

Government of India
Ministry of Commerce & Industry
Department of Industrial Policy & Promotion
(FC-I Section)

Press Note No. 8 (2014 Series)

Subject: Policy for Private Investment in Rail Infrastructure through Domestic and Foreign Direct Investment

- 1.0** As per extant Foreign Direct Investment (FDI) policy, contained in 'Consolidated FDI Policy Circular of 2014', issued on 17.04.2014, FDI is prohibited in Railway Transport (other than Mass Rapid Transport Systems).
- 2.0** The Government of India, vide Notification No. S.O. 2113(E), dated 22 August 2014, has reviewed its policy for private investment in rail infrastructure and amended the list of industries reserved for public sector under item No. 8 of Schedule I of the Notification No.S.O.477(E) dated 25 July 1991. Accordingly it has been decided to permit FDI in the following activities of the Railway Transport sector:

Construction, operation and maintenance of the following:

- (i) Suburban corridor projects through PPP, (ii) High speed train projects, (iii) Dedicated freight lines, (iv) Rolling stock including train sets, and locomotives/coaches manufacturing and maintenance facilities, (v) Railway Electrification, (vi) Signaling systems, (vii) Freight terminals, (viii) Passenger terminals, (ix) Infrastructure in industrial park pertaining to railway line/sidings including electrified railway lines and connectivities to main railway line and (x) Mass Rapid Transport Systems.

FDI beyond 49% of the equity of the investee company in sensitive areas from security point of view, will be brought before the Cabinet Committee on Security (CCS) for consideration on a case to case basis.

- 3.0** Accordingly, the following amendments are made in 'Consolidated FDI Policy Circular of 2014':

3.1 Paragraph 6.1 is amended as under:

Existing position:

6.1 Prohibited Sectors:

FDI is prohibited in:

- (a) Lottery Business including Government/private lottery, online lotteries, etc.
- (b) Gambling and Betting including casinos etc.
- (c) 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).

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.

Revised position:

6.1 Prohibited Sectors:

FDI is prohibited in:

- (a) Lottery Business, including Government /private lottery, online lotteries, etc.
- (b) Gambling and Betting, including casinos etc.
- (c) 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: (I) Atomic energy and (II) Railway operations (other than permitted activities mentioned in para 6.2).

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.

3.2 Paragraphs 6.2.12.1(ii) and (iii) are amended as following:

Existing position:

- (ii) "Infrastructure" refers to facilities required for functioning of units located in the Industrial Park and includes roads (including approach roads), water supply and sewerage, common effluent treatment facility, telecom network, generation and distribution of power, air conditioning.
- (iii) "Common Facilities" refer to the facilities available for all the units located in the industrial park, and include facilities of power, roads (including approach roads), water supply and sewerage, common effluent treatment, common testing, telecom services, air conditioning, common facility buildings, industrial canteens, convention/conference halls, parking, travel desks, security service, first aid center, ambulance and other safety services, training facilities and such other facilities meant for common use of the units located in the Industrial Park.

Revised position:


- (ii) "Infrastructure" refers to facilities required for functioning of units located in the Industrial Park and includes roads (including approach roads), railway line/sidings including electrified railway lines and connectivities to the main railway line, water supply and sewerage, common effluent treatment facility, telecom network, generation and distribution of power, air conditioning,.
- (iii) "Common Facilities" refer to the facilities available for all the units located in the industrial park, and include facilities of power, roads (including approach roads), railway line/sidings including electrified railway lines and connectivities to the main railway line, water supply and sewerage, common effluent treatment, common testing, telecom services, air conditioning, common facility buildings, industrial canteens, convention/conference halls, parking, travel desks, security service, first

aid center, ambulance and other safety services, training facilities and such other facilities meant for common use of the units located in the Industrial Park.

3.3 A new paragraph is inserted below paragraph 6.2.16 as below:

Sl. No.	Sector/Activity	% of Equity/ FDI Cap	Entry Route
6.2.16 bis.	Railway infrastructure		
	Construction, operation and maintenance of the following: (i) Suburban corridor projects through PPP, (ii) High speed train projects, (iii) Dedicated freight lines, (iv) Rolling stock including train sets, and locomotives/coaches manufacturing and maintenance facilities, (v) Railway Electrification, (vi) Signaling systems, (vii) Freight terminals, (viii) Passenger terminals, (ix) Infrastructure in industrial park pertaining to railway line/sidings including electrified railway lines and connectivities to main railway line and (x) Mass Rapid Transport Systems.	100%	Automatic
	<p>Note:-</p> <p>(i) Foreign Direct Investment in the abovementioned activities open to private sector participation including FDI is subject to sectoral guidelines of Ministry of Railways.</p> <p>(ii) Proposals involving FDI beyond 49% in sensitive areas from security point of view, will be brought by the Ministry of Railways before the Cabinet Committee on Security (CCS) for consideration on a case to case basis.</p>		

4.0 The above decision will take immediate effect.


(Atul Chaturvedi)

Joint Secretary to the Government of India

D/o IPP File No.: 5/15/2013-FC-I dated: 27 August , 2014

Copy forwarded to:

- 1. Press Information Officer, Press Information Bureau-** for giving wide publicity to the above Press Note.
- 2. Reserve Bank of India, Foreign Exchange Department, Mumbai-** for suitably incorporating the policy changes in Foreign Exchange Management (Transfer or issue of Security by a Person Resident outside India) Regulations, 2000 and the relevant schedules thereof.
- 3. NIC Section in the Department of Industrial Policy and Promotion-** for uploading the Press Note on DIPP's website.
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