

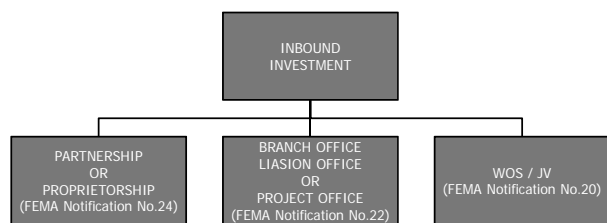
**SEMINAR ON TAX PLANNING,
INVESTMENT
AND COMPLIANCES BY NRIs**



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FEMA ,1999
Inbound Investment
(by Non-Residents in India)
1st March 2014
CA Naren Madhani

ENTRY STRATEGY

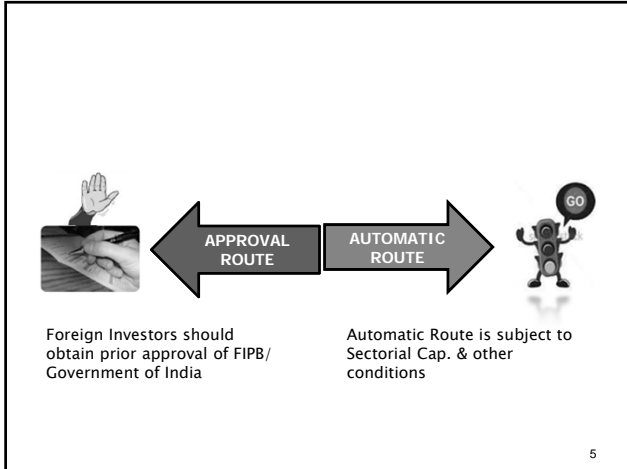


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WOS / JV in India by Non-Residents
FEMA Notification No.20

- Regulation 4- An Indian entity shall not issue any security to any person resident outside India (Non Resident) or record in its books any transfer of security from or to such person otherwise than what is permitted under this notification.
- Regulation 5 prescribes the various schemes of inbound investment for NRs and NRIs
- Reg 9 & 10- provisions relating to transfer of shares by R to NR and vice-versa
- Reg 11- Repatriation of sale proceeds

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Automatic Route

Available Financial Instruments

- Equity Shares,
- Fully Convertible Preference Shares &
- Fully Convertible Debentures.
- Other securities are covered under ECB.

Not Available under Automatic Route to Investors from :

- Citizens of Pakistan & Bangladesh or
- Entities of Pakistan & Bangladesh

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FDI Scheme

- Prohibited Sectors/Activities
(Annexure – 1)
- Sectors/Activities under Automatic Route with sectoral cap
(Annexure-2)

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Prohibited Activities under FEMA Notification #1

- Agriculture (excluding Floriculture, Horticulture, Development of seeds, Animal Husbandry, Pisciculture and Cultivation of vegetables, mushrooms etc. under controlled conditions and services related to agro and allied sectors) and Plantations (Other than Tea plantations)
- Chit Fund & Nidhi company,
- Trading in TDRs & Construction of farm houses.
- Housing and Real Estate business, (other than construction of integrated township)

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Automatic Route of FDI

Available in following cases:

- Company which is not engaged in Prohibited Activities
- Proposed activities of the company does not require FIBB Approval
- FDI is within the Sectoral cap

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Automatic Route for FDI (Continue..)

- Shares are not issued by the Indian company with a view to acquire existing shares of any other Indian Company
- Shares can be issued against :
 - a) Provision of Technology
 - b) Royalty payment
 - c) ECBsubject to sectoral guidelines
- Permitted under FIPB Route
 - a) Capitalisation of Imports
 - b) Pre-incorporation Expenses

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Approval Route for FDI

Activities/Sectors requiring prior Approval of FIBB :

- Proposals which are not in compliance of FEMA Notification No.20
- Proposals falling outside sectoral Cap
- Application to FIPB ,Govt. of India, New Delhi to be made for special permission in Form FC-IL or on plain paper

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Procedural Guidelines for FDI

First Stage :

Submission of Annexure – 6 to RBI through AD within 30 days from receipt of funds giving :

- Name and address of the investor
- Date of receipt of funds and their rupee equivalent
- Name and address of the authorized dealer through whom funds are received
- Details of Government approvals, if any
- Copy of FIRC
- KYC in Annexure - III
- Obtain UIN for each FDI Remittances received from NRs.

