

# INVESTING IN INDIA

## Foreign Direct Investment-Policy & Procedures

Department of Industrial Policy & Promotion  
Ministry of Commerce & Industry  
Government of India  
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This booklet on '**Investing in India**-Foreign Direct Investment- Policy and Procedures' is intended to serve as a guide to prospective investors/entrepreneurs and does not purport to be a legal document. In case of any variance between what has been stated in this booklet and the relevant Act, Rules, Regulations, Policy Statements, etc., the latter shall prevail.

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## FOREWORD

Government of India recognizes the key role of Foreign Direct Investment (FDI) in economic development not only as an addition to domestic capital but also as an important source of technology and global best practices. The Government of India has put in place a liberal and transparent FDI policy. FDI up to 100% is allowed under the automatic route in most sectors/activities. FDI policy in India is reckoned to be among the most liberal in emerging economies.

The Government of India reviews the FDI policy on an ongoing basis. Important Policy initiatives taken in the recent past include raising FDI equity limit in domestic airlines sector to 49% and placing it under the automatic route; allowing FDI up to 100% under the automatic route for the development of townships, housing, built-up infrastructure and construction development projects; procedural simplification for approval of proposals for new joint ventures, technology collaborations with existing joint ventures, technology transfer/trade marks agreement in India and transfer of shares from existing Indian companies.

This publication is aimed at providing investors up to date information on the policies and procedures relating to FDI. This publication is also available to the website of the Department ([www.dipp.nic.in](http://www.dipp.nic.in)). Further information can be obtained through e-mail. Online chat facility is available every working day between 1100 – 1200 hours (IST) and 1600 – 1700 hours (IST) (GMT + 5.30) or bulletin board facility at the website.

I trust the investing community would find the publication useful. We welcome suggestions to further improve this publication.

**(Ashok Jha)**

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# CHAPTER I

## Foreign Direct Investment

### Introduction

### Policy on Foreign Direct Investment

1.1 India, the largest democracy in the world, with its consistent growth/performance and abundant skilled manpower provides enormous opportunities for investment, both domestic and foreign. India is the fourth largest economy in terms of *Purchase Power Parity* and the tenth most industrialized country in the world.. Major initiatives such as industrial decontrol, simplification of investment procedures, enactment of competition law, liberalisation of trade policy, full commitment to safeguarding intellectual property rights, financial sector reforms, liberalisation of exchange regulations etc., have been taken, which provide a liberal, attractive, and investor friendly investment climate. Main features of policy on Foreign Direct Investment are dealt within this chapter.

1.2 FDI up to 100% is allowed under the automatic route in all activities/sectors except the following which require approval of the Government :

- Activities/items that require an Industrial Licence(Refer para 2.1);
- Proposals in which the foreign collaborator has an existing venture/tie up in India in the same field(Refer Press Note no. 1 and 3 ( 2005 series),
- Proposals for acquisition of shares in an existing Indian company in the :
  - o Financial services sector and
  - o Where SEBI (Substantial Acquisition of Shares and Takeovers )Regulations, 1997 is attracted; and
- All proposals falling outside notified sectoral policy/caps or under sectors in which FDI is not permitted(Refer Annexure II).

Illustrative lists of sectors under Automatic Route for FDI upto 100% may please be seen at annexure - III, IV & V.

1.3 FDI policy is reviewed on an ongoing basis and measures for its further liberalization are taken. Change in sectoral policy/sectoral equity cap is notified from time to time through Press Notes by the Secretariat for Industrial Assistance (SIA) in the Department of Industrial Policy & Promotion. Policy announcement by SIA are subsequently notified by Reserve Bank of India(RBI) under Foreign Exchange Management Act (FEMA) . All Press Notes are available at the website of Department ([www.dipp.nic.in](http://www.dipp.nic.in))

## Procedure for FDI under Automatic Route

**1.4** FDI up to 100 % is allowed under the automatic route from foreign/NRI investor without prior approval in most of the sectors including the services sector. FDI in sectors/activities under automatic route does not require any prior approval either by the Government or RBI. The investors are required to notify the Regional office concerned of RBI within 30 days of receipt of inward remittances and file the required documents with that office within 30 days of issue of shares to foreign investors. For more details please refer details at RBI website at [www.rbi.org.in](http://www.rbi.org.in).

## Government Approval Route

**1.5** All activities which are not covered under the automatic route according to para 1.2 above, require prior Government approval. Areas/sectors/activities hitherto not open to FDI/NRI investment shall continue to be so unless otherwise notified by Government.

## Procedure for Obtaining Government Approval -FIPB

**1.6** All proposals for foreign investment requiring Government approval are considered by the Foreign Investment Promotion Board (FIPB). The FIPB also grants composite approvals involving foreign investment/foreign technical collaboration. For seeking the approval for FDI other than NRI Investments and 100% Export Oriented Units( EOUs), applications in form FC-IL should be submitted to the Department of Economic Affairs (DEA), Ministry of Finance.

Plain paper applications carrying all relevant details are also accepted. No fee is payable. The following information should form part of the proposals submitted to FIPB: -

- (a) Whether the applicant has any existing financial/technical collaboration or trade mark agreement in India in the same field for which approval has been sought; and
- (b) If so, details thereof and the justification for proposing the new venture/technical collaboration (including trade marks).
- (c) Applications can also be submitted with Indian Missions abroad who will forward them to the Department of Economic Affairs for further processing.
- (d) Foreign investment proposals received in the DEA are generally placed before the Foreign Investment Promotion Board (FIPB) within 15 days of receipt.

The Decision of the Government in all cases is usually conveyed within 30 days.

**1.7** The guidelines for consideration of FDI proposals by the FIPB are at Annexure-I. The sector specific guidelines for FDI and Foreign Technology Collaborations are at Annex II.

## FDI from NRI & for 100% EOU.

## FDI Prohibited

## General Permission of RBI under FEMA

## Investment by Existing Companies

- 1.8** FDI applications with NRI Investments and 100% EOU should be submitted to the Public Relation & Complaint Section (PR&C) of Secretariat of Industrial Assistance (SIA), Department of Industrial Policy & Promotion.
- 1.9** The extant policy does not permit FDI in the following cases:
- i. Gambling and Betting, or
  - ii. Lottery Business, or
  - iii. Business of chit fund
  - iv. Nidhi Company
  - v. Housing and Real Estate business except for the development of townships, housing, built-up infrastructure and construction development project notified vide Press note 2(2005 series).
  - vi. Trading in Transferable Development Rights (TDRs)
  - vii. Retail Trading
  - viii. Atomic Energy
  - ix. Agricultural or plantation activities or Agriculture (excluding Floriculture, Horticulture, Development of Seeds, Animal Husbandry, Pisciculture and Cultivation of Vegetables, Mushrooms etc. under controlled conditions and services related to agro and allied sectors) and Plantations (other than Tea plantations)
- 1.10** RBI has granted general permission under FEMA in respect of proposals approved by the Government. Indian companies getting foreign investment approval through FIPB route do not require any further clearance from RBI for the purpose of receiving inward remittance and issue of shares to the foreign investors. The companies are, however, required to notify the concerned Regional office of the RBI of receipt of inward remittances within 30 days of such receipt and to file the required documents with the concerned Regional offices of the RBI within 30 days of issue of shares to the foreign investors or NRIs.
- 1.11** Besides new companies, automatic route for FDI/NRI investment is also available to the existing companies proposing to induct foreign equity. For existing companies with an expansion programme, the additional requirements include
- (i) the increase in equity level resulting from the expansion of the equity base of the existing company without the acquisition of existing shares by NRI/foreign investors,
  - (ii) the money to be remitted should be in foreign currency and
  - (iii) proposed expansion programme should be in the sector(s) under automatic route. Otherwise, the proposal would need

## Participation by International Financial Institutions

## Issue and Valuation of Shares in case of Existing Companies

Government approval through the FIPB. For this the proposal must be supported by a Board Resolution of the existing Indian company.

**1.12** For existing companies without an expansion programme, the additional requirements for eligibility for automatic approval are

- (i) that they are engaged in the industries under automatic route,
- (ii) the increase in equity level must be from expansion of the equity base and
- (iii) the foreign equity must be in foreign currency.

**1.13** The earlier SEBI requirement, applicable to public limited companies, that shares allotted on preferential basis shall not be transferable in any manner for a period of 5 years from the date of their allotment has now been modified to the extent that not more than 20 per cent of the entire contribution brought in by promoter cumulatively in public or preferential issue shall be locked-in.

**1.14** Equity participation by international financial institutions such as ADB, IFC, CDC, DEG, etc. in domestic companies is permitted through automatic route subject to SEBI/RBI regulations and sector specific cap on FDI.

**1.15** In case of listed companies, according to RBI/SEBI guidelines, the issue price shall be either at:

- (a) The average of the weekly high and low of the closing prices of the related shares quoted on the stock exchange during the six months preceding the relevant date, or
- (b) The average of the weekly high and low of the closing prices of the related shares quoted on the stock exchange during the two weeks preceding the relevant date.

The stock exchange referred to is the one at which the highest trading volume in respect of the share of the company has been recorded during the preceding six months prior to the relevant date.

The relevant date is the date thirty days prior to the date on which the meeting of the General Body of the shareholder is convened. In all other cases a company may issue shares as per the RBI regulation in accordance with the guidelines issued by the erstwhile Controller of Capital Issues.

Other relevant guidelines of Securities and Exchange Board of India (SEBI)/ and RBI including the SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997,

wherever applicable, would need to be followed. Further information could be obtained at Security and Exchange Board of India's (SEBI) website : [www.sebi.gov.in](http://www.sebi.gov.in)

**1.16** An Indian corporate can raise foreign currency resources abroad through the issue of American Depository Receipts (ADRs) or Global Depository Receipts (GDRs). Regulation 4 of Schedule I of FEMA Notification no. 20 allow an Indian company to issue its Rupee denominated shares to a person resident outside India being a depository for the purpose of issuing Global Depository Receipts (GDRs) and/ or American Depository Receipts (ADRs), subject to the conditions that:

- the ADRs/GDRs are issued in accordance with the Scheme for issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993 and guidelines issued by the Central Government thereunder from time to time
- The Indian company issuing such shares has an approval from the Ministry of Finance, Government of India to issue such ADRs and/or GDRs or is eligible to issue ADRs/ GDRs in terms of the relevant scheme in force or notification issued by the Ministry of Finance, and
- There are no end-use restrictions on GDR/ADR issue proceeds, except for an express ban on investment in real estate and stock markets.
- The FCCB issue proceeds need to conform to external commercial borrowing end use requirements; in addition, 25 per cent of the FCCB proceeds can be used for general corporate restructuring
- Is not otherwise ineligible to issue shares to persons resident outside India in terms of these Regulations.
- There is no limit upto which an Indian company can raise ADRs/GDRs. However, the Indian company has to be otherwise eligible to raise foreign equity under the extant FDI policy.

**1.17** A company engaged in the manufacture of items covered under Automatic route, whose direct foreign investment after a proposed GDRs/ADRs/FCCBs issue is likely to exceed the percentage limits under the automatic route, or which is implementing a project falling under Government approval route, would need to obtain prior Government clearance through FIPB before seeking final approval from the Ministry of Finance.

**1.18** FCCBs are issued in accordance with the scheme [Scheme for issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme,

## Eligibility

1993] and subscribed by a non-resident in foreign currency and convertible into ordinary shares of the issuing company in any manner, either in whole, or in part, on the basis of any equity related warrants attached to debt instruments;

**1.19** The eligibility for issue of Convertible Bonds or Ordinary Shares of Issuing Company is given as under:

- (i) An issuing company desirous of raising foreign funds by issuing Foreign Currency Convertible Bonds or ordinary shares for equity issues through Global Depositary Receipt
- (ii) Can issue FCCBs upto USD 50 Million under the Automatic route,
- (iii) From USD 50 –100 Million, the companies have to take RBI approval,(iv) From USD 100 Million and above, prior permission of the Department of Economic Affairs is required.

## Preference Shares

**1.20** Foreign investment through preference shares is treated as foreign direct investment. Proposals are processed either through the automatic route or FIPB as the case may be, as per the following guidelines:-

- (i) Foreign investment in preference share are considered as part of share capital and fall outside the External Commercial Borrowing (ECB) guidelines/cap.
- (ii) Preference shares to be treated as foreign direct equity for purpose of sectoral caps on foreign equity, where such caps are prescribed, provided they carry a conversion option. Preference shares structured without such conversion option fall outside the foreign direct equity cap.
- (iii) Duration for conversion shall be as per the maximum limit prescribed under the Companies Act or what has been agreed to in the shareholders agreement whichever is less.
- (iv) The dividend rate would not exceed the limit prescribed by the Ministry of Finance.
- (v) Issue of preference shares should conform to guidelines prescribed by the SEBI and RBI and other statutory requirements.

## FDI in EOUs/SEZs/Industrial Park/EHTP/STP

### Special Economic Zones(SEZs)

**1.21** 100% FDI is permitted under automatic route for setting up of Special Economic Zone(SEZ)Units in SEZ qualify for approval through automatic route subject to sectoral norms. Details about the type of activities permitted are available in the Foreign Trade Policy issued by Department of Commerce. Proposals not covered under the automatic route require approval by FIPB. The procedure mentioned in para 1.6 will be applicable for seeking requisite approval.

### 100% Export Oriented Units (EOUs)

**1.22** 100% FDI is permitted under automatic route for setting up 100% EOU, subject to sectoral norms. Proposals not covered under the automatic route would be considered and approved by FIPB. The procedure mentioned in para 1.6 will be applicable for seeking requisite approval.

### Industrial Park

**1.23** 100% FDI is permitted under automatic route for setting up of Industrial Park. The procedure mentioned in Para 1.4 will be applicable.

### Electronic Hardware Technology Park (EHTP) Units

**1.24** All proposals for FDI/NRI investment in EHTP Units are eligible for approval under automatic route subject to parameters listed in Para 1.2. For proposals not covered under automatic route, the applicant should seek separate approval of the FIPB, as per the procedure outlined in Para 1.6.

### Software Technology Park Units

**1.25** All proposals for FDI/NRI investment in STP Units are eligible for approval under automatic route subject to parameters listed in Para 1.2. For proposals not covered under automatic route, the applicant should seek separate approval of the FIPB, as per the procedure outlined in Para 1.6.

### Capitalization of Import Payables

**1.26** FDI inflows are required to be under the following mode:

- i. By inward remittances through normal banking channels or
- ii. By debit to the specific account of person concerned maintained in an authorized dealer/authorized bank. Issue of equity to non-residents against other modes of FDI inflows or in kind is not permissible. However, Issue of equity shares against lump sum fee, royalty and External Commercial Borrowings (ECBs) in convertible foreign currency are permitted under the automatic route subject to meeting all applicable tax liabilities and sector specific guidelines.

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# CHAPTER II

## Industrial Licensing

### Industrial Licensing Policy

### Industries Requiring Compulsory Licensing

### Industries under Small-Scale Sector

**2.1** Industrial Licenses are regulated under the Industries (Development & Regulation) Act, 1951. The requirements of Industrial licence has been progressively reduced. At present industrial licence for manufacturing is required only for the following:

- i. Industries retained under compulsory licensing,
- ii. Items reserved for small scale sector; and
- iii. When the proposed location attracts locational restriction

**2.2** The following industries require compulsory industrial license:

- i. Distillation and brewing of alcoholic drinks.
- ii. Cigars and cigarettes of tobacco and manufactured tobacco substitutes;
- iii. Electronic Aerospace and defence equipment: all types;
- iv. Industrial explosives including detonating fuses, safety fuses, gun powder, nitrocellulose and matches;
- v. Hazardous chemicals;
  - (a) Hydrocyanic acid and its derivatives
  - (b) Phosgene and its derivatives
  - (c) Isocyanates and di-isocyanates of hydrocarbon, not elsewhere specified (example: Methyl Isocyanate); and
  - vi. Drugs and Pharmaceuticals (according to modified Drug Policy issued in September, 1994 and subsequently amended in February, 1999)

**2.3** An industrial undertaking is defined as a small-scale unit if the capital investment in plant and machinery does not exceed Rs 10 million.

