

**Government of India**  
**Ministry of Commerce & Industry**  
**Department of Industrial Policy & Promotion**

**Press Note No. 4 (2012 Series)**

**Subject:** Amendment of the existing policy on Foreign Direct Investment in Single-Brand Product Retail Trading

**1.0 Present Position:**

1.1 Paragraph 6.2.16.4 of 'Circular 1 of 2012-Consolidated FDI Policy', effective from April 10, 2012, relating to single-brand product retail trading, presently reads as below:

<b>6.2.16.4</b>	<b>Single Brand product retail trading</b>	100%	Government
	<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.</p> <p>(2) FDI in Single Brand product retail trading would be subject to the following conditions:</p> <p>(a) Products to be sold should be of a 'Single Brand' only.</p> <p>(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.</p> <p>(c) 'Single Brand' product-retail trading would cover only products which are branded during manufacturing.</p> <p>(d) The foreign investor should be the owner of the brand.</p> <p>(e) In respect of proposals involving FDI beyond 51%, mandatory sourcing of at least 30% of the value of products sold would have to be done from Indian 'small industries/ village and cottage industries, artisans and craftsmen'. 'Small industries' would be defined as industries which have a total investment in plant &amp; machinery not exceeding US \$ 1.00 million. This valuation refers to the value at the time of installation, without providing for depreciation. Further, if at any point in time, this valuation is exceeded, the industry shall not qualify as a 'small industry' for this purpose. The compliance of this condition will be ensured through self-certification by the company, to be subsequently checked, by statutory auditors, from the duly certified accounts, which the company will be required to maintain.</p> <p>(3) Application seeking permission of the Government for FDI in retail trade of 'Single Brand' products would be made to the Secretariat for Industrial Assistance (SIA) in the Department of Industrial Policy &amp; Promotion. The application 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.</p> <p>(4) Applications would be processed in the Department of Industrial Policy &amp; Promotion, to determine whether the products proposed to be sold satisfy the notified guidelines, before being considered by the FIPB for Government approval.</p>		

## 2.0 Revised Position:

2.1 The Government of India has reviewed the position in this regard and decided to amend paragraphs 6.2.16.4 (2) (d) & 6.2.16.4 (2) (e) of the existing policy.

## 3.0 Amendment to paragraph 6.2.16.4:

3.1 Accordingly, paragraph 6.2.16.4 of 'Circular 1 of 2012-Consolidated FDI Policy', effective from April 10, 2012, is amended, as below:

6.2.16.4	Single Brand product retail trading	100%	Government
	<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.</p> <p>(2) FDI in Single Brand product retail trading would be subject to the following conditions:</p> <p>(a) Products to be sold should be of a 'Single Brand' only.</p> <p>(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.</p> <p>(c) 'Single Brand' product-retail trading would cover only products which are branded during manufacturing.</p> <p>(d) Only one non-resident entity, whether owner of the brand or otherwise, shall be permitted to undertake single brand product retail trading in the country, for the specific brand, through a legally tenable agreement, with the brand owner for undertaking single brand product retail trading in respect of the specific brand for which approval is being sought. The onus for ensuring compliance with this condition shall 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.</p> <p>(e) In respect of proposals involving FDI 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 1<sup>st</sup> April of the year during which the first tranche of FDI is received. 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 FDI for the purpose of carrying out</p>		

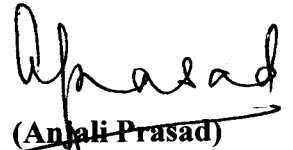
single-brand product retail trading.

(f) Retail trading, in any form, by means of e-commerce, would not be permissible, for companies with FDI, engaged in the activity of single-brand retail trading.

(3) Applications seeking permission of the Government for FDI in retail trade of 'Single Brand' products 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.

(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.

4.0 The above decision will take immediate effect.



(Anjali Prasad)

Joint Secretary to the Government of India

D/o IPP File No.: No. 5/12/2010-FC-I dated: 20<sup>th</sup> September, 2012

**Copy forwarded to:**

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**Government of India**  
**Ministry of Commerce & Industry**  
**Department of Industrial Policy & Promotion**  
**(FC-I Section)**

**Press Note No. 5 (2012 Series)**

**Subject:** Review of the policy on Foreign Direct Investment- allowing FDI in Multi-Brand Retail Trading.

**1.0 Present Position:**

Foreign Direct Investment (FDI) is prohibited in retail trading, except in single-brand product retail trading, in which FDI, up to 100%, is permitted, under the Government route, subject to specified conditions.

