

Government of India  
Ministry of Commerce & Industry  
Department of Industrial Policy & Promotion  
Secretariat for Industrial Assistance

**PRESS NOTE NO. 2 (2001 SERIES)**

***Subject : Liberalisation of the existing norms for foreign investment in the NBFC sector***

In pursuance of the Government's commitment to liberalise the FDI regime, it has been decided to further liberalise the FDI guidelines in respect of NBFC sector as under :

(a) The existing requirements to bring in capital would continue to be applicable. That is, if the

(i) FDI is less than 51%, US\$ 0.5 million to be brought in upfront;

(ii) FDI is more than 51% and upto 75%, US\$ 5 million to be brought in upfront; and

(iii) FDI is more than 75% and upto 100%, US\$ 50 million, out of which US\$ 7.5 million to be brought in upfront and the balance in 24 months.

(b) 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 as at (a) (iii) above (without any restriction on number of operating subsidiaries without bringing in additional capital).

(c) Joint Venture operating NBFCs 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, i.e., (a) (i) and (a) (ii) above.

(d) FDI in the NBFC sector is put on automatic route subject to compliance with guidelines of the Reserve Bank of India. RBI would issue appropriate guidelines in this regard.

2. Press Note No.4 (1997 Series), Press Note No.13 (1997 Series), Press Note No.8 (1998 Series), Press Note No.16 (1998 Series), Press Note No.11 (1999 Series), Press Note No.12 (1999 Series) and Press Note No.6 (2000 Series) issued on FDI in NBFC Sector stand modified to this extent.

(M. S. SRINIVASAN)  
Joint Secretary to the Government of India

No. 5(16)/2001-FC.I dated 17.4.2001