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Procedural Guidelines for FDI

Second Stage:

- Allotment of Shares within 180 days of the receipt of FDI Remittance.
- Shares to be allotted to NRs at a price which is equal to or higher than DCF Valuation Method
- Refund the excess share application money, if any, within 180 days

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Procedural Guidelines for FDI

Third Stage:

Following submissions to RBI through AD within 30 days of allotment of shares:

- Form FC-GPR
- Corporate Law compliance certificate from CS &
- Share valuation certificate from CA (Share Valuation under DCF Method)
- Acknowledged copy of Annexure – 6 and UIN No. allotted by RBI (As referred above)

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Sector Specific Guidelines

Trading Sector

Following Investments do not require Govt. Approval

- Up to 100% in Wholesale cash & carry (B2B)
- Up to 100% in Trading for exports
- Up to 100% in E-Commerce Activities (B2B)
- Up to 49% in Single Brand Retail Trading
 - Above 49% FIPB Approval is required
 - Dealing in single brand only
 - Same brand to be sold internationally, other than India
 - Product to be branded at the time of Mfg.
- When FDI is above 51%, 30% of the value of the goods sourced locally from MSME, village and cottage industries etc. subject to certain conditions.

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Construction Sector For N R (Other than NRIs)

100% FDI permitted under Automatic route in –

- Construction Development projects including housing, commercial premises, resorts educational institutions, recreational facilities, city and regional level infrastructure, townships subject to following conditions :
 - a) Minimum capital of USD 10 Mn for WOS & 5 Mn for JV
 - b) In case of construction-development projects, a minimum built-up area of 50,000 sq.mts

Construction Sector For N R (Other than NRIs)

100% FDI permitted under Automatic route in –

- c) No repatriation before a period of 3 years from the date of receipt of minimum capital without FIPB permission
- d) 50% of the project to be developed within a period of 5 years from the date of obtaining statutory clearances and sell of undeveloped plots not permitted
 - ‘undeveloped plots’ will mean where roads, water supply, street lighting, drainage, sewerage, and other conveniences, as applicable under prescribed regulations, have not been made available.

FDI Scheme- Other Provisions

Issue Price

- Listed Company- At Market value/SEBI guidelines
- Unlisted Company- As per erstwhile DCF Valuation

Mode of Receipt of Inbound Investment

- Inward remittance through banking channels
- Debit to NRE/FCNR A/c (for NRIs only)
- Capitalization of Lump sum Fees,
- Royalty &
- ECBs (other than Trade Credit)

Transfer of Shares

Transferor	Transferee	Mode of Transfer
NR (other than NRI & OCBs)	NR(including NRI)	Sale or gift –General Permission (prior approval of Govt., by transferee, in case transferee has previous J/V or technical collaboration in same field) These conditions do not apply to IT & certain International Financial Institutes / banks
NRI & erstwhile OCBs	NRI	Sale or Gift-General Permission (conditions same as above)
NRI	NR (Other than NRI)	Sale Or Gift – Prior RBI Approval Required

Transfer of Shares-General Permission

Transferor	Transferee	Mode of Transfer for shares/C.DeB., of Indian Company
NR	Resident	Gift- General Permission
NR	Resident	Sale –Through Recognized Stock Exchange or Private Arrangement-General Permission
Resident	NR (Not being erstwhile OCBs)	By Gift- with prior RBI Approval By Sale a) Shares of Financial Service Sector - Prior RBI Approval b) Shares of other companies- General Permission

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Transfer of Shares/CDs by way of Sale Under Automatic Route by way of Sale

FROM RESIDENT TO NON RESIDENT
OR
FROM NON RESIDENT TO RESIDENT

- When FDI is under Automatic Route (except Banking, NBFC & Insurance and Financial Services sector).
- Transfer doesn't fall under SEBI takeover regulations
- Sectoral caps are maintained

SUBJECT to Pricing Guidelines & Documentation etc.

