THE HINDU BusinessLine

NBFCs: Cabinet opens FDI tap on ‘financial services’

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Automatic route allowed for all services coming under regulatory supervision

New Delhi, August 10:

Foreign direct investment (FDI) can now take the automatic route into any regulated financial service activity.

The Centre on Wednesday operationalised a Budget announcement allowing FDI via the automatic route in respect of ‘other financial services’, beyond the 18 specified NBFC activities.

This dispensation will, however, only be provided to those services that are regulated by any of the financial sector regulators such as the Reserve Bank of India, SEBI, the Pension Fund Regulatory and Development Authority or a government agency.

“Foreign investment in ‘other financial services’, which are not regulated by any regulators or a government agency, can be made on approval route,” said an official statement after the meeting.

The Cabinet also approved the proposal to eliminate the minimum capitalisation norms mandated under the FDI policy as most of the regulators have already fixed minimum capitalisation norms.

“This will induce FDI and give a spurt to economic activity,” said the statement.

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