Q:Is a 100% foreign owned subsidiary allowed? Whether FIPB approval is required?
Ans: Yes, except in sectors that attract equity cap. The criteria for allowing such investments have been detailed in the guidelines for FIPB consideration.

FIPB approval is required if the activity does not fall on the automatic route.

Q:What is the mechanism for publicizing the changes in the FDI Policies?
Ans: 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).

Q:Is investment by Non-Resident Indians(NRIs) permitted?
Ans: 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. NRI are permitted to invest upto 100% equity in the Real Estate (without being subject to conditions under PN No.2 of 2005) and Civil Aviation Sectors. Automatic Approval is given by the RBI to all NRI proposals with their investment upto 100% for all items/activities except a few exceptions mentioned in Press Note 7 (2008 series) read with sector specific guidelines. Government approval is given for all proposals not qualifying for Automatic Approval.

Q:What is the policy of conversion of non-repatriable shares into repatriable shares?
Ans: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.

Q:What are the forms in which business can be conducted by a foreign company in India?
Ans:"Entry Strategies for foreign investors" is available under the "Policy & Procedures" menu of the website by clicking "Secretariat for Industrial Assistance" of DIPP Website http://dipp.nic.in .

Foreign companies can make investments or operate their business in a number of ways as given below: -
1. Liaison/representative office
2. Project Office
3. Branch Office
4. 100% Wholly owned subsidiary
5. Joint venture company

Financial/Technical/Techno-financial approval is given by
1. Under Automatic route through RBI
2. Government/FIPB/RBI automatic approval is governed by Press Note No. 7 of 2008 subject to sectoral caps as given in Annex. Any company set up with FDI has to be incorporated under the Indian Companies Act with the Registrar of Companies and all Indian operations would be conducted through this company.

Q:What is the Government Policy for Telecom Sector?

Ans: For major sector specific guidelines including Telecom Sector, please refer to Annexure at the Manual on FDI in India - Policy & Procedures in India of the website.

Q:What is the FIPB?
Ans:FIPB is an inter-ministerial competent body to consider and recommend Foreign Direct Investment (FDI), which do not come under the automatic route.

The FIPB has been reconstituted as under:

1) Secretary, Department of Economic Affairs Chairman
2) Secretary, Department of Industrial Policy & Promotion
Member
3) Secretary, Department of Commerce Member
4) Secretary (Economic Relations), Ministry of External Affairs Member

The Board would be able to co-opt Secretaries to the Government of India and other top officials of financial institutions , banks and professional experts of industry and commerce, as and when necessary.

Q:What is the procedure of issuing shares to foreign collaborator?
Ans: The issue of shares to the foreign collaborator is governed by the guidelines issued by RBI / SEBI and Companies Act.

Q:How are foreign technology agreements approved?
Ans: Approval is granted by two routes

a. Automatic approval by RBI;
i) Available for any proposal with lumpsum payment not exceeding US$ 2 million, and royalty of up to 5% on domestic sales and 8% on exports. This is applicable to technical collaborations with technology transfer. There is no limit on duration of royalty payment by a company provided the limits of automatic route have not been reached. A WOS can also pay royalty to the offshore parent company.
ii) Payment of royalty up to 2% of exports and 1% for domestic sales on use of trade marks and brand name of the foreign collaborator without technology transfer

b. Government approval in all other cases through the Project Approval Board of DIPP.

Q:Please let us know the status of the application made to FIPB?
Ans: The status of the FIPB application can be seen on the website of Department of Economic Affairs (http://finmin.nic.in). However, status for the applications involving NRI/OCB investment and 100% EOU is available at "SIA Application status" link on the opening page of the DIPP website (http://dipp.nic.in) wherein following three categories are given.

a) Daily Status of Applications for NRI / OCB investment and 100% EOU for the week.

b) Weekly Status of Applications for NRI/OCB Investment and 100% EOU for the week ending

c) Date of posting of approval letters of applications for NRI/OCB investment and 100% EOU

The cases that are listed but do not figure in the approved / rejected categories, fall under the deferred category viz. cases which are still under consideration. It may be possible that applications in such cases, need additional clarification from other Ministries or attracts on policy angle because of which it may take some more time. The link for the status of FIPB applications has also been provided at the front page of DIPP website (http://dipp.nic.in).

