



Regulatory Alert Tracking change

FDI Policy 2015 - Amendments

Issue no: RA/8/2015

In this issue:

Background
Highlights of the Amendment
Conclusion
Upcoming Dbriefs - Register
Contacts

Background

Department of Industrial Policy and Promotion (DIPP), Ministry of Commerce & Industry, Government of India (GOI) had recently issued the Consolidated FDI Policy Circular of 2015 (FDI Policy) effective from 12 May 2015.

DIPP has, on 3 June 2015, further amended the FDI policy thereby increasing the limit for cases requiring prior approval of Foreign Investment Promotion Board (FIPB) / Cabinet Committee on Economic Affairs (CCEA) and investment by Non Residents Indians (NRIs), Person of Indian Origin (PIOs) and Overseas Citizens of India (OCIs). The amendments in FDI policy announced by DIPP will be effective from 18 June 2015

Highlights of the Amendment

Increase in the limit for cases requiring prior approval of FIPB / CCEA

- The Minister of Finance, GOI who is in-charge of FIPB would consider recommendations of FIPB on proposals with total foreign equity inflow of upto ₹ 30 billion.
- CCEA will approve proposals with total foreign equity inflow exceeding ₹ 30 billion (earlier ₹ 20 billion as per FDI Policy dated 12 May 2015).
- FIPB secretariat in Department of Economic Affairs will process the recommendations of FIPB to obtain the approval of Minister of Finance and CCEA.

Investment by NRIs, PIOs and OCIs

- GOI has amended the definition of NRI in the FDI policy. NRI would now mean an individual resident outside India who is a citizen of India or is an OCI cardholder within the meaning of Section 7A of the Citizenship Act, 1955.
- PIO cardholders registered as such under the specified Notification No. 26011/4/98 F.I, dated 19 August 2002, issued by the Central Government are deemed to be OCI cardholder.
- For the purpose of FDI Policy, investment by NRI in shares / convertible debentures on non-repatriation basis will be deemed to be domestic investment at par with the investment made by residents

Conclusion

The amendments/ clarifications issued under FDI Policy are aimed at making the existing FDI framework more efficient, transparent and investor friendly.

Source: Press note no. 6 and 7 (2015 series) issued by the Government of India

Upcoming Dbriefs - Register

Goods and Services Tax (GST) in India: What's in Store for the Services Sector?

Wednesday, 9 June, 11:30 AM – 12:30 PM IST

In the 2015 India Budget presented on 28 February, there has been a reaffirmation that GST will be introduced with effect from 1 April 2016. An introduction of a national level GST is aimed at subsuming the majority of the existing indirect taxes. In view of the development and progression towards GST, what are the important factors businesses have to be aware of? Tune in to learn more on the introduction of GST in India and what businesses should be doing to prepare for it. For more information, visit the [Dbriefs](#) page.



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