Small-scale units can get registered with the Directorate of Industries/District Industries Centre of the State Government. Such units can manufacture any item, and are also free from locational restrictions.

The Government has reserved certain items for exclusive manufacture in the small scale sector. The list is subject to periodic review and items are de-reserved. List of items reserved for exclusive manufacture in small scale sector is available at [www.dipp.nic.in](http://www.dipp.nic.in).

## Manufacture of items reserved for Small-Scale Sector

### FDI in SSI Units

### Locational Restrictions

### Procedure for Obtaining Industrial License:

**2.4** Non-small scale units can manufacture items reserved for the small scale sector only after obtaining an industrial license. In such cases, the non-small scale unit is required to undertake an obligation to export 50 per cent of the production of SSI reserved items.

**2.5** A small scale unit can not have more than 24 per cent equity in its paid up capital from any industrial undertaking, either foreign or domestic. If the equity from another company (including foreign equity) exceeds 24 per cent, even if the investment in plant and machinery in the unit does not exceed Rs 10 million, the unit loses its small-scale status.

**2.6** Industrial undertakings are free to select the location of a project. Industrial Licence is required if the proposed location is within 25 KM of the Standard Urban Area limits of 23 cities having population of 1 million as per 1991 census. List of such cities is at Annexure IX.

Locational restriction does not apply:

- i) If the unit were to be located in an area designated as an "industrial area" before the 25th July, 1991.
- ii) In the case of Electronics, Computer software and Printing and any other industry, which may be notified in future as "non polluting industry".

The location of industrial units is subject to applicable local zoning and land use regulations and environmental regulations.

**2.7** Industrial Licence is granted by the Government of India in the Secretariat for Industrial Assistance (SIA) on the recommendation of the Licensing Committee.

Application for industrial license is required to be submitted in the prescribed form. (Form FC-IL).

This form is available in the Public Relation and Complaint Section (PR&C) of the SIA, all outlets dealing in Government Publications, Indian Embassies, and can also be downloaded from the web site <http://www.dipp.nic.in>.

Application accompanied with a crossed demand draft of Rs.2500/- (appr. US\$ 55) may be submitted to the Entrepreneur Assistance Unit (EAU) of Department of Industrial Policy & Promotion.

Decisions are usually taken within 4-6 weeks of filing the application..

## Policy for Industries exempt from licensing- Industrial Entrepreneurs Memorandum (IEM)

## Procedure for filing IEM

## Procedure on Commencement of Commercial Production

## Carry on Business (COB) Licence

- 2.8** Industrial undertakings exempt from industrial license are only required to file an Industrial Entrepreneur Memoranda (IEM) in Part 'A', in the prescribed format, with the Secretariat of Industrial Assistance, and obtain an acknowledgement. No further approval is required. Immediately after commencement of commercial production, the industrial undertaking is required to file with the SIA, Part B of the IEM.
- 2.9** (a) The form for filing an IEM is available at Public Relation and Complaint Section (PR&C), all outlets dealing in Government publications, Indian Embassies, and can also be downloaded from the web site <http://dipp.nic.in>.
- (b) The IEM can be filed with the PR&C either in person or by post. The IEM should be submitted along with a crossed demand draft of Rs.1000/- (appr. US\$ 22) for up to 10 items proposed to be manufactured For more than 10 items, an additional fee of Rs. 250 (appr. US\$ 6) for up to 10 additional items needs to be paid.
- (c) On filing the IEM, an acknowledgement containing the SIA Registration Number, for future reference, is issued. In case IEM is sent by post, the acknowledgement is sent by post & no further approval is required. An IEM would stand cancelled if the proposal requires compulsory license.
- 2.10** Upon commencement of commercial production, Industrial undertakings need to file information in Part 'B' of the IEM to PR&C Section in SIA. No fee is to be paid for filing Part B. All industrial undertakings whether or not exempt from compulsory industrial licensing, are statutorily required to submit monthly production return in the prescribed proforma every month. This should reach the Industrial Statistics Unit (ISU) of the Department positively by the 10<sup>th</sup> of the following month.
- 2.11** Small- scale units by virtue of their natural growth may exceed the investment limits prescribed for small-scale units. In such cases these units need to obtain a Carry-on-Business (COB) License based on the best production in the preceding three years. No export obligation is fixed on the capacity for which the COB license is granted. The application for COB licence should be submitted in revised form "EE", which can be downloaded from the web site <http://www.dipp.nic.in> along with a crossed demand draft of Rs.2500/- (appr. US\$ 55) However, on further expansion of its capacity beyond the capacity included in COB license, the unit would need to obtain an industrial license.

## How the prescribed fee are paid

## Environmental Clearances

**2.12** The fee prescribed for various applications, licenses are to be paid through crossed demand draft drawn in favour of the Pay & Accounts Officer, Department of Industrial Policy & Promotion, Ministry of Commerce & Industry, payable at New Delhi.

**2.13** Entrepreneurs are required to obtain Statutory clearances relating to Pollution Control and Environment, as may be necessary for setting up an industrial project for 31 categories of industries in terms of Notification (SO 60(E) dated 27.1.94) issued under The Environment (Protection) Act, 1986 from the Ministry of Environment & Forest, Government of India. This list includes petrochemical complexes, petroleum refineries, cement, thermal power plants, bulk drugs, fertilisers, dyes, paper etc. For further details, please refer to website of Ministry of Environment & Forest at <http://envfor.nic.in>.

**2.14** However, if investment in the project is less than Rs. 1 billion, such Environmental clearance is not necessary, except in cases of pesticides, bulk drugs and pharmaceuticals, asbestos and asbestos products, integrated paint complexes, mining projects, tourism projects of certain parameters, tarred roads in Himalayan areas, distilleries, dyes, foundries and electroplating industries. Further, any item reserved for the small-scale sector is also exempt from obtaining environmental clearance from the Central Government.

Powers have been delegated to the State Governments for grant of environmental clearance for certain categories of thermal power plants.

Setting up industries in certain locations considered ecologically fragile (e.g. Aravalli Range, coastal areas, Doon valley, Dahanu, etc.) are guided by separate guidelines issued by the Ministry of Environment and Forests, Government of India.

Details can be obtained at the website of Ministry of Environment and Forests (<http://envfor.nic.in>).



# CHAPTER III

## Foreign Technology Agreements

### General Policy

**3.1** For promoting technological capability in Indian industry, acquisition of foreign technology is encouraged through foreign technology collaboration agreements. Induction of know-how through such agreements are permitted either through automatic route or with prior approval from the Government.

### Scope of Technology Collaboration

**3.2** The terms of payment under foreign technology collaboration, which are eligible for approval through the automatic route and by the Government approval route, includes technical know how fees, payment for design and drawing, payment for engineering service and royalty. Payments for hiring of foreign technicians, deputation of Indian technicians abroad, and testing of indigenous raw material, products, indigenously developed technology in foreign countries are governed by separate RBI procedures and rules and are not covered by the foreign technology collaboration approval. Similarly, payments for imports of plant and machinery and raw material are also not covered by the foreign technology collaboration approval. For any of these items, entrepreneurs may contact the RBI.

### Automatic Route

**3.3** Government has delegated powers to Reserve Bank of India to allow payment for foreign technology collaboration by Indian companies under automatic route subject to the following limits:

- (i) the lump sum payments not exceeding US\$ 2 million;
- (ii) royalty payable being limited to 5 per cent for domestic sales and 8 per cent for exports, without any restriction on the duration of the royalty payments. The royalty limits are net of taxes and are calculated according to standard conditions. (Press Note No.19 of 1998 & Press Note No. 2 of 2003.) Terms of payment qualifying for automatic route is irrespective of the extent of foreign equity in the Indian company.

### Use of Trademarks and Brand Name

**3.4** Payment of royalty up to 2% for exports and 1% for domestic sales is allowed under automatic route for use of trademarks and brand name of the foreign collaborator without technology transfer. Royalty on brand name/trade mark shall be paid as a percentage of net sales, viz., gross sales less agents'/dealers' commission, transport cost, including ocean freight, insurance, duties, taxes and other charges, and cost of raw materials, parts and components imported from the foreign licensor or

## Procedure for Automatic Route

## Government Approval – Project Approval Board (PAB)

## Procedure for Government Approval

its subsidiary/affiliated company(Press Note No.1 of 2002). In case of technology transfer, payment of royalty includes the payment of royalty for use of trade mark and brand name of the foreign collaborator.

- 3.5** a. *Remittance of Royalty and Payment of lumpsum fee :*  
Authorised Dealers may allow remittances for royalty and payment of lumpsum fee provided the payments do not exceed 5% on domestic sales and 8% on exports and/or lumpsum payment does not exceed US\$2million.
- b. *Remittance for Use and /or Purchase of Trade mark / Franchise in India:*  
Authorised Dealers may freely allow remittances for use of trade mark /franchise in India. However, RBIs prior approval will continue to be required for remittance towards purchase of trade mark/franchise.
- 3.6** For royalty payment in the following categories, Government approval (PAB when technical collaboration is proposed and FIPB where both financial & technical collaboration are proposed) would be necessary:
- Proposals attracting compulsory licensing
  - Items of manufacture reserved for the small scale sector
  - Proposals involving any existing joint venture or technology transfer/trade mark agreement in the same field in India. (The definition of "same" field would be as per 3 digits NIC 1987 Code).
  - Proposals not meeting any or all of the parameters for automatic approval as given in Para 3.3.
- 3.7** Proposals for foreign technology collaboration not covered under the automatic route are considered by the Project Approval Board in the Department of Industrial Policy and Promotion. Application in such cases should be submitted in Form FC-IL to the Secretariat for Industrial Assistance. Proposals where both financial & technical collaboration are proposed, application is to be submitted to FIPB. No fee is payable. On consideration of the proposal by the Project Approval Board/FIPB, decisions are normally conveyed within 4 to 6 weeks of filing the application.

\* \* \* \* \*

# CHAPTER IV

## Entry Options for Foreign Investor

### Entry Options

#### Incorporated Entity

**4.1** A foreign company planning to set up business operations in India has the following options:

i) By incorporating a company under the Companies Act, 1956 through

- Joint Ventures; or
- Wholly Owned Subsidiaries

Foreign equity in such Indian companies can be up to 100% depending on the requirements of the investor, subject to equity caps in respect of the area of activities under the Foreign Direct Investment (FDI) policy.

#### As an Unincorporated Entity

ii) As a foreign Company through

- Liaison Office/Representative Office
- Project Office
- Branch Office

Such offices can undertake activities permitted under the Foreign Exchange Management (Establishment in India of branch or office of other place of business) Regulations, 2000.

#### Incorporation of Company

**4.2** For registration and incorporation, an application has to be filed with Registrar of Companies (ROC). Once a company has been duly registered and incorporated as an Indian company, it is subject to Indian laws and regulations as applicable to other domestic Indian companies.

For details please visit the website of Ministry of Company Affairs at <http://dca.nic.in>

#### Liaison Office/ Representative Office

**4.3** The role of the liaison office is limited to collecting information about possible market opportunities and providing information about the company and its products to prospective Indian customers. It can promote export/import from/to India and also facilitate technical/financial collaboration between parent company and companies in India. Liaison office can not undertake any commercial activity directly or indirectly and can not, therefore, earn any income in India. Approval for establishing a liaison office in India is granted by Reserve Bank of India (RBI).

## Project Office

4.4 Foreign Companies planning to execute specific projects in India can set up temporary project/site offices in India. RBI has now granted general permission to foreign entities to establish Project Offices subject to specified conditions. Such offices can not undertake or carry on any activity other than the activity relating and incidental to execution of the project. Project Offices may remit outside India the surplus of the project on its completion, general permission for which has been granted by the RBI.

## Branch Office

4.5 Foreign companies engaged in manufacturing and trading activities abroad are allowed to set up Branch Offices in India for the following purposes:

- (i) Export/Import of goods
- (ii) Rendering professional or consultancy services
- (iii) Carrying out research work, in which the parent company is engaged.
- (iv) Promoting technical or financial collaborations between Indian companies and parent or overseas group company.
- (v) Representing the parent company in India and acting as buying/selling agents in India.
- (vi) Rendering services in Information Technology and development of software in India.
- (vii) Rendering technical support to the products supplied by the parent/ group companies.
- (viii) Foreign airline/shipping company.

Branch Offices established with the approval of RBI, may remit outside India profit of the branch, net of applicable Indian taxes and subject to RBI guidelines Permission for setting up branch offices is granted by the Reserve Bank of India (RBI).

## Branch Office on “Stand Alone Basis” in SEZ

4.6 Such Branch Offices would be isolated and restricted to the Special Economic Zone (SEZ) alone and no business activity/ transaction will be allowed outside the SEZs in India, which include branches/subsidiaries of its parent office in India.

No approval shall be necessary from RBI for a company to establish a branch/unit in SEZs to undertake manufacturing and service activities subject to specified conditions.

Application for setting up Liaison Office/ Project Office/ Branch Office may be submitted in form FNC 1 (available at RBI website at [www.rbi.org.in](http://www.rbi.org.in) )

Investment in a firm or a proprietary concern by NRIs

Investment in a firm or a proprietary concern by other than NRIs

## Entry options for NRIs

NRIs have few more entry options

- 4.7** A Non-Resident Indian or a Person of Indian Origin resident outside India may invest by way of contribution to the capital of a firm or a proprietary concern in India on non-repatriation basis provided ,
- i) Amount is invested by inward remittance or out of NRE/ FCNR/NRO account maintained with AD
  - ii) The firm or proprietary concern is not engaged in any agricultural/plantation or real estate business i.e. dealing in land and immovable property with a view to earning profit or earning income there from. iii) Amount invested shall not be eligible for repatriation outside India. NRIs/ PIO may invest in sole proprietorship concerns/ partnership firms with repatriation benefits with the approval of Government /RBI.
- 4.8** No person resident outside India other than NRIs/PIO shall make any investment by way of contribution to the capital of a firm or a proprietorship concern or any association of persons in India. The RBI may, on an application made to it, permit a person resident outside India to make such investment subject to such terms and conditions as may be considered necessary.

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# CHAPTER V

## Exchange Control

### Foreign Exchange Management Act

- 5.1** The Reserve Bank of India's Exchange Control Department, administers Foreign Exchange Management Act, 1999, (FEMA) which has replaced the earlier Act, FERA, with effect from June 1, 2000. The new legislation is for "facilitating external trade" and "promoting the orderly development and maintenance of foreign exchange market in India".
- 5.2** In terms of Section 6(3)(b) of Foreign Exchange Management Act, 1999, Reserve Bank of India regulates transfer or issue of any security by a person resident outside India read with Notification No. FEMA 20/2000-RB dated May 3, 2000.

### Issue of Rights/ Bonus Shares

#### General Permission under FEMA

- 5.3** General permission is available to Indian companies to issue Right/Bonus shares subject to certain conditions. Entitlement of rights shares is not automatically available to investors who have been allotted such shares as OCBs. Such issuing companies would have to seek specific permission from RBI, Foreign Exchange Department, Foreign Investment Division, Central Office, Mumbai for issue of shares on right basis to erstwhile Overseas Corporate Bodies(OCBs)

### Issue of Shares Under Merger/ Amalgamation

- 5.4** Where a Scheme of merger or amalgamation of two or more Indian companies has been approved by a court in India, the transferee company may issue shares to the shareholders of the transferor company, resident outside India subject to ensuring that the percentage of shareholding of persons resident outside India in the transferee or new company does not exceed the percentage specified in the approval granted by the Central Government or the Reserve Bank. This entitlement of rights shares is not automatically available to investors who have been allotted such shares as OCBs. For this specific permission from RBI is necessary.

