

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

Press Release

Subject: Corrigendum to Press Note 7 (2008) - Consolidated policy on Foreign Direct Investment.

The above mentioned Press Note was issued on 16th June 2008. Inadvertently, some typographical errors had crept in at Sl. No. 25 of the Annex to the Press Note. Accordingly, this Corrigendum is issued.

2. In the Annex to Press Note 7 (2008), Sl. No.25 under para II, the following substitution is made:

For the existing provision

25.	Non Banking Finance Companies			
i)	Merchant Banking	100%	Automatic	<p>Subject to:</p> <p>a. minimum capitalization norms for fund based NBFCs - US\$ 0.5 million to be brought upfront for FDI up to 51%; US\$ 5 million to be brought upfront for FDI above 51% and up to 75%; and US\$ 50 million out of which US\$ 7.5 million to be brought upfront and the balance in 24 months for FDI beyond 75% and up to 100%.</p> <p>b. minimum capitalization norms for non-fund based NBFC activities- US\$ 0.5 million.</p> <p>c. foreign investors can set up 100% operating subsidiaries without the condition to disinvest a minimum of 25% of its equity to Indian entities subject to bringing in US\$ 50 million without any restriction on number of operating subsidiaries without bringing additional capital.</p> <p>d. joint venture operating NBFC's that have 75% or less than 75% foreign investment will also be allowed to set up subsidiaries for undertaking other NBFC activities subject to the subsidiaries also complying with the applicable minimum capital inflow.</p> <p>e. compliance with the guidelines of the RBI.</p>
ii)	Underwriting Portfolio Management Services			
iii)	Investment Advisory Services			
iv)	Financial Consultancy			
v)	Stock Broking			
vi)	Asset Management			
vii)	Venture Capital			
viii)	Custodial Services			
ix)	Factoring			
x)	Credit Rating Agencies			
xi)	Leasing & Finance			
xii)	Finance			
xiii)	Housing Finance			
xiv)	Forex Broking			
xv)	Credit card Business			

xvi)	Money changing business			<p>f. The minimum capitalization norms would apply would be applicable where the foreign holding in a NBFC(both direct and indirect) exceeds the limits indicated at (a) above</p> <p>g. The capital for the purpose of minimum capitalization norms shall consist of ordinary shares only.</p>
xvii)	Micro credit			
xviii)	Rural credit			

Read the revised provision as:

25.	Non Banking Finance Companies			
i)	Merchant Banking	100%	Automatic	<p>Subject to:</p> <p>a. minimum capitalization norms for fund based NBFCs - US\$ 0.5 million to be brought upfront for FDI up to 51%; US\$ 5 million to be brought upfront for FDI above 51% and up to 75%; and US\$ 50 million out of which US\$ 7.5 million to be brought upfront and the balance in 24 months for FDI beyond 75% and up to 100%.</p> <p>b. minimum capitalization norms for non-fund based NBFC activities- US\$ 0.5 million.</p> <p>c. foreign investors can set up 100% operating subsidiaries without the condition to disinvest a minimum of 25% of its equity to Indian entities subject to bringing in US\$ 50 million without any restriction on number of operating subsidiaries without bringing additional capital.</p> <p>d. joint venture operating NBFC's that have 75% or less than 75% foreign investment will also be allowed to set up subsidiaries for undertaking other NBFC activities subject to the subsidiaries also complying with the applicable minimum capital inflow.</p> <p>e. compliance with the guidelines of the RBI.</p>
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(Deepak Narain)
Director

F.No. 5(10)/2006-FC dated 27th June 2008