



**Annex - 1**  
**(PART I, Section I, para 7(a))**

**Sector- specific policy for foreign investment**

**In the following sectors/activities, FDI up to the limit indicated below is allowed subject to other conditions as indicated. In Sectors/Activities not listed below, FDI is permitted up to 100 per cent on the automatic route subject to sectoral rules/ regulations applicable.**

Sr. No.	Sector/Activity	FDI Cap / Equity	Entry Route	Other conditions
<b>I</b>	<b>AGRICULTURE</b>			
1.	Floriculture, Horticulture, Development and production of Seeds and planting material, Animal Husbandry, Pisciculture, Aquaculture, Cultivation of Vegetables & Mushrooms under controlled conditions and services related to agro and allied sectors.  <b>NB: Besides the above, FDI is not allowed in any other agricultural sector /activity</b>	100%	Automatic	---
2.	<b>Tea Sector</b> , including tea plantation  <b>NB: Besides the above, FDI is not allowed in any other plantation sector /activity</b>	100%	FIPB	Subject to divestment of 26% equity in favour of Indian partner/Indian public within 5 years and prior approval of State Government concerned in case of any change in future land use.
	<b>INDUSTRY</b>			



<b>MINING</b>				
3.	<b>Mining</b> covering exploration and mining of diamonds & precious stones; gold, silver and minerals.	100%	Automatic	Subject to Mines & Minerals (Development & Regulation) Act, 1957 ( <a href="http://www.mines.nic.in">www.mines.nic.in</a> )
4.	<b>Coal &amp; Lignite mining</b> for captive consumption by power projects, and iron & steel, cement production and other eligible activities permitted under the Coal Mines (Nationalisation) Act, 1973.	100%	Automatic	Subject to provisions of Coal Mines (Nationalisation) Act, 1973. ( <a href="http://www.coal.nic.in">www.coal.nic.in</a> )
5.	<b>Mining and mineral separation of titanium bearing minerals and ores, its value addition and integrated activities.</b>  <b>NB: FDI will not be allowed in mining of “prescribed substances” listed in Government of India Notification No. S.O. 61(E) dated 18.1.2006 issued by the Department of Atomic Energy.</b>	100%	FIPB	Subject to sectoral regulations and the Mines and Minerals (Development and Regulation) Act, 1957 and the following conditions –  i. value addition facilities are set up within India along with transfer of technology;  ii. 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>MANUFACTURING</b>				
6.	<b>Alcohol-Distillation &amp; Brewing</b>	100%	Automatic	Subject to license by appropriate authority.
7.	<b>Coffee &amp; Rubber processing &amp; warehousing</b>	100%	Automatic	--
8.	<b>Defence production</b>	26%	FIPB	Subject to licensing under Industries (Development & Regulation) Act, 1951 and guidelines on FDI in production of arms & ammunition.
9.	<b>Hazardous chemicals</b> , viz., hydrocyanic acid and its derivatives; phosgene and its derivatives; and isocyanates and diisocyanates of hydrocarbon.	100%	Automatic	Subject to industrial license under the Industries (Development & Regulation) Act, 1951 and other sectoral Regulations.
10.	<b>Industrial explosives-Manufacture</b>	100%	Automatic	Subject to industrial license under the Industries (Development & Regulation) Act, 1951 and Regulations under Explosives Act, 1898
11.	<b>Drugs and Pharmaceuticals including those involving use of recombinant DNA technology</b>	100%	Automatic	--
<b>POWER</b>				
12.	<b>Power</b> including generation (except Atomic energy); transmission, distribution and Power trading.	100%	Automatic	Subject to provisions of the Electricity Act, 2003 (www.powermin.nic.in)
<b>FDI is not permitted for generation, transmission and distribution of electricity produced in atomic power plant / atomic energy since private investment in this sector / activity is prohibited and is reserved for public sector.</b>				
<b>SERVICES</b>				
<b>CIVIL AVIATION SECTOR</b>				



