

# Cabinet approves proposal to review FDI policy in various sectors

September 6, 2019

*Source: Monthly Policy Review of PRS*

## The key changes to the policy include:

- **Coal mining: At present,** 100% FDI under automatic route is allowed for:
  - coal and lignite mining for captive consumption by power, cement, and iron and steel plants, and
  - coal processing (though not allowed to sell coal in the open market). **The Cabinet allowed 100% FDI under automatic route for sale of coal, commercial coal mining,** and associated processing activities such as coal washing, crushing, and handling.
- **Contract manufacturing:** The current policy allows 100% FDI under the automatic route in the manufacturing sector. In India, manufacturing activities can be conducted either by the investee entity or through contract manufacturing. However, there is no specific provision for contract manufacturing in FDI policy. In this context, **100% FDI under the automatic route will be allowed for contract manufacturing.**
- **Single brand retail trading:** Currently, single-brand retailers with over 51% FDI have to locally source 30% of the value of goods sold. The amendments allow for all procurements made from India to be counted towards local sourcing, irrespective of whether the goods are sold in India or exported. Further, the present policy requires all single-brand retailers to operate through brick and mortar stores before starting trading through e-commerce. This has been amended to **allow for online**

**retail trading before the opening of brick and mortar stores.** However, the retailers will be required to open stores within two years of the start of their online operations.

- **Digital media:** Currently, 49% FDI through the approval route is allowed in uplinking of TV channels broadcasting news and current affairs. **The amendments permit 26% FDI under approval route for uploading and streaming of news and current affairs** through digital media