### Issue of Shares Under ESOS Scheme

- 5.5** A company may issue shares under this Scheme, to its employees or employees of its joint venture or wholly owned subsidiary abroad who are resident outside India, directly or through a Trust subject to the condition that the scheme has been drawn in terms of relevant regulations issued by the SEBI; and face value of the shares to be allotted under the scheme to the non-resident employees does not exceed 5% of the paid-up capital of the issuing company.

## Issue of Shares by Indian Companies Under ADR/GDR

- 5.6** An Indian corporate can raise foreign currency resources abroad through the issue of ADRs or GDRs. Regulation 4 of Schedule I of FEMA Notification No. 20 allows an Indian company to issue its Rupee denominated shares to a person resident outside India being a depository for the purpose of issuing GDRs and/ or ADRs, subject to the conditions that:
- the ADRs/GDRs are issued in accordance with the Scheme for issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993 and guidelines issued by the Central Government thereunder from time to time
  - The Indian company issuing such shares has an approval from the Ministry of Finance, Government of India to issue such ADRs and/or GDRs or is eligible to issue ADRs/ GDRs in terms of the relevant scheme in force or notification issued by the Ministry of Finance, and
  - Is not otherwise ineligible to issue shares to persons resident outside India in terms of these Regulations.

## Repatriation of Investment Capital and Profits Earned in India

- 5.7** (i) All foreign investments are freely repatriable except for the cases where NRIs choose to invest specifically under non-repatriable schemes. Dividends declared on foreign investments can be remitted freely through an Authorised Dealer.
- (ii) Non-residents can sell shares on stock exchange without prior approval of RBI and repatriate through a bank the sale proceeds if they hold the shares on repatriation basis and if they have necessary NOC/tax clearance certificate issued by Income Tax authorities.
- (iii) For sale of shares through private arrangements, Regional offices of RBI grant permission for recognized units of foreign equity in Indian company in terms of guidelines indicated in Regulation 10.B of Notification No. FEMA.20/2000 RB dated May '2000. The sale price of shares on recognized units is to be 3<sup>rd</sup> determined in accordance with the guidelines prescribed under Regulation 10B(2) of the above Notification.
- (iv) Profits, dividends, etc. (which are remittances classified as current account transactions) can be freely repatriated.

## Transfer of Shares/ Debentures

- 5.8** In order to make the environment in India more attractive for foreign investors, Government has decided to simplify the procedure by placing the following under the General Permission route ( i.e. RBI route ) instead of existing Government approval route (i.e. FIPB route) for speedy and streamlined investment approvals:
- a) Transfer of shares from resident to non-resident (including transfer of subscribers' shares to non-residents) other than

in financial services sector provided the investment is covered under automatic route, does not attract the provisions of SEBI's (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, falls within the sectoral cap and also complies with prescribed pricing guidelines.

- b) Conversion of ECB/Loan into equity provided the activity of the company is covered under automatic route, the foreign equity after such conversion falls within the sectoral cap and also complies with prescribed pricing guidelines.
- c) Cases of increase in foreign equity participation by fresh issue of shares as well as conversion of preference shares into equity capital provided such increase within the sectoral cap in the relevant sectors, are within the automatic route and also complies with prescribed pricing guidelines.

General permission has been granted to non-residents/NRIs for transfer of shares and convertible debentures of an Indian company as under:-

- A person resident outside India ( Other than NRI and OCB) may transfer by way of sale or gift the shares or convertible debentures to any person resident outside India ( including NRIs); provided transferee has obtained prior permission of SIA/FIPB to acquire the shares if he has a venture or tie-up in India through investment in shares or convertible debentures or a technical collaboration or a trade mark agreement or investment in the same field in which the Indian company whose shares are being transferred, is engaged.
- NRI or OCB may transfer by way of sale or gift the shares or convertible debentures held by him or it to another non-resident Indian; provided transferee has obtained prior permission of Central Government to acquire the shares if he has a venture or tie-up in India in the same field in which the Indian company whose shares are being transferred , is engaged.
- The person resident outside India may transfer any security to a person resident in India by way of gift.
- A person resident outside India may sell the shares and convertible debentures of an Indian company on a recognized Stock Exchange in India through a registered broker.

**5.9** Prior approval of the RBI is required for acquiring foreign currency above certain limits for the following purposes:

- Holiday travel over USD 10,000 p.a.
- Gift / donation over USD 5,000 / USD 10,000 per beneficiary p.a.
- Business travel over USD 25,000 per person
- Foreign studies as per estimate of institution or USD 100,000 per academic year

## Acquisition of Immovable Property by Non-Resident:

## Acquisition of Immovable Property by NRI

- Architectural / consultancy services procured from abroad over USD 1,000,000 per project
- Remittance for purchase of Trade Mark / Franchise
- Reimbursement of pre incorporation expenses over USD 100,000
- Remittances exceeding USD 25,000 p.a. (over and above ceilings prescribed for other remittances mentioned above) by a resident individual for any current account or capital account transaction.

In certain specified cases, prior approval of the Ministry concerned is needed for withdrawal of foreign exchange, such as: -

- Remittance of freight of vessel chartered by a PSU,
- Payment of import through ocean transport by a Govt. Department or a PSU on c.i.f basis,
- Multi-modal transport operators making remittance to their agents abroad.

**5.10** A person resident outside India, who has been permitted by Reserve Bank of India to establish a branch, or office, or place of business in India ( excluding a Liaison Office), has general permission of Reserve Bank of India to acquire immovable property in India , which is necessary for, or incidental to, the activity. However, in such cases a declaration , in prescribed form (IPI), is required to be filed with the Reserve Bank, within 90 days of the acquisition of immovable property.

Foreign nationals of non-Indian origin who have acquired immovable property in India with the specific approval of the Reserve Bank of India can not transfer such property without prior permission from the Reserve Bank of India.

**5.11** An Indian citizen resident outside India (NRI) can acquire by way of purchase any immovable property in India other than agricultural/ plantation /farm house. He may transfer any immovable property other than agricultural or plantation property or farm house to a person resident outside India who is a citizen of India or to a Person of Indian Origin resident outside India or a person resident in India .

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# CHAPTER VI

## Portfolio Investment Scheme

### Portfolio Investment Scheme(PSI)

**6.1** Foreign Institutional Investors (FIIs) registered with SEBI and Non-Resident Indians are eligible to purchase the shares and convertible debentures under the Portfolio Investment Scheme. The FII should apply to the designated AD who may then grant permission to FII for opening a foreign currency account and/ or a Non Resident Rupee Account

### Foreign Institutional Investors(FIIs)

**6.2** FIIs include Asset Management Companies, Pension Funds, Mutual Funds, Investment Trusts as Nominee Companies, Incorporated/Institutional Portfolio Managers or their Power of Attorney holders, University Funds, Endowment Foundations, Charitable Trusts and Charitable Societies.

### Regulations Governing PSI

**6.3** Investment by Foreign Institutional Investors( FIIs) is regulated under SEBI (FII) Regulations,1995 and Regulation 5(2) of FEMA Notification No.20 dated May 3, 2000. SEBI acts as the nodal point in the entire process of FII registration. FIIs are required to apply to SEBI in a common application form in duplicate.. RBI approval is also required under FEMA to enable an FII to buy/sell securities on Stock Exchanges and open foreign currency and Indian Rupee accounts with a designated bank branch.

### Policy on FII Investments

**6.4** Main features of the policy on investment by FII are:

- FIIs are required to allocate their investment between equity and debt instruments in the ratio of 70:30. However, it is also possible for an FII to declare itself a 100% debt FII in which case it can make its entire investment in debt instruments.
- FIIs can buy/sell securities on Stock Exchanges. They can also invest in listed and unlisted securities outside Stock Exchanges where the price has been approved by RBI.
- No individual FII/sub-account can acquire more than 10% of the paid up capital of an Indian company.
- All FIIs and their sub-accounts taken together cannot acquire more than 24% of the paid up capital of an Indian Company.
- Indian Companies can raise the above mentioned 24% ceiling to the Sectoral Cap / Statutory Ceiling as applicable by passing a resolution by its Board of Directors followed by passing a Special Resolution to that effect by its General Body in terms of Press Release dated Sept.20, 2001 and FEMA Notification No.45 dated Sept. 20, 2001.

## Portfolio Investments By NRIs

No permission from RBI is needed so long as the FIIs purchase and sell on recognized stock exchange. All non-stock exchange sales/purchases require RBI permission.

- 6.5** NRIs/PIOs are permitted to purchase/sell shares/convertible debentures of Indian companies on Stock Exchanges under Portfolio Investment Scheme. For this purpose, the NRI/PIO has to apply to a designated branch of a Bank which deals in Portfolio Investment. All the sale/purchase transaction are routed through the designated branch.

An NRI can purchase shares up to 5% of the paid up capital of an Indian company. All NRIs taken together cannot purchase more than 10% of the paid up value of the company. This limit can be increased by the Indian company to 24% by passing a General Body resolution.

Investment can be made both on repatriation basis or non-repatriation basis. The sale of shares will be subject to payment of applicable taxes.

For details regarding portfolio investment scheme visit the website of RBI at [www.rbi.org.in](http://www.rbi.org.in) and Security & Exchange Board of India (SEBI) at [www.sebi.gov.in](http://www.sebi.gov.in).

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# CHAPTER VII

## Incorporation Of Company

### Company's Act 1956

**7.1** The incorporation of a company in India is governed by the Companies Act, 1956. It extends to the whole of India and Part II of the Act deal with the incorporation of a company and matters related to.

### Private Company

**7.2** Private company means a company which has a minimum paid-up capital of one lakh rupees or such higher paid-up capital as may be prescribed, and by its articles,

- (a) restricts the rights to transfer its shares, if any;
- (b) limits the number of its members to fifty , not including
  - i) persons who are in the employment of the company; and
  - ii) persons who, having been formerly in the employment of the company, were members of the company while in that employment have continued to be members after the employment ceased; and
- (c) prohibits any invitation to the public to subscribe for any shares in, or debentures of, the company;
- (d) prohibits any invitation or acceptance of deposits from persons other than its members, directors or their relatives.

### Public Company

**7.3** A public company is a company which is not a private company and has a minimum paid-up capital of five lakh rupees or such higher paid-up capital, as may be prescribed; is a private company which is a subsidiary of a company which is not a private company.

### Formation of a Private Limited Company

**7.4** A private Company can be formed either by

- i. incorporation of a new company for doing a new business, or
- ii. conversion of existing business of a sole proprietary concern or partnership firm into a company.

### Name of Company

**7.5** The name of a corporation is the symbol of its personal existence. Any suitable name may be selected, subject, however, to specified conditions

**7.6** The following guidelines would be followed while applying for registration of name of the company:

## Memorandum of Association

- The promoters should select three to four alternative names, quite distinct from each other.
- The names should include, as far as possible, activity as per the main objects of the proposed company.
- The names should not too closely resemble with the name of any other registered company.
- The official guidelines issued by the Central Government should be followed while selecting the names. Besides, the names so selected should not violate the provisions of the Emblems and Names (Prevention of Improper Use) Act, 1950.
- Apply in form 1-A to the Registrar of Companies having jurisdiction along with a filing fee of Rs. 500.

**7.7** An important step in the formation of a company is to prepare a document called Memorandum of Association. It is the charter of the company and it contains the basic conditions on which the company is incorporated.

The Memorandum contains the name, the State in which the registered office is to be situated, main objects of the company to be pursued by the company on its incorporation and objects incidental or ancillary to the attainment of the main objects, liability of the members and the authorized capital of the company. The main purpose of the memorandum is to state the scope of activities and powers of the company.

## Articles of Association

**7.8** Articles of Association of the company contain rules, regulation and bye-laws for the general management of the company .It is compulsory to get the Articles of Associations registered along with the Memorandum of Association in case of a private company. The Articles are subordinate to the Memorandum of Association. Therefore, the Articles should not contain any regulation, which is contrary to provisions of the Memorandum or the Companies Act. The Articles are binding on the members in relation to the company as well as on the company in its relation to members.

## Registration of Company and Issue of Capital

**7.9** After completion of the preliminaries as enumerated, the application with necessary documents are required to be filed with the Registrar of Companies of the State in which the company is proposed to be incorporated. These include:

- (1) Memorandum of Association (duly stamped) and a duplicate thereof.
- (2) Articles of Association (duly stamped) and a duplicate thereof

## Registration Fee

- (3) The agreement, if any, which the company proposes to enter into with any individual for appointments as its managing or whole time director or manager.
- (4) A copy of the letter of the Registrar of Companies intimating the availability of the proper name
- (5) Documents evidencing payment of prescribed registration and filing fee, i.e. a bank draft or a treasury challan.
- (6) Documents evidencing the directorship and situation of Registered Office in Form 32 and Form 18 respectively and declaration of compliance with requirements of the Companies Act in Form No.1 and Form 29 for giving consent to act as a Director in case of public company be also given.

## Certificate of Incorporation

**7.10** The amount of registration fee payable is regulated with reference to the amount of authorized capital of the proposed company.

**7.11** Once the company, as per the Companies Act and the relevant rules, has complied with all requirements, the Registrar will register the company and issue a Certificate of Incorporation of company, which confirms the compliance with the requirements of the Companies Act in regard to registration of a company. It brings the company into existence as a legal entity.

## Issue of Share Capital

**7.12** After obtaining registration, the company proceeds with its business for which it requires funds. Incase of a private company, the capital is to be raised by way of private arrangements whereas a Public Ltd company can raise funds from the public. First of all, the company will issue shares to the subscribers to its memorandum and other members of the company. The issued capital must not exceed the authorized capital of the company.

It is necessary for a public limited company to obtain the Certificate of Commencement of Business before commencing the business.

For more details please contact Ministry of Company Affairs at <http://www.dca.nic.in>.

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# CHAPTER VIII

## Other Schemes And Incentives

### Policy for Setting Up 100% EOUs - Automatic Route

### Conversion from DTA to EOU Units

### Policy For Setting Up 100% EOUs - Government Route

### Procedure for Approval

## 100% Export Oriented Units (EOUs) and Special Economic Zones (SEZs)

- 8.1** The Development Commissioners (DCs) of Special Economic Zones (SEZs) accord automatic approval to projects where
- (a) Activity proposed does not attract compulsory licensing or falls in the services sector except Software & IT enabled services;
  - (b) Location is in conformity with the prescribed parameters;
  - (c) Units undertake to achieve positive net foreign exchange earning;
- 8.2** Unit is amenable to bonding by customs authorities; and Conversion of existing Domestic Tariff Area (DTA) units into EOU is also permitted under automatic route, if the DTA unit satisfies the parameters mentioned above and there is no outstanding export obligation under any other export oriented scheme of the Government of India.
- 8.3** Proposals not covered by the automatic route shall be forwarded by the DC to the Board of Approval (BoA), Department of Commerce for consideration. On consideration of the proposal by the Board, the decision would normally be conveyed in six weeks.
- 8.4** Applications in the prescribed form for 100 per cent EOUs and units set up in SEZ should be submitted to the concerned Development Commissioners (DCs) of the Special Economic Zones (SEZs) for automatic approval and to Board of Approval(BoA)in Department of Commerce for Government approval. The Form is printed in the Handbook of Procedures for Export and Import, 2002-2007 published by the Ministry of Commerce & Industry and is also available at all outlets dealing in Government publications. The application should be submitted along with a crossed demand draft of Rs.5000/- drawn in favour of the “the Pay & Accounts Officer, Department of Commerce, Ministry of Commerce and Industry”, payable at New Delhi.

