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Ahead of Musk visit, Finance Ministry notifies new rules backing FDI tweaks for space sector

As per an April 16 notification, 100 per cent foreign direct investment has been allowed for the space sector category of manufacturing and operation of satellites, satellite data products, and ground segment and user segment, out of which up to 74 per cent would be through the automatic route and government nod would be required for investment beyond that.

By: Express News Service

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The notification comes ahead of Tesla chief Elon Musk's visit to India early next week where he is expected to meet space startups, make a push for his space venture Starlink's plans and announce his EV investment plans. REUTERS

The Finance Ministry has notified amended rules under the Foreign Exchange Management Act to operationalise its earlier decision to allow up to 100 per cent foreign direct investment (FDI) for the space sector through three categories of liberalised entry routes.

The notification dated April 16 comes ahead of Tesla chief [Elon Musk's visit to India](#) early next week where he is expected to meet space startups, make a push for his space venture Starlink's plans and announce his electric vehicle (EV) [investment plans](#) .

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Starlink is a project by SpaceX, the company founded by Musk, to provide high-speed internet access to anywhere on the planet using a constellation of thousands of low-earth-orbit satellites. In February, the Union Cabinet had approved the amendment to the FDI policy for the space sector, allowing up to 100 per cent investment in certain categories.

100% FDI for manufacturing, operation of satellites

As per the latest Finance Ministry notification, 100 per cent FDI has been allowed for the space sector category of manufacturing and operation of satellites, satellite data products, and ground segment and user segment, out of which up to 74 per cent would be through the automatic route and government nod would be required for investment beyond 74 per cent. Under the earlier policy, any foreign investment in manufacturing and operating satellites is allowed only with government approval.

Automatic FDI has also been permitted up to 49 per cent for launch vehicles and associated systems or subsystems, and creation of spaceports for launching and receiving spacecraft. Government approval would be required for investments beyond 49 per cent.



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Manufacturing of components and systems or sub-systems for satellites, ground segment and user segment will be fully under the 100 per cent automatic route, the ministry said.

The investee entity shall be subject to sectoral guidelines as issued by the Department of Space from time to time, it added. The new rules came into effect from April 16.

‘Satellites – manufacturing and operation’ has been defined as end-to-end manufacturing and supply of satellite or payload, establishing the satellite systems including control of in-orbit operations of the satellite and payloads. ‘Satellite data products’ have been defined as reception, generation or dissemination of earth observation or remote sensing satellite data and data products including Application Interfaces (API).

‘Ground segment’ refers to supply of satellite transmit or receive earth stations including earth observation data receive station, gateway, teleports, satellite telemetry, Tracking and Command (TTC) station, and Satellite Control Centre (SCC) etc.; while ‘user segment’ refers to supply of user ground terminals for communicating with the satellite, which are not covered under the ground segment.

The ministry has also defined “launch vehicles and associated systems or sub-systems” as a vehicle and its stages or components that is designed to operate in or place spacecraft with payloads or persons, in a sub-orbital trajectory, or earth orbit or outer space; while a “spaceport” will refer to the base from which spacecraft are launched, and consists of facilities involving devices for transportation to, from and via outer space.

Space activities largely encompass the launch vehicle and launch service, the satellite, ground stations that can detect the signals, and user products where the data from satellites is utilised.

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