

**GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA**

STARRED QUESTION NO:286
ANSWERED ON:13.12.2005
REVIEW OF FOREIGN DIRECT INVESTMENT POLICY
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Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

- (a) whether certain restrictions had been imposed in the matter of Foreign Direct Investment (FDI);
- (b) if so, the details thereof;
- (c) whether the Government proposes to remove barriers to attract FDI in certain sectors;
- (d) if so, the details thereof along with action taken in this regard;
- (e) whether the Government proposes to review FDI policy; and
- (f) if so, the details thereof ?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE & INDUSTRY (SHRI E.V.K.S. ELANGO VAN)

- (a) & (b) Under the extant policy, FDI upto 100% is permitted in most sectors/activities. Sectors attracting limits on FDI equity or where FDI is prohibited are indicated in the enclosed Statement.
- (c) to (f) In the light of the past experience, the Government is further simplifying the procedures for FDI in India and revisiting some of the policy measures.

ANNEX

STATEMENT REFERRED TO IN REPLY TO PART (a) & (b) OF THE LOK SABHA STARRED QUESTION NO. 286 FOR ANSWER ON 13-12-2005

I. FDI Equity Caps in Various Sectors/ Activities

A. Print Media

- 1. Publishing newspaper and periodicals dealing with news and current affairs – foreign equity up to 26%

B. Broadcasting

- 2. FM Broadcasting – Foreign equity up to 20%
- 3. Setting up hardware facilities such as up-linking, HUB, etc.- Foreign equity up to 49%
- 4. Cable network- Foreign equity up to 49%
- 5. Direct to Home Broadcasting - Foreign equity up to 49%. FDI cannot exceed 20%.
- 6. Establishment and operation of satellites - FDI up to 74%

C. Telecommunication.

- 7. Basic and cellular services- Foreign equity up to 74%
- 8. Internet Service Providers with gateways, radio-paging, end-to-end bandwidth – FDI up to 74%

D. Financial services

- 9. Insurance - Foreign equity up to 26%

10. Private sector banks - Foreign equity up to 74%

E. Defence Sector

11. Defence industry - FDI up to 26%

F. Airlines

12. Domestic airlines - FDI up to 49%. NRIs are allowed to invest up to 100%. No direct or indirect participation of foreign airlines is permitted.

G. Atomic minerals

13. Atomic minerals - FDI up to 74%

H. Mining

14. Exploration and mining of coal and lignite for captive consumption other than power projects- FDI up to 74%

15. Mining of diamonds and precious stones – FDI up to 74%.

II. Sectors prohibited for FDI

1. Retail trading

2. Atomic energy

3. Lottery business

4. Gambling and betting sector

5. Housing and real-estate business except development of integrated townships.

6. 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 Plantation (excluding Tea Plantations).