### Policy for FDI/NRI Investment for 100% EOUs/Units in SEZ

### Policy for Setting Up Special Economic Zone (SEZ)

### Procedure

### Policy for FDI/NRI Investment for Setting Up SEZ

### Policy under Automatic Route

Wherever, the proposals meet the criteria for automatic approval, as given in paragraph 8.1, the DC of the SEZ would issue approval letters within 2 weeks. For proposals requiring government approval, proposal shall be placed by the Development Commissioner before the Board of Approvals (BoA) and approval shall be conveyed normally within 45 days.

**8.5** All such proposals qualify for automatic route subject to sectoral norms. Details about the type of activities permitted are given in the Foreign Trade policy issued by Department of Commerce (web site - <http://commerce.nic.in>). Proposals not covered under the automatic route would be considered and approved by FIPB.

**8.6** All such proposals as per criteria under appendix 14 I in the Handbook of Procedure 2002-07 published by Department of Commerce are considered by Board of Approvals (BoA) and Department of Commerce issues the letter of permission.

**8.7** The applicant should follow the following procedure:

- Submission of 10 copies of application along with project report to Chief Secretary of the concerned State.
- Forwarding of application along with comments by the State government to Department of Commerce (Board of Approvals)
- Consideration by BoA
- Issue of letter of permission by Department of Commerce

**8.8** As 100% FDI is permitted under automatic route for setting up of Special Economic Zone, the procedure mentioned in para 1.4 will be applicable for seeking requisite approval.

### Setting up of Industrial Parks, Industrial Model Towns and Growth Centres

**8.9** The Government notified Industrial Park scheme on 1.4.2002 for setting up Industrial Parks/ Industrial Model Towns. The scheme is available at [www.dipp.nic.in](http://www.dipp.nic.in). Secretariat for Industrial Assistance, Department of Industrial Policy & Promotion accords the approval to set up the Industrial Parks/ Industrial Model Towns, which meet all the criteria laid down under automatic route in the Industrial Park Scheme.

## Approval by Empowered Committee

## Procedure for Approval and Availing 100% Tax Exemption

## Policy for FDI/ NRI Investment

## Electronic Hardware Technology Park and Software Technology Park Schemes

## Automatic Route

**8.10** All proposals not meeting any or all of the parameters for automatic route require the approval of Empowered Committee set up in the Department of Industrial Policy & Promotion, Ministry of Commerce & Industry.

**8.11** Application in the Form-IPS-1, available on this Department's web site (<http://dipp.nic.in>), for obtaining approval for setting up an Industrial Park and for availing 100% tax exemption available under section 80 IA of the Income Tax Act, shall be made to the Public Relation and Complaint Section of the Department of Industrial Policy and Promotion. Application for automatic route has to be submitted in duplicate and for non-automatic approval, in six sets. The application shall be accompanied by a fee of Rupees 6,000/- by a demand draft drawn in favour of the Pay and Accounts Officer, Department of Industrial Policy & Promotion payable at New Delhi. All applications eligible for Automatic route in accordance with the Industrial Park scheme, 2002 shall be disposed of within fifteen days. All proposals not eligible for automatic route require the approval of Empowered Committee set up in the Department of Industrial Policy and Promotion. On consideration of the proposal by the Committee, the decision is usually conveyed within six weeks.

**8.12** As 100% FDI is permitted under automatic route for setting up of Industrial Parks/ Industrial Model Towns , the procedure mentioned in para 1.4 will be applicable for seeking requisite approval.

**8.13** In order to provide impetus to the electronics industry, to enhance its export potential and to develop an efficient electronic component industry, Electronic Hardware Technology Park (EHTP) and Software Technology Park (STP) schemes offer a package of incentives and facilities like duty free imports on the lines of the EOU Scheme, deemed exports benefits and tax holidays.

**8.14** The Directors of STPs in respect of STP proposals; and the Designated Officers in respect of EHTP proposals accord automatic approval if:

- (a) items do not attract compulsory licensing;
- (b) location is in conformity with the prescribed parameters;
- (c) unit is amenable to bonding by the Customs, and all the manufacturing operations are carried out in the same premises and the proposal does not envisage sending out of the bonded area any raw material or intermediate products for any other manufacturing or processing activity.

## Government Approval

## Procedure

## Procedure for FDI / NRI Investment

All proposals for FDI/NRI investments in EHTP/STP units are eligible for approval through automatic route subject to parameters listed under Para 1.2

**8.15** All proposals for setting up of these projects, which do not meet any or all of the parameters for automatic approval, need to be considered and approved by the Ministry of Information Technology through the Inter-Ministerial Standing Committee.

**8.16** Application, in the prescribed form, should be submitted to the concerned Directors of STPs or the Designated Officers of EHTPs for automatic route , and to the Ministry of Information Technology for Government approval. The application should be submitted along with a crossed demand draft for Rs. 5000/- drawn in favour of the “the Pay & Accounts Officer, Department of Commerce, Ministry of Commerce & Industry”, payable at New Delhi. The form is available in any outlet dealing with Government Publications.

Wherever, the proposals meet the criteria for automatic approval, as given in paragraph 8.14 the approval letters are issued within 2 weeks. All other proposals shall be forwarded to the Inter Ministerial Standing Committee for consideration.

Applications submitted for Government approval shall be forwarded by the Officer designated to the Inter Ministerial Standing Committee in the Ministry of Information Technology for consideration. On consideration by the Inter Ministerial Standing Committee, a decision would be normally conveyed within six weeks.

**8.17** All proposals for FDI/NRI investment in EHTP/STP Units are eligible for approval under automatic route subject to parameters listed in Para . For proposals not covered under automatic route, the applicant should seek separate approval of the FIPB, as per the procedure outlined in Para 1.6.

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# CHAPTER IX

## Taxation in India

### Taxation System in India

### Personal Income Tax

**9.1** India has a well developed tax structure. The main taxes/duties that the Union Government is empowered to levy are Income Tax (except tax on agricultural income, which the State Governments can levy), Customs duties, Central Excise and Sales Tax and Service Tax. The principal taxes levied by the State Governments are Sales Tax, Stamp Duty, State Excise, Land Revenue, Tax on Professions and like. The Local Bodies are empowered to levy tax on properties, Octroi and for utilities like water supply, drainage, etc.

Since 1991 tax system in India has undergone a radical change, in line with liberal economic policy. Some of the changes are:

- Reduction in customs and excise duties
- Lowering corporate Tax
- Widening of the tax base and toning up the tax administration

**9.2** Individual tax slabs are 0%, 10%, 20%, 30% for annual incomes upto Rs.50,000, 50,001-60,000, 60,001-1,50,000 and above 1,50,000. Surcharges of 10% is levied on income exceeding Rs.8,50,000. In the Budget proposal for 2005-06, tax slabs proposed are Rs.100,000, 100,000-1,50,000, 1,50,000-2,50,000 and above 2,50,000 with 0%, 10%, 20% and 30% tax respectively.

**9.3** Withholding tax rates for payment to non-residents are determined by the Finance Act passed by the parliament for each year. The current rates are:

- |       |                    |  |
|-------|--------------------|--|
| (i)   | <b>Interest</b>    | 20%  |
| (ii)  | Dividends          | Dividends paid by domestic companies : Nil                         |
| (iii) | <b>Royalties</b>   | 20%  |
| (iv)  | Technical Services | 20%  |
| (v)   | Any Other Services | Individuals: 30% of the income<br>Companies: 40% of the net income |

The above rates are general and in respect of countries with which India does not have a Double Taxation Avoidance Agreement (DTAA).

## General Tax Incentives for Industries

## Infrastructure Sectors

## Capital Gains on Infrastructure Funds

## Backward Areas/ Regions North Eastern States & Sikkim

## Uttaranchal & Himachal Pradesh

## Special Schemes EHTP & STP Units

**9.4** Tax holidays in the form of deductions are available for various types of investments. These include incentives to priority sectors and incentives to industries located in special area/ regions.

**9.5** Tax incentives available for those engaged in development of infrastructure are listed below:

Deduction of 100% of the profits from business for a period of 10 years for

- i) Development or operation and maintenance of ports, airports, roads, highways, bridges, rail systems, inland waterways, inland ports, water supply projects, water treatment systems, irrigation projects, sanitation and sewage projects, solid waste management systems.
- ii) Generation, distribution and transmission of power which commence before 31.3.2006.
- iii) Development, operation and maintenance of an Industrial Park or Special Economic Zone before 31.3.2006.

**9.6** Income by way of dividend, interest, or long-term capital gain of an infrastructure capital company or an infrastructure capital fund is 100% tax-exempt. Income of venture capital company or venture capital fund set up to raise funds for investment in a venture capital undertaking is also tax-exempt.

**9.7** Special packages for special category states offer the following:

- (a) Deduction of 100% of profits derived by undertakings set up in certain notified areas or in certain thrust sector industries in the North-Eastern States and the State of Sikkim, for a period of ten years.
- (b) Deduction of 100% of profits derived by undertakings set up in certain notified areas or in certain thrust sector industries in the States of Uttaranchal and Himachal Pradesh for the first five years and 25% (30% in the case of companies) for the next five years.

**9.8** Units located in specified zones have the following tax exemptions:

- (a) Deduction of 100% of profits, derived from the export of articles or things or computer software is available for undertakings set up in Free Trade Zones, Electronic Hardware Technology Parks, Software Technology Parks for 10 years, up to 31.3.2009.

## Special Economic Zones

- (b) Deduction of 100% of profits derived from the export of articles or things or computer software, is available for undertakings set up in Special Economic Zones (SEZs) for a period of five years followed by 50% for the next two years. An additional deduction of 50% of the profits credited to a reserve account to be utilized for the purposes of the business, is also available to such undertakings for the next three years.

## Export Oriented Units

- (c) Deduction of 100% of profits, derived from the export of articles or things or computer software, is available for 100% Export Oriented Units for ten years, up to 31.3.2009.

## Banking Unit in SEZ

- (d) Deduction of 100% of income of an off shore banking unit situated in a Special Economic Zone from business activities with undertakings located in the Special Economic Zone, for a period of three years followed by 50% of such income for the next two years.

## Specific Sectors

- 9.9** Tax incentives for certain specified sectors are also available as explained below:

### Multiplex the Aaters & Convention Centers

- (a) Deduction of 50% of profits derived from the business of building, owning and operation of multiplex theatres or convention centers constructed before 31.3.2005, for a period for five years.

### Building Housing Projects

- (b) Deduction of 100% of profits derived by undertakings engaged in the business of developing and building housing projects which are approved by the local authority before 31.3.2005.

### Handling, Storage and Transportation of Food Grains

- (c) Deduction of 100% profits derived by an undertaking from the integrated business of handling, storage and transportation of food grains for the first five years and 25% (30% in the case of companies) for the next five years.

### Refining of Mineral Oil

- (d) Deduction of 100% of profits derived by an undertaking engaged in the commercial production or refining of mineral oil for a period of 7 years.

### Export of Wood-Based Handicraft

- (e) Deduction of 100% of profits derived from export of wood-based handicraft is available to undertakings up to 31.3.2009.

## Double Taxation Relief

**9.10** India has entered into Double Taxation Avoidance Agreements (DTAA) with 65 countries including countries like U.S.A., U.K., Japan, France, Germany, etc. The tax rates determined by such agreements are indicated as under:

Country	Tax Rates		
	Dividends (%)	Interest (%)	Royalties (%)
Australia	15	15	15
Austria	20	20	30
Bangladesh	15	10	10
Belarus	15	10	15
Belgium	15	15	20
Brazil	15	15	15
Bulgaria	15	15	20
Canada	25	15	15
China	10	10	10
Cyprus	15	10	15
Czechoslovakia	20	15	30
Czech Republic	10	10	10
Denmark	20	15	20
Egypt	20	20	30
Finland	15	10	20
France	10	15	10/20
Germany	10	10	10
Greece	20	20	30
Hungary	15	15	30
Indonesia	15	10	15
Israel	10	10	10
Italy	20	15	20
Japan	15	15	20
Jordan	10	10	20
Kazakhstan	10	10	10
Kenya	15	15	20
Korea	20	15	15
Kyrgyzstan	10	10	15
Libya	20	20	30
Malaysia	20	20	30
Malta	15	10	15
Mauritius	15	20	15

Country	Tax Rates		
	Dividends (%)	Interest (%)	Royalties (%)
Mongolia	15	15	15
Morocco	10	10	10
Namibia	10	10	10
Nepal	15	15	15
Netherlands	10	10	10
New Zealand	15	10	10
Norway	15	15	30
Oman	12.5	10	15
Philippines	20	15	15
Poland	15	15	22.5
Portugal	15	10	10
Qatar	10	10	10
Romania	20	15	22.5
Russian Federation	10	10	10
Singapore	15	15	15
South Africa	10	10	10
Spain	15	15	20
Sri Lanka	15	10	10
Sweden	10	10	10
Switzerland	15	15	20
Syria	0	7.5	10
Tanzania	15	12.5	20
Thailand	20	20	15
Trinidad and Tobago	10	10	10
Turkey	15	15	15
Turkmenistan	10	10	10
United Arab Emirates	15	12.5	10
United Kingdom	15	15	15
United States	20	15	15
Uzbekistan	15	15	15
Vietnam	10	10	10
Zambia	15	10	10
Non treaty countries	0	20	20

## Authority for Advance Ruling

**9.11** With a view to avoid a dispute in respect of assessment of income-tax liability in the case of a non-resident ( and also specified categories of residents), a Scheme of Advance Ruling was incorporated in the Income Tax Act. The Authority for Advance ruling (AAR) pronounces rulings on the applications of the non-resident/residents submitted and such rulings are binding both on the applicant and the Income-Tax Department. Thus, the applicant can void expensive and time consuming litigation which would have arisen from normal income tax assessment proceedings. The application in such cases should be addressed to The Commissioner of Income-Tax, authority of Advance Rulings, 5<sup>th</sup> Floor, N.D.M.C. Building, Yashwant Place, Satya Marg, Chankyapuri, New Delhi -110021.

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# CHAPTER X

## Investment Guidance and Facilitation

Secretariat for  
Industrial  
Assistance (SIA)

Assistance to  
Entrepreneurs

Web Site  
(<http://dipp.nic.in>)

### Investment Guidance

**10.1** SIA has been set up by the Government of India in the Department of Industrial Policy and Promotion (DIPP) in the Ministry of Commerce and Industry to provide a single window for entrepreneurial assistance, investor facilitation, receiving and processing all applications (involving NRI investment & those in 100% EOU) which require Government approval, conveying Government decisions on applications filed, assisting entrepreneurs and investors in setting up projects, (including liaison with other organisations and State Governments) and in monitoring implementation of projects. It also notifies all Government policy relating to investment and technology, and collects and publishes monthly production data for 209 select industry groups.

**10.2** Public Relation & Complaint (PR&C) Section functioning under the Secretariat for Industrial Assistance, Department of Industrial Policy and Promotions provides assistance to entrepreneurs on various subjects concerning investment decisions. PR&C receives all papers/applications related to industrial approvals i.e. IEMs, Industrial Licences, Foreign Investment, Foreign Technology Agreements, 100 % EOUs, EHTP, STP Schemes, etc. and immediately issues a computerised acknowledgement, which also has an identity/reference number. All correspondence with the SIA should quote this number. The Unit also provides information regarding the current status of applications filed for various industrial approvals.

**10.3** To facilitate the easy availability of information to the investors and provide information about the investment climate in the country, state industrial policies, projects on offer, publications, notifications and press notes/releases, Department hosts an investor-friendly web site <http://dipp.nic.in>.