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Pricing, Documentation & Reporting for transfer by way of sale

- Transfer between Resident & Non Resident
- Parties involved
- Seller (Non Resident/ Resident)
- Buyer (Non Resident/ Resident)
- Duly authorized Agent of seller/ buyer
- AD Branch
- Indian Company

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Pricing Guidelines

- For transfer from Resident to Non-Resident
- Price shall not be less than
- Ruling market price for shares of listed companies
- CA certified fair valuation as per DCF Valuation Method for shares of unlisted companies.

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Pricing Guidelines

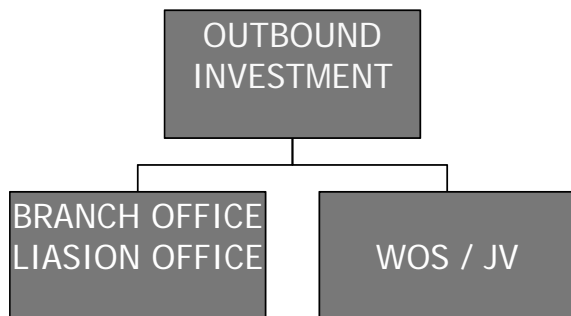
- For transfer from Non-Resident to Resident-
IN CASE OF LISTED SHARES
 - At prevailing Market price per sales effected through registered stock broker
- IN CASE OF UNLISTED SHARES
- At a price which is not higher than DCF valuation.
 - The transfer can be done at a price lower than DCF Valuation
- Form FC-TRS to be filed in quadruplicate with AD
(With other documents including KYC in Annexure -III and FIRC required to be attached)

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Outbound Investments



BY RESIDENT

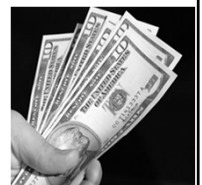


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Permissible Overseas Direct Investments

Notification No. 19 & 120

- Overseas Direct Investments permissible under Automatic Route in:
 - Overseas Joint Venture or
 - Overseas Wholly Owned Subsidiary
- Prior RBI Approval required for ODI in
 - Real estate business
 - Banking business



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Conditions for Overseas Investment

- Conditions:
 - Financial Commitment - up to 100% of Net worth of the Indian investor
 - Net worth means "Paid up Capital & Free Reserves"
 - Investment to be made in bonafide business activities
 - Investor not be on RBI's caution list / list of defaulters
 - Or not to be under investigation by investigation / enforcement agency
 - Up to date returns in Form ODI Part-III (Annual Performance Report) in respect of all Overseas Investment to be submitted
 - All transactions with the JV / WOS to be routed through single Authorized Dealer
 - Form ODI to be submitted with the Authorized Dealer

Limit of 100% of Net worth applies collectively to investment made in all the JV / WOS abroad

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Calculation of net worth...

- 'Net worth' means share capital and free reserves
- Net worth as on the date of last audited balance sheet.
- Net worth of subsidiary with at least 51% holding may be considered [Explanation to Regulation 6(3)]– disclaimer letter from subsidiary
- Disclosure of net worth of subsidiaries
 - Disclaimer letter to be obtained from subsidiary company containing its Net Worth.

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What constitutes Financial Commitment

- Total "Financial Commitment" of the Indian investor would include:
 - Cash remittance by market purchase
 - Capitalization of
 - Export Proceeds; and
 - Fees, Royalties, Commissions or Other entitlements due from foreign entity for supply of Technical Know-How, Consultancy, managerial or Other Services
 - 100 % of the value of Guarantees issued to or on behalf of the JV / WOS
 - 50% of the amount of performance guarantee
(RBI permission required at the time of invocation of such guarantee if financial commitment exceeds the prescribed limit of 100%)
 - Loan to JV/ WOS (Loan can be given only if it has invested in Equity)

Ceiling of net worth not applicable for payments from EEFC account and utilization of Foreign currency raised through ADR / GDR