**2.0 Revised Position:**

The Government of India has reviewed the extant policy on FDI and decided to permit FDI, up to 51%, under the Government route, in Multi-Brand Retail Trading, subject to specified conditions.

3.0 Accordingly, the following amendment is made in '*Circular 1 of 2012- Consolidated FDI Policy*', issued on 10.04.2012, by the Department of Industrial Policy & Promotion:

**3.1 Paragraph 6.1 – 'Prohibited Sectors', is substituted with the following:**

**"6.1 PROHIBITED SECTORS:**

**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 or of tobacco substitutes
- (h) Activities / sectors not open to private sector investment e.g. Atomic Energy and Railway Transport (other than Mass Rapid Transport Systems).

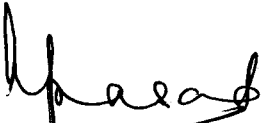
**Foreign technology collaboration in any form, including licensing for franchise, trademark, brand name, management contract, is also prohibited for Lottery Business and Gambling and Betting activities."**

3.2 A new paragraph as paragraph 6.2.16.5 is inserted below paragraph 6.2.16.4 as below:

6.2.16.5	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:</p> <p>(i) Fresh agricultural produce, including fruits, vegetables, flowers, grains, pulses, fresh poultry, fishery and meat products, may be unbranded.</p> <p>(j) Minimum amount to be brought in, as FDI, by the foreign investor, would be US \$ 100 million.</p> <p>(iii) At least 50% of total FDI brought in shall be invested in 'backend infrastructure' within three years of the first tranche of FDI, 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, ware-house, agriculture market produce infrastructure etc. Expenditure on land cost and rentals, if any, will not be counted for purposes of backend infrastructure.</p> <p>(iv) At least 30% of the value of procurement of manufactured/ processed products purchased shall be sourced from Indian 'small industries' which have a total investment in plant &amp; machinery not exceeding US \$ 1.00 million. This valuation refers to the value at the time of installation, without providing for depreciation. Further, if at any point in time, this valuation is exceeded, the industry shall not qualify as a 'small industry' for this purpose. This 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 1<sup>st</sup> April of the year during which the first tranche of FDI is received. Thereafter, it would have to be met on an annual basis.</p> <p>(v) Self-certification by the company, to ensure compliance of the conditions at serial nos. (ii), (iii) and (iv) above, which could be cross-checked, as and when required. Accordingly, the investors shall maintain accounts, duly certified by statutory auditors.</p> <p>(vi) Retail sales outlets may be set up only in cities with a population of more than 10 lakh as per 2011 Census 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; In States/ Union Territories not having cities with population of more than 10 lakh as per 2011 Census, retail sales outlets may be set up in</p>		

	<p>the cities of their choice, preferably the largest city and may also cover an area of 10 kms around the municipal/urban agglomeration limits of such cities. The locations of such outlets 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.</p> <p>(vii) Government will have the first right to procurement of agricultural products.</p> <p>(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 annexed. 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 &amp; Promotion and additions would be made to the annexed list 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.</p> <p>(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.</p> <p>(x) Applications would be processed in the Department of Industrial Policy &amp; Promotion, to determine whether the proposed investment satisfies the notified guidelines, before being considered by the FIPB for Government approval.</p>
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4.0 The above decision will take immediate effect.

  
(Anjali Prasad)

Joint Secretary to the Government of India

D/o IPP File No.: 5/12//2010-FC-I dated: 20<sup>th</sup> September, 2012

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**LIST OF STATES/ UNION TERRITORIES AS MENTIONED IN  
PARAGRAPH 6.2.16.5(1)(viii)**

1. Andhra Pradesh
2. Assam
3. Delhi
4. Haryana
5. Jammu & Kashmir
6. Maharashtra
7. Manipur
8. Rajasthan
9. Uttarakhand
10. Daman & Diu and Dadra and Nagar Haveli (Union Territories)

