

**Government of India**  
**Ministry of Industry**  
**Department of Industrial Policy & Promotion**

**PRESS NOTE No. 12 (1999 SERIES)**

The Government, vide Press Note No. 4 (1997 series), had announced the norms for FDI in Non Banking Financial Sector. It was further clarified vide Press Note No. 16 (1998 series) that foreign investment proposals for purely financial consultancy services that are non-fund based, would not be subjected to the minimum capitalisation norms as applicable to the NBFCs subject to certain conditions.

The matter has been reviewed and it has since been decided as under :

1. The guidelines for foreign equity investment in Non Banking Financial Services sector would be amended to provide for a minimum capitalisation norm of US\$ 0.5 million, for the activities which are not fund based and only advisory or consultancy in nature, irrespective of the foreign equity participation level.

2. The provision of (1) above would be applicable in the following permitted NBFC activities for foreign equity investment :

- i. Investment advisory services
- ii. Financial consultancy
- iii. Credit Reference Agencies
- iv. Credit Rating Agencies
- v. Forex broking
- vi. Money changing business

The other provisions of the guidelines of Press Note No. 4 (1997 series) and Press Note No. 16 (1998 series) would, however, continue to be applicable in the above cases.

(ASHOK KUMAR)

Joint Secretary to the Government of India

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