Q:Is foreign company treated as domestic company?
Ans: Yes, a Company incorporated under the Companies Act with investment from foreign company is treated at par post establishment with any other Indian company within the scope of approval and subject to all Indian laws and regulation.

Q:While calculating ceiling on foreign holdings, are preference shares included?
Ans: Yes, if it is convertible into equity shares. Non-convertible redeemable preference shares a re not included for calculating FDI limit.

Q:Is it possible that a foreign company provide a non interest bearing or interest bearing loan to an Indian company?
Ans: Yes, subject to conformity with the ECB Guidelines of Ministry of Finance

Q:Whether issue of preference shares can be made on the automatic route?
Ans: Yes, subject to the activity concerned falling under the automatic route.

Q:Whether FDI is permitted in "Online Lottery Business"?
Ans: The lottery business, including "Online Lottery Business" is not opened to foreign direct investment.

Q:In a public limited company having less than 100% foreign equity participation under the automatic route, whether it can be increased to 100% equity participation under the automatic route?
Ans: As long as the activity is covered on the automatic route and there is no sectoral cap.

Q:What proposals require an Industrial Licence(IL) and how is it obtained?
Ans: In the New Industrial Policy, all industrial undertakings are exempt from licencing except for the following industries which require compulsory licencing and those reserved for the Small Scale Sector:
i. Cigars and cigarettes of tobacco and manufactured tobacco substitutes;
ii. Electronic Aerospace and defence equipment: all types;
iii. Industrial explosives, including detonating fuses, safety fuses, gun powder, nitrocellulose and matches;
iv. Hazardous chemicals;

v. Hydrocyanic acid and its derivatives;
vi. Phosgene and its derivatives;
vii. Isocyanates and di-isocyanates of hydrocarbon, not elsewhere specified(example: Methyl Isocyanate).

The Government has substantially liberalised the procedures for obtaining an Industrial Licence. An IL is approved by the Government.

The application in form IL-FC should be filed with the SIA. Approvals normally granted within 6-8 weeks.

Q:What are the factors considered by the FIPB while examining proposals?
Ans: To impart greater transparency to the approval process, guidelines have been issued which govern the consideration of FDI proposals by the FIPB.

Q:What are the factors considered by the FIPB while examining proposals?
Ans: To impart greater transparency to the approval process, guidelines have been issued which govern the consideration of FDI proposals by the FIPB.

Q:What are the formalities a joint venture company has to do to increase the foreign equity holding?
Ans: The following formalities are required for the joint venture 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. 4 (2006 series)

c) Cases involving increase in percentage in foreign equity by way of acquiring existing shares in an Indian company will follow the following guidelines:

(i) General permission has been granted to non-residents / NRIs for acquisition of shares by way of transfer subject to the following:-
a. A person resident outside India (Other than NRI) may transfer by way of sale or gift the shares or convertible debentures to any person resident outside India (including NRIs).
b. NRIs may transfer by way of sale or gift the shares or convertible debentures held by them to another NRI.
In both the above cases, if the transferee has previous venture or tie-up in India through investment/technical collaboration/trade mark agreement in the same field in which the Indian company, whose shares are being transferred, is engaged, he has to obtain prior permission of SIA/FIPB to acquire the shares. This restriction is, however, not applicable to the transfer of shares to International Financial Institutions (i.e. ADB, IFC, CDC, DEG) and transfer of shares to Indian company engaged in Information Technology Sector.

