

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

Press Note No. 8 (2015 Series)

Subject: Introduction of Composite Caps for Simplification of Foreign Direct Investment (FDI) policy to attract foreign investments

The Government of India has reviewed the extant FDI policy on various sectors and made following amendments in the Consolidated FDI Policy Circular of 2015, effective from May 12, 2015, by introducing composite caps, so that uniformity and simplicity are brought in across the sectors in FDI policy for attracting foreign investments.

2. Para 3.6.2 (vi) of the Consolidated FDI Policy Circular of 2015, is amended to read as under:

3.6.2 (vi) It is also clarified that Foreign investment shall include all types of foreign investments, direct and indirect, regardless of whether the said investments have been made under Schedule 1 (FDI), 2 (FII), 2A (FPI), 3 (NRI), 6 (FVCI), 8 (QFI), 9 (LLPs) and 10 (DRs) of FEMA (Transfer or Issue of Security by Persons Resident Outside India) Regulations. 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.

3. Para 4.1.2 of the Consolidated FDI Policy Circular of 2015, is amended to read as under:

4.1.2 For the purpose of computation of indirect foreign investment, foreign investment in an Indian company shall include all types of foreign investments regardless of whether the said investments have been made under Schedule 1 (FDI), 2 (FII holding as on March 31), 2A (FPI holding as on March 31), 3 (NRI), 6 (FVCI), 8 (QFI holding as on March 31), 9 (LLPs) and 10 (DRs) of FEMA (Transfer or Issue of Security by Persons Resident Outside India) Regulations. 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.

4. Para 3.1.4 (i) of the Consolidated FDI Policy Circular of 2015, is amended to read as under:

3.1.4 (i) An FII/FPI/QFI (Schedule 2, 2A and 8 of FEMA (Transfer or Issue of Security by Persons Resident Outside India) Regulations, as the case may be) may invest in the capital of an Indian company under the Portfolio Investment Scheme which limits the individual holding of an FII/FPI/QFI below 10% of the capital of the company and the aggregate limit for FII/FPI/QFI investment to 24% of the capital of the company. This aggregate limit of 24% can be increased to the sectoral cap/statutory ceiling, as applicable, by the Indian company concerned through a resolution by its Board of Directors followed by a special resolution to that effect by its General Body and subject to prior intimation to RBI. The aggregate FII/FPI/QFI investment, individually or in conjunction with other kinds of foreign investment, will not exceed sectoral/statutory cap.

5. Para 6.2 of the Consolidated FDI Policy Circular of 2015 is amended to read as under:

a) In the sectors/activities as per Annexure, foreign investment up to 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 up to 100% on the automatic route, subject to applicable laws/regulations; security and other conditionalities.

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.

- b) 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 (FDI), 2 (FII), 2A (FPI), 3 (NRI), 6 (FVCI), 8 (QFI), 9 (LLPs) and 10 (DRs) of FEMA (Transfer or Issue of Security by Persons Resident Outside India) Regulations. 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 Annexure referred above.
- c) 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.
- d) The sectors which are already under 100% automatic route and are without conditionalities would not be affected.
- e) Notwithstanding anything contained in paragraphs a) and c) 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.
- f) Total foreign investment, direct and indirect, in an entity will not exceed the sectoral/statutory cap.
- g) Any existing foreign investment already made in accordance with the policy in existence would not require any modification to conform to these amendments.

- h) The onus of compliance of above provisions will be on the investee company.
6. It is clarified that there are no sub-limits of portfolio investment and other kinds of foreign investments in commodity exchanges, credit information companies, infrastructure companies in the securities market and power exchanges.
 7. In Defence sector, portfolio investment by FPIs/FIIs/NRIs/QFIs 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.
 8. In Banking- Private sector, where sectoral cap is 74%, FII/ FPI/ QFI investment limits will continue to be within 49% of the total paid up capital of the company.
 9. There is no change in the entry route i.e. Government approval requirement to bring foreign investment in a particular sector/ activity. Further, subject to the amendments mentioned in this Press Note, there is no change in other conditions mentioned in the Consolidated FDI Policy Circular of 2015 and subsequent Press Notes.
 10. Relevant provisions of the FDI policy and subsequent Press Notes will be read in harmony with the above amendments in Consolidated FDI Policy Circular of 2015.
 11. The above decision will take immediate effect.


