

Government of India
Ministry of Commerce & Industry
Department of Industrial Policy & Promotion
(FC Section)

Press Note No. 2 (2010 Series)

Subject: Review of the policy on foreign direct investment in the manufacture of Cigarettes etc.

1.0 The Present Position

The present policy of Government of India permits 100% Foreign Direct Investment (FDI) under Government route i.e. with prior approval of Foreign Investment Promotion Board (FIPB) in the manufacture of Cigars & Cigarettes, subject to obtaining industrial license under the Industries (Development & Regulation) Act, 1951.

2.0 Revised Position

The Government of India has reviewed the extant policy and it has been decided to prohibit FDI in manufacturing of 'Cigars, cheroots, cigarillos and cigarettes, of tobacco or of tobacco substitutes' (Code 24.02 of Indian Trade Classification which follows the Harmonized Commodity Description and Coding System) and to include the activity in the list of activities/sectors prohibited for FDI.

3.0 Accordingly, the following amendments are made in the Consolidated FDI Policy issued vide Department of Industrial Policy & Promotion Circular 1 of 2010 dated March 31, 2010.

3.1 Para 5.7 relating to Cigars & Cigarettes, stands deleted.

3.2 In paragraph 5.1, which lists the sectors where FDI is prohibited, a new entry below the entry (i) is inserted as follows:

" j) Manufacturing of Cigars, cheroots, cigarillos and cigarettes, of tobacco or of tobacco substitutes. "

4.0 The above decision will take immediate effect.

Vikram
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