



news flash

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FOREIGN INVESTMENT IN SPACE SECTOR

The Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India has revised the terms governing foreign direct investment (“**FDI**”) policy of 2020 (“**FDI Policy**”) for the space sector in India, vide Press Note no. 1 (2024 Series) dated 4 March 2024 (“**Press Note**”).

SUMMARY AND BACKGROUND OF THE AMENDMENT

- Initially, para 5.2.12 of the FDI Policy allowed 100% of FDI under the government approval route solely for satellite establishment and operations, subject to the sectoral guidelines of Department of Space/ Indian Space Research Organisation (ISRO).
- With an aim to streamline investment procedures in India and emphasizing various facets of the space sector, the Press Note has amended para 5.2.12 of the FDI Policy to align with the objectives set forth in the Indian Space Policy 2023 by segregating the space sector into different sub-categories as follows:

Sector/Activity	Sectoral Cap	Entry Route
5.2.12.1	100%	Up to 74%: Automatic Beyond 74%: Government route
(1) Satellites-Manufacturing & Operation		
(2) Satellite Data Products		
(3) Ground Segment & User Segment		
5.2.12.2	100%	Up to 49%: Automatic Beyond 49%: Government route
(1) Launch Vehicles and associated systems or subsystems		
(2) Creation of Spaceports for launching and receiving Spacecraft		

5.2.12.3		
Manufacturing of components and systems/ sub-systems for satellites, ground segment and user segment	100%	Up to 100%: Automatic

3. In view of the sub division of the sector the Press Note has added the following definitions to provide more clarity:
 - a. *Satellites-Manufacturing & Operation:* End-to-end manufacturing and supply of satellite and/or payload, establishing the satellite systems including control of in-orbit operations of the satellite & payloads.
 - b. *Satellite Data Products:* Reception, generation or dissemination of earth observation/remote sensing satellite data and data products including Application Interfaces (API).
 - c. *Ground Segment:* Supply of satellite transmit/receive earth stations including earth observation data receive station, gateway, teleports, satellite Telemetry, Tracking and Command (TTC) station, Satellite Control Centre (SCC) etc.
 - d. *User Segment:* Supply of user ground terminals for communicating with the satellite, which are not covered under the ground segment.
 - e. *Launch Vehicles and Associated Systems or Subsystems:* A vehicle and its stages or components that is designed to operate in or place spacecraft with payloads or persons, in a suborbital trajectory, earth orbit or outer space.
 - f. *Creation of Spaceports for launching and receiving Spacecraft:* A spaceport (also referred as launch site) which can be regarded as the base from which spacecraft is launched, and consisting of facilities involving devices for transportation to, from and via outer space.
 - g. *Manufacturing of components and systems/sub-systems for satellites, ground segment and user segment:* Comprises of manufacturing and supply of the electrical, electronic, and mechanical components systems/ subsystems for satellites, ground segment and user segment.
4. Any investee entity is subject to sectoral guidelines issued by the Department of Space.

CONCLUSION

In recent years, the Indian space sector has been progress by leaps and bounds which is evidence of the Government of India's confidence in the growth of the sector.

By introducing this Press Note the Government of India has introduced sectoral caps and entry routes in the space sector, thereby liberalising the certain aspects of the space sector. This will help easy access to foreign investment and technology, boost manufacturing and promote commercial ventures and strengthen global relations.

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