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Pricing Guidelines

Share Valuation of Overseas Company

Newly incorporated overseas company

- Shares can be allotted at Face Value

Existing overseas Company

Shares can be allotted / transferred at a price described below

- If Investment by Indian entity is more than USD 5 MN
 - Shares to be valued by a Category 1 Merchant Banker registered with SEBI; or
 - By an investment Banker / Merchant banker registered with the appropriate regulatory authority in the host country
- Investment less than USD 5 MN
 - By a Chartered Accountant or a Certified Public Accountant as per DCF Valuation Method

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RBI REPORTING

- Form ODI to be filed with RBI through AD at the time of First Remittance
- Submission of Share Certificates to RBI within 6 months from the date of remittance of funds
- Reporting of Annual Performance to be submitted by 30th June every year

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RBI REPORTING

- When the Accounts of such JV/WOS are not audited in the host country, APR has to be submitted on the basis of Un-Audited Accounts but with the certificates by Auditor of Indian company that Such accounts reflect true & fair view of JV/WOS and such accounts also to be ratified by Board of Directors of Indian Company.
- RBI allots - Unique Identification Number upon confirmation of the transaction.

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REMITTANCE OF USD 75,000

- Applicable to Individuals only
- Overseas investment in WOS /JV /Partnership/Proprietorship – Allowable
- Investment permitted only in bonafide activities
- Investment in certain countries not permitted
- No Annual Performance Reporting to RBI
- Remittance of USD 75,000 permitted per F.Y.

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Acquisition in Financial Services Sector

(Regulation -7)

- (Additional) Conditions for Investment in Financial Services Sector under automatic route
- - Net profit during last 3 years from financial services activities
 - Registration with appropriate authority for conducting financial services activities
 - Approval from concerned regulatory authorities, both in India and abroad, for venturing into such financial service activity
 - Fulfillment of prudential norms relating to capital adequacy
 - Applicable to JV/ WOS or its step down subsidiary for making additional investment in the Financial Services Sector

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Sale of Shares (General Permission)

- o Sale of Shares of a JV / WOS outside India
 - Shares of Listed companies – At value per stock exchange
 - Share of unlisted companies – At price not less than fair value certified by CA /CPA
 - No outstanding dues (dividend, technical know-how, royalty, consultancy etc)
 - Overseas entity in operation for at least 1 year and proper filing of Annual Performance in Form ODI
 - Indian party not under investigation by CBI / ED / SEBI/ IRDA or other Indian regulatory authorities

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Holding company jurisdictions

- SPV jurisdictions selected on broad parameters such as
 - Business friendly environment
 - Favourable tax regime
 - Political Stability
 - Exchange control flexibilities
 - Wide Tax Treaty network
- Some popular Holding company Jurisdictions
 - Netherlands
 - Singapore
 - Mauritius
 - Cyprus
 - United Arab Emirates (UAE)



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Issues to consider...

- Transfer pricing regulations
 - Pricing to avoid economic double taxation
 - Safe harbor provisions
- Thin capitalization rules
 - Debt-equity ratio permissible
 - Arm's length test
- Availability of advance rulings

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Thank You

E Mai Id : naren@narenandco.com
Tel 022-22673305/22672298
Mobile No 91-9821057436

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Annexure-1
Prohibited Activities for FDI under Notification No.20

- a) Lottery Business including Government /private lottery, online lotteries
- b) Gambling and Betting including casinos etc.
- c) Business of Chit funds
- d) Nidhi company
- e) Trading in Transferable Development Rights (TDRs)
- f) Real Estate Business or Construction of Farm Houses
- g) Manufacturing of Cigars, cheroots, cigarillos and cigarettes, of tobacco or of tobacco substitutes
- h) Activities / sectors not open to private sector investment e.g. Atomic Energy and Railway Transport (other than Mass Rapid Transport Systems).

Note: Foreign technology collaboration in any form including licensing for franchise, trademark, brand name, management contract is also prohibited for Lottery Business and Gambling and Betting activities.

Annexure – 2
Sector-specific policy for foreign investment

In the following sectors/activities, FDI up to the limit indicated against each sector/activity is allowed, subject to applicable laws/ regulations; security and other conditionalities. In sectors/activities not listed below, FDI is permitted upto 100% on the automatic route, subject to applicable laws/ regulations; security and other conditionalities.