(Atul Chaturvedi)

Joint Secretary to the Government of India

D/o IPP File No.: 5/7/2014-FC-I dated: 30th July, 2015

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1. **Press Information Officer, Press Information Bureau-** for giving wide publicity to the above Press Note.
 2. **Joint Secretary(I&C), Department of Economic Affairs, North Block, New Delhi**
 3. **Reserve Bank of India, Foreign Exchange Department, Mumbai**
 4. **NIC Section in the Department of Industrial Policy and Promotion-** for uploading the Press Note on DIPP's website.
 5. **Hindi Section, DIPP-** for providing Hindi version.
- For suitably incorporating the policy changes in Foreign Exchange Management (Transfer or issue of security by a person resident outside India) Regulations, 2000 and the relevant schedules thereof.

**Foreign investments caps and entry routes in various sectors as per
Consolidated FDI Policy Circular of 2015**

Para No. of Consolidated FDI Policy Circular of 2015	Sector/Activity	Foreign Investment	
		Cap (%)	Route
Agriculture			
6.2.1	Agriculture & Animal Husbandry		
	a) Floriculture, Horticulture, Apiculture 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, 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	100%	Automatic
6.2.2	Tea Plantation		
6.2.2.1	Tea sector including tea plantations Note: Besides the above, FDI is not allowed in any other plantation sector/activity	100%	Government
Mining and Petroleum & Natural Gas			
6.2.3	Mining		
6.2.3.1	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.	100%	Automatic
6.2.3.2	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%	Automatic
	(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	100%	Automatic

Para No. of Consolidated FDI Policy Circular of 2015	Sector/Activity	Foreign Investment	
		Cap (%)	Route
	processing plants for washing or sizing.		
6.2.3.3	Mining and mineral separation of titanium bearing minerals and ores, its value addition and integrated activities		
6.2.3.3.1	Mining and mineral separation of titanium bearing minerals & ores, its value addition and integrated activities subject to sectoral regulations and the Mines and Minerals (Development and Regulation Act 1957).	100%	Government
6.2.4	Petroleum & Natural Gas		
6.2.4.1	Exploration activities of oil and natural gas 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 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.	100%	Automatic
6.2.4.2	Petroleum refining by the Public Sector Undertakings (PSU), without any disinvestment or dilution of domestic equity in the existing PSUs.	49%	Automatic
6.2.5	Manufacturing	100%	Automatic
6.2.6	Defence		
6.2.6.1	Defence Industry subject to Industrial license under the Industries (Development & Regulation) Act, 1951	49% (Portfolio investment by FPIs/FIIs/NRIs/QFIs and investments by FVCIs up to 24%)	Government route up to 49% Above 49% to Cabinet Committee on Security (CCS) on case to case basis, wherever it is likely to result in access to modern and 'state-of-art' technology in the country.

Para No. of Consolidated FDI Policy Circular of 2015	Sector/Activity	Foreign Investment	
		Cap (%)	Route
Services Sector			
Information Services			
6.2.7	Broadcasting		
6.2.7.1	Broadcasting Carriage Services		
6.2.7.1.1	(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)	74%	Automatic up to 49% Government route beyond 49% and upto 74%
6.2.7.1.2	Cable Networks (Other MSOs not undertaking upgradation of networks towards digitalization and addressability and Local Cable Operators (LCOs))	49%	Automatic
6.2.7.2	Broadcasting Content Services		
6.2.7.2.1	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	26%	Government
6.2.7.2.2	Up-linking of 'News & Current Affairs' TV Channels	26%	Government
6.2.7.2.3	Up-linking of Non-'News & Current Affairs' TV Channels/ Down-linking of TV Channels	100%	Government
6.2.8	Print Media		
6.2.8.1	Publishing of newspaper and periodicals dealing with news and current affairs	26%	Government
6.2.8.2	Publication of Indian editions of foreign magazines dealing with news and current affairs	26%	Government
6.2.8.3	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
6.2.8.4	Publication of facsimile edition of foreign newspapers	100%	Government
6.2.9	Civil Aviation		
6.2.9.2	Airports		
	(a) Greenfield projects	100%	Automatic

