



FOREIGN DIRECT INVESTMENT

SUMMARY

Since the launch of Make in India programme, FDI inflow during the period April 2014 to March 2020 has been USD 357.35 Bn which is nearly 52% of cumulative FDI in India since April 2000. In 2019-20, FDI inflow stood at a record of USD 73.45 Bn, highest ever recorded for a fiscal year ever.

During the first seven months of F.Y. 2020-21, total FDI inflow increased by 11% from USD 42.06 bn (April 2019 to October 2019) to US\$ 46.82 bn (April 2020 to October 2020). FDI equity inflow increased by 21% to US\$ 35.33 bn (April 2020 to October 2020) from US\$ 29.31 bn reported in the same period of the previous financial year. (Source)

The total FDI inflow received is US\$ 35.73 bn from April to August 2020. This is the highest ever for the first 5 months of a financial year and 13% higher as compared to US\$ 31.60 bn in the first five months of 2019-20. (Source: <https://pib.gov.in/PressReleasePage.aspx?PRID=1666101>)

FDI equity inflow received during April to August, 2020 is US\$ 27.10 bn. This is 16% more compared to the first five months of 2019-20 US\$ 23.35 bn.

India has attracted more than \$74 bn investments across sectors during 2019-20. For more information on Flow of Foreign Direct Investments from top 50 countries into India during 2014-20, click [here](#).

Read more about FDI Policy in India.

FDI ENTRY ROUTES

FDI under sectors is permitted either through Automatic route or Government route.

Under the Automatic route, the non-resident or Indian company does not require any approval from GoI.

Whereas, under the Government route, approval from the GoI is required prior to investment. Proposals for foreign investment under the Government route are considered by the respective Administrative Ministry/Department.

FDI PERMITTED UNDER SECTORS AS PER FDI POLICY 2018

100% AUTOMATIC ROUTE

Agriculture & Animal Husbandry, Air-Transport Services (Non Scheduled Air Transport Service / Helicopters services/ seaplane services requiring DGCA approval), Airports (Greenfield + Brownfield), Asset Reconstruction Companies, Auto-components, Automobiles, Biotechnology (Greenfield), Broadcast Content Services (Up-linking & down-linking of TV channels, Broadcasting Carriage Services, Capital Goods, Cash & Carry Wholesale Trading (including sourcing from MSEs), Chemicals, Coal & Lignite, Construction Development, Construction of Hospitals, Credit Information Companies, Duty Free Shops, E-commerce Activities, Electronic Systems, Food Processing, Gems & Jewellery, Healthcare, Industrial Parks, IT & BPM, Leather, Manufacturing, Mining & Exploration of metals & non-metal ores, Other Financial Services, Services under Civil Aviation Services such as Maintenance & Repair Organizations, Petroleum & Natural gas, Pharmaceuticals, Plantation sector, Ports & Shipping, Railway Infrastructure, Renewable Energy, Roads & Highways, Single Brand Retail Trading, Textiles & Garments, Thermal Power, Tourism & Hospitality, White Label ATM Operations and Insurance & Insurance Intermediaries.

UPTO 100% AUTOMATIC ROUTE

Infrastructure Company in the Securities Market - 49%

Insurance - upto 49%

Medical Devices - upto 100%

Pension - 49%

Petroleum Refining (By PSUs) – 49%

Power Exchanges – 49%

UPTO 100% FDI PERMITTED UNDER GOVERNMENT ROUTE

Banking & Public sector – 20%

Broadcasting Content Services – 49%

Core Investment Company – 100%

Food Products Retail Trading – 100%

Mining & Minerals separations of titanium bearing minerals and ores, Its value addition and integrated activities – 100%

Multi-Brand Retail Trading – 51%

Print Media (publications/ printing of scientific and technical magazines/speciality journals/ periodicals and facsimile edition of foreign newspapers) – 100%

Print Media (publishing of newspaper, periodicals and Indian editions of foreign magazines dealing with news & current affairs) – 26%

Satellite (Establishment and operations) – 100%

UPTO 100% FDI PERMITTED UNDER AUTOMATIC & GOVERNMENT

Airport transport services (Scheduled Air Transport Service/ Domestic Scheduled Passenger Airline; Regional Air Transport Service) – upto 49% (auto) (Upto 100% under automatic route for NRIs) + above 49% (Govt.)