	Sector / Activity	% of Cap/Equity	Entry Route
Wherever there is a requirement of minimum capitalization, it shall include share premium received along with the face value of the share, only when it is received by the company upon issue of the shares to the non-resident investor. Amount paid by the transferee during post-issue transfer of shares beyond the issue price of the share, cannot be taken into account while calculating minimum capitalization requirement. Sl. No.			

AGRICULTURE			
1.	Agriculture & Animal Husbandry		
	Floriculture, Horticulture, Apiculture and Cultivation of Vegetables & Mushrooms under controlled conditions; Development and production of Seeds and planting material; Animal Husbandry (including breeding of dogs), Pisciculture, Aquaculture, under controlled conditions; and services related to agro and allied sectors Note: Besides the above, FDI is not allowed in any other agricultura l sector/activity	100%	Automatic
2	Tea Plantation		
	Tea sector including tea plantations Note: Besides the above, FDI is not allowed in any other plantation sector/activity	100%	Government
3	Mining		
	Mining and Exploration of metal and non metal ores including diamond, gold, silver and precious ores but excluding titanium bearing minerals and its ores; subject to the Mines and Minerals (Development & Regulation)	100%	Automatic
Coal and Lignite			
	(1) Coal & Lignite mining for captive consumption by power projects, iron & steel and cement units and other eligible activities permitted under and subject to the provisions of Coal Mines (Nationalization) Act, 1973	100%	Automatic
	(2) Setting up coal processing plants like washeries, subject to the condition that the company shall not do coal mining and shall not sell washed coal or sized coal from its coal processing plants in the open market and shall supply the washed or sized coal to those parties who are supplying raw coal to coal processing plants for washing or sizing.	100%	Automatic
3.3.1	Mining and mineral separation of titanium bearing minerals & ores, its value addition and integrated activities subject to sectoral regulations and the Mines and Minerals (Development and Regulation Act 1957)	100%	Government

4	Petroleum & Natural Gas		
	Exploration activities of oil and natural gas fields, infrastructure related to marketing of petroleum products and natural gas, marketing of natural gas and petroleum products, petroleum product pipelines, natural gas / pipelines, LNG Regasification infrastructure, market study and formulation and Petroleum refining in the private sector, subject to the existing sectoral policy and regulatory framework in the oil marketing sector and the policy of the Government on private participation in exploration of oil and the discovered fields of national oil companies	100%	Automatic
	Petroleum refining by the Public Sector Undertakings (PSU), without any disinvestment or dilution of domestic equity in the existing PSUs.	49%	Automatic
5	Manufacture of items reserved for production in Micro and Small Enterprises (MSEs)		
5.1	<p>FDI in MSEs [as defined under Micro, Small And Medium Enterprises Development Act, 2006 (MSMED, Act 2006)] will be subject to the sectoral caps, entry routes and (Sl. No. Sector / Activity % of Cap/Equity Entry Route) other relevant sectoral regulations. Any industrial undertaking which is not a Micro or Small Scale Enterprise, but manufactures items reserved for the MSE sector would require Government route where foreign investment is more than 24% in the capital. Such an undertaking would also require an Industrial License under the Industries (Development & Regulation) Act 1951, for such manufacture.</p> <p>The issue of Industrial License is subject to a few general conditions and the specific condition that the Industrial Undertaking shall undertake to export a minimum of 50% of the new or additional annual production of the MSE reserved items to be achieved within a maximum period of three years.</p> <p>The export obligation would be applicable from the date of commencement of commercial production and in accordance with the provisions of section 11 of the Industries (Development & Regulation) Act 1951.</p>		

6	DEFENCE		
	Defence Industry subject to Industrial license under the Industries (Development & Regulation) Act, 1951	26%	Up to 26% Government. Above 26% to Cabinet Committee on Security (CCS) on case to case basis, which ensure access to modern and 'state-of-art' technology in the country.

