

**Press Information Bureau  
Government of India  
Cabinet**

10-August-2016 19:56 IST

**Cabinet approves foreign investment in other Financial Services sector**

The Union Cabinet chaired by the Prime Minister Shri Narendra Modi has given its approval to amend regulation for foreign investment in the Non- Banking Finance Companies (NBFCs).

The amendment in the existing Foreign Exchange Management (Transfer or Issue of Security by the Person Resident Outside India) regulations on Non- Banking Finance Companies (NBFCs) will enable inflow of foreign investment in "Other Financial Services" on automatic route provided such services are regulated by any financial sector regulators (RBI, SEBI, PFRDA etc.) / Government Agencies. Foreign investment in "Other Financial Services", which are not regulated by any regulators / Government Agency, can be made on approval route.

Further, minimum capitalisation norms as mandated under FDI policy have been eliminated as most of the regulators have already fixed minimum capitalisation norms. This will induce FDI and spurt economic activities. It will cover whole India and is not limited to any State/Districts.

**Background**

In the Budget 2016-17 Speech, the Hon'ble Finance Minister had announced that "FDI will be allowed beyond the 18 specified NBFC activities in the automatic route in other activities which are regulated by financial sector regulators". The present regulations on "Non-Banking Finance Companies" stipulates that FDI would be allowed on automatic route for only 18 specified NBFC activities after fulfilling prescribed minimum capitalisation norms mentioned therein. In the proposed regulations, FDI is allowed on automatic route for all "Other Financial Services" provided such services are regulated by any regulators (RBI, SEBI, PFRDA etc.) / Government Agencies. Further, minimum capitalisation norms as mandated under FDI policy have been eliminated as most of the regulators have already fixed minimum capitalisation norms.

\*\*\*\*\*

AD/VBA/SH