

Real Estate Update

January 30, 2004

100% FDI IN PETROLEUM SECTOR NOTIFIED

The Ministry of Commerce and Industry (the "**Ministry**") has notified further relaxations in the Foreign Direct Investment ("**FDI**") policy vide Press Note No.1 (2004) dated 28th January 2004, which modifies the relevant provisions of Press Note No. 2 (2000). The Ministry has revised the sectoral guidelines and equity cap on FDI, including investment by Non-Resident Indians and Overseas Corporate Bodies. The relaxations are primarily aimed at the petroleum sector. The salient relaxations introduced are as follows:

- FDI upto 100 % is now permitted via the automatic route in oil exploration in both small and medium sized fields subject to and under the policy of the government on private participation in (a) exploration of oil and (b) the discovered fields of national oil companies. Earlier 100 % FDI was permitted only in small oil fields and FDI upto 51% was allowed for incorporated joint ventures with a No Objection Certificate for medium size fields, subject to prior government approval.
- FDI upto 100 % is now permitted via the automatic route on petroleum product marketing. FDI for this segment would be subject to the existing sectoral policy and regulatory framework in the oil-marketing sector. The earlier limit in this regard was capped at 74 % with prior government approval.
- FDI upto 100 % is now permitted through the automatic route for petroleum product pipelines subject to and under the government policy and regulations thereof. This marks an increase from the earlier limit of 51 % in this area subject to prior government approval.
- FDI upto 100 % is also permitted for Natural Gas/LNG Pipelines with prior government approval.

The FDI policy governing the refining segment remains unchanged, with FDI upto 100% of the equity of private Indian companies being permitted under the automatic route and up to 26% in Public Sector Units subject to prior government approval.

Source: Ministry of Commerce and Industry

DISCLAIMER

The contents of this hotline should not be construed as legal opinion. View detailed disclaimer.

This Hotline provides general information existing at the time of preparation. The Hotline is intended as a news update and Nishith Desai Associates neither assumes nor accepts any responsibility for any loss arising to any person acting or refraining from acting as a result of any material contained in this Hotline. It is recommended that professional advice be taken based on the specific facts and circumstances. This Hotline does not substitute the need to refer to the original pronouncements.

This is not a Spam mail. You have received this mail because you have either requested for it or someone must have suggested your name. Since India has no anti-spamming law, we refer to the US directive, which states that a mail cannot be considered Spam if it contains the sender's contact information, which this mail does. In case this mail doesn't concern you, please unsubscribe from mailing list.

Research Papers

Structuring Platform Investments in India For Foreign Investors

March 31, 2025

India's Oil & Gas Sector— at a Glance?

March 27, 2025

Artificial Intelligence in Healthcare

March 27, 2025

Research Articles

2025 Watchlist: Life Sciences Sector India

April 04, 2025

Re-Evaluating Press Note 3 Of 2020: Should India's Land Borders Still Define Foreign Investment Boundaries?

February 04, 2025

INDIA 2025: The Emerging Powerhouse for Private Equity and M&A Deals

January 15, 2025

Audio

CCI's Deal Value Test

February 22, 2025

Securities Market Regulator's Continued Quest Against "Unfiltered" Financial Advice

December 18, 2024

Digital Lending - Part 1 - What's New with NBFC P2Ps

November 19, 2024

NDA Connect

Connect with us at events, conferences and seminars.

NDA Hotline

Click here to view Hotline archives.

Video

Vyapak Desai speaking on the danger of deepfakes | Legally Speaking with Tarun Nangia | NewsX

April 01, 2025

**Vaibhav Parikh, Partner, Nishith
Desai Associate on Tech, M&A, and
Ease of Doing Business**

March 19, 2025

**SIAC 2025 Rules: Key changes &
Implications**

February 18, 2025