13.	<b>Airports-</b>			
a.	Greenfield projects	100%	Automatic	Subject to sectoral Regulations notified by Ministry of Civil Aviation ( <a href="http://www.civilaviation.nic.in">www.civilaviation.nic.in</a> )
b.	Existing projects	100%	FIPB beyond 74%	Subject to sectoral Regulations notified by Ministry of Civil Aviation ( <a href="http://www.civilaviation.nic.in">www.civilaviation.nic.in</a> )
14.	<b>Air Transport Services including Domestic Scheduled Passenger Airlines; Non-Schedules Airlines; Chartered Airlines; Cargo Airlines; Helicopter and Seaplane Services</b>			
a.	<b>Scheduled Air Transport Services/ Domestic Scheduled Passenger Airline</b>	49%- FDI; 100%- for NRIs investment	Automatic	Subject to no direct or indirect participation by foreign airlines and Sectoral Regulations. ( <a href="http://www.civilaviation.nic.in">www.civilaviation.nic.in</a> )
b.	<b>Non-Scheduled Air Transport Service / Non-Scheduled airlines, Chartered airlines, and Cargo airlines</b>	74%- FDI 100%- for NRIs investment	Automatic	Subject to no direct or indirect participation by foreign airlines in Non-Scheduled and Chartered airlines. Foreign airlines are allowed to participate in the equity of companies operating Cargo airlines. Also subject to sectoral Regulations. ( <a href="http://www.civilaviation.nic.in">www.civilaviation.nic.in</a> )
c.	<b>Helicopter Services / Seaplane services requiring DGCA approval</b>	100%	Automatic	Foreign airlines are allowed to participate in the equity of companies operating Helicopter and seaplane airlines. Also subject to sectoral Regulations. ( <a href="http://www.civilaviation.nic.in">www.civilaviation.nic.in</a> )
15.	<b>Other services under Civil Aviation Sector</b>			
a.	<b>Ground Handling Services</b>	74%- FDI 100%- for NRIs investment	Automatic	Subject to sectoral Regulations and security clearance.
b.	<b>Maintenance and Repair organizations; flying training institutes; and technical training institutions</b>	100%	Automatic	--
16.	<b>Asset</b>	49%	FIPB	Investment by FII's are not



	<b>Reconstruction Companies</b>	(only FDI)		permitted in the equity capital of ARC. However, FII registered with SEBI can invest in Security Receipts issued by ARCs registered with Reserve Bank of India. FIIs can invest upto 49% of each tranche of scheme of SRs subject to the condition that investment by a single FII in each tranche of SRs shall not exceed 10% of the issue. Where any individual investment exceeds 10% of the equity, provisions of Section 3(3) (f) of Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 should be complied with. Sub-accounts of FIIs are not allowed to invest in the Security Receipts of ARCs. <a href="http://www.finmin.nic.in">www.finmin.nic.in</a>
17. a)	<b>Banking - Private sector</b>	74% (FDI+FII) Within this limit, FII investment not to exceed 49%	Automatic	Subject to guidelines for setting up branches / subsidiaries of foreign banks issued by RBI. <a href="http://www.rbi.org.in">www.rbi.org.in</a>
b)	<b>Banking - Public sector</b>	20% (FDI + FII)		FDI and PI in nationalized banks are subject to the overall statutory limits of 20% as provided under Section 3(2D) of the Banking Companies (Acquisition and Transfer of Undertaking ) Acts , 1970/80. The same ceiling would also apply in respect of such investments in State Bank of India and its Associate banks.
18.	<b>Broadcasting</b>			
a.	FM Radio	FDI +FII investment up to 20%	FIPB	Subject to guidelines notified by Ministry of Information & Broadcasting. <a href="http://www.mib.nic.in">www.mib.nic.in</a>
b.	Cable network	49% (FDI+FII)	FIPB	Subject to Cable Television Network Rules (1994), notified by



				Ministry of Information & Broadcasting. ( <a href="http://www.mib.nic.in">www.mib.nic.in</a> )
c.	Direct-To-Home	49% (FDI+FII). Within this limit, FDI component not to exceed 20%	FIPB	Subject to guidelines issued by Ministry of Information & Broadcasting. ( <a href="http://www.mib.nic.in">www.mib.nic.in</a> )
d.	Setting up hardware facilities such as up-linking, HUB, etc.	49% (FDI+FII)	FIPB	Subject to Up-linking Policy notified by Ministry of Information & Broadcasting. ( <a href="http://www.mib.nic.in">www.mib.nic.in</a> )
e.	Up-linking a News & Current Affairs TV Channel	26% (FDI+FII)	FIPB	Subject to guidelines issued by Ministry of Information & Broadcasting. ( <a href="http://www.mib.nic.in">www.mib.nic.in</a> )
f.	Up-linking a Non-news & Current Affairs TV Channel	100%	FIPB	Subject to guidelines issued by Ministry of Information & Broadcasting. ( <a href="http://www.mib.nic.in">www.mib.nic.in</a> )
19.	<b>Commodity Exchanges</b>	49% (FDI+FII) FDI – 26% FII – 23%	FIPB	FII purchases shall be restricted to secondary market only. Subject to regulations specified by concerned Regulators.
20.	<b>Development of townships, Housing, Built up infrastructure and Construction Development Projects</b> (which would include but not be restricted to housing, commercial premises, hotels, resorts, hospitals, educational institutions,	100%	Automatic	Subject to conditions vide para 5.23 of Consolidated FDI policy of Government of India including:  a. Minimum capitalization of US\$ 10 million for wholly owned subsidiaries and US\$ 5 million for joint venture. The funds would have to be brought within six months of commencement of business of the Company.  b. Minimum area to be developed under each project- 10 hectares in case of development of serviced housing plots; and built-up area of 50,000 sq. mts. in case of construction



