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» Revised FDI ceilings notified

The Government on March 12, 2008 notified the revised ceilings of foreign investment across various sectors. The rationalized FDI norms issued through various Press Notes of 2008 could be summarized as under:

- The first press note of 2008 deals with clearance of 49% foreign investment (FDI+FII) in credit information companies and scrapping of credit reference agencies from the list of non-banking finance company activities permitted for FDI. This is allowed with prior approval from the Government and regulatory clearance from RBI;
- The second press note of 2008 allows the foreign investment in Commodity Exchanges through a composite ceiling (FDI+FII) up to 49% wherein FDI would be allowed with prior approval of the Government. Investment by registered FII□s would be limited to 23% and investment under FDI route would be limited up to 26%. FII purchases shall be restricted to secondary market only;
- FDI up to 100% is allowed under automatic route both in setting up and in established industrial park subject to compliance of conditions laid down in Press Note 3 of 2008;
- In Press Note 4 of 2008, apart from allowing 74% FDI in charters and cargo services, the Government has allowed 100% FDI in helicopters, flight training institutes, technical training through the automatic route. However, the eased guidelines have come with a rider. No foreign airline will be allowed to pick up equity, even indirectly, in air transport undertaking engaged in operating scheduled, non-scheduled and chartered airlines;
- Press Note 5 of 2008 waives the 26% divestment clause in the petroleum market and hikes FDI ceiling in PSU refineries to 49% with prior approval from FIPB;
- Press note 6 of 2008 allows 100% FDI in titanium mining with prior Government approval. It also specifies that no FDI is permitted in □prescribed substances□ as notified by the Department of Atomic Energy.

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