

**Government of India**  
**Ministry of Commerce & Industry**  
**Department of Industrial Policy & Promotion**  
**Press Note No. 6 (2000 series)**

**Subject : FDI in the Non-Banking Financial Sector – relaxation of norms – reg.**

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

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

3. Press Note No. 4 (1997 Series) issued by Government on 30<sup>th</sup> April, 1997 shall stand amended to the above extent.

4. The other provisions of the NBFC guidelines issued through Press Notes No. 13 of (1997 Series), 8 and 16 of (1998 Series), 11, 12 and 14 of (1999 Series) would continue to be applicable.

**(A.C. DUGGAL)**

**Director**

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