**Government of India**  
**Ministry of Commerce & Industry**  
**Department of Industrial Policy & Promotion**

**Press Note No. 6 (2012 Series)**

**Subject:** Review of the policy on Foreign Direct Investment in the Civil Aviation sector

**1.0 Present Position:**

1.1 Paragraph 6.2.9.3 of 'Circular 1 of 2012-Consolidated FDI Policy', effective from April 10, 2012, relating to air transport services, presently reads as below:

6.2.9.3	<b>Air Transport Services</b>		
	(a) Air Transport Services would include Domestic Scheduled Passenger Airlines; Non-Scheduled Air Transport Services, helicopter and seaplane services. (b) No foreign airlines would be allowed to participate directly or indirectly in the equity of an Air Transport Undertaking engaged in operating Scheduled and Non-Scheduled Air Transport Services except Cargo airlines. (c) Foreign airlines are allowed to participate in the equity of companies operating Cargo airlines, helicopter and seaplane services.		
	(1) Scheduled Air Transport Service/ Domestic Scheduled Passenger Airline	49% FDI (100% for NRIs)	Automatic
	(2) Non-Scheduled Air Transport Service	74% FDI (100% for NRIs)	Automatic up to 49%  Government route beyond 49% and up to 74%
	(3) Helicopter services/seaplane services requiring DGCA approval	100%	Automatic

**2.0 Revised Position:**

2.1 The Government of India has reviewed the position in this regard and decided to permit foreign airlines also 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.

2.2 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 investment.
- (iii) The investments so made would need to comply with the relevant regulations of SEBI, such as the Issue of Capital and Disclosure Requirements (ICDR) Regulations/ Substantial Acquisition of Shares and Takeovers (SAST) Regulations, as well as other applicable rules and regulations.



(iv) A Scheduled Operator's Permit can be granted only to a company:

- a) *that is registered and has its principal place of business within India*
- b) *the Chairman and at least two-thirds of the Directors of which are citizens of India and*
- c) *the substantial ownership and effective control of which is vested in Indian nationals*

(v) All foreign nationals likely to be associated with Indian scheduled and non-scheduled air transport services, as a result of such investment shall be cleared from security view point before deployment; and

(vi) All technical equipment that might be imported into India as a result of such investment shall require clearance from the relevant authority in the Ministry of Civil Aviation.

2.3 The above revised policy is not applicable to Air India.

### **3.0 Amendment to paragraph 6.2.9.3:**

3.1 Accordingly, paragraph 6.2.9.3 of 'Circular 1 of 2012-Consolidated FDI Policy', effective from April 10, 2012, is amended, as below:

6.2.9.3	<b>Air Transport Services</b>		
	(1) Scheduled Air Transport Service/ Domestic Scheduled Passenger Airline	49% FDI (100% for NRIs)	Automatic
	(2) Non-Scheduled Air Transport Service	74% FDI (100% for NRIs)	Automatic up to 49%  Government route beyond 49% and up to 74%
	(3) Helicopter services/seaplane services requiring DGCA approval	100%	Automatic
6.2.9.3.1	<b>Other conditions:</b>		
	(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, henceforth, 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:		

	<p>(i) It would be made under the Government approval route.</p> <p>(ii) The 49% limit will subsume FDI and FII investment.</p> <p>(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.</p> <p>(iv) A Scheduled Operator's Permit can be granted only to a company:</p> <p style="margin-left: 40px;">a) <i>that is registered and has its principal place of business within India;</i></p> <p style="margin-left: 40px;">b) <i>the Chairman and at least two-thirds of the Directors of which are citizens of India; and</i></p> <p style="margin-left: 40px;">c) <i>the substantial ownership and effective control of which is vested in Indian nationals.</i></p> <p>(v) All foreign nationals likely to be associated with Indian scheduled and non-scheduled air transport services, as a result of such investment shall be cleared from security view point before deployment; and</p> <p>(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.</p> <p><u>Note:</u> The FDI limits/entry routes, mentioned at paragraph 6.2.9.3 (1) and 6.2.9.3 (2) above, are applicable in the situation where there is no investment by foreign airlines.</p> <p>(d) The policy mentioned at (c) above is not applicable to M/s Air India Limited.</p>
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4.0 The above decision will take immediate effect.

