance through normal banking channels or out of funds held in NRE/FCNR account. (iii) [in the case of sale of Government dated securities by a Multilateral Development Bank, the net maturity proceeds (after payment of taxes) may be remitted abroad or credited to fund account opened with the prior permission of the Reserve Bank.] [Added by G.S.R. 899(E), dated 22.11.2003 (w.e.f. 22.11.2003).] **FORM TS 1 APPLICATION FOR TRANSFER OF SHARES OF A COMPANY REGISTERED IN INDIA BY A NON-RESIDENT TO A PERSON RESIDENT IN INDIA** Instructions

1. The application should be completed in duplicate and submitted to the concerned Regional Office of Reserve Bank under whose jurisdiction the Head/Registered Office of the company, whose shares are to be transferred, is situated if the transferor is a foreign company/ foreign national resident outside India.

2. The application may be signed either by the transferor or are transferee attaching therewith consent in writing of the other party or a copy of the sale/purchase agreement.

Documentation

- 1. Photocopies of Reserve Bank's approval(s) for acquiring and holding shares by the transferor, if specific approval was granted by Reserve Bank for holding /acquisition of shares, if applicable.**
- 2. In case the shares proposed to be transferred are listed on a Stock Exchange, a certificate from a Chartered Accountant certifying the average quotation (average of daily high and low) for one week preceding the date of application.**
- 3. In case of unlisted/thinly traded shares, valuation of the shares on basis of any valuation methodology in vogue, if the total consideration is upto Rs. 20 lakhs.**
- 4. In case of unlisted/thinly traded shares where the total consideration exceeds Rs. 20 lakhs, two valuation certificates for the shares of the company, one from the statutory auditors of the company and the other from an independent Chartered Accountant/SEBI registered Category I Merchant Banker.**

Or Documentary evidence showing Price Earnings (PE) and Book Value (BV) multiples of Bombay Stock Exchange National Index (BSEN) for the calendar month immediately preceding the date of application and a certificate showing the Earnings Per Share (EPS) and Net Asset Value (NAV) of the shares of the company as per the latest audited Balance-Sheet.

1. Particulars of the transferor-

A. If the transferor is a corporate body-

- (i) Name and address
- (ii) Place of incorporation
- (iii) Total shareholding in the vestee company
- (iv) Particulars of Reserve Bank approvals for acquiring/holding shares
- (v) Number and face value of the shares proposed to be sold/transferred

B.If the transferor is an individual-

- (i)Full name and address
- (ii)Number of shares held in the Indian company
- (iii)Reserve Bank's approval number/s and date(s) of any) for acquiring/holding the shares
- (iv)Number and face value of shares proposed to be sold/transferred

2.Particulars of the Indian company whose shares are to be sold/transferred-

- (i)Name and address
- (ii)Place of incorporation

(iii)Total paid-up capital

No. of
shares Amount

(a)Equity

(b)Preference

(c)Held by

Equity Preference

(i)Non-resident:

No of
shares

Percentage to
total paid-up
equity shares

No of
shares

Percentage to
total paid-up
preference
shares

(a)Foreign nationals/Corporate bodiesf[other than included in (b) below]

(b)NRIs/Overseas corporate bodies predominantly owned by NRIs

(ii)Residents

(a)Indian Promoters

(b)Others

Total

3.Particulars of the buyers/transferee:

(i)Name and address

(ii)Place of incorporation

Whether the shares are quoted on a recognized Stock Exchange?

(i)If the shares are quoted on the Stock Exchange, whether the sale is proposed to be effected on the floor of the Stock Exchange to the general public at the prevailing market price?

(ii)If the sale (of the quoted share) is by way of

private arrangement, please furnish the following:-

(a)The average of quotations (average of daily high and low) for one week preceding the date of application duly certified by a Chartered Accountant.[Item 2 under Documentation]

(b)The proposed sale price.

4.If the sale /transfer is of non-listed as well as listed but not regularly traded shares, the proposed sale price [to be supported by a Chartered Accountant's certificate as indicated in Item 4 under Documentation.]

5.Whether the transferor.transferee requires any permission under the Companies Act/MRTP Act. If so, received from the appropriate authority.

6.Reason for the proposed sale/transfer of shares

7.Any other information which the applicant wishes to furnish in support of this application.

I/We declare that the particulars given above are true and correct to the best of my/our knowledge and belief.PlaceDate(Stamp and signature of the transferor/transferee as the case may be)[Schedule 6] [Substituted by Notification No. G.S.R. 465(E), dated 28.4.2016 (w.e.f. 8.5.2000).][See regulation 5(5)]Investment by a Registered Foreign Venture Capital Investor

1. Investment by Foreign Venture Capital Investor.

(1)A Foreign Venture Capital Investor (FVCI) registered under the SEBI (FVCI) Regulations, 2000, may purchase(a)equity or equity linked instruments or debt instruments, issued by an Indian company engaged in any sector mentioned at Annex to this Schedule and whose shares are not listed on a recognized stock exchange at the time of issue of the said securities/instruments;(b)equity or equity linked instruments or debt instruments issued by a startup, irrespective of the sector in which it is engaged;(c)units of a Venture Capital Fund (VCF) or of a Category I Alternative Investment Fund (Cat-I AIF) or units of a scheme or of a fund set up by a VCF or by a Cat-I AIF;subject to the terms and conditions as may be laid down by the Reserve Bank.Note: An FVCI registered under the SEBI (FVCI) Regulations, 2000 shall not require any prior approval of RBI for investments made under this Schedule.(2)A registered FVCI may purchase the securities/ instruments mentioned above either from the issuer of these securities/ instruments or from any person holding these securities/ instruments or on a recognized stock exchange.(3)The consideration for all investment by an FVCI shall be paid out of inward remittance from abroad through normal banking channels or out of sale/ maturity proceeds or income generated from investment already made as stated earlier.

2. Maintenance of account by the registered FVCI. - A registered FVCI may open a foreign currency account and/or a rupee account with a designated branch of an Authorized Dealer subject to the condition that the account will be used only and exclusively for transactions under this Schedule.

3. Transfer of investments. - The FVCI may acquire, by purchase or otherwise, from, or transfer, by sale or otherwise, to, any person resident or nonresident, any security/ instrument it is allowed to invest in, at a price that is mutually acceptable to the buyer and the seller/issuer. The FVCI may also receive the proceeds of the liquidation of VCFs or of Cat-I AIFs or of schemes/funds set up by the VCFs or Cat-I AIFs.

4. Reporting. - The actual inflow/outflow and the investments made by FVCIs may be reported in a manner as prescribed by Reserve Bank or SEBI.

AnnexList of sectors in which a Foreign Venture Capital Investor is allowed to invest

1. Biotechnology

2. IT related to hardware and software development

3. Nanotechnology

4. Seed research and development

5. Research and development of new chemical entities in pharmaceutical sector

6. Dairy industry

7. Poultry industry

8. Production of bio-fuels

9. Hotel-cum-convention centers with seating capacity of more than three thousand.

10. Infrastructure sector. (This will include activities included within the scope of the definition of infrastructure under the External Commercial Borrowing guidelines/ policies notified under the extant FEMA Regulations as amended from time to time).