c. A person resident outside India can transfer any security to a person resident in India by way of gift.
d. A person resident outside India can sell the shares and convertible debentures of an Indian company on a recognized Stock Exchange in India through a registered broker.
e. A person resident in India can transfer by way of sale, shares / convertible debentures (including transfer of subscriber's shares), of an Indian company in sectors other than financial service sector (i.e. Banks, NBFC, Insurance, ARCs and infrastructure companies in the securities market viz. Stock Exchanges, Clearing Corporations and Depositories) under private arrangement to a person resident outside India, subject to the guidelines given in Annex 3.
f. General permission is also available for transfer of shares / convertible debentures, by way of sale under private arrangement by a person resident outside India to a person resident in India, subject to the guidelines given in Annex 3.
g. The above General Permission also covers transfer by a resident to a nonresident of shares / convertible debentures of an Indian company, engaged in an activity earlier covered under the Government Route but now falling under Automatic Route of RBI, as well as transfer of shares by a non-resident to an Indian company under buy-back and / or capital reduction scheme of the company. However, this General Permission is not available for transfer of shares / debentures of an entity engaged in any activity in the financial service sector (i.e. Banks, NBFCs, ARCs, Insurance and infrastructure providers in the securities market such as Stock Exchanges, Clearing Corporations, etc.),

(ii) Reporting of transfer of shares between residents and nonresidents and vice versa is to be done in Form FC-TRS (enclosed in Annex-9). This Form needs to be submitted to the AD Category – I bank, which will forward the same to its link office. The link office will consolidate the Forms and submit a report to the Reserve Bank.

(iii) AD Category – I banks have been given general permission to open Escrow account and Special account by non-resident corporates for open offers/ exit offers and delisting of shares. The relevant SEBI (SAST) Regulations or any other applicable SEBI Regulations / provisions of the Companies Act, 1956 will be applicable.

Q:Whether royalties for technology transfer and other royalty can be paid for same product on use of trademarks and brand name?
Ans: No, both royalties cannot be paid together on the same product.

i) Cases involving transfer of technology will be eligible for royalty payment at the prescribed rate on the auto matic route.
ii) Cases not involving any transfer of technology and only involving the use of brand names and trademarks will be eligible to payment of trademarks or brand name royalty at the prescribed rate on the automatic route.

Q:Whether FIPB approval is required for consultancy services, research and development, software development etc.?
Ans: The above activities fall under automatic route and, therefore, do not require FIPB approval.

Q:Is FIPB approval required for the swap of shares?
Ans: Yes, FIPB approval is required.

Q:From where one can get NIC Codes 1987 for products/services, to be filled in IL-FC Form?
Ans: Investors are required to give the description of activities as per the National Industrial Classification of all Economic Activities (NIC), 1987, while submitting applications to the RBI/SIA/DEA.

Copies of the NIC, 1987 published by the Ministry of Statistics & Programme Implementation , Central Statistical Organization, can be obtained on payment from the Controller of Publications, 1 Civil Lines, Delhi 110054 or from any authorised agent.

However, NIC Codes (1987) are also available on the website (http://dipp.nic.in)

Q:What is the investment policy for trading companies?
Ans:
The policy in regard to trading activity is tabulated below:

a.	Wholesale/cash & carry trading	100%	Automatic	
b.	Trading for exports	100%	Automatic	
c.	Trading of items sourced from small scale sector	100%	FIPB	Subject to the condition that the test marketing approval will be for a period of two years and I nvestment in setting up manufacturing facilities comomences simultaneously with test marketing.
d.	Test marketing of such items for which a company has approval for manufacture.	100%	FIPB	
e.	Single Brand product retailing	51%	FIPB	Subject to guidelines for FDI in trading issued by Department of Industrial Policy & Promotion vide Press Note 3 (2006 Series).

Q:What is the procedure for a delicensed sector?
Ans: An Industrial undertaking exempted from licencing needs only to file information in the Industrial Entrepreneurs Memorandum (IEM) with the SIA, which will issue an acknowledgement. No further approvals are required.

Q:Which are the sectors, which attracts limit on foreign ownership?
Ans:
The following activities attract equity cap for FDI:

