# Government of India Ministry of Commerce & Industry Department for Promotion of Industry and Internal Trade FDI Policy Section

Press Note No. 3(2020 Series)

Subject:

Review of Foreign Direct Investment (FDI) policy for curbing opportunistic takeovers/acquisitions of Indian companies due to the current COVID-19 pandemic

The Government of India has reviewed the extant FDI policy for curbing opportunistic takeovers/acquisitions of Indian companies due to the current COVID-19 pandemic and amended para 3.1.1 of extant FDI policy as contained in Consolidated FDI Policy, 2017 as under:

### 1. <u>Present Position</u>

Para 3.1.1: A non-resident entity can invest in India, subject to the FDI Policy except in those sectors/activities which are prohibited. However, a citizen of Bangladesh or an entity incorporated in Bangladesh can invest only under the Government route. Further, a citizen of Pakistan or an entity incorporated in Pakistan can invest, only under the Government route, in sectors/activities other than defence, space, atomic energy and sectors/activities prohibited for foreign investment.

# 2. Revised Position

#### Para 3.1.1:

3.1.1(a) A non-resident entity can invest in India, subject to the FDI Policy except in those sectors/activities which are prohibited. However, 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. Further, a citizen of Pakistan or an entity incorporated in Pakistan can invest, only under the Government route, in sectors/activities other than defence, space, atomic energy and sectors/activities prohibited for foreign investment.

- 3.1.1(b) 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/purview of the para 3.1.1(a), such subsequent change in beneficial ownership will also require Government approval.
- 3. The above decision will take effect from the date of FEMA notification.

(Manmeet Kaur Nanda)

Joint Secretary to the Government of India

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## Copy forwarded to:

- 1. **Press Information Officer, Press Information Bureau** for giving wide publicity to the above Press Note.
- Joint Secretary, Department of Economic Affairs, North Block, New Delhi
- Reserve Bank of India, Foreign Exchange Department, Mumbai

For suitably incorporating the policy changes in Foreign Exchange Management (Non-Debt Instruments) Rules, 2019, the relevant schedules thereof and FIRMS portal.

- 4. NIC Section in the Department for Promotion of Industry and Internal Trade for uploading the Press Note on DPIIT's website.
- 5. **Hindi Section, DPIIT-** for providing Hindi version.