	<p>recreational facilities, city and regional level infrastructure)</p> <p><b>NB: FDI is not allowed in Real Estate Business</b></p>			<p>development project; and any of the above in case of a combination project.</p> <p>c. Original Investment cannot be repatriated before a period of three years from the completion of the minimum capitalization. However, the investor may be permitted to exit earlier with prior approval of Government through the FIPB.</p> <p>d. At least 50% of the project must be developed within the period of five years from the date of obtaining all statutory clearances. The investor / investee company would not be permitted to sell undeveloped plots. For the purposed of these guidelines , " undeveloped plots" would mean where roads , water supply, street lighting, drainage, sewerage, and other conveniences , as applicable under the prescribed regulations , have not been made available. It will be necessary that the investor provides this infrastructure and obtains the completion certificate from the local body / service agency before he would be allowed to dispose of services housing plots.</p> <p><b>[Note : The above conditions are not applicable for</b>  <b>1: For investment by NRIs,</b>  <b>2: For investment in SEZs, Hotels &amp; Hospitals.</b></p>
21.	<p><b>Courier services</b> for carrying packages, parcels and other items which do not come within the ambit of the Indian Post</p>	100%	FIPB	<p>Subject to existing laws and exclusion of activity relating to distribution of letters, which is exclusively reserved for the State. (www.indiapost.gov.in)</p>



	Office Act, 1898.			
22.	<b>Infrastructure companies in securities markets</b> namely, Stock Exchanges, Depositories and Clearing Corporations	49% (FDI+FII) FDI – 26% FII – 23%	FIPB	FII purchases shall be restricted to secondary market. Subject to regulations specified by concerned Regulators.
23.	<b>Credit Information Companies(CIC)</b>	49% (FDI+FII) Within this limit, FII investment not to exceed 24%	FIPB (& regulatory clearance from RBI)	FII purchases shall be restricted to secondary market. Foreign Investment in CIC will be subject to Credit Information Companies (Regulation) Act, 2005. Subject to regulations specified by concerned Regulators.
24.	<b>Industrial Parks both setting up and in established Industrial Parks</b>	100%	Automatic	Conditions in para 5.23 of Consolidated FDI policy of Government of India applicable for construction development projects would not apply provided the Industrial Parks meet with the under-mentioned conditions- i. it would comprise of a minimum of 10 units and no single unit shall occupy more than 50% of the allocable area and ; ii. the minimum percentage of the area to be allocated for industrial activity shall not be less than 66% of the total allocable area.
25.	<b>Insurance</b>	26%	Automatic	Subject to licensing by the Insurance Regulatory & Development Authority <a href="http://www.irda.nic.in">www.irda.nic.in</a>
26.	<b>Investing companies in infrastructure / services sector (except telecom sector)</b>	100%	FIPB	Where there is a prescribed cap for foreign investment, only the direct investment will be considered for the prescribed cap and foreign investment in an investing company will not be set off against this cap provided the foreign direct investment in such investing company does





				not exceed 49% and the management of the investing company is with the Indian owners.
27.	<b>Non-Banking Finance Companies</b>			
i)	<b>Merchant banking</b>	100%	Automatic	<p>Subject to:</p> <p>a. Minimum capitalization norms for fund based NBFCs - US\$ 0.5 million to be brought upfront for FDI up to 51%; US\$ 5 million to be brought upfront for FDI above 51% and up to 75%; and US\$ 50 million out of which US\$ 7.5 million to be brought upfront and the balance in 24 months, for FDI beyond 75% and up to 100%.</p> <p>b. Minimum capitalization norms for non-fund based NBFC activities- US\$ 0.5 million, subject to the condition that such company would not be allowed to set up any subsidiary for any other activity nor it can participate in the equity of NBFC holding / operating company. Non-fund based activities would include Investment Advisory services , Financial consultancy, Forex Broking , Money changing Business and Credit Rating Agencies.</p> <p>c. Foreign investors can set up 100% operating subsidiaries without the condition to disinvest a minimum of 25% of its equity to Indian entities subject to bringing in US\$ 50 million without any restriction on number of operating subsidiaries without bringing additional capital.</p>
ii)	<b>Underwriting</b>			
iii)	<b>Portfolio Management Services</b>			
iv)	<b>Investment Advisory Services</b>			
v)	<b>Financial Consultancy</b>			
vi)	<b>Stock Broking</b>			
vii)	<b>Asset Management</b>			
viii)	<b>Venture Capital</b>			
ix)	<b>Custodial Services</b>			
x)	<b>Factoring</b>			
xi)	<b>Credit Rating Agencies</b>			
xii)	<b>Leasing &amp; Finance</b>			
xiii)	<b>Housing Finance</b>			
xiv)	<b>Forex Broking</b>			



