The Government has radically liberalised the FDI regime today, with the objective of providing major impetus to job creation and infrastructure. The decision was taken in pursuance of the recommendations of the Prime Minister’s Make in India Task Force.

In this year, Government has brought major FDI policy reforms in a number of sectors viz. Defence, Construction Development, Insurance, Pension Sector, Broadcasting, Tax, Coffee, Cardamom, Palm Oil etc and a number of brownfield Angel Investments, Single Brand Retail Trading, Manufacturing Sector. Limitations have been lifted and exceptions have been done away with.

This is the highest ever FDI inflow for a particular financial year. However, it is felt that the country has potential to attract far more foreign investment which can be achieved by further liberalizing and simplifying the FDI regime.

Accordingly the Government has decided to introduce a number of amendments to the FDI Policy. Changes introduced in the policy include increase in sectoral caps, bringing more activities under automatic route and easing of conditionalities for foreign investment. These amendments seek to further simplify the regulations governing FDI in the country and make India an attractive destination for foreign investors. Details of these changes are given in the following paragraphs:

The core FDI policy on pharmaceutical sector provides for 100% FDI under government approved route in pharmaceuticals and 74% permitted under automatic route in sectors like animal husbandry, pisciculture, aquaculture and apiculture. As per the extant policy, FDI up to 49% is permitted in this sector and government approval route beyond 49% is permitted for trading, including through e-commerce, in food products manufactured and/or produced in India.

The extant FDI policy on Broadcasting carriage services has also been amended. New sectoral caps and entry routes are as under:

5.2.7.1 Foreign Investment in Defence Sector up to 100%

Foreign Investment in Defence Sector up to 100% has been permitted through Automatic route. As per FDI Policy 2016, FDI in Animal Husbandry (including breeding of dogs), Pisciculture, Aquaculture and Apiculture is permitted through Automatic route. For establishment of branch office, liaison office or project office in India if the principal place of business of the applicant is Defence, Telecom, Private Security or Information and Broadcasting, it has been decided that 49% FDI is now permitted under automatic route. For establishment of branch office, liaison office or project office in India if the principal place of business of the applicant is Defence, Telecom, Private Security or Information and Broadcasting, it has been decided that 49% FDI is now permitted under automatic route. FDI up to 49% is now permitted under automatic route in this sector and FDI beyond 49% and up to 74% would be permitted with government approval route.

The extant policy permits 49% FDI under government approval route in Private Security Agencies. FDI up to 49% is now permitted under automatic route in this sector and FDI beyond 49% through government approval. For establishment of branch office, liaison office or project office in India if the principal place of business of the applicant is Defence, Telecom, Private Security or Information and Broadcasting, it has been decided that 49% FDI is now permitted under automatic route. For establishment of branch office, liaison office or project office in India if the principal place of business of the applicant is Defence, Telecom, Private Security or Information and Broadcasting, it has been decided that 49% FDI is now permitted under automatic route.

The extant FDI policy on Airports permits 100% FDI under automatic route in Greenfield Projects and 74% FDI in Brownfield Projects under government approval route. With a view to aid in modernization of the existing airports to establish a high standard and help ease the pressure on the existing airports, it has been decided to permit up to 74% FDI under automatic route in Brownfield Projects.

For establishment of branch office, liaison office or project office in India if the principal place of business of the applicant is Defence, Telecom, Private Security or Information and Broadcasting, it has been decided that 49% FDI is now permitted under automatic route.

The extant FDI policy on Broadcasting carriage services has also been amended. New sectoral caps and entry routes are as under:

i. Teleports

ii. Cable Networks (setting up of up-linking HUBs/Teleports);

iii. Cable Networks (setting up of up-linking HUBs/Teleports);

iv. Cable Networks

v. Cable Networks

vi. Cable Networks

vii. Cable Networks

viii. Cable Networks

ix. Cable Networks

x. Cable Networks

1. The core FDI policy on Pharmaceuticals provides for 100% FDI under government approved route in pharmaceuticals and 74% permitted under automatic route in sectors like animal husbandry, pisciculture, aquaculture and apiculture. As per the extant policy, FDI in Animal Husbandry (including breeding of dogs), Pisciculture, Aquaculture and Apiculture is permitted through Automatic route. For establishment of branch office, liaison office or project office in India if the principal place of business of the applicant is Defence, Telecom, Private Security or Information and Broadcasting, it has been decided that 49% FDI is now permitted under automatic route.