

## **Consolidated FDI Policy Circular effective April 5, 2013 – a mere consolidation???**

The Department of Industrial Policy and Promotion (DIPP), Ministry of Commerce & Industry, Government of India has come out with a FDI policy that is in tandem with its name - only a mere consolidation of the already issued press notes/press releases/circulars/notifications... Our Hon'ble Finance Minister during his speech Budget 2013-14 gave us an indication of some radical & enthusiastic measures in respect of the foreign investment/ investors coming to India but those changes are yet to see the light of the day!!!

Nevertheless following were the major press notes/announcements made during the year that have been consolidated:

- ▶ **Single brand retailing / Multi brand retailing:**  
100 percent FDI in single brand retail sector & FDI up to 51 percent in multi-brand retail sector allowed subject to certain conditions.
- ▶ **Civil Aviation:**  
FDI up to 49 percent allowed in aviation sector to help out cash-strapped domestic carriers.
- ▶ **Broadcasting:**  
FDI cap raised to 74 per cent in various services of the broadcasting sector.
- ▶ **Power Trading exchanges**  
FDI up to 49 percent allowed in power trading exchanges.
- ▶ **Non Banking Financial Companies (NBFCs)**  
NBFCs have been allowed to establish step down subsidiaries without there being requirement of minimum capitalization.
- ▶ **Asset Reconstruction Companies (ARC)**  
Combined cap of FDI & FII raised to 74 per cent, a move to bring in more foreign expertise in this segment, however total share of FII not to exceed 10% of the total paid up capital.
- ▶ **FDI from Pakistan**  
A Pakistan citizen or an entity have been allowed to invest under government approval route in sectors/activities other than defence, space and atomic energy and sectors/ activities prohibited for foreign investment.

▸ **Limited Liability Partnerships (LLPs)**

Conversion of a company with FDI into a LLP allowed subject to prior approval of FIPB/Government. However, one of the mandatory conditions of participation in LLP only through cash consideration as specified in the policy will not be applicable in cases of conversion of company into LLP.

▸ **Issue price of shares in respect of subscribers to MOA**

Investments by non- residents including NRIs in an Indian firm in compliance with the provisions of the Companies Act, 1956, by way of subscription to its Memorandum of Association allowed to be made at face value.