SERVICES SECTOR			
INFORMATION SERVICES			
7	Broadcasting		
7.1	Broadcasting Carriage Services		
7.1.1	(1) Teleports (setting up of up-linking HUBs/ Teleports); (2) Direct to Home (DTH) ; (3) Cable Networks (Multi System operators (MSOs) operating at National or State or District level and undertaking upgradation of networks towards digitalization and addressability); (4) Mobile TV ; (5) Headend-in-the Sky Broadcasting Service (HITS)	74%	Automatic up to 49% Government route beyond 49% and up to 74%
	Cable Networks (Other MSOs not undertaking upgradation of networks towards digitalization and addressability and Local Cable Operators (LCOs).	49%	Automatic
7.2	Broadcasting Content Services		
7.2.1	Terrestrial Broadcasting FM (FM Radio) , subject to such terms and conditions, as specified from time to time, by Ministry of Information & Broadcasting, for grant of permission for setting up of FM Radio stations.	26%	Government
7.2.2	Up-linking of 'News & Current Affairs' TV Channels	26%	Government
7.2.3	Up-linking a Non-'News & Current Affairs' TV Channels / Down-linking of TV Channels	100%	Government

8	Print Media		
8.1	Publishing of Newspaper and periodicals dealing with news and current affairs	26%(FDI and investment by NRIs /PIOs/FII)	Government
8.2	Publication of Indian editions of foreign magazines dealing with news and current affairs	26% (FDI and investment NRIs / PIOs/FII)	Government
8.3	Publishing / printing of Scientific and Technical Magazines / specialty journals / periodicals, subject to compliance with the legal framework as applicable and guidelines issued in this regard from time to time by Ministry of Information and Broadcasting.	100%	Government
8.4	Publication of facsimile edition of foreign newspapers	100%	Government

9	Airports		
(a)	Greenfield projects	100%	Automatic
(b)	Existing projects	100%	Automatic upto 74% Government route beyond 74%
9.3	Air Transport Services		
(1)	Scheduled Air Transport Service / Domestic Scheduled Passenger Airline	49% FDI (100% for NRIs)	Automatic
(2)	Non-Scheduled Air Transport Service	74% FDI (100% for NRIs)	Automatic upto 49% Government route beyond 49% and up to 74%
(3)	Helicopter services / seaplane services requiring DGCA approval	100%	Automatic
9.4	Other services under Civil Aviation sector		
(1)	Ground Handling Services subject to sectoral regulations and security clearance	74% FDI (100% for NRIs)	Automatic upto 49% Government route beyond 49% and up to 74%

	(2) Maintenance and Repair organizations; flying training institutes; and technical training institutions	100%	Automatic
10	Courier services for carrying packages, parcels and other items which do not come within the ambit of the Indian	100%	Automatic
	Post Office Act, 1898 and excluding the activity relating to the distribution of letters.		
11	Construction Development: Townships, Housing, Built-up infrastructure		
	Townships, housing, built-up infrastructure and construction- development projects (which would include, but not be restricted to, housing, commercial premises, hotels, resorts, hospitals, educational institutions, recreational facilities, city and regional level infrastructure)	100%	Automatic
12	Industrial Parks – new and existing	100%	Automatic
	FDI in Industrial Parks would not be subject to the conditionalities applicable for construction development projects etc. spelt out in para 11 above, provided the Industrial Parks meet with the under- mentioned conditions: (i) it would comprise of a minimum of 10 units and no single unit shall occupy more than 50% of the allocable area; (ii) the minimum percentage of the area to be allocated for industrial activity shall not be less than 66% of the total allocable area.		
13	Satellites – Establishment and operation		
	Satellites – Establishment and operation, subject to the sectoral guidelines of Department of Space / ISRO	74%	Government
14	Private Security Agencies	49 %	Government