xv)	<b>*Credit card Business</b>			<p>d. Joint venture operating NBFCs that have 75% or less than 75% foreign investment will also be allowed to set up subsidiaries for undertaking other NBFC activities subject to the subsidiaries also complying with the applicable minimum capital inflow.</p> <p>e. Compliance with the guidelines of the RBI.</p>
xvi)	<b>Money changing business</b>			
xvii)	<b>Micro credit</b>			
xviii)	<b>Rural credit</b>			
<p>*Credit card business includes issuance, sales , marketing and design of various payment products such as credit cards , debit cards, stored value cards, smart card, value added cards, etc.</p>				
<b>28.</b>	<b>Petroleum &amp; Natural Gas sector</b>			
a.	Refining	<p>49% in case of PSUs.</p> <p>100% in case of Private companies</p>	<p>FIPB (in case of PSUs)</p> <p>Automatic (in case of private companies)</p>	<p>Subject to Sectoral policy and no divestment or dilution of domestic equity in the existing PSUs. (www.petroleum.nic.in)</p>
b.	Other than Refining and including market study and formulation; investment/ financing; setting up infrastructure for marketing in Petroleum & Natural Gas sector.	100%	Automatic	<p>Subject to sectoral Regulations issued by Ministry of Petroleum &amp; Natural Gas. (www.petroleum.nic.in)</p>
<b>29.</b>	<b>Print Media</b>			
a.	Publishing of <b>newspaper and periodicals</b> dealing with news and current affairs	26%	FIPB	<p>Subject to guidelines notified by Ministry of Information &amp; Broadcasting. (www.mib.nic.in)</p>
b.	<b>Publishing of scientific magazines/ specialty journals/</b>	100%	FIPB	<p>Subject to guidelines issued by Ministry of Information &amp; Broadcasting. (www.mib.nic.in)</p>



	<b>periodicals</b>			
<b>30.</b>	<b>Telecommunications</b>			
a.	Basic and cellular, Unified Access Services, National/ International Long Distance, V-Sat, Public Mobile Radio Trunked Services (PMRTS), Global Mobile Personal Communications Services (GMPCS) and other value added telecom services	74% (Including FDI, FII, NRI, FCCBs, ADRs, GDRs, convertible preference shares, and proportionate foreign equity in Indian promoters/ Investing Company)	Automatic up to 49%.  FIPB beyond 49%.	Subject to guidelines vide para 5.38 of Consolidated FDI policy of Government of India.
b.	ISP with gateways, radio-paging, end-to-end bandwidth.	74%	Automatic up to 49%. FIPB beyond 49%.	Subject to licensing and security requirements notified by the Department of Telecommunications. (www.dotindia.com)
c.	(a) ISP without gateway;  (b) infrastructure provider providing dark fibre, right of way, duct space, tower (Category I);  (c) electronic mail and voice mail.	100%	Automatic up to 49%.  FIPB beyond 49%.	Subject to the condition that such companies shall divest 26% of their equity in favour of Indian public in 5 years, if these companies are listed in other parts of the world. Also subject to licensing and security requirements, where required. (www.dotindia.com)
d.	Manufacture of telecom equipments	100%	Automatic	Subject to sectoral requirements. (www.dotindia.com)
<b>31.</b>	<b>Trading</b>			
a.	Wholesale/cash & carry trading	100%	Automatic	



b.	Trading for Exports	100%	Automatic	
c.	Trading of items sourced from small scale sector	100%	FIPB	
d.	Test marketing of such items for which a company has approval for manufacture	100%	FIPB	Subject to the condition that the test marketing approval will be for a period of two years and investment in setting up manufacturing facilities commences simultaneously with test marketing.
e.	Single Brand Product retailing	51%	FIPB	Subject to para 5.39.3 of Consolidated FDI policy of Government of India
<b>32.</b>	<b>Satellites - Establishment and operation</b>	74%	FIPB	Subject to sectoral guidelines issued by Department of Space / ISRO. ( <a href="http://www.isro.org">www.isro.org</a> )
<b>33.</b>	<b>Special Economic Zones and Free Trade Warehousing Zones</b> covering setting up of these Zones and setting up units in the Zones	100%	Automatic	Subject to Special Economic Zones Act, 2005 and the Foreign Trade Policy. ( <a href="http://www.sezindia.nic.in">www.sezindia.nic.in</a> )
34	Venture Capital Fund and Venture Capital Undertaking	-	Automatic	SEBI registered FVCI are allowed to invest in domestic venture capital undertakings and domestic venture capital funds through the automatic route subject to the SEBI regulations and sector specific caps on FDI.

**Note : All the above sector / activities are governed by the respective Press Notes / Releases issued by the Government of India from time to time**