

## **Foreign Direct Investment (FDI) in India – Definition of 'group company'**

### **A.P. (DIR SERIES 2013-14) CIRCULAR NO. 68, DATED 1-11-2013**

Attention of Authorised Dealer Category – I (AD Category-I) banks is invited to the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000 notified by the Reserve Bank vide Notification No. FEMA. 20/2000-RB dated 3rd May 2000, as amended from time to time.

**2.** The extant FDI policy has since been reviewed and it has been decided to incorporate the definition for 'group company' as under;

'Group company' means two or more enterprises which, directly or indirectly, are in position to:

- (i) exercise twenty-six per cent, or more of voting rights in other enterprise; or
- (ii) appoint more than fifty per cent, of members of board of directors in the other enterprise.

**3.** Copy of Press Note No. 2 (2013 Series) dated June 3, 2013 issued by Department of Industrial Policy and Promotion (DIPP), Ministry of Commerce & Industry, Government of India in this regard is enclosed.

**4.** AD Category - I banks may bring the contents of the circular to the notice of their customers/constituents concerned.

**5.** Reserve Bank has since amended the subject Regulations accordingly through the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) (Sixteenth Amendment) Regulations, 2013 which have been notified vide Notification No. FEMA.292/2013-RB dated October 4, 2013, vide G.S.R. No. 683(E) dated October 11, 2013.

**6.** The directions contained in this circular have been issued under sections 10(4) and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and are without prejudice to permissions / approvals, if any, required under any other law.