The web site contains the following:

- Manual on Foreign Direct Investment in India - Policy and Procedures (available in English/French/German/Spanish/Korean/Japanese and Italian language)
- SIA Newsletter-monthly issues

## National Industrial Classification (NIC) Code

- SIA Statistics- monthly issues
- Press Notes, Notifications and Press Releases
- List of SSI reserved items & NIC Codes
- Industrial Policy Statements
- Latest Annual Report
- Information about Intellectual Property Rights
- Status of SIA applications
- Important Legislations
- Information about Attached and Subordinate Offices
- Profile of selected industrial sectors
- Link to other Ministries/Departments
- All relevant application forms

**10.4** In all the forms required for various approvals National Industrial Classification (NIC) Codes for the activities to be undertaken have to be filled in. The description of activities seeking all industrial approvals including Foreign Direct Investment are required to be given as per the *National Industrial Classification of All Economic Activities (NIC)*, 1987, published by the Central Statistical Organisation, Ministry of Statistics and Programme Implementation, New Delhi. Copies of the publication can be obtained on payment from Controller of publications, 1, Civil Lines, Delhi-1 10054 or from any outlet dealing in Government publications.

DIPP website provides a link at the homepage to this list for the benefit of the users.

## Online Chat and Bulletin Board Services

**10.5** The web site has the facility of on line chat between 11 to 12 AM & 4.00 to 5.00 P.M. (Indian Standard Time, GMT+5 ½) on all working days where investors can ask any question relating to FDI Policies and related issues. The web site also has provision of bulletin board service. If the investor cannot avail the on line chat facility, she/he can post the question on bulletin board at any time. All efforts are made to send a reply within 24 hours.

## Information about Various other Clearances and Approvals

**10.6** In addition to the approval for bringing FDI in India, other clearances and approvals, such as registration of company, environment and forest clearance, permission for import of plants and machinery, land acquisition, power and water connection, etc may be required for starting a business in India. Brief details of Departments/Agencies along with their web site addresses are given in Annexure X.

## Publications

**10.7** Following publications are brought out by DIPP for the guidance of investors:

- Foreign Direct Investment in India – Policy & Procedure.
- Investing in India –Flyer
- Entry Strategies for foreign Investors –Flyer
- Taxation in India –Flyer
- Investment Opportunities in infrastructure sectors
- Single Window System in States & UTs

These publications are available through the PR&C of the SIA or Investment Promotion and Infrastructure Development Cell, Department of Industrial Policy & Promotion as also Indian Missions abroad. These can also be down loaded from the SIA web site.

## SIA News Letter

**10.8** This is a monthly publication and covers information on data relating to Foreign Direct Investment/NRI Investment/sectoral breaks-ups/ countrywise break-ups/ all approvals accorded to FDI and NRI investment during the month/actual FDI inflows and policy notifications issued during the month. Annual issues of SIA Newsletter are available and on payment from Controller of Publications, 1, Civil Lines, Delhi - 110 054 or from any outlet dealing in Government publications.

## SIA Statistics

**10.9** This is also a monthly publication which contains data relating to Industrial Licences, approvals granted for setting up 100 % Export Oriented Units, Foreign Technical Collaboration etc., monthly data on industrial production of 209 select industry groups, as well as policy announcements by Government during the month. Annual issues of SIA Statistics are available on payment from Controller of Publications, 1 Civil lines, Delhi - 110 054 or from any outlet dealing in Government publications

## Investment Facilitation

### Foreign Investment Implementation Authority (FIIA)

**10.10** Foreign Investment Implementation Authority (FIIA) has been established to facilitate quick implementation of FDI approvals and assist foreign investors in getting necessary approvals. Fast Track Committees have been set up in 30 Ministries/ Departments for regular review of FDI mega projects (with proposed investment of Rs. 1 billion and above), and resolution of any difficulties. Investors can approach FIIA through website <http://dipp.nic.in>.

Foreign  
Investment  
Promotion  
Board (FIPB)

- 10.11** The Government has set up the Foreign Investment Promotion Board (FIPB) to consider Foreign Direct Investment (FDI) proposals, requiring Government approval. The reconstituted FIPB comprises of:
- (i) Secretary, Department of Economic Affairs - Chairman
  - (ii) Secretary, Department of Industrial Policy & Promotion - Member
  - (iii) Secretary, Department of Commerce – Member
  - (iv) Secretary (Economic Relations), Ministry of External Affairs - Member
  - (v) Secretary, Ministry of Overseas Indian Affairs - Member.

Business  
Ombudsperson

- 10.12** To facilitate expeditious redressal of grievances and attend to complaints relating to delays in grant and implementation of industrial approvals and facilitate their disposal, the Government has appointed a BUSINESS OMBUDSPERSON in the Ministry of Commerce & Industry. Additional Secretary & Financial Adviser, Ministry of Commerce and Industry, Udyog Bhavan, New Delhi-110011 has been nominated to act as Business Ombudsperson (e mail: [nc@ub.nic.in](mailto:nc@ub.nic.in)).

Grievances  
Officer-Cum-  
Joint Secretary

- 10.13** Grievances and complaints are also received by the Grievances Officer-cum-Joint Secretary, Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Udyog Bhavan, New Delhi-110011, either through post or through the mail box in the PR&C of the SIA and at Reception of the Ministry of Commerce and Industry at Gate No.12 of Udyog Bhavan, New Delhi-110011. Any such communication is handled expeditiously and steps are taken to redress the grievance.

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# CHAPTER XI

## Frequently Asked Questions

What are the forms in Which Business can be Conducted by a Foreign Company in India?

Foreign companies can make investments or operate their business in a number of ways such as Liaison/Representative office, Branch Office, Project Office, 100% Wholly owned Subsidiary, and Joint Venture company. The requisite approval can be granted by Reserve Bank of India (RBI) or Foreign Investment Promotion Board (FIPB). Any company set up with FDI has to be incorporated under the Indian Companies Act with the Registrar of Companies, Ministry of Company Affairs and all Indian operations would be conducted through this company.

What Proposals Require an Industrial Licence (IL) and how is it Obtained?

In the New Industrial Policy, all industrial undertakings are exempt from licensing except for those industries as mentioned in Para 3.1 & 3.2 of this Publication. The project should not be located within 25 kilometres of a city with a population of more than one million as per 1991 Population Census. The Government has substantially liberalised the procedures for obtaining an Industrial Licence. The application in form IL-FC should be filed with the SIA. Approvals are normally granted within 4-6 weeks.

What is the Procedure for a Delicensed Sector?

An Industrial undertaking exempted from licensing needs only to file information in the Industrial Entrepreneurs Memorandum (IEM) with the SIA, which will issue an acknowledgement. No further approvals are required.

What is the Taxation Policy in India?

Foreign nationals working in India are generally taxed only on their Indian income. Income received from sources outside India is not taxable unless it is received in India. The Indian tax laws provide for exemption of tax on certain kinds of income earned for services rendered in India. Further, foreign nationals have the option of being taxed under the tax treaties that India may have signed with their country of residence. Remuneration for work done in India is taxable irrespective of the place of receipt. Remuneration includes salaries and wages, pensions, fees, commissions, profits in lieu of or in addition to salary, advance salary and perquisites. Taxable payments include all allowances and tax equalisation payments unless specifically excluded. The stock options granted by the employer are taxable as capital gains at the time of sale of shares acquired due to exercise of options.

## What are the Important Labour Rules/ Regulations Applicable in India?

Some of the important Labour Acts, which are applicable for carrying out business in India, are:

- Employees' Provident Fund and Miscellaneous Provisions Act, 1952
- Employees' State Insurance Act 1948
- Workmen's Compensation Act, 1923
- Maternity Benefit Act, 1961
- Payment of Gratuity Act, 1972
- Factories Act, 1948
- Dock Workers (Safety, Health & Welfare) Act, 1986
- Mines Act, 1972
- Minimum Wages Act, 1948
- Payment of Bonus Act 1965
- Contract Labour [Regulation & Abolition] Act 1970
- Payment of Wages Act, 1936

## What is the Situation Regarding Intellectual Property Rights Protection in India?

India is a signatory to the agreement concluding the Uruguay Round of GATT negotiations and establishing the World Trade Organisation (WTO) and its laws today are WTO compliant.

The important regulations dealing with Intellectual Property Rights are:

- The Patents Act
- The Trademarks Act
- The Geographical Indicators of Goods Act
- The Designs Act

## Is Investment by Non-resident Indians (NRIs) Permitted?

The Government attaches importance to investments by NRIs. Government has provided a liberalised policy framework for approval of NRI investments through both the Automatic and the Government route. NRIs are permitted to invest up to 100% equity in the Real Estate and Civil Aviation Sectors. Automatic Approval is given by the RBI to all NRI proposals with their investment up to 100% for all items/activities except a few exceptions mentioned in Press Note 2 (2000 series) read with sector specific guidelines. Government approval is required for all proposals not qualifying under Automatic Route.

## Can Profits, Dividends, Royalty, Know how Payments be Repatriated from India?

All profits, dividends, royalty, know how payments that have been approved by the Government/RBI can be repatriated. Some sectors like investment in development of integrated township, NRI Investment in real estates, etc. may attract a lock-in period.

What are the Formalities a Joint Venture Company has to Complete to Increase the Foreign Equity Holding?

The following formalities are required for the joint ventures that want to increase in their foreign equity holding by acquisition of shares or by any other means.

- a) If only the quantum of foreign equity increased without change in percentage then Press Note no. 7 (1999 series) may be followed.
- b) For increase in percentage of foreign equity by way of expansion of capital base, automatic route or FIPB / Government route would apply depending upon the nature of proposal in terms of Press Note No. 2 (2000 series)
- c) Cases involving increase in percentage in foreign equity by way of acquiring existing shares in an Indian company would necessarily require prior approval of FIPB/ Government if the activity is in the financial sector or the provision of SEBI(Substantial Acquisition of Shares and Takeovers) Regulations, 1997 is attracted.
- d) In cases involving inclusion of an additional foreign collaborator, guidelines laid down in Press Note No. 1 (2005 series) would have to be satisfied.

What is the Policy of Conversion of Non-Repatriable Shares into Repatriable Shares?

FIPB approval is required. Where original investment was made in foreign exchange, the change is allowed without any conditions; if not, the sale proceed will have to be repatriated to India by opening an NRO account.

What is the Mechanism for Publicizing the Changes in the FDI Policies?

Changes in FDI policies are brought out in the form of Press Notes by Department of Industrial Policy & Promotion (DIPP). Soon after releasing the Press Notes to the media, it is also loaded on the Departmental website (<http://dipp.nic.in>).

What Mechanism is available Alternative Dispute Resolution (ICADR)?

International Centre for Alternative Dispute Resolution (ICADR) has been established as an autonomous organization under the aegis of Ministry of Law & Justice to promote settlement of domestic and international disputes by different modes of alternate dispute resolution. ICADR has its headquarters in New Delhi and has regional office in Lucknow and Hyderabad. More information on ICADR can be obtained from the website: <http://www.icadr.org>

## Guidelines for Consideration of Foreign Direct Investment (FDI) Proposals by the Foreign Investment Promotion Board (FIPB) (To be read with paragraph 1.6 of this publication)

The Guidelines are meant to assist the FIPB to consider proposals in an objective and transparent manner. These would not in any way restrict the flexibility or bind the FIPB from considering the proposals in their totality or making recommendation based on other criteria or special circumstances or features it considers relevant. Besides these are in the nature of administrative Guidelines and would not in any way be legally binding in respect of any recommendation to be made by the FIPB or decisions to be taken by the Government in cases involving Foreign Direct Investment (FDI).

These guidelines are issued without prejudice to the Government's right to issue fresh guidelines or change the legal provisions and policies whenever considered necessary.

**These guidelines stand modified to the extent changes have been notified by Secretariat for Industrial Assistance from time to time.**

The following Guidelines are laid-down to enable the Foreign Investment Promotion Board (FIPB) to consider the proposals for Foreign Direct Investment (FDI) and formulate its recommendations;

1. All applications should be put up before the FIPB within 15 days and it should be ensured that comments of the Administrative Ministries are placed before the Board either prior to/or in the meeting of the Board.
2. Proposals should be considered by the Board keeping in view the time frame of 30 days for communicating Government decision (i.e. approval of FM/CCEA or rejection, as the case may be).
3. In cases in which either the proposal is not cleared or further information is required, in order to obviate delays presentation by applicant in the meeting of the FIPB should be resorted to.
4. While considering cases and making recommendations, FIPB should keep in mind the sectoral requirements and the sectoral policies vis-a-vis the proposal(s).
5. FIPB would consider each proposal in totality (i.e. if it includes apart from foreign investment, technical collaboration/industrial licence) for composite approval or otherwise. However, the FIPB's recommendation would relate only to the approval for foreign financial and technical collaboration and the foreign investor will need to take other prescribed clearances separately.
6. The Board should examine the following while considering proposals submitted to it for consideration:
  - (i) Whether the items of activity involve industrial licence or not and if so the considerations for grant of industrial licence must be gone into;
  - (ii) Whether the proposal involves technical collaboration and if so the source and nature of technology sought to be transferred;
  - (iii) Whether the proposal involves any mandatory requirement for exports and if so whether the applicant is prepared to undertake such obligation (this is for items

reserved for small scale sector as also for dividend balancing, and for 100% EOUs/ EPZ units);

- (iv) Whether the proposal involves any export projection and if so the items of export and the projected destinations;
  - (v) Whether the proposal has concurrent commitment under other schemes such as EPCG Scheme etc;
  - (vi) In the case of Export Oriented Units (EOUs) whether the prescribed minimum value addition norms and the minimum turn over of exports are met or not;
  - (vii) Whether the proposal involves relaxation of locational restrictions stipulated in the industrial licensing policy;
  - (viii) Whether the proposal has any strategic or defence related considerations, and
  - (ix) Whether the proposal has any existing joint venture or technology transfer/trademark agreement in the same field in India, and if so whether this agreement is sick or defunct; the investment by either party is less than 3% & investment is by FVCI. the detailed circumstance in which it is considered necessary to set-up a new joint venture/ enter into new technology transfer (including trade mark), and proof that the new proposal would not in any way jeopardize the interest of the existing joint venture or technology/trade mark partner or other stake holders.
7. While considering proposals the following may be prioritized :
- (a) Items/activities covered under Government route (i.e. those which do not qualify under automatic route).
  - (b) Items falling in infrastructure sector.
  - (c) Items which have an export potential
  - (d) Items which have large scale employment potential and especially for rural people.
  - (e) Items, which have a direct or backward linkage with agro business/farm sector.
  - (f) Item which have greater social relevance such as hospitals, human resource development, life saving drugs and equipment.
  - (g) Proposals, which result in induction of technology or infusion of capital.
8. The following should be especially considered during the scrutiny and consideration of proposals:
- (a) The extent of foreign equity proposed to be held (keeping in view sectoral caps if any - e.g. 24% for SSI units, 49% for air taxi/airlines operators, 74% in basic/cellular/ paging in Telecom sector etc).
  - (b) Extent of equity with composition of foreign/NRI/resident Indians.
  - (c) Extent of equity from the point of view whether the proposed project would amount to a holding company/Wholly owned Subsidiary/a company with dominant foreign investment (i.e. 75% or more) Joint Venture.
  - (d) Whether the proposed foreign equity is for setting up a new project (Joint Venture or otherwise) or whether it is for enlargement of foreign/NRI equity or whether it is for fresh induction of foreign equity/NRI equity in an existing Indian company.
  - (e) In the case of fresh induction of foreign/NRI equity and/or cases of enlargement of foreign/ NRI equity in existing Indian companies whether there is a resolution of the Board of Directors supporting the said induction/enlargement of foreign/NRI equity and whether there is a shareholders agreement or not.