Sr.No.	Sector/Activity	FDI Cap / Equity	Entry Route	Other conditions

I	AGRICULTURE			
1.	Floriculture, Horticulture,Development of Seeds, Animal Husbandry,Pisciculture, Aquaculture and Cultivation of Vegetables & Mushrooms under controlled conditions and services related to agro and allied sectors.Note: Besides the above, FDI is not allowed in any other agricultural sector/activity	100%	Automatic	
2.	Tea Sector,including tea plantation Note: Besides the above, FDI is not allowed in any other plantation sector/activity	100%	FIPB	Subject to divestment of 26% equity in favour of Indian partner/Indian public within 5 years and prior approval of State Government concerned in case of any change in future land use.
II	INDUSTRY			
II A	MINING			
3.	Mining covering exploration and mining of diamonds & precious stones; gold, silver and minerals.	100%	Automatic	Subject to Mines & Minerals (Development & Regulation) Act, 1957 www.mines.nic.in Press Note 18 (1998) and Press Note 1 (2005) are not 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.
4.	Coal & Lignite mining for captive consumption by power projects, and iron & steel, cement production and other eligible activities permitted under the Coal Mines (Nationalisation) Act, 1973.	100%	Automatic	Subject to provisions of Coal Mines (Nationalization) Act, 1973 www.coal.nic.in

5.	Mining and mineral separation of titanium bearing minerals and ores, its value addition and integrated activities . Note : FDI will not be allowed in mining of “prescribed substances” listed in Government of India notification No. S.O. 61(E) dt. 18.1.2006 issued by the Department of Atomic Energy under the Atomic Energy Act, 1962.	100%	FIPB	Subject to sectoral regulations and the Mines and Minerals (Development & Regulation) Act, 1957 and the following conditions- a. value addition facilities are set up within India along with transfer of technology; ii. disposal of tailing during the mineral separation shall be carried out in accordance with regulations framed by the Atomic Energy Regulatory Board such Atomic Energy (Radiation Protection) Rules 2004 and the Atomic Energy (Safe Disposal of Radioactive Wastes) Rules 1987.
II B	MANUFACTURING			
6.	Alcohol- Distillation & Brewing	100%	Automatic	Subject to license by appropriate authority
7.	Cigars & Cigarettes- Manufacture	100%	FIPB	Subject to industrial license under the Industries (Development & Regulation) Act, 1951
8.	Coffee& Rubber processing & warehousing	100%	Automatic	
9.	Defence production	26%	FIPB	Subject to licensing under Industries (Development & Regulation) Act, 1951 and guidelines on FDI in production of arms & ammunition.
10.	Hazardous chemicals, viz., hydrocyanic acid and its derivatives; phosgene and its derivatives; and isocyanates and diisocyantes of hydrocarbon.	100%	Automatic	Subject to industrial license under the Industries (Development & Regulation) Act, 1951 and other sectoral regulations.
11.	Industrial explosive s – Manufacture	100%	Automatic	Subject to industrial license under Industries (Development & Regulation) Act, 1951 and

				regulations under Explosives Act, 1898
12.	Drugs & Pharmaceuticals including those involving use of recombinant DNA technology	100%	Automatic	
II C	POWER			
13.	Power including generation (except Atomic energy); transmission, distribution and Power Trading.	100%	Automatic	Subject to provisions of the Electricity Act, 2003 www.powermin.nic.in
III	SERVICES			
14.	CIVIL AVIATION SECTOR			
(i)	Airports-			
a.	Greenfield projects	100%	Automatic	Subject to sectoral regulations notified by Ministry of Civi l Aviation www.civilaviation.nic.In
b.	Existing projects	100%	FIPB beyond 74%	Subject to sectoral regulations notified by Ministry of Civi l Aviation www.civilaviation.nic.In
(ii)	Air Transport Services including Domestic Scheduled Passenger Airlines; Non-Schedules Airlines; Chartered Airlines; Cargo Airlines; Helicopter and Seaplane Services			
c.	Scheduled Air Transport Services/ Domestic Scheduled Passenger Airline	49%- FDI; 100%- for NRI	Automatic	Subject to no direct or indirect participation by foreign airlines and sectoral investment regulations..
d.	Non-Scheduled Air Transport Service/ Non-Scheduled airlines, Chartered airlines, and Cargo airlines	74%- FDI 100%- for NRIs investment	Automatic	Subject to no direct or indirect participation by foreign airlines in Non-Scheduled and Chartered airlines. Foreign airlines are allowed to participate in the equity of companies operating Cargo airlines. Also subject to sectoral regulations.
e.	Helicopter Services/Seaplane services requiring DGCA approval	100%	Automatic	Foreign airlines are allowed to participate in the equity of companies operating Helicopter and seaplane airlines. Also subject to sectoral regulations.
(iii)	Other services under Civil Aviation Sector			
f.	f. Ground Handling Services	74%- FDI	Automat	ic Subject to sectoral

