



## **Changes in foreign investment rules to bring into effect the amendments in FDI Policy.**

On 17 April 2020, the Department for Promotion of Industry and Internal Trade (DPIIT), issued a press note, Press Note 3 of 2020, pursuant to which the foreign direct investment (FDI) policy was amended to provide for the following:

- (a) investment in an Indian company by an entity which is resident in a country sharing a land border with India would now require Government approval,
- (b) investment in an Indian company where the beneficial owner of the investment is a resident or citizen of a country sharing a land border with Indian will fall under the Government approval route, and
- (c) any transfer of shares of an Indian company which, directly or indirectly, results in a resident or citizen of a country sharing a land border with India becoming the beneficial ownership of the shares will also require Government approval.

As per the press note issued by DPIIT these above amendments would come into effect from the date a notification is issued under the Foreign Exchange Management Act, 1999.

In furtherance of the press note issued by the DPIIT and to give effect to the amendments, the Department of Economic Affairs, Ministry of Finance, issued the relevant notification on 22 April 2020.

With the issuance of the notification the amendments set out in the press note issued by DPIIT have now come into effect and the Foreign Exchange Management (Non-debt Instruments) Rules, 2019 (Rules) stands revised accordingly.

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