- (f) In the case of induction of fresh equity in the existing Indian companies and/or enlargement of foreign equity in existing Indian companies, the reason why the proposal has been made and the modality for induction/enhancement [i.e. whether by increase of paid up capital/authorised capital, transfer of shares (hostile or otherwise) whether by rights issue, or by what modality].
- Cases pertaining to FIPB approvals, which involve increase in the non-resident equity within the approved percentage of non-resident equity in a joint venture company and enhancement of paid-up capital in a wholly owned subsidiary do not require FIPB approval provided the intent for increase in the amount of foreign equity is duly notified to SIA and formal documentation by way of intimation is made to SIA within 30 days of receipt of funds and allotment of shares (to non-resident shareholders).
- (g) Issue/transfer/pricing of shares will be as per SEBI/RBI guidelines.
- (h) Whether the activity is an industrial or a service activity or a combination of both.
- (i) Whether the item of activity involves any restriction by way of reservation for the small scale sector.
- (j) Whether there are any sectoral restrictions on the activity (e.g. there is ban on foreign investment in real estate while it is not so for NRI investment).
- (k) Whether the item involves only trading activity and if so whether it involves export or both export and import, or also includes domestic trading and if domestic trading whether it also includes retail trading.
- (l) Whether the proposal involves import of items which are either hazardous, banned or detrimental to environment (e.g. import of plastic scrap or recycled plastics).
9. In respect of activities to which equity caps apply, FIPB may consider recommending higher levels of foreign equity as compared to the prescribed caps, keeping in view the special requirements and merits of each case.
10. In respect of other industries/activities the Board may consider recommending 51 per cent foreign equity on examination of each individual proposal. For higher levels of equity up to 74 per cent the Board may consider such proposals keeping in view considerations such as the extent of capital needed for the project, the nature and quality of technology, the requirements of marketing and management skills and the commitment for exports.
11. FIPB may consider recommending proposals for 100 percent foreign owned holding/subsidiary companies based on the following criteria:
- where only "holding" operation is involved all subsequent/downstream investments to be carried out would require prior approval of the Government;
  - where proprietary technology is sought to be protected or sophisticated technology is proposed to be brought in;
  - where at least 50% of production is to be exported;
  - proposals for consultancy; and
  - proposals for industrial model towns/industrial parks or estates.
12. In special cases, where the foreign investor is unable initially to identify an Indian joint venture partner, the Board may consider and recommend proposals permitting 100 per cent foreign equity on a temporary basis on the condition that the foreign investor would divest to the Indian parties (either individual, joint venture partners or general public or both) at least 26 per cent of its equity within a period of 3-5 years.
13. Similarly in the case of a joint venture, where the Indian partner is unable to raise resources

for expansion/technological upgradation of the existing industrial activity the Board may consider and recommend increase in the proportion/percentage (up to 100 per cent) of the foreign equity in the enterprise.

14. In respect of trading companies, 100 per cent foreign equity may be permitted in the case of the activities involving the following:
  - (i) exports;
  - (ii) bulk imports with ex-port/ex-bonded warehouse sales;
  - (iii) cash and carry wholesale trading;
  - (iv) other import of goods or services provided at least 75% is for procurement and sale of goods and services among the companies of the same group.
15. In respect of the companies in the infrastructure/services sector where there is a prescribed cap for foreign investment, only the direct investment should be considered for the prescribed cap and foreign investment in an investing company should not be set off against this cap provided the foreign direct investment in such investing company does not exceed 49 per cent and the management of the investing company is with the Indian owners.
16. No condition specific to the letter of approval issued to a foreign investor would be changed or additional condition imposed subsequent to the issue of a letter of approval. This would not prohibit changes in general policies and regulations applicable to the industrial sector.
17. Where in case of a proposal (not being 100% subsidiary) foreign direct investment has been approved up to a designated percentage of foreign equity in the joint venture company the percentage would not be reduced while permitting induction of additional capital subsequently. Also in the case of approved activities, if the foreign investor(s) concerned wished to bring in additional capital on later dates keeping the investment to such approved activities, FIPB would recommend such cases for approval on an automatic basis.
18. As regards proposal for private sector banks, the application would be considered only after "in principle" permission is obtained from the Reserve Bank of India (RBI).
19. The restrictions prescribed for proposals in various sectors as obtained, at present, are given in the annexure - II and these should be kept in view while considering the proposals.

# ANNEXURE-II

## Sector Specific Guidelines for Foreign Direct Investment

Sl. No.	Sector	Guidelines
1.	Airports	Up to 100% with FDI, beyond 74% requiring Government approval
2.	Atomic Minerals	<p>The following three activities are permitted to receive FDI/NRI investments through FIPB (as per detailed guidelines issued by Department of Atomic Energy vide Resolution No.8/1(1)/97-PSU/1422 dated 6.10.98):</p> <ol style="list-style-type: none"> <li>Mining and mineral separation</li> <li>Value addition per se to the products of (a) above</li> <li>Integrated activities [comprising of both (a) and (b) above.]</li> </ol> <p>The following FDI participation is permitted:</p> <ol style="list-style-type: none"> <li>Up to 74% in both pure value addition and integrated projects</li> <li>For pure value addition projects as well as integrated projects with value addition upto any intermediate stage, FDI is permitted upto 74% through joint venture companies with Central/State PSUs in which equity holding of at least one PSU is not less than 26%</li> <li>In exceptional cases, FDI beyond 74% will be permitted subject to clearance of the Atomic Energy Commission before FIPB approval</li> </ol>
3.	Agriculture (Including Plantation)	<p>No FDI/NRI investment is permitted other than Tea sector, where FDI is permitted up to 100% in Tea sector, including tea plantations, with prior Government approval and subject to following conditions:-</p> <p>Compulsory divestment of 26% equity in favour of Indian partner/Indian public within a period of five years, and Prior State government approval required in case of any future land use change. The above dispensation would be applicable to all fresh investments (FDI) made in this sector.</p>
4.	Broadcasting	<p><b>(a) TV Software Production</b></p> <p>100% foreign investment allowed subject to:</p> <ol style="list-style-type: none"> <li>all future laws on broadcasting and no claim of any privilege or protection by virtue of approval accorded, and</li> </ol>

Sl. No.	Sector	Guidelines
		(ii) not undertaking any broadcasting from Indian soil without Government approval
		<p><b>b) Setting up hardware facilities, such as uplinking, HUB, etc.</b></p>
		<p>Private companies incorporated in India with permissible FII/NRI/PIO equity within the limits (as in the case of telecom sector FDI limit up to 49% inclusive of both FDI and portfolio investment) to set up uplinking hub (teleports) for leasing or hiring out their facilities to broadcasters</p>
		<p><b>Foot note:</b> As regards satellite broadcasting, all TV channels irrespective of management control to uplink from India provided they undertake to comply with the broadcast (programme &amp; advertising) code</p>
		<p><b>c) Cable Network</b></p>
		<p>Foreign investment allowed up to 49% (inclusive of both FDI and portfolio investment) of paid up share capital. Companies with minimum 51% of paid up share capital held by Indian citizens are eligible under the Cable Television Network Rules (1994) to provide cable TV services</p>
		<p><b>d) Direct-to-Home</b></p>
		<p>Company with a maximum of foreign equity including FDI/NRI/FII of 49% would be eligible to obtain DTH License. Within the foreign equity, the FDI component not to exceed 20%</p>
		<p><b>e) Terrestrial Broadcasting FM</b></p>
		<p>The licensee shall be a company registered in India under the Companies Act. All share holding should be held by Indians except for the limited portfolio investment by FII/NRI/PIO/OCB subject to such ceiling as may be decided from time to time. Company shall have no direct investment by foreign entities, NRIs and OCBs. As of now, the foreign investment is permissible to the extent of 20% portfolio investment) Terrestrial TV</p>
		<p>No private operator is allowed in terrestrial TV transmission.</p>
5.	Coal & Lignite	<p>(i) Private Indian companies setting up or operating power projects as well as coal or lignite mines for captive consumption are allowed FDI up to 100%ii.</p>

Sl. No.	Sector	Guidelines
		<ul style="list-style-type: none"> <li>(ii) 100% FDI is allowed for setting up coal processing plants 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 processing plants for washing or sizing.</li> <li>(iii) FDI up to 74% is allowed for exploration or mining of coal or lignite for captive consumption.</li> </ul>
6.	Domestic Airlines	<p>(Detailed guidelines have been issued by Ministry of Civil Aviation) In the domestic Airlines)</p> <ul style="list-style-type: none"> <li>(i) FDI up to 49% permitted under automatic route. subject to no direct or indirect equity participation by foreign airlines</li> <li>(ii) 100% investment by NRIs permitted under automatic route.</li> </ul>
7.	Defence & Strategic Industries	Foreign Direct Investment, including NRI investment, is permitted up to 26% with prior Government approval subject to licensing and security requirements. Detailed guidelines for participation of private sector and foreign investors in this sector are given in Annexure VII
8.	Drugs & Pharmaceuticals	<p>FDI up to 100% is permitted on the automatic route for manufacture of drugs and pharmaceutical, provided the activity does not attract compulsory licensing or involve use of recombinant DNA technology, and specific cell / tissue targeted formulations.</p> <p>FDI proposals for the manufacture of licensable drugs and pharmaceuticals and bulk drugs produced by recombinant DNA technology, and specific cell / tissue targeted formulations will require prior Government approval</p>
9.	Establishment and Operation of Satellite	FDI up to 74% is permitted with prior Government approval
10	Housing & Real Estate	<p>NRIs are allowed to invest in the following activities:</p> <ul style="list-style-type: none"> <li>a) Development of serviced plots and construction of built up residential premises</li> <li>b) Investment in real estate covering construction of residential and commercial premises including business centres and offices</li> </ul>

Sl. No.	Sector	Guidelines
		<ul style="list-style-type: none"> <li>c) Development of townships</li> <li>d) City and regional level urban infrastructure facilities, including both roads and bridges</li> <li>e) Investment in manufacture of building materials, which is also open to FDI</li> <li>f) Investment in participatory ventures in (a) to (e) above g.g)Investment in ho using finance institutions, which is also open to FDI as an NBFC</li> </ul>
11.	Investing Companies in Infrastructure/ Service Sector	In respect of the companies in infrastructure/service sector, 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. The automatic route is not available
12.	Insurance	FDI up to 26% in the Insurance sector is allowed on the automatic route subject to obtaining licence from Insurance Regulatory & Development Authority (IRDA)
13.	Lottery Business, Gambling & Betting	Government has reiterated prohibition of Foreign Direct Investment (FDI) / Foreign Technical Collaboration (FTC) in any form in lottery business, gambling and betting sector. Foreign Technology Collaboration including Franchise/Trading/brand name, management contract etc. in the lottery business, gambling and betting sector is also prohibited.
14.	Mining	<p>For exploration and mining of diamonds and precious stones FDI is allowed up to 74% under automatic route</p> <p>23. For exploration and mining of gold and silver and minerals other than diamonds and precious stones, metallurgy and processing FDI is allowed up to 100% under automatic route</p> <p>iii. Press Note No. 18 (1998 series) dated 14.12.98 and Press Note No 1 of 2005 dated 12.01.2005 would not be applicable for setting up 100% owned subsidiaries in so far as the mining sector is concerned, subject to a declaration from the applicant that he has no existing joint venture for the same area and / or the particular mineral</p>
15.	Non-banking Financial Companies	<ul style="list-style-type: none"> <li>(a) FDI/NRI investments allowed in the following 19 NBFC activities shall be as per levels indicated below: <ul style="list-style-type: none"> <li>i) Merchant banking</li> </ul> </li> </ul>

Sl. No.	Sector	Guidelines
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- ii) Underwriting
- iii) Portfolio Management Services
- iv) Investment Advisory Services
- v) Financial Consultancy
- vi) Stock Broking
- vii) Asset Management
- viii) Venture Capital
- ix) Custodial Services
- x) Factoring
- xi) Credit Reference Agencies
- xii) Credit rating Agencies
- xiii) Leasing & Finance
- xiv) Housing Finance
- xv) Forex Broking
- xvi) Credit card business
- xvii) Money changing Business
- xviii) Micro Credit
- xix) Rural Credit(b)
- (b) Minimum Capitalisation Norms for fund based NBFCs:
  - i) For FDI up to 51% - US\$ 0.5 million to be brought upfront
  - ii) For FDI above 51% and up to 75% - US \$ 5 million to be brought upfront
  - iii) For FDI above 75% and up to 100% - US \$ 50 million out of which US \$ 7.5 million to be brought upfront and the balance in 24 months
- (c) Minimum capitalisation norms for non-fund based activities:
 

Minimum capitalisation norm of US \$ 0.5 million is applicable in respect of all permitted non-fund based NBFCs with foreign investment
- (d) 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 as at (b) (iii) above (without any restriction on number of operating subsidiaries without bringing in additional capital)
- (e) Joint Venture operating NBFC's that have 75% or less than 75% foreign investment will also be allowed

Sl. No.	Sector	Guidelines
		<p>to set up subsidiaries for undertaking other NBFC activities, subject to the subsidiaries also complying with the applicable minimum capital inflow i.e. (b)(i) and (b)(ii) above</p> <p>(f) FDI in the NBFC sector is put on automatic route subject to compliance with guidelines of the Reserve Bank of India. RBI would issue appropriate guidelines in this regard</p>
16.	Petroleum (other than Refining)	<p>a. FDI is permitted up to 100% on automatic route in petroleum products marketing FDI in this sector would be permissible subject to the existing sectoral policy and regulatory framework in the oil marketing sector.</p> <p>b. FDI up to 100% is allowed in on the automatic route in oil exploration in both small and medium sized fields subject to and under the policy of the Government on private participation in i) exploration of oil and (ii) the discovered fields of national oil companies.</p> <p>c. FDI up to 100% is permitted on the automatic route for petroleum products pipeline subject to and under the Government policy and regulations thereof.</p> <p>d. FDI upto 100% is permitted for Natural Gas/LNG Pipelines with prior Government approval</p> <p>e. 100% Wholly owned Subsidiary (WoS) is permitted for the purpose of market study and formulation</p> <p>f. 100% wholly owned subsidiary (WOS) is permitted for investment/Financing</p> <p>g. For actual trading and marketing, minimum 26% Indian equity is required over 5 years</p>
	Petroleum (Refining)	<p>a. FDI is permitted up to 26% in case of public sector units (PSUs). PSUs will hold 26% (Refining) and balance 48% by public. Automatic route is not available</p> <p>b. In case of private Indian companies, FDI is permitted up to 100% under automatic route</p>
17	Postal Services	<p>FDI up to 100% is permitted in courier services with prior Government approval excluding distribution of letters, which is reserved exclusively for the state</p>
18	Print Media	<p>The following FDI participation in Indian entities publishing News Papers and periodicals is permitted:</p> <p>(a) FDI up to 100% in publishing/printing scientific &amp; technical magazines, periodicals &amp; journals</p>

