Government of India
Ministry of Commerce & Industry
Department of Industrial Policy & Promotion
Press Note No. 6 (2000 series)

Subject : FDI in the Non-Banking Financial Sector – relaxation of norms – reg.

Press Note No. 4 (1999 Series), inter-alia, provides for a 100% foreign equity in Non-Banking Finance Companies (NBFCs) where such NBFC has to act only as a holding company with a minimum capitalisation of US $ 50 million and specific activities to be undertaken by down stream subsidiaries with minimum 25% domestic equity, of which 10% has to be brought up front and the remaining 15% over a period of 2 years.

2. Government, on review of the policy in this regard, has decided to allow holding companies with a minimum capital of US $ 50 million, to set up a 100% downstream subsidiary to undertake specific NBFC activities. Such a subsidiary, however, would be required to dis-invest its equity to the minimum extent of 25%, through a public offering only, within a period of 3 years.

3. Press Note No. 4 (1997 Series) issued by Government on 30th April, 1997 shall stand amended to the above extent.

4. The other provisions of the NBFC guidelines issued through Press Notes No. 13 of (1997 Series), 8 and 16 of (1998 Series), 11, 12 and 14 of (1999 Series) would continue to be applicable.

(A.C. DUGGAL)

Director

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