

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

UNSTARRED QUESTION NO:583  
ANSWERED ON:23.11.2009  
INVESTMENTS BY FOREIGN ENTITIES  
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**Will the Minister of COMMERCE AND INDUSTRY be pleased to state:**

(a) whether investments by foreign entities in critical sectors like telecoms, real estate, petroleum refining, oil and gas exploration and production, power and defence production need vetting and clearance from security angle; and

(b) if so, the facts thereof and the steps taken by the Government in this regard?

**Answer**

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE & INDUSTRY (SHRI JYOTIRADITYA M. SCINDIA)

(a) & (b): The FDI policy in the sectors of the telecommunication, construction development, petroleum refining, oil and gas exploration and production, power and defence production is as under:-

S No Sector/Activity FDI Cap / Equity Entry Route Other conditions

1. Telecommunications

a. Basic and cellular, 74% (Including FDI, Automatic up Subject to guidelines/  
Unified Access FII, NRI, FCCBs, to 49%. security conditions  
Services, National/ ADRs, GDRs, conver- notified in the Press  
International Long tible Preference Note 3(2007)  
Distance, V-Sat, shares and propor- FIPB beyond  
Public Mobile Radio tionateForeign 49%.  
Trunked Services equity inIndian  
(PMRTS), Global promoters/Inves-  
Mobile Personal ting Company)  
Communications  
Services (GMPCS)  
and other value  
added telecom  
services

b. ISP with gateways, 74% Automatic up Subject to licensing  
radio-paging, end- to 49%. and security requir-  
to-end bandwidth. FIPB beyond ements notified by the  
49%. Dept. of  
Telecommunications.

c. (a) ISP without 100% Automatic up Subject to the condition  
gateway, to 49%. that such companies  
(b) infrastructure shall divest 26% of  
provider providing their equity in favour  
dark fibre, right of Indian public in 5  
of way, duct space FIPB beyond years, if these  
tower, etc. 49%. companies are listed  
(c) electronic mail in other parts of the  
and voice mail. world. Also subject to  
licensing and security  
requirements, where  
required.

d. Manufacture of 100% Automatic Subject to sectoral

Telecom equipments requirements.

2. Construction 100% Automatic Subject to conditions  
Development projects, notified vide Press Note  
including housing, 2(2005 Series) including  
commercial premises, minimum capitalisation  
resorts, educational requirement and minimum  
institutions, area to be developed.  
recreational facil- [Note 1: For investment  
ities, city and by NRIs the conditionsof  
regional level Press Note 2(2005) are  
infrastructure, not applicable.  
townships. Note 2:For investment in  
Note: FDI is not SEZs,Hotels & Hospitals,  
allowed in Real conditions of Press  
Estate Business. Note 2(2005) are not  
applicable].

### 3. Petroleum & Natural Gas sector

a. Refining 49% in case FIPB(in case Subject to Sectoral  
of PSUs of PSUs) policy and no  
100% in case Automatic(in divestment or dilution  
of Private case of of domestic equity in  
companies private the existing PSUs.  
companies)

b. Other than 100% Automatic Subject to sectoral  
Refining and regulations issued by  
including market Ministry of Petroleum &  
study and formu- Natural Gas.  
lation; invest-  
ment/ financing;  
Setting up  
infrastructure  
for marketing in  
Petroleum & Natural  
Gas sector.

4. Power including 100% Automatic Subject to provisions  
generation (except of the Electricity  
Atomic energy); Act, 2003.  
transmission,  
distribution and  
Power Trading.

5. Defence production 26% FIPB Subject to licensing  
under Industries  
(Development & Regula-  
tion) Act, 1951 and  
guidelines on FDI in  
production of arms &  
ammunition.

The related Press Notes are available on the Department's website at <http://siadipp.nic.in/policy/changes.htm>. The investments by foreign investors are subject to other sectoral restrictions and government regulations, including licensing regulations, as well as compliance with security conditions/ clearances. Proposals requiring prior Government approval are considered by the Foreign Investment Promotion Board (FIPB), an inter-ministerial body, which takes into account all factors, including security related issues. All concerns of National security are constantly being suitably addressed by Government.