PRESS NOTE NO. 16
(1998 SERIES)

Government of India
Ministry of Industry
Department of Industrial Policy & Promotion
Udyog Bhawan,

In the Press Note No.4(1997 Series) issued by this Department on 30th April, 1997, guidelines for FDI in the Non-Banking Financial Companies (NBFCs) including norms for the minimum capitalisation were announced. The question of minimum capitalisation requirement has been reviewed by the Government and it has been decided that foreign investment proposals for purely financial consultancy services that are non-fund based, would not be subjected to the minimum capitalisation norms subject to the following condition:-

> "It would not be permissible for such a company to set up any subsidiary for any other activity, nor any equity it may contribute in an NBFC holding/operating company would be reckoned as domestic equity".

NBFCs undertaking fund based activities shall, however, continue to attract minimum capitalisation norms.

(ADITI S RAY)
DIRECTOR
New Delhi the 3rd November 1998