Sl. No.	Sector	Guidelines
		<p>(b) FDI up to 26% in publishing News Papers and Periodicals dealing in News and Current Affairs subject to verification of antecedents of foreign investor, keeping editorial and management control in the hands of resident Indians and ensuring against dispersal of Indian equity.</p> <p>The detailed guidelines have been issued by Ministry of Information and Broadcasting</p>
19.	Private Sector Banking	74% from all sources on the automatic route subject to guidelines issued by RBI from time to time. Consolidated guidelines are given at Annexure VI
20.	Telecommunication	<p>i) <i>Basic, Cellular, Value Added Services and Global Mobile Personal Communications by Satellite:</i> FDI is limited to 74% subject to licensing and security requirements adherence by the companies (who are investing and the companies in which the investment is being made) to the licence conditions for foreign equity cap and lock- in period for transfer and addition of equity and other licence provisions</p> <p>ii) In ISPs with Gateways, Radio-Paging and End-to-End Bandwidth, FDI is permitted up to 74% with FDI, beyond 49% requires Government approval. These services would be subject to licensing and security requirements</p> <p>iii) No equity cap is applicable to manufacturing activities</p> <p>iv) FDI up to 100% is allowed for the following activities in the telecom sector :</p> <p>(a) ISPs not providing gateways (both for satellite and submarine cables)</p> <p>(b) Infrastructure Providers providing dark fibre (IP Category I)</p> <p>(c) Electronic Mail; and</p> <p>(d) Voice Mail</p> <p>The above would be subject to the following conditions:</p> <p>a. FDI up to 100% is allowed subject to the condition that such companies would divest 26% of their equity in favour of Indian public in 5 years, if these companies are listed in other parts of the world.</p> <p>b. The above services would be subject to licensing and security requirements, wherever required</p>

Sl. No.	Sector	Guidelines
		c. Proposals for FDI beyond 49% shall be considered by FIPB on case to case basis

## 21. Trading

Trading is permitted under automatic route with FDI up to 51% provided it is primarily export activities, and the undertaking is an export house/trading house/super trading house/star trading house. However, under the FIPB route:-

- i. 100% FDI is permitted in case of trading companies for the following activities:
  - a) exports
  - b) bulk imports with ex-port/ex-bonded warehouse sales
  - c) cash and carry wholesale trading
  - d) other import of goods or services provided at least 75% is for procurement and sale of goods and services among the companies of the same group and for third party use or onward transfer/distribution/sales
- ii. The following kinds of trading are also permitted, subject to provisions of Foreign Trade Policy:
  - a) Companies for providing after sales services (that is not trading per se)
  - b) Domestic trading of products of JVs is permitted at the wholesale level for such trading companies who wish to market manufactured products on behalf of their joint ventures in which they have equity participation in India
  - c) Trading of hi-tech items/items requiring specialised after sales service .
  - d) Trading of items for social sector
  - e) Trading of hi-tech, medical and diagnostic items
  - f) Trading of items sourced from the small scale sector under which, based on technology provided and laid down quality specifications, a company can market that item under its brand nameg.
  - g) Domestic sourcing of products for exportsh.
  - h) Test marketing of such items for which a company has approval for manufacture provided such test marketing facility will be for

Sl. No.	Sector	Guidelines
		<p>a period of two years, and investment in setting up manufacturing facilities commences simultaneously with test marketing</p> <p>i) FDI up to 100% permitted for e-commerce activities subject to the condition that such companies would divest 26% of their equity in favour of the Indian public in five years, if these companies are listed in other parts of the world. Such companies would engage only in business to business (B2B) e-commerce and not in retail trading FDI is not permitted in retail trading activity.</p>
22.	Township Development	<p>FDI upto 100% is allowed under the automatic route in townships, housing, built-up infrastructure and construction-development projects which would include, but not restricted to, housing, commercial, premises, hotels, resorts, hospitals, educational institutions, recreational facilities, city and regional level infrastructure subject to conditions and guidelines as mentioned at Annexure VIII</p>
23.	Venture Capital	<p>As per Schedule VI under FEMA Regulation, a registered Foreign Venture Capital Investor (FVCI) may invest in Indian Venture Capital Undertakings (IVCU) or in a VCF after approval from RBI.</p>

## Illustrative List of Sectors Under Automatic Route for FDI Upto 100%

- Most manufacturing activities
- Non-banking financial services
- Drugs and pharmaceuticals that do not attract compulsory licensing or involve use of recombinant DNA technology
- Food processing
- Electronic hardware
- Software development
- Film industry
- Advertising
- Hospitals
- Private oil refineries
- Pollution control and management
- Exploration and mining of minerals other than diamonds and precious stones
- Management consultancy
- Venture capital funds/companies
- Setting up/development of industrial park/model town/SEZ
- Petroleum Products Pipeline

# ANNEXURE-IV

## Illustrative List of Infrastructure Sectors with FDI Upto 100% under Automatic Route.

- Electricity Generation (except Atomic energy)
- Electricity Transmission
- Electricity Distribution
- Mass Rapid Transport System
- Roads & Highways
- Toll Roads
- Vehicular Bridges
- Ports & Harbours
- Hotel & Tourism
- Townships, Housing, Built-up Infrastructure and Construction Development Project

# ANNEXURE-V

## Illustrative List of Services Sector with FDI Upto 100% under Automatic Route

- Advertising and Films
- Computer related Services
- Research and Development Services
- Construction and related Engineering Services
- Pollution Control and Management Services
- Urban Planning and Landscape Services
- Architectural Services
- Health related & Social Services
- Travel related services
- Road Transport Services
- Maritime Transport Services
- Internal Waterways Transport Services

## Guidelines for Foreign Direct Investment (FDI) in the Banking Sector

(Press Note No. 2 of 2004 series)

1. Limit for FDI under automatic route in private sector banks
  - a. In terms of the Press Note no. 2 (2004 series) dated march 5, 2004 issued by Ministry of Commerce & Industry, Government of India, FDI up to 74% from all sources will be permitted in private sector banks on the automatic route, subject to conformity with the guidelines issued by RBI from time to time.
  - b. For the purpose of determining the above-mentioned ceiling of 74% FDI under the “automatic route” in respect of private sector banks, following categories of shares will be included.
    - (i) FDI investment under Portfolio Investment Scheme(PIS) by FIIs,NRIs and shares acquired prior to16.9.2003
    - (ii) IPOs,
    - (iii) Private placements,
    - (iv) ADRs/GDRs, and
    - (v) Acquisition of shares from existing shareholders [subject to (d) below]
  - c. It may be clarified that as per Government of India guidelines, issue of fresh shares under automatic route is not available to those foreign investors who have a financial or technical collaboration in the same field. This category of investors requires FIPB approval.
  - d. It may be further clarified that, as per Government of India guidelines, automatic route is applicable to transfer of existing shares in a banking company from residents to non-residents within the sectoral equity cap.. This category of investors require approval of FIPB followed by “in principle” approval by Exchange Control Department (ECD), RBI. The “fair price” for transfer of existing shares is determined by RBI broadly on the basis of SEBI guidelines for listed shares and erstwhile CCI guidelines for unlisted shares. After receipt of “in principle” approval, the resident seller can receive funds and apply to ECD, RBI for obtaining final permission for transfer of shares.
  - e. Under the Insurance Act, the maximum foreign investment in an insurance company has been fixed at 26%. Application for foreign investment in banks, which have joint venture/subsidiary in insurance sector, should be made to RBI. Such applications will be considered by RBI in consultation with Insurance Regulatory and Development Authority (IRDA).
  - f. Foreign banks having branch presence in India are eligible for FDI in the private sector banks subject to the overall cap of 74% mentioned above with the approval of RBI.
2. Limit for FDI in public sector banks

FDI and portfolio investment in nationalised banks are subject to overall statutory limits of 20% as provided under Section 3 (2D) of the Banking Companies (Acquisition and Transfer of Undertakings) Acts, 1970/80. The same ceiling would also apply in respect of such investments in State Bank of India and its associate banks.

### 3. Voting rights of foreign investors

In terms of the statutory provisions under the various banking acts, the voting rights, when exercised, which are stipulated as under:

Private sector banks – [Section 12 (2) of Banking Regulation Act, 1949]

No person holding shares, in respect of any share held by him, shall exercise voting rights on poll in excess of ten per cent of the total voting rights of all the share holders

Nationalised Banks – [Section 3(2E) of Banking Companies (Acquisition and Transfer of Undertakings) Acts, 1970/80]

No shareholder, other than the Central Government, shall be entitled to exercise voting rights in respect of any shares held by him in excess of one per cent of the total voting rights of all the share holders of the nationalised banks

State Bank of India (SBI) – (Section 11 of State Bank of India Act, 1955)

No shareholder, other than RBI, shall be entitled to exercise voting rights in excess of ten per cent of the issued capital (Government, in consultation with RBI can raise the above voting rate to more than ten per cent).

SBI Associates – [Section 19(1)&(2) of SBI (Subsidiary Bank) Act, 1959]

No person shall be registered as a shareholder in respect of any shares held by him in excess of two hundred shares.

No shareholder, other than SBI, shall be entitled to exercise voting rights in excess of one per cent of the issued capital of the subsidiary bank concerned.

### 4. Approval of RBI and reporting requirements

(i) Under extant instructions, transfer of shares of 5 per cent and more of the paid-up capital of a private sector banking company, requires prior acknowledgments of RBI. For FDI of 5 per cent and more of the paid-up capital, the private sector banking company has to apply in the prescribed form to the Department of Banking Operations and Department in the Regional office of RBI, where the bank's Head Office is located.

(ii) Under the provisions of FEMA 1999, any fresh issue of shares of a banking company, either through the automatic route or with the specific approval of FIPB, does not require further approval of Exchange Control Department (ECD) of RBI from the exchange control angle. The Indian banking company is only required to undertake 2-stage reporting to the ECD as follows:

a. In the first stage, the Indian company has to submit a report within 30 days of the date of receipt of amount of consideration indicating the name and address of foreign investors, date of receipt of funds and their rupee equivalent, name of bank through whom funds were received and details of Government approval, if any.

b. In the second stage, the Indian banking company is required to file within 30 days from the date of issue of shares, a report in form FC-GPR together with a certificate from the Company Secretary of the concerned company certifying that various regulations have been complied with. The report will also be accompanied by a certificate from a Chartered Accountant indicating the manner of arriving at the price of the shares issued.

### 5. Conformity with SEBI Regulations and Companies Act provisions

Wherever applicable, FDI in banking companies should conform to the provisions regarding shareholding and share transfer, etc. as stipulated by SEBI, Companies Act, etc.

**6. Disinvestments by Foreign Investors**

In terms of regulation 10 and 11 of RBI Notification No. FEMA/20/2000-RB dated May 3, 2000 issued under FEMA 1999; disinvestments by foreign investors would be governed by the following:

- (i) Sale of shares by non-residents on a stock exchange and remittance of the proceeds thereof through an authorized dealer does not require RBI approval.
- (ii) Sale of shares by private arrangement requires RBIs prior approval. RBI grants permission for sale of shares at a price that is market related and is arrived at in terms of guidelines indicated in Regulation 10 above.

**7. All commercial banks, which either have foreign investments or intending to have foreign investments, need to observe the above guidelines.**

## Guidelines for Licensing Production of Arms & Ammunitions

(Press Note No. 4 of 2001 series)

In pursuance of the Government decision to allow private sector participation up to 100% in the defence industry sector with foreign direct investment (FDI) permissible up to 26%, both subject to licensing as notified vide Press Note No. 4 (2001 series), the following guidelines for licensing production of arms and ammunitions are hereby notified:

1. Licence applications will be considered and licences given by the Department of Industrial Policy & Promotion, Ministry of Commerce & Industry, in consultation with Ministry of Defence.
2. Cases involving FDI will be considered by the FIPB and licences given by the Department of Industrial Policy & Promotion in consultation with Ministry of Defence.
3. The applicant should be an Indian company / partnership firm.
4. The management of the applicant company / partnership should be in Indian hands with majority representation on the Board as well as the Chief Executive of the company / partnership firm being resident Indians.
5. Full particulars of the Directors and the Chief Executives should be furnished along with the applications.
6. The Government reserves the right to verify the antecedents of the foreign collaborators and domestic promoters including their financial standing and credentials in the world market. Preference would be given to original equipment manufacturers or design establishments, and companies having a good track record of past supplies to Armed Forces, Space and Atomic energy sectors and having an established R & D base.
7. There would be no minimum capitalization for the FDI. A proper assessment, however, needs to be done by the management of the applicant company depending upon the product and the technology. The licensing authority would satisfy itself about the adequacy of the net worth of the foreign investor taking into account the category of weapons and equipment that are proposed to be manufactured.
8. There would be a three-year lock-in period for transfer of equity from one foreign investor to another foreign investor (including NRIs & OCBs with 60% or more NRI stake) and such transfer would be subject to prior approval of the FIPB and the Government.
9. The Ministry of Defence is not in a position to give purchase guarantee for products to be manufactured. However, the planned acquisition programme for such equipment and overall requirements would be made available to the extent possible.
10. The capacity norms for production will be provided in the licence based on the application as well as the recommendations of the Ministry of Defence, which will look into existing capacities of similar and allied products.
11. Import of equipment for pre-production activity including development of prototype by the applicant company would be permitted.
12. Adequate safety and security procedures would need to be put in place by the licensee once the licence is granted and production commences. These would be subject to verification by authorized Government agencies.
13. The standards and testing procedures for equipment to be produced under licence from

foreign collaborators or from indigenous R & D will have to be provided by the licensee to the Government nominated quality assurance agency under appropriate confidentiality clause. The nominated quality assurance agency would inspect the finished product and would conduct surveillance and audit of the Quality Assurance Procedures of the licensee. Self-certification would be permitted by the Ministry of Defence on case to case basis, which may involve either individual items, or group of items manufactured by the licensee. Such permission would be for a fixed period and subject to renewals.

14. Purchase preference and price preference may be given to the Public Sector organizations as per guidelines of the Department of Public Enterprises.
15. Arms and ammunition produced by the private manufacturers will be primarily sold to the Ministry of Defence. These items may also be sold to other Government entities under the control of the Ministry of Home Affairs and State Governments with the prior approval of the Ministry of Defence. No such item should be sold within the country to any other person or entity. The export of manufactured items would be subject to policy and guidelines as applicable to Ordinance Factories and Defence Public Sector Undertakings. Non-lethal items would be permitted for sale to persons / entities other than the Central or State Governments with the prior approval of the Ministry of Defence. Licensee would also need to institute a verifiable system of removal of all goods out of their factories. Violation of these provisions may lead to cancellation of the licence.
16. Government decision on applications to FIPB for FDI in defence industry sector will be normally communicated within a time frame of 10 weeks from the date of acknowledgment by the Secretariat for Industrial Assistance in the Department of Industrial Policy & Promotion.

# ANNEXURE-VIII

## Guidelines for FDI In Development of Township, Housing, Building, Infrastructure and Construction Projects

(Press Note No. 2 of 2005 series)

With a view to catalysing investment in townships, housing, built-up infrastructure and construction-development projects as an instrument to generate economic activity, create new employment opportunities and add to the available housing stock and built-up infrastructure, the Government has vide Press Note no 2 (2005 series) decided to allow FDI up to 100% under the automatic route in townships, housing, built-up infrastructure and construction-development projects (which would include, but not be restricted to, housing, commercial premises, hotels, resorts, hospitals, educational institutions, recreational facilities, city and regional level infrastructure), subject to the following guidelines:

- a. Minimum area to be developed under each project would be as under:
    - i. In case of development of serviced housing plots, a minimum land area of 10 hectares
    - ii. In case of construction-development projects, a minimum built-up area of 50,000 sq.mts
    - iii. In case of a combination project, any one of the above two conditions would suffice
  - b. The investment would further be subject to the following conditions:
    - i. Minimum capitalization of US\$10 million for wholly owned subsidiaries and US\$ 5 million for joint ventures with Indian partners. The funds would have to be brought in within six months of commencement of business of the Company.
    - ii. Original investment cannot be repatriated before a period of three years from completion of minimum capitalization. However, the investor may be permitted to exit earlier with prior approval of the Government through the FIPB.
  - c. At least 50% of the project must be developed within a period of five years from the date of obtaining all statutory clearances. The investor would not be permitted to sell undeveloped plots.

