

FDI UPDATE

**Key Amendment to India
Foreign Direct Investment
Policy**



Amendment Of Foreign Direct Investment (FDI) Policy Vide Press Note No. 3(2020 Series) Issued By Department For Promotion Of Industry And Internal Trade (DPIIT)

The Government of India has reviewed the extant FDI policy for curbing opportunistic Takeovers/Acquisitions of Indian companies due to the current stress in the Indian economy post the COVID-19 pandemic and have accordingly amended para 3.1.1 of extant FDI policy as contained in Consolidated FDI Policy, 2017. The revised policy is as under:

- A non-resident entity can invest in India, subject to the FDI Policy except in those sectors/activities which are prohibited.
- An entity of a country, which shares land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country, can invest only under the Government route. Under the erstwhile policy, such restrictions of FDI were limited to Bangladesh and Pakistan. However, these restrictions have now been extended to include all countries that share a border with India.
- In the event of the transfer of ownership of any existing or future FDI in an entity in India, directly or indirectly, resulting in the beneficial ownership falling within the restriction imposed under this regulation, such subsequent change in beneficial ownership will also require Government approval.
- Countries which share land borders with India are Bangladesh, Pakistan, China, Myanmar etc.

For details, please refer the link below to Press note 3 issued by the Department for Promotion of Industry and Internal Trade (DPIIT).

https://dipp.gov.in/sites/default/files/pn3_2020.pdf

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