		100%- for NRIs investmen t		regulations and security clearance.
g.	Maintenance and Repair organizations; flying training institutes; and technical training institutions ic	100%	Automat	
15.	Asset Reconstruction Companies	49% (only FDI)	FIPB	Where any individual investment exceeds 10% of the equity, provisions of Section 3(3)(f) of Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 should be complied with. www.finmin.nic.in
16.	Banking - Private sector	74% (FDI+FII)	Automatic	Subject to guidelines for setting up branches / subsidiaries of foreign banks issued by RBI. www.rbi.org.in
17.	Broadcasting			
a.	FM Radio	FDI +FII investment up to 20%	FIPB	Subject to Guidelines notified by Ministry of Information & Broadcasting. www.mib.nic.in
b.	Cable network	49% (FDI+FII)	FIPB	Subject to Cable Television Network Rules (1994) Notified by Ministry of Information & Broadcasting. www.mib.nic.in
c.	Direct-To-Home	49% (FDI+FII). Within this limit, FDI componen t not to exceed 20%	FIPB	Subject to guidelines issued by Ministry of Information & Broadcasting. www.mib.nic.in
d.	Setting up hardware facilities such as up-linking, HUB, etc	49% (FDI+FII)	FIPB	Subject to Up-linking Policy notified by Ministry of Information & Broadcasting. www.mib.nic.in
e.	Up-linking a News &	26% FDI+FII	FIPB	Subject to guidelines issued

	Current Affairs TV Channel			by Ministry of Information & Broadcasting. www.mib.nic.in
f.	Up-linking a Non- news & Current Affairs TV Channel	100%	FIPB	Subject to guidelines issued by Ministry of Information & Broadcasting. www.mib.nic.in
18.	Commodity Exchanges	49% (FDI+FII) Investment by Registered FII under PIS will be limited to 23% and Investment under FDI Scheme limited to 26%	FIPB	FII purchases shall be restricted to secondary market only. No foreign investor/entity, including persons acting in concert, will hold more than 5% of the equity in these companies.
19.	Construction Development projects, including housing, commercial premises, resorts, educational institutions, recreational facilities , city and regional level infrastructure, townships. Note:: FDI is not allowed in Real Estate Business	100%	Automatic	Subject to conditions notified vide Press Note 2 (2005 Series) including: a. minimum capitalization of US$ 10 million for wholly owned subsidiaries and US$ 5 million for joint venture. The funds would have to be brought within six months of commencement of business of the Company. b. Minimum area to be developed under each project- 10 hectares in case of development of serviced housing plots; and built-up area of 50,000 sq. mts. In case of construction development project; and any of the above in case of a combination project. [Note 1: For investment by NRIs, the conditions mentioned in Press Note 2 / 2005 are not applicable. Note 2: For investment in SEZs, Hotels & Hospitals, conditions mentioned in Press Note 2(2005) are not

				applicable]
20.	Courier services for carrying packages, parcels and other items which do not come within the ambit of the Indian Post Office Act, 1898.	100%	FIPB	Subject to existing laws and exclusion of activity relating to distribution of letters, which is exclusively reserved for the State. www.indiapost.gov.in
21.	Credit Information Companies overall limit of 49% foreign investment.	FIPB	Foreign Investment in CIC will be subject to Credit Information Companies (Regulation) Act, 2005. FII investment will be subject to the conditions that: (a) No single entity should directly or indirectly hold more than 10% equity (b) Any acquisition in excess of 1% will have to be reported to RBI as a	49 % (FDI+FII) Investment by Registered FII under PIS will be limited to 24% only in the CICs listed at the Stock Exchanges within the reporting requirement; and I FIIs investing in CICs shall not seek a representation on the Board of Directors based upon their shareholding.
22.	Industrial Parks both setting up and in established Industrial Parks	100%	Automatic	Conditions in Press Note 2(2005) applicable for construction development projects would not apply provided the Industrial Parks meet with the under-mentioned conditions- b. it would comprise of a minimum of 10 units and no single unit shall occupy more than 50% of the allocable area; ii. the minimum percentage of the area to be allocated for industrial activity shall not

