

Embassy of India
Reykjavik (Iceland)

"India – the most OPEN ECONOMY in the world for FDI"

Government of India has further liberalized the **FDI regime** under the automatic approval route for easing of conditionalities for foreign investment and to make India an attractive destination for foreign investors. Details of the latest changes are as under :

1. **FDI in Food Products manufactured/produced in India** : It has been decided to permit 100% FDI under government approval route for trading, including through e-commerce, in respect of food items manufactured or produced in India.
2. **Foreign Investment in defence sector**: Present FDI policy permits 49% FDI participation in the equity of a company under automatic route. FDI beyond 49% is permitted through government approval on case to case basis, wherever it is likely to result in access to modern and state-of-art technology in the country. The following changes have inter alia been brought in the FDI policy:
 - i) Foreign Investment beyond 49% has now been permitted through government approval route, in cases resulting in access to modern technology in the country or for other reasons to be recorded. *The condition of access to 'state-of-art' technology in the country has been done away with.*
 - ii) FDI limit for defence sector has also been made applicable to Manufacturing of Small Arms and Ammunitions covered under Arms Act 1959.
3. **Pharmaceutical**: The Extant FDI Policy on pharmaceutical sector provides for 100% FDI under automatic route in Greenfield pharma and FDI up to 100% under government approval route in Brownfield pharma. With the objective of promoting the development of this sector, it has been decide to permit up to 74% under automatic route in Brownfield pharmaceuticals and government approval beyond 74% will continue.
4. **Civil Aviation Sector**: Present FDI Policy on Airports permits 100% under automatic route in Greenfield Projects and 74% FDI in Brownfield Projects under automatic route. FDI beyond 74% for Brownfield Projects is under government approval route With a view to modernization of existing airports to establish a high standard and help ease the pressure on the existing airports, it has been decided to permit 100% FDI under automatic route in Brownfield Airport Projects.

As per the existing FDI policy, foreign investment up to 49% is allowed under automatic route in Scheduled Air Transport Service/Domestic Scheduled Passenger Airline and reginal Air Transport Service. It has now been decied to raise this limit to 100%, FDI with FDI up to 49% permitted under automatic route and FDI beyond 49% through government approval route. For NRIs, 100% FDI will continue to be allowed under automatic route. However, foreign airlines would continue to be allowed to invest in capital of Indian companies operating scheduled and non-scheduled air-transport services up to the limit of 49% of their paid up capital and subject to the laid down conditions in the existing policy.
5. **Broadcasting Carriage Services**: FDI Policy on Broadcasting Carriage Services has been amended, New sectoral caps and entry routes are as under:

Sector/Activity	New Cap and Route
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<p>5.2.7.1.1 (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)</p>	<p>100% Automatic</p>
<p>5.2.7.1.2 Cable Networks (Other MSOs not undertaking upgradation of networks towards digitalization and addressability and Local Cable Operators (LCOs))</p>	
<p>Infusion of fresh foreign investment, beyond 49% in a company not seeking license/permission from sectoral Ministry, resulting in change in the ownership pattern or transfer of stake by existing investor to new foreign investor, will require FIPB approval</p>	

6.Private Security Agencies: The Extant FDI Policy permits 49% FDI under government route in this sector. FDI up to 49% is now permitted under automatic route and FDI beyond 49% and up to 74% permitted under government approval route.

7.Establishment of Branch office, Liaison office or Project office: For establishment of branch office/liaison office in sectors of Defence, Telecom, Private Security or Information and Broadcasting, approval of RBI or separate security country would not be required if FIPB approval or license by concerned Ministry/Regulator has already been granted

8.Animal Husbandry: As per FDI policy 2016, FDI in Animal Husbandry is allowed 100% under automatic route under controlled conditions. Requirement of **controlled conditions** for FDI in these sectors has been removed

9.Single Brand Retail Trading: Local sourcing norms relaxed up to 3 years and relaxed sourcing regime for another 5 years for entities undertaking Single Brand Retail Trading of products having 'state-of-art' and 'cutting edge' technology.

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