For the purpose of these guidelines, “undeveloped plots” will mean where roads, water supply, street lighting, drainage, sewerage, and other conveniences, as applicable under prescribed regulations, have not been made available. It will be necessary that the investor provides this infrastructure and obtains the completion certificate from the concerned local body/service agency before he would be allowed to dispose of serviced housing plots.
  - d. The project shall conform to the norms and standards, including land use requirements and provision of community amenities and common facilities, as laid down in the applicable building control regulations, bye-laws, rules, and other regulations of the State Government/Municipal/Local Body concerned.
  - e. The investor shall be responsible for obtaining all necessary approvals, including those of the building/layout plans, developing internal and peripheral areas and other infrastructure facilities, payment of development, external development and other charges and complying with all other requirements as prescribed under applicable rules/bye-laws/regulations of the State Government/ Municipal/Local Body concerned.
  - f. The State Government/ Municipal/ Local Body concerned, which approves the building / development plans, would monitor compliance of the above conditions by the developer.
2. Para (iv) of Press Note 4 (2001 Series), issued by the Government on 21.5.2001, and Press Note 3 (2002 Series), issued on 4.1.2002, stand superceded.

# ANNEXURE-IX

## List of Cities with Population of 10 Lakhs (1 Million) and above According to the Provisional Results of 1991 Census

### **Name of the Cities**

1. Greater Mumbai U.A.
2. Kolkata U.A.
3. Delhi U.A.
4. Chennai U.A.
5. Hyderabad U.A.
6. Bangalore U.A.
7. Ahmedabad U.A.
8. Pune U.A.
9. Kanpur U.A.
10. Nagpur U.A.
11. Lucknow U.A.
12. Surat U.A.
13. Jaipur U.A.
14. Kochi U.A.
15. Coimbatore U.A.
16. Vadodara U.A.
17. Indore U.A.
18. Patna U.A.
19. Madurai U.A.
20. Bhopal M.C.
21. Visakhapatnam, U.A.
22. Varanasi U.A.
23. Ludhiana M.C.

Note: U.A. = Urban Area    M.C. = Municipal Corporation

# ANNEXURE-X

## Details of Selected Agencies/ Departments involved with Various Clearances/Approvals and their Web-Sites

Subject Matter	Concerned Ministry/ Department of Govt. of India	Website address
Industrial Entrepreneur Memorandum for delicensed industries	Department of Industrial Policy & Promotion	<a href="http://dipp.nic.in">http://dipp.nic.in</a>
Approval for Industrial License / Carry-on-business License	Department of Industrial Policy & Promotion	<a href="http://dipp.nic.in">http://dipp.nic.in</a>
Approval for Technology Transfer:		
(i) Automatic route	Reserve Bank of India	<a href="http://www.rbi.org.in">http://www.rbi.org.in</a>
(ii) Government approval (PAB)	Department of Industrial Policy & Promotion	<a href="http://dipp.nic.in">http://dipp.nic.in</a>
Approval for financial collaboration:		
(i) Automatic route	Reserve Bank of India	<a href="http://www.rbi.org.in">http://www.rbi.org.in</a>
(ii) Government approval (FIPB)	Department of Economic Affairs	<a href="http://finmin.nic.in">http://finmin.nic.in</a>
Approval of Industrial Park		
(i) Automatic route	Department of Industrial Policy & Promotion	<a href="http://dipp.nic.in">http://dipp.nic.in</a>
(ii) Non-Automatic route (Empowered Committee)		
Registration as a company & certificate of commencement of business	Department of Company Affairs (Registrar of Companies)	<a href="http://dca.nic.in">http://dca.nic.in</a>
Matters relating to FDI policy and its promotion and facilitation as also promotion and facilitation of investment by Non- resident Indians (NRIs)	Department of Industrial Policy & Promotion	<a href="http://dipp.nic.in">http://dipp.nic.in</a>
Matters relating to Foreign Exchange	Reserve Bank of India	<a href="http://www.rbi.org.in">http://www.rbi.org.in</a>
Matters relating to Taxation	Department of Revenue	<a href="http://finmin.nic.in">http://finmin.nic.in</a>
Matters relating to Direct Taxation	Central Board of Direct Taxes	<a href="http://incometaxindia.gov.in">http://incometaxindia.gov.in</a>
Matters relating to Excise & Customs	Central Board of Excise & Custom	<a href="http://www.cbec.gov.in">http://www.cbec.gov.in</a>
Matters relating to Industrial Relations	Ministry of Labour	<a href="http://labour.nic.in">http://labour.nic.in</a>
Import of Goods	Directorate General of Foreign Trade	<a href="http://dgft.delhi.nic.in">http://dgft.delhi.nic.in</a>
Matters relating to Environment & Forest clearance	Ministry of Environment and Forests	<a href="http://envfor.nic.in">http://envfor.nic.in</a>
Overseas investment by Indians	Ministry of Overseas Affairs	<a href="http://iic.nic.in">http://iic.nic.in</a>
Allotment of land/Shed in Industrial areas, acquisition of land, change in land use, approval of building plan, release of water connection etc.	Departments Concerned of State Governments	Web site address of the state/UT is given at ANNEXURE-VIII

# ANNEXURE XI

## Website addresses of Important Ministries/Departments

Department of Biotechnology	-	<a href="http://dbtindia.nic.in">http://dbtindia.nic.in</a>
Bureau of Indian Standards	-	<a href="http://www.bis.org.in">http://www.bis.org.in</a>
Department of Chemicals & Petrochemicals	-	<a href="http://chemicals.nic.in">http://chemicals.nic.in</a>
Ministry of Civil Aviation	-	<a href="http://civilaviation.nic.in">http://civilaviation.nic.in</a>
Department of Commerce	-	<a href="http://commerce.nic.in">http://commerce.nic.in</a>
Ministry of Coal	-	<a href="http://coal.nic.in">http://coal.nic.in</a>
Ministry of Company Affairs	-	<a href="http://dca.nic.in">http://dca.nic.in</a>
Department of Education	-	<a href="http://education.nic.in">http://education.nic.in</a>
Ministry of Environment and Forests	-	<a href="http://envfor.nic.in">http://envfor.nic.in</a>
Department of Explosives	-	<a href="http://explosives.nic.in">http://explosives.nic.in</a>
Ministry of External Affairs	-	<a href="http://www.meaindia.nic.in">http://www.meaindia.nic.in</a>
Ministry of Finance	-	<a href="http://finmin.nic.in">http://finmin.nic.in</a>
Directorate General of Foreign Trade	-	<a href="http://dgft.delhi.nic.in">http://dgft.delhi.nic.in</a>
Department of Heavy Industries	-	<a href="http://dhi.nic.in">http://dhi.nic.in</a>
Department of Industrial Policy & Promotion	-	<a href="http://dipp.nic.in">http://dipp.nic.in</a>
Ministry of Information and Broadcasting	-	<a href="http://mib.nic.in">http://mib.nic.in</a>
Department of Information Technology	-	<a href="http://www.mit.gov.in">http://www.mit.gov.in</a>
Ministry of Labour	-	<a href="http://labour.nic.in">http://labour.nic.in</a>
Ministry of Mines	-	<a href="http://mines.nic.in">http://mines.nic.in</a>
Ministry of Non-conventional Energy Sources	-	<a href="http://mnes.nic.in">http://mnes.nic.in</a>
Office of the Controller General of Patents, Designs and Trademarks	-	<a href="http://patentoffice.nic.in">http://patentoffice.nic.in</a>
Ministry of Petroleum and Natural Gas	-	<a href="http://petroleum.nic.in">http://petroleum.nic.in</a>
Ministry of Power	-	<a href="http://powermin.nic.in">http://powermin.nic.in</a>
Ministry of Railways	-	<a href="http://www.indianrailways.gov.in">http://www.indianrailways.gov.in</a>
Reserve Bank of India	-	<a href="http://www.rbi.org.in">http://www.rbi.org.in</a>
Department of Road Transport & Highways	-	<a href="http://morth.nic.in">http://morth.nic.in</a>
Department of Shipping	-	<a href="http://shipping.nic.in">http://shipping.nic.in</a>
Ministry of Small Scale Industries	-	<a href="http://ssi.nic.in">http://ssi.nic.in</a>
Ministry of Statistics and Programme Implementation,	-	<a href="http://mospi.nic.in">http://mospi.nic.in</a>
Department of Telecommunication	-	<a href="http://www.dotindia.com">http://www.dotindia.com</a>
Ministry of Textiles	-	<a href="http://texmin.nic.in">http://texmin.nic.in</a>
Ministry of Tourism	-	<a href="http://tourismofindia.com">http://tourismofindia.com</a>
Ministry of Urban Development	-	<a href="http://urbanindia.nic.in">http://urbanindia.nic.in</a>
Ministry of Water Resources	-	<a href="http://wrmin.nic.in">http://wrmin.nic.in</a>

# ANNEXURE XII

## Website Addresses of States/UTs

Andaman & Nicobar (UT)	-	<a href="http://andaman.nic.in">http://andaman.nic.in</a>
Andhra Pradesh	-	<a href="http://www.aponline.gov.in">http://www.aponline.gov.in</a>
Arunachal Pradesh	-	<a href="http://arunachalpradesh.nic.in">http://arunachalpradesh.nic.in</a>
Assam	-	<a href="http://assamgovt.nic.in">http://assamgovt.nic.in</a>
Bihar	-	<a href="http://bihar.nic.in">http://bihar.nic.in</a>
Chandigarh (UT)	-	<a href="http://chandigarh.nic.in">http://chandigarh.nic.in</a>
Chhattisgarh	-	<a href="http://chhattisgarh.nic.in">http://chhattisgarh.nic.in</a>
Dadra & Nagar Haveli (UT)	-	<a href="http://oidc.nic.in">http://oidc.nic.in</a>
Daman & Diu (UT)	-	<a href="http://daman.nic.in">http://daman.nic.in</a>
Delhi	-	<a href="http://delhigovt.nic.in">http://delhigovt.nic.in</a>
Goa	-	<a href="http://goagovt.nic.in">http://goagovt.nic.in</a>
Gujarat	-	<a href="http://www.gujaratindia.com">http://www.gujaratindia.com</a>
Haryana	-	<a href="http://haryana.nic.in">http://haryana.nic.in</a>
Himachal Pradesh	-	<a href="http://himachal.nic.in">http://himachal.nic.in</a>
Jammu & Kashmir	-	<a href="http://jammukashmir.nic.in">http://jammukashmir.nic.in</a>
Jharkhand	-	<a href="http://jharkhand.nic.in">http://jharkhand.nic.in</a>
Karnataka	-	<a href="http://www.karnataka.nic.in">http://www.karnataka.nic.in</a>
Kerala	-	<a href="http://www.kerala.gov.in">http://www.kerala.gov.in</a>
Lakshdweep (UT)	-	<a href="http://lakshadweep.nic.in">http://lakshadweep.nic.in</a>
Madhya Pradesh	-	<a href="http://www.mp.nic.in">http://www.mp.nic.in</a>
Maharashtra	-	<a href="http://maharashtra.gov.in">http://maharashtra.gov.in</a>
Manipur	-	<a href="http://manipur.nic.in">http://manipur.nic.in</a>
Meghalaya	-	<a href="http://meghalaya.nic.in">http://meghalaya.nic.in</a>
Mizoram	-	<a href="http://mizoram.nic.in">http://mizoram.nic.in</a>
Nagaland	-	<a href="http://nagaland.nic.in">http://nagaland.nic.in</a>
Orissa	-	<a href="http://orissagovt.nic.in">http://orissagovt.nic.in</a>
Pondicherry (UT)	-	<a href="http://pondicherry.nic.in">http://pondicherry.nic.in</a>
Punjab	-	<a href="http://punjabgovt.nic.in">http://punjabgovt.nic.in</a>
Rajasthan	-	<a href="http://www.rajasthan.gov.in">http://www.rajasthan.gov.in</a>
Sikkim	-	<a href="http://sikkimgovt.nic.in">http://sikkimgovt.nic.in</a>
Tamil Nadu	-	<a href="http://www.tn.gov.in">http://www.tn.gov.in</a>
Tripura	-	<a href="http://tripura.nic.in">http://tripura.nic.in</a>
Uttar Pradesh	-	<a href="http://upgovt.nic.in">http://upgovt.nic.in</a>
Uttranchal	-	<a href="http://govt.ua.nic.in">http://govt.ua.nic.in</a>
West Bengal	-	<a href="http://www.wbgovt.com">http://www.wbgovt.com</a>

# ANNEXURE XIII

## Addresses for filing application etc:

Sl.No.	Application for	Address for filing
1.	Industrial Licence/COB Licence	PR&C Section, SIA, Department of Industrial Policy & Promotion, Ministry of Commerce & Industry, Udyog Bhavan, New Delhi –11. India
2.	IEM	PR&C Section, SIA, Department of Industrial Policy & Promotion, Ministry of Commerce & Industry, Udyog Bhavan, New Delhi –11. India
3.	Monthly Production Returns	Jt. Director, Industrial Statistics Unit (ISU), Department of Industrial Policy & Promotion, Room No. 326, Udyog Bhavan, New Delhi –11. India Fax:011-23014564 E-mail: vishu@ub.nic.in
4.	FDI Application with NRI Investment & 100% EOU application	PR&C Section, SIA, Department of Industrial Policy & Promotion, Ministry of Commerce & Industry, Udyog Bhavan, New Delhi –11. India
5.	Foreign Technology Agreement under Government Approval	Project Approval Board, SIA, Department of Industrial Policy & Promotion, Ministry of Commerce & Industry, Udyog Bhavan, New Delhi –11. India
6.	Approval for Industrial Park, Model town/Growth Center under Government Approval	PR&C Section, SIA, Department of Industrial Policy & Promotion, Ministry of Commerce & Industry, Udyog Bhavan, New Delhi –11. India
7.	FDI under automatic route	Regional Office concerned of Reserve Bank of India (Addresses are available at RBI website)
8.	FDI application under government route	FIPB Unit, Department of Economic Affairs, Ministry of finance, North Block, New Delhi – 110001. India
9.	For registration and incorporation of company	Registrar of Companies, Ministry of Company Affairs, B Block, 2 <sup>nd</sup> floor, Paryavaran Bhavan, CGO complex, New Delhi –110003. India
10.	For setting up liaison / Project/ Branch office of a foreign company	Reserve bank of India, Foreign Investment Division, Shaheed Bhagat Singh Road, Mumbai –400001, India

## Contact Addresses:

1. Joint Secretary (Secretariat for Industrial Assistance)  
Tel: 011-23011983  
Fax: 011-23011034  
E-Mail : [dipp\\_sia@ub.nic.in](mailto:dipp_sia@ub.nic.in)

2. Director  
(FDI Policy, 100% EOUs & NRI Investment)  
Tel: 011-23013196  
Fax: 011-23015245  
E-Mail: [julaniya@ub.nic.in](mailto:julaniya@ub.nic.in)

3. Director  
(Industrial Licensing & Technology  
Collaboration)  
Tel: 011-23013596  
Fax: 011-23012626  
E Mail: [manchanda@ub.nic.in](mailto:manchanda@ub.nic.in)

4. Deputy Secretary  
(Investment Promotion &  
Infrastructure Development)  
Tel: 011-23014218  
Fax: 011-23012626  
E-Mail: [chanchal.kumar@nic.in](mailto:chanchal.kumar@nic.in)

5. Deputy Secretary  
(Foreign Investment Implementation Authority)  
Tel: 011-23014212  
Fax: 011-23011950  
E-mail: [sgarg@ub.nic.in](mailto:sgarg@ub.nic.in)

6. Public Relations Officer  
Public Relation & Complaint Section (PR & C)  
Udyog Bhavan, New Delhi – 110011  
Tel: 011-23014088  
Fax: 011-23012626  
E-Mail: [ipp\\_prc@ub.nic.in](mailto:ipp_prc@ub.nic.in)

Website: [www.dipp.nic.in](http://www.dipp.nic.in)