

News Alert

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FDI UPDATE



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On June 03, 2015, Department of Industrial Policy and Promotion Board (DIPP) has issued two Press Notes i.e. Press Note 6 and Press Note 7 regarding review of the investment limits for cases requiring prior approval of the Foreign Investment Promotion Board/Cabinet Committee of Economic Affairs and review of Foreign Direct Investment Policy on investments by Non Resident Indians, Person of Indian Origins and Overseas Citizens of India, respectively. Details of the same are as hereunder:

Press Note 6

Review of the investment limits for cases requiring prior approval of the Foreign Investment Promotion Board (FIPB)/Cabinet Committee of Economic Affairs (CCEA)

With effect from June 18, 2015, the levels of approval of cases under the government approval route under the Consolidated Foreign Direct Investment Policy, 2015 (FDI Policy) will be changed and the revised position will be as follows:

- The Minister of Finance (MOF) who is in charge of FIPB would consider the recommendations of FIPB on proposal with total foreign equity inflow upto INR 3000 crore (i.e. INR 30 Billion);
- The recommendation of FIPB on proposals with total foreign equity inflow of more than INR 3000 crore (i.e. INR 30 Billion) would be placed for consideration of CCEA;
- The CCEA would also consider the proposals which may referred to it by the FIPB/MOF(in charge if FIPB);
- The FIPB Secretariat in Department of Economic Affairs will process the recommendation of FIPB to obtain approval of MOF and CCEA.

Press Note 7

Review of FDI Policy on investments by Non Resident Indians (NRIs), Person of Indian Origins (PIOs) and Overseas Citizens of India (OCIs).

With effect from June 18, 2015, the following changes under the FDI Policy will be made applicable in relation to the investments by NRIs, PIOs and OCIs:

- **Revised definition of Non Resident Indians (NRIs)**- As per clause 2.1.27 of the FDI Policy, NRI means an individual resident outside India who is a citizen of India or an "Overseas Citizen of India"™ cardholder within the meaning of section 7(A) of the Citizenship Act, 1955. "Person of Indian Origins"™ cardholder registered as such under Notification No. 26011/4/98 F.I. dated 19.08.2012, issued by the Central Government are deemed to be the OCI card holders.
- Investment by NRIs under schedule 4 of FEMA (Transfer or issue of Security by Persons Resident Outside India) Regulations will be deemed to be domestic investment at par with the investment made by residents.
- The words NRI/PIO appearing in the FDI Policy will deemed to be having the same meaning as provided in the definition of NRI.

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