

Revised Foreign Direct Investment Policy of India

The Government of India has brought out revised Foreign Direct Investment (**FDI**) Policy. Set out below is a snapshot of the recent liberalizations brought in the FDI Policy governing different sectors in India.

The policy prescribes the foreign investment caps in specified industrial sectors; these caps are subject to applicable laws/regulations; security and other conditionalities.

FDI policy broadly categorizes industrial sectors as:

- **Unrestricted**
- **Restricted**
- **Prohibited**

UNRESTRICTED SECTORS

Up to 100% foreign ownership	
<p>Agriculture & Animal Husbandry</p> <ol style="list-style-type: none"> a. Floriculture, Horticulture, and Cultivation of Vegetables & Mushrooms under controlled 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. <p>Note: Besides the above, FDI is not allowed in any other agricultural sector/activity.</p>	Automatic route
<p>Plantation Sector</p> <ol style="list-style-type: none"> a. Tea sector including tea plantations b. Coffee plantations c. Rubber plantations d. Cardamom plantations e. Palm oil tree plantations f. Olive oil tree plantations <p>Note: Besides the above, FDI is not allowed in any other plantation sector/activity.</p>	Automatic route
<p>Construction Development: Townships, Housing, Built-up Infrastructure</p> <p>Construction-development projects (which would include</p>	Automatic route

Up to 100% foreign ownership	
development of townships, construction of residential/commercial premises, roads or bridges, hotels, resorts, hospitals, educational institutions, recreational facilities, city and regional level infrastructure, townships)	
<p>Railway Infrastructure Construction, operation and maintenance of the following:</p> <ol style="list-style-type: none"> a. Suburban corridor projects through PPP, b. High speed train projects, c. Dedicated freight lines, d. Rolling stock including train sets, and locomotives/coaches manufacturing and maintenance facilities, e. Railway Electrification, f. Signaling systems, g. Freight terminals, h. Passenger terminals, i. Infrastructure in industrial park pertaining to railway line/sidings including electrified railway lines and connectivities to main railway line and j. Mass Rapid Transport Systems 	Automatic route
<p>Non-Banking Finance Companies (NBFC) Foreign investment in NBFC is allowed under the automatic route in only the following activities:</p> <ol style="list-style-type: none"> a. Merchant Banking b. Under Writing c. Portfolio Management Services d. Investment Advisory Services e. Financial Consultancy f. Stock Broking g. Asset Management h. Venture Capital i. Custodian Services j. Factoring k. Credit Rating Agencies l. Leasing & Finance m. Housing Finance n. Forex Broking o. Credit Card Business p. Money Changing Business q. Micro Credit r. Rural Credit 	Automatic route

Up to 100% foreign ownership	
Manufacturing	Automatic route
E-commerce (Permitted in marketplace model and not the inventory based model. Also, it applies only to Business to Business e-commerce and not Business to Consumer e-commerce)	Automatic route
Asset Reconstruction Company	Automatic route
Credit Information Companies	Automatic route
Civil Aviation (Ground Handling Services subject to sectoral regulations and security clearance)	Automatic route
Civil Aviation (Maintenance and Repair organizations; flying training institutes; and technical training institutions)	Automatic route
Air Transport Services (Non-Scheduled and Helicopter services/seaplane services requiring DGCA approval)	Automatic route
Airports (Greenfield and Brownfield)	Automatic route
Pharmaceuticals (Greenfield)	Automatic route
White Label ATM Operations	Automatic route
Trading (Cash & Carry Wholesale Trading/Wholesale Trading (including sourcing from MSEs)	Automatic route
Industrial Parks (Greenfield and Brownfield)	Automatic route
Broadcasting Carriage Services	Automatic route
Mining (Except mining and mineral separation of titanium bearing minerals and ores, its value addition and integrated activities)	Automatic route
Mining (Mining and mineral separation of titanium bearing minerals and ores, its value addition and integrated activities)	Government route
Satellites (Establishment and operation, subject to the sectoral guidelines of Department of Space/ISRO)	Government route

RESTRICTED SECTORS

Up to 20% foreign ownership	
<p>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.</p>	Government route
Up to 26% foreign ownership	
<p>Print Media (Publishing of newspaper and periodicals dealing with news and current affairs and publication of Indian editions of foreign magazines dealing with news and current affairs)</p>	Government route
Up to 49% foreign ownership	
<p>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.</p>	<ul style="list-style-type: none"> • Automatic route up to 49% • Government route beyond 49% and upto 100% wherever it is likely to result in access to modern technology or for other reasons to be recorded
<p>Broadcasting Content Services Terrestrial Broadcasting FM(FM Radio) and Up-linking of 'News & Current Affairs' TV Channels</p>	Government route
<p>Petroleum and Natural Gas (Petroleum refining by the Public Cabinet Committee Sector Undertakings (PSU), without any disinvestment or dilution of domestic equity in the existing PSUs.)</p>	Government route
<p>Scheduled Air Transport Service/ Domestic Scheduled Passenger Airline and Regional Air Transport Service</p>	<ul style="list-style-type: none"> • Automatic route upto 49% • Government route beyond 49% and upto 100% • Automatic route up to 100% for NRIs
<p>Insurance</p>	Automatic route
<p>Telecom Services (Including Telecom Infrastructure Providers Category-I) All telecom services including Telecom Infrastructure Providers Category-I, viz. Basic, Cellular, United Access Services, Unified License (Access Services), Unified</p>	<ul style="list-style-type: none"> • Automatic route up to 49% • Government route beyond 49% and up to 100%.

Up to 49% foreign ownership	
License, National/International Long Distance, Commercial V-Sat, Public Mobile Radio Trunked Services	
Single Brand product retail trading Products to be sold should be of a "Single Brand" only	<ul style="list-style-type: none"> • Automatic route up to 49% • Government route beyond 49% up to 100%

Pension Sector	Automatic route
Power Exchanges (Power Exchanges registered under the Central Electricity Regulatory Commission (Power Market) Regulations, 2010)	Automatic route
Infrastructure Company in the Securities Market (namely, stock exchanges, commodity exchanges, depositories and clearing corporations, in compliance with SEBI Regulations)	Automatic route

Up to 74% foreign ownership	
Banking- Private Sector	<ul style="list-style-type: none"> • Automatic route up to 49% • Government route beyond 49% and up to 74%
Private Security Agencies	<ul style="list-style-type: none"> • Automatic route up to 49% • Government route beyond 49% and up to 74%
Pharmaceuticals (Brownfield)	<ul style="list-style-type: none"> • Automatic route up to 74% • Government route beyond 74% up to 100%

PROHIBITED SECTORS

- Lottery Business including Government/private lottery, online lotteries etc.
- Gambling and Betting including casinos etc.
- Chit funds (Informal savings scheme practiced in India which accepts interest and lends money)
- Nidhi company (Type of Mutual Benefit Fund Companies)
- Trading in Transferable Development Rights (TDRs)
- Real Estate Business or Construction of Farm Houses
- Manufacturing of cigars, cheroots, cigarillos and cigarettes, of tobacco or of tobacco substitutes
- Activities/sectors not open to private sector investment are Atomic Energy and Railway operations