
ELIGIBLE INVESTOR AMENDED UNDER FDI REGULATIONS



Government of India

Ministry of Commerce & Industry Department of Industrial Policy & Promotion

I. Background

In order to protect the Indian Companies and curbing the opportunistic takeovers/ acquisitions of Indian companies due to the current COVID-19 pandemic the Government of India has reviewed the provision of FDI policy and change in the para 3.1.1 definition of eligible investor is revised.

II. Investment to be considered under Approval Route

Following investments shall be considered under Approval Route:-

1. A non-resident entity of a country, which shares land border with India can invest only with the prior permission of Government of India;
2. The beneficial owner of an investment into India is situated in or is a citizen of a country that shares land border with India can invest only with the prior permission of Government of India;
3. The transfer of ownership of any existing or future FDI in an entity in India, directly or indirectly, resulting in the beneficial ownership falling to a country which shares land border with India shall also take the prior permission of Government of India;
4. 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.

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III. Original office order

Copy of the original order is produced below

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. **Present Position**

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