Para No. of Consolidated FDI Policy Circular of 2015	Sector/Activity	Foreign Investment	
		Cap (%)	Route
	(b) Existing projects	100%	Automatic up to 74% Government route beyond 74%
6.2.9.3	Air Transport Services		
	(1) Scheduled Air Transport Service/ Domestic Scheduled Passenger Airline	49% (100% for NRIs)	Automatic
	(2) Non-Scheduled Air Transport Service	74% (100% for NRIs)	Automatic up to 49% Government route beyond 49% and upto 74%
	(3) Helicopter services/seaplane services requiring DGCA approval	100%	Automatic
6.2.9.3.1	Foreign airlines in the capital of Indian companies, operating scheduled and non-scheduled air transport services	49% (100% for NRIs)	Government
6.2.9.4	Other services under Civil Aviation sector		
	(1) Ground Handling Services subject to sectoral regulations and security clearance	74% (100% for NRIs)	Automatic up to 49% Government route beyond 49% and upto 74%
	(2) Maintenance and Repair organizations; flying training institutes; and technical training institutions.	100%	Automatic
6.2.10	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
6.2.11	Construction Development: Townships, Housing, Built-up infrastructure		
6.2.11.1	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

Para No. of Consolidated FDI Policy Circular of 2015	Sector/Activity	Foreign Investment	
		Cap (%)	Route
6.2.12	Industrial Parks – new and existing	100%	Automatic
6.2.13	Satellites- establishment and operation		
6.2.13.1	Satellites- establishment and operation, subject to the sectoral guidelines of Department of Space/ISRO	74%	Government
6.2.14	Private Security Agencies	49%	Government
6.2.15	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 (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 up to 49% Government route beyond 49%
6.2.16	Trading		
6.2.16.1	Cash & Carry Wholesale Trading/Wholesale Trading (including sourcing from MSEs)	100%	Automatic
6.2.16.2	B2B E-commerce activities	100%	Automatic
6.2.16.3	Single Brand product retail trading	100%	Automatic up to 49% Government route beyond 49%
6.2.16.4	Multi Brand Retail Trading	51%	Government
6.2.17	Railway infrastructure		
	Construction, operation and maintenance of the following: (i) Suburban corridor projects through PPP, (ii) High 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%	Automatic

Para No. of Consolidated FDI Policy Circular of 2015	Sector/Activity	Foreign Investment	
		Cap (%)	Route
Financial Services			
6.2.18	Financial Services Foreign investment in other financial services, other than those indicated below, would require prior approval of the Government:		
6.2.18.1	Asset Reconstruction Companies		
6.2.18.1.1	'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).	100%	Automatic up to 49% Government route beyond 49%
6.2.18.2	Banking- Private Sector		
6.2.18.2.1	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/ QFI upto 49%)	Automatic up to 49% Government route beyond 49% and upto 74%
6.2.18.3	Banking- Public Sector		
6.2.18.3.1	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
6.2.18.4	Commodity Exchanges		
6.2.18.4.2	Commodity Exchange	49%	Automatic
6.2.18.5	Credit Information Companies (CIC)		
6.2.18.5.1	Credit Information Companies	74%	Automatic
6.2.18.6	Infrastructure Company in the Securities Market		
6.2.18.6.1	Infrastructure companies in Securities Markets, namely, stock exchanges, depositories and clearing corporations, in compliance with SEBI Regulations	49%	Automatic
6.2.18.7	Insurance		
6.2.18.7.1	(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 up to 26% Government route beyond 26% and upto 49%

Para No. of Consolidated FDI Policy Circular of 2015	Sector/Activity	Foreign Investment	
		Cap (%)	Route
6.2.18.7 <i>bis.</i>	Pension Sector	49%	Automatic up to 26% Government route beyond 26% and upto 49%
6.2.18.8	Non-Banking Finance Companies (NBFC)		
6.2.18.8.1	Foreign investment in NBFC is allowed under the automatic route in only the following activities: <ul style="list-style-type: none"> (i) Merchant Banking (ii) Under Writing (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 	100%	Automatic
	Others		
6.2.19	Pharmaceuticals		
6.2.19.1	Greenfield	100%	Automatic
6.2.19.2	Brownfield	100%	Government
6.2.20	Power Exchanges		
6.2.20.1	Power Exchanges registered under the Central Electricity Regulatory Commission (Power Market) Regulations, 2010.	49%	Automatic