  
 (Anjali Prasad)

**Joint Secretary to the Government of India**

D/o IPP File No.: No. 5/12/2008-FC.I dated: 20<sup>th</sup> September, 2012

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**Government of India**  
**Ministry of Commerce & Industry**  
**Department of Industrial Policy & Promotion**

**Press Note No. 7 (2012 Series)**

**Subject:** Review of the policy on Foreign Investment (FI) in companies operating in the Broadcasting Sector

**1.0 Present Position:**

1.1 As per extant policy, the foreign investment (FI) limits, in companies operating in the Broadcasting Sector, are set out in paragraph 6.2.7 of '*Circular 1 of 2012 – Consolidated FDI Policy*', issued by the Department of Industrial Policy and Promotion (DIPP), on 10.04.2012.

**2.0 Revised Position:**

2.1 The Government of India has reviewed the position in this regard and decided to amend the foreign investment limits, in companies engaged in providing broadcasting carriage services, in the manner indicated below, subject to such terms and conditions, as may be specified by the Ministry of Information and Broadcasting from time to time:

**(1) Teleports (setting up up-linking HUBs/Teleports); Direct to Home (DTH); Cable Networks (MSOs operating at National or State or District level and undertaking upgradation of networks towards digitalization and addressability):**

Increase in the foreign investment (FI) limit from 49% to 74%, subject to:

- (a) Foreign investment up to 49% being permitted under the automatic route; and
- (b) Foreign investment beyond 49% and up to 74% being permitted under the Government route.

**(2) Mobile TV:**

Permitting foreign investment (FI) up to 74%, subject to:

- (a) Foreign investment up to 49% being permitted under the automatic route; and
- (b) Foreign investment beyond 49% and up to 74% being permitted under the Government route.

2.2 The foreign investment (FI) limit, in companies engaged in the aforesaid activities of the I&B sector, shall include, in addition to FDI, investment by Foreign Institutional Investors (FIIs), Non-Resident Indians (NRIs), Foreign Currency Convertible Bonds (FCCBs), American Depository Receipts (ADRs), Global Depository Receipts (GDRs) and convertible preference shares held by foreign entities.

2.3 The terms and conditions relating to security and other conditions, will separately be incorporated in the sectoral guidelines of each broadcasting carriage service, as specified in paragraph 3.0 below.

3.0 Accordingly, paragraph 6.2.7 under 'Circular 1 of 2012-Consolidated FDI Policy' is substituted with the following:

Sl. No.	Sector/Activity	% of FDI Cap/Equity	Entry Route
6.2.7	<b>Broadcasting</b>		
6.2.7.1	<b>Broadcasting Carriage Services</b>		
6.2.7.1.1	(1) <b>Teleports</b> (setting up of up-linking HUBs/Teleports); (2) <b>Direct to Home (DTH)</b> ; (3) <b>Cable Networks</b> (Multi System operators (MSOs) operating at National or State or District level and undertaking upgradation of networks towards digitalization and addressability); (4) <b>Mobile TV</b> ; (5) <b>Headend-in-the Sky Broadcasting Service (HITS)</b>	74%	Automatic up to 49%  Government route beyond 49% and up to 74%
6.2.7.1.2	<b>Cable Networks</b> (Other MSOs not undertaking upgradation of networks towards digitalization and addressability and Local Cable Operators (LCOs))	49%	Automatic
6.2.7.2	<b>Broadcasting Content Services</b>		
6.2.7.2.1	<b>Terrestrial Broadcasting FM (FM Radio)</b> , 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
6.2.7.2.2	<b>Up-linking of 'News &amp; Current Affairs' TV Channels</b>	26%	Government
6.2.7.2.3	<b>Up-linking of Non-'News &amp; Current Affairs' TV Channels/ Down-linking of TV Channels</b>	100%	Government
6.2.7.3	FDI for Up-linking/Down-linking TV Channels will be subject to compliance with the relevant Up-linking/Down-linking Policy notified by the Ministry of Information & Broadcasting from time to time.		
6.2.7.4	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.		
6.2.7.5	The foreign investment (FI) limit in companies engaged in the aforesaid activities shall include, in addition to FDI, investment by Foreign Institutional Investors (FIIs), Non-Resident Indians (NRIs), Foreign Currency Convertible Bonds (FCCBs),		

