



Regulatory Update | Covid-19

Relaxations under Foreign Exchange Management Act (FEMA) due to Covid-19 – Changes in Law

The key relaxations under FEMA pertaining to change in law are summarized hereunder:

Changes in Law

Scrutiny on FDI from neighboring countries – In a move to curb hostile takeovers due to Covid-19 pandemic, any foreign investment from countries which share land borders with India ('neighboring countries') or where beneficial owner of such investment is a citizen of such country, will require prior Government approval. Further, where transfer of ownership of Indian entity, directly or indirectly, results in beneficial ownership falling within the above-mentioned restriction/ purview, same will require prior Government approval.

Conclusion:

The above measures prevent opportunistic takeovers of Indian entities by citizens and companies of any bordering country.



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