

Government notifies 100% Foreign Direct Investment (FDI) in Other Financial Services

The Government has liberalized its FDI policy on Other Financial Services and Non-Banking Finance Companies (NBFCs). Accordingly, amended policy provisions are mentioned below. **Para 5.2.26, of Consolidated FDI policy Circular of 2016, on 'Non-Banking Finance Companies' is replaced with the following paragraph:**

Other Financial Services	Financial Services activities regulated by financial sector regulators, viz., RBI, SEBI, IRDA, PFRDA, NHB or any other financial sector regulator as may be notified by the Government of India
% of Equity/FDI Cap	100%
Entry Route	Automatic

Other Conditions

- Foreign investment in 'Other Financial Services' activities shall be subject to conditionalities, including minimum capitalization norms, as specified by the concerned Regulator/Government Agency .
- 'Other Financial Services' activities need to be regulated by one of the Financial Sector Regulators. In all such financial services activity which are not regulated by any Financial Sector Regulator or where only part of the financial services activity is regulated or where there is doubt regarding the regulatory oversight, foreign investment up to 100% will be allowed under Government approval route subject to conditions including minimum capitalisation requirement, as may be decided by the Government.
- Any activity which is specifically regulated by an Act, the foreign investment limits will be restricted to those levels/limit that may be specified in that Act, if so mentioned.
- Downstream investments by any of these entities engaged in 'Other Financial Services' will be subject to the extant sectoral regulations and provisions of Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations,2000,as amended from time to time.

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Warm regards,

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