	American Depository Receipts (ADRs), Global Depository Receipts (GDRs) and convertible preference shares held by foreign entities.
6.2.7.6	<p>Foreign investment in the aforesaid broadcasting carriage services will be subject to the following security conditions/terms:</p> <p><b><u>Mandatory Requirement for Key Executives of the Company</u></b></p> <p>(i) The majority of Directors on the Board of the Company shall be Indian Citizens.</p> <p>(ii) The Chief Executive Officer (CEO), Chief Officer In-charge of technical network operations and Chief Security Officer should be resident Indian Citizens.</p> <p><b><u>Security Clearance of Personnel</u></b></p> <p>(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.</p> <p>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.</p> <p>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.</p> <p>(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.</p> <p><b><u>Permission vis-à-vis Security Clearance</u></b></p> <p>(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.</p> <p>(vi) In the event of security clearance of any of the persons associated with the permission holder/licensee or foreign personnel is denied or withdrawn for any reasons whatsoever, the permission holder/licensee will ensure that the</p>

concerned person resigns or his services terminated forthwith after receiving such directives from the Government, failing which the permission/license granted shall be revoked and the company shall be disqualified to hold any such Permission/license in future for a period of five years.

**Infrastructure/Network/Software related requirement**

- (vii) The officers/officials of the licensee companies dealing with the lawful interception of Services will be resident India citizens.
- (viii) Details of infrastructure/network diagram (technical details of the network) could be provided, on a need basis only, to equipment suppliers/manufactures 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 an 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 or 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 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.
- (xvii) The service providers should familiarize/train designated officials or 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 further 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.

4.0 The above decision will take immediate effect.



(Anjali Prasad)

**Joint Secretary to the Government of India**

D/o IPP File No.: No. 5/5/2012-FC.I dated: 20<sup>th</sup> September, 2012

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**Press Note No. 8 (2012 Series)**

**Subject:** Policy on foreign investment in Power Exchanges

**1.0 Present Position:**

1.1 As per extant policy, FDI, up to 100%, under the automatic route, is permitted in the power sector (except atomic energy). This includes generation, transmission and distribution of electricity, as well as power trading, subject to the provisions of the Electricity Act, 2003.

1.2 Extant policy, however, does not provide any specific dispensation for foreign investment in power exchanges.

**2.0 Revised Position:**

2.1 The Government of India has reviewed the position in this regard and decided to permit foreign investment, up to 49%, in Power Exchanges, registered under the Central Electricity Regulatory Commission (Power Market) Regulations, 2010, as below:

- (i) Such foreign investment would be subject to an FDI limit of 26 per cent and an FII limit of 23 per cent of the paid-up capital;
- (ii) FII investments would be permitted under the automatic route and FDI would be permitted under the government approval route;
- (iii) FII purchases shall be restricted to secondary market only;
- (iv) No non-resident investor/ entity, including persons acting in concert, will hold more than 5% of the equity in these companies; and
- (v) The foreign investment would be in compliance with SEBI Regulations; other applicable laws/ regulations; security and other conditionalities.

**3.0 Insertion of new paragraph 6.2.26:**

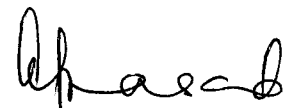
3.1 Accordingly, a new paragraph 6.2.26 is inserted under 'Circular 1 of 2012-Consolidated FDI Policy', effective from April 10, 2012, as below:

6.2.26	<b>Power Exchanges</b>		
6.2.26.1	Power Exchanges registered under the Central Electricity Regulatory Commission (Power Market) Regulations, 2010	49% (FDI &FII)	Government (for FDI)
6.2.26.2	<b>Other conditions:</b>		
	(i) Such foreign investment would be subject to an FDI limit of 26 per cent and an FII limit of 23 per cent of the paid-up capital;		



	<p>(ii) FII investments would be permitted under the automatic route and FDI would be permitted under the government approval route;</p> <p>(iii) FII purchases shall be restricted to secondary market only;</p> <p>(iv) No non-resident investor/ entity, including persons acting in concert, will hold more than 5% of the equity in these companies; and</p> <p>(v) The foreign investment would be in compliance with SEBI Regulations; other applicable laws/ regulations; security and other conditionalities.</p>
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4.0 The above decision will take immediate effect.



(Anjali Prasad)

Joint Secretary to the Government of India

D/o IPP File No.: No. 5/5/2012-FC.I dated: 20<sup>th</sup> September, 2012

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1. **Press Information Officer, Press Information Bureau-** *for giving necessary publicity.*
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