				be less than 66% of the total allocable area.
23.	Insurance	26%	Automatic	Subject to licensing by the Insuranc e Regulatory & Development Authority www.irda.nic.in
24.	Investing companies in infrastructure / services sector (except telecom sector)	100%	FIPB	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.
25.	Non Banking Finance Companies			
i) ii) iii) iv) v) vi) vii) viii) ix) x) xi) xii) xiii) xiv) xv) xvi) xvii) xviii)	Merchant Banking Underwriting Portfolio Management Services Investment Advisory Services Financial Consultancy Stock Broking Asset Management Venture Capital Custodial Services Factoring Credit Rating Agencies Leasing & Finance Finance Housing Finance Forex Broking Credit card Business Money changing business Micro credit Rural credit	100%	Automatic	Subject to: 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%. b. minimum capitalization norms for non-fund based NBFC activities- US$ 0.5 million. 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. 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. e. compliance with the guidelines of the RBI. 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 g. The capital for the purpose of minimum capitalization norms shall consist of ordinary shares only.
26.	Petroleum & Natural Gas sector			
a.	Refining	49% in case of divestment or dilution of domestic equity in the existing PSUs.	FIPB (in case of PSUs 100% in case of Private companies	Subject to Sectoral policy www.petroleum.nic.in and no divestment or dilution of domestic equity in the existing PSUs.
b.	Other than Refining and including market study and formulation; investment/ financing; setting up infrastructure for marketing in Petroleum & Natural Gas sector.	100%	Automatic	Subject to sectoral regulations issued by Ministry of Petroleum & Natural Gas www.petroleum.nic.in
27.	Print Media-			
a.	Publishing of newspaper and periodicals dealing with news and current affairs	26%	FIPB	Subject to Guidelines notified by Ministry of Information & Broadcasting. www.mib.nic.in

b.	Publishing of scientific magazines/ specialty journals/ periodicals	100%	FIPB	Subject to guidelines issued by Ministry of Information & Broadcasting. www.mib.nic.in
c.	Publishing of facsimile edition of foreign newspapers	100%	FIPB	Subject to(i) FDI is by the owner of the original foreign newspaper(s) and (ii) the Guidelines for publication of newspapers and periodicals dealing with news and current affairs and publication of facsimile edition of foreign newspapers issued by Ministry of Information & Broadcasting on 31.3.2006
d.	Publishing of Indian editions of foreign magazines dealing with news and current affairs	Up to 26%(FDI and investment by NRIs/PIOs/FII)	FIPB	Subject to the Guidelines for Publication of Indian editions of foreign magazines dealing with news and current affairs issued by the Ministry of Information & Broadcasting on 4.12.2008.
28.	Telecommunications			
a.	Basic and cellular, Unified Access Services, National/ International Long Distance, V-Sat, Public Mobile Radio Trunked Services (PMRTS), Global Mobile Personal Communications Services (GMPCS) and other value added telecom services	74% (Including FDI, FII, NRI, FCCBs, ADRs, GDRs, convertible preference shares, and proportio- nate foreign equity in Indian promoters/ Investing Company)	Automatic up to 49%. FIPB beyond 49%.	Subject to guidelines notified in the PN 3(2007)
b.	ISP with gateways, radio-paging, end-to- end bandwidth.	74% Automatic up to 49%.	FIPB beyond 49%.	Subject to licensing and security requirements notified by the Dept. of Telecommunications. www.dotindia.com
c.	(a) ISP without gateway, (b) infrastructure provider providing dark fibre, right of	100%	Automatic up to 49%. FIPB beyond 49%.	Subject to the condition that such companies shall divest 26% of their equity in