15	Telecom services (including Telecom Infrastructure Providers Category- I) All telecom services including Telecom Infrastructure Providers Category-I, viz. Basic, Cellular, United Access Services, Unified license (Access services), Unified License, National/ International Long Distance, Commercial V-Sat, Public Mobile Radio Trunked Services (PMRTS), Global Mobile Personal Communications Services (GMPCS), All types of ISP licences, Voice Mail/Audiotex / UMS, Resale of IPLC, Mobile Number Portability services, Infrastructure Provider Category-I (providing dark fibre, right of way, duct space, tower) except Other Service	100%	Automatic upto 49% Above
16	TRADING		
	Cash & Carry Wholesale Trading / Wholesale Trading (including sourcing from MSEs)	100%	Automatic
	E-commerce activities	100%	Automatic
	Test marketing - Activity deleted	-	--
	Single Brand product retail trading	100%	Up to 49% Automatic. Above 49% Government

FINANCIAL SERVICES			
Foreign investment in other financial services , other than those indicated below, would require prior approval of the Government:			
17	Asset Reconstruction Companies		
	'Asset Reconstruction Company'(ARC) means a company registered with the Reserve Bank of India under Section 3 of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act).	Upto 100% of paid up capital of ARC (FDI & FII)	Upto 49% Automatic. Above 49% Government
18	Banking –Private sector		
	Banking –Private sector	74% including investment by FIIs	Automatic upto 49% Government route beyond 49% and upto 74%

19	Banking- Public Sector		
	Banking- Public Sector subject to Banking Companies (Acquisition & Transfer of Undertakings) Acts 1970/80. This ceiling (20%) is also applicable to the State Bank of India and its associate Banks.	20%(FDI and Portfolio Investment)	Government
20	Commodity Exchanges		
	<p>1. Futures trading in commodities are regulated under the Forward Contracts (Regulation) Act, 1952. Commodity Exchanges, like Stock Exchanges, are infrastructure companies in the commodity futures market. With a view to infuse globally acceptable best practices, modern management skills and latest technology, it was decided to allow foreign investment in Commodity Exchanges.</p> <p>2. For the purposes of this chapter,</p> <p>(i) "Commodity Exchange" is a recognized association under the provisions of the Forward Contracts (Regulation) Act, 1952, as amended from time to time, to provide exchange platform for trading in forward contracts in commodities.</p> <p>(ii) "recognized association" means an association to which recognition for the time being has been granted by the Central Government under Section 6 of the Forward Contracts (Regulation) Act, 1952</p> <p>(iii) "Association" means any body of individuals, whether incorporated or not, constituted for the purposes of regulating and controlling the business of the sale or purchase of any goods and Commodity derivative.</p> <p>(iv) "Forward contract" means a contract for the delivery of goods and which is not a ready delivery contract.</p> <p>(v) "Commodity derivative" means-</p> <ul style="list-style-type: none"> ■ a contract for delivery of goods, which is not a ready delivery contract; or ■ a contract for differences which derives its value from prices or indices of prices of such underlying goods or activities, services, rights, interests and events, as may be notified in consultation with the Forward Markets Commission by the Central Government, but does not include 		
21	Credit Information Companies (CIC)		
	Credit Information Companies	74% (FDI & FII)	Automatic
22	Infrastructure Company in the Securities Market		
	Infrastructure companies in Securities Markets, namely, stock exchanges, depositories and clearing corporations, in compliance with SEBI Regulations	49% (FDI & FII) [FDI limit of 26 per cent and an FII limit of 23 per cent of the paid-up capital]	Automatic
23	Insurance		
	Insurance	26%	Automatic

24	Non-Banking Finance Companies (NBFC)		
	Foreign investment in NBFC is allowed under the automatic route in only the following activities: (i) Merchant Banking (ii) Under Writing (iii) Portfolio Management Services (iv) Investment Advisory Services (v) Financial Consultancy (vi) Stock Broking (vii) Asset Management (viii) Venture Capital (ix) Custodian Services (x) Factoring (xi) Credit Rating Agencies (xii) Leasing & Finance (xiii) Housing Finance (xiv) Forex Broking (xv) Credit Card Business (xvi) Money Changing Business (xvii) Micro Credit (xviii) Rural Credit	100%	Automatic

25	Pharmaceuticals		
	Greenfield	100%	Automatic
	Existing Companies	100%	Government

26	Power Exchanges		
	Power Exchanges under the Central Electricity Regulatory Commission (Power Market) Regulations, 2010	49% (FDI & FII)	Automatic