Banking (Private sector) – upto 49% (auto) + above 49% (Govt)

Biotechnology (brownfield) – upto 74% (auto) + above 74% (Govt)

Defence – upto 74% (auto) + above 74% (Govt)

Healthcare (Brownfield) – upto 74% (auto) + above 74% (Govt)

Pharmaceuticals (Brownfield) – upto 74% (auto) + above 74% (Govt)

Private Security Agencies – upto 74% (auto) + above 74% (Govt)

Telecom Services – upto 49% (auto) + above 49% (Govt)

Notes:

(i) All the information pertaining to the sectors as stated above is in line with the extant Consolidated FDI Policy issued by DPIIT as amended from time to time.

(ii) In sectors/ activities not listed above, FDI is permitted up to 100% on the automatic route, subject to applicable laws/regulations; security and other conditionalities.

(iii) A non-resident entity can invest in India, subject to the FDI Policy except in those sectors/activities which are prohibited. However, an entity of a country, which shares a land border with India or where the beneficial owner of investment into India is situated in or is a citizen of any such country, can invest only under the Government route.

Further, a citizen of Pakistan or an entity incorporated in Pakistan can invest, only under the Government route, in sectors/activities other than defence, space, atomic energy and sectors/activities prohibited for foreign investment. Please refer press note 3.

LIST OF PROHIBITED SECTORS

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*Lottery Business including Government/ Private lottery, online lotteries etc.

Chit Funds

Trading in Transferable Development Rights (TDR)

Manufacturing of Cigars, cheroots, cigarillos, and cigarettes (tobacco or tobacco substitutes)

*Gambling and betting including casinos

Nidhi Company

**Real Estate Business or Construction of Farm Houses

Sectors not open to private sector investments – atomic energy, railway operations (other than permitted activities mentioned under the consolidated FDI Policy)

* Foreign technology collaboration in any form including licensing for franchise, trademark, brand name, management contract is also prohibited for Lottery Business and Gambling and Betting activities

** Real estate business shall not include the development of town shops, construction of residential/ commercial premises, roads or bridges and Real Estate Investment Trusts (REITs) registered and regulated under the SEBI (REITs) Regulations, 2014

PROCEDURES FOR INVESTMENT UNDER GOVERNMENT ROUTE

Step 1: Filing of Application Proposal for foreign investment, along with supporting documents to be filed online, on the Foreign Investment Facilitation Portal, at the following URL: www.fifp.gov.in/

Step 2: Internal procedure for Approvals

DPIIT will identify the concerned Ministry/ Department and thereafter, circulate the proposal within 2 days. In addition, once the proposal is received, the same would also be circulated online to the RBI within 2 days for comments from FEMA perspective.

Proposed investments from Pakistan and Bangladesh would also require clearance from the Ministry of Home Affairs.

DPIIT would be required to provide its comments within 4 weeks from receipt of an online application, & Ministry of Home Affairs (if applicable) to provide comments within 6 weeks.

Pursuant to the above, additional information/ clarifications may be asked from the applicant which is to be provided within 1 week.

Proposals involving FDI exceeding INR 50 bn (approx. \$775 Mn) shall be placed before the Cabinet Committee of Economic Affairs

Step 3: Final Approval Once the proposal is complete in all respects, the same gets approved within 8-10 weeks.

REPATRIATION

Repatriation of dividend:

Dividend on fully, mandatorily & compulsorily convertible debenture is freely repatriable without any restrictions

Repatriation of Interest:

Interest on fully, mandatorily & compulsorily convertible debenture is freely repatriable without any restrictions

Repatriation of capital:

Remittance of the asset (i.e. sale proceeds of share and securities and their remittance) is governed by the Foreign Exchange Management (Remittance of Assets) Regulations, 2016 under FEMA.

Reporting of transfer of capital instruments between residents and non-residents and vice versa is to be done in Form FC-TRS. The Form FC-TRS should be submitted to the AD Category-I bank, within 60 days from the date of receipt of the amount of consideration.

AD Category-1 can allow remittance of sale proceeds (net of applicable taxes) of a security to the seller of shares outside India provided security has been held on repatriation basis, Sale of security has been made in accordance with the prescribed guidelines and NOC/ Tax clearance certificate from the Income Tax department.

AD Category 1 banks are allowed to remit winding up proceeds of the companies which are under liquidation subject to payment of taxes.

KEY STAKEHOLDERS

Invest India
Department of Defence Production, Ministry of Defence
Ministry of Information & Broadcasting
Department of Space
Department of Promotion of Industry & Internal Trade
Department of Financial Services
Ministry of Mines
Foreign Investment Facilitation Board
Ministry of Home Affairs
Ministry of Civil Aviation
Department of telecommunications
Department of Economic Affairs
Department of Pharmaceuticals

DOWNLOADS & LINKS

Consolidated FDI Policy
Invest India FDI Policy page

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MAKE IN INDIA