	way,duct space,tower (Category I); (c) electronic mail and voice mail			favour of Indian public in 5 years, if these companies are listed in other parts of the world. Also subject to licensing and security requirements, where required. www.dotindia.com
d.	Manufacture of telecom equipments	100%	Automatic	Subject to sectoral requirements. www.dotindia.com
29.	Trading			
a.	Wholesale/cash & carry trading	100%	Automatic	
b.	Trading for exports	100%	Automatic	
c.	Trading of items sourced from small scale sector	100%	FIPB	Subject to the condition that the test marketing approval will be for a period of two years and Investment in setting up manufacturing facilities comomences simultaneously with test marketing.
d.	Test marketing of such items for which a company has approval for manufacture	100%	FIPB	
f.	Single Brand product retailing	51%	FIPB	Subject to guidelines for FDI in trading issued by Department of Industrial Policy & Promotion vide Press Note 3 (2006 Series).
30.	Satellites - Establishment and operation	74%	FIPB	Subject to Sectoral guidelines issued by Department of Space/ISRO www.isro.org
31.	Special Economic Zones and Free Trade Warehousing Zones covering setting up of these Zones and setting up units in the Zones	100%	Automatic	Subject to Special Economic Zones Act, 2005 and the Foreign Trade Policy. www.sezindia.nic.in

Q:Is it possible to use foreign brand names/trade marks in India and is lump sum fee permissible under royalty payment for use of brand name and trademarks?
Ans: Yes, it is possible to use foreign brand names/trade marks in India. However, lump sum fee is not permissible, only running royalty payment is permissible as per prescribed rate.

Q:Whether wholesale trading activity is covered on the automatic route?
Ans: Yes. Up to 100% FDI.

Q:Where can one get the information on Indian Standards for any product?
Ans: Please refer to the website of Bureau of Indian Standards (http://delhi.vsnl.net.in/bis.org)

Q:Who is the Officer concerned in your Department for FIPB related matters?
Ans:
Mr. Deepak Narain
Director (Foreign Collaboration/Foreign Direct Investment Policy)
(Tel:91-11-23063345, Fax 91-11-23062626 e-mail:narain.d@nic.in)
may be contacted for FDI policy matters.

At Joint Secretary level, work is being looked after by :
Shri Gopal Krishna(Tel : 91-11-23062983, Fax: 91-11-23061034, Email : g.krishna@nic.in).

Q:How is FDI permitted in the Small Scale Sector?

Ans: Foreign Equity participation on the automatic route in the Small Scale Sector or manufacture of items in small scale sector up to 24% by any other Industrial undertaking is allowed. For equity participation in excess of this or if a non-SSI unit whishes to manufacture a reserved item, it would be required to obtain industrial license and undertake a minimum export obligation of 50% of production.

Q:How does a foreign company invest in India?
Ans: Either through:-

a. Automatic Approval - by the country's Central Bank, the Reserve Bank of India (RBI), Mumbai, or

b. Through the Foreign Investment Promotion Board (FIPB)
i. Automatic Approval through Reserve Bank of India is available for all items/activities except a few as given in the Press Note No.7(2008 series) dated 16.6.2008. The sector specific guidelines in this regard are given in Annexure IV
of the Manual on Industrial Policy & Procedures in India.

No prior approval required. The company is only required to report to RBI within 30 days of receipt of foreign equity/allotment of shares.

ii) Prior FIPB approval is required for all other proposals not eligible for Automatic Approval.

Applications to be submitted in Form IL -FC or on plain paper with full details to the Secretariat for Industrial Assistance (SIA) for the cases involving NRI investment, 100% EOU and proposals for FDI in single brand retail trade. For remaining cases, the applications may be submitted to Department of Economic Affairs, Ministry of Finance. The proposals are considered by the reconstituted FIPB in the Department of Economic Affairs. IL -FC Form is available at Website in a downloadable format on the DIPP Website (http://dipp.nic.in).

Q:Whether FIPB approval is required for 100% EOUs involving FDI from foreign companies?
Ans: Only where the activity proposed does not fall on the automatic route.

Q:How are investments in 100% Export Oriented Units (EOUs) allowed?
Ans:FDI/NRI investment up to 100% in these units is eligible for automatic route subject to fulfilling parameters prescribed in Press Note No.7 (2008 series). This Press Note is available on the website http://dipp.nic.in