

A golden airplane model is positioned diagonally across the frame, resting on a map. The map shows the Indian subcontinent, with labels for 'INDIA', 'Arabian Sea', 'Bengaluru', 'Chennai', 'Colombo', 'Male', 'SRI LANKA', and 'MALDIVES'. The airplane is a detailed model with visible wings, tail, and engines.

FOREIGN DIRECT INVESTMENT IN INDIA (FDI)

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Company Secretaries



Foreign Investment (FI), Foreign Direct Investment (FDI) and Foreign Portfolio Investment (FPI)?

Foreign Investment

FI Refers to invested by a person in the securities/capital of company registered in other country with the objective of gaining stake, return on investment and also for key strategic expansion. It can be either Foreign Direct Investment or Foreign Portfolio Investment.

Foreign Direct Investment

FDI pertains to foreign investment in which the investor obtains a lasting interest in an enterprise in another country. These are long term investment and generally involves more than just capital investment. It may include provisions of management or technology as well.

Foreign Portfolio Investment

- FPI refers to investing in the financial assets of a foreign country such as stocks or bonds available on any exchange. FPI are generally made with the objective earning quick returns. Unlike the FDI it do not involve the provisions of management or technology

Foreign Direct Investment in India

India, officially the Republic of India, country in South Asia. It is the second-most populous country, the seventh-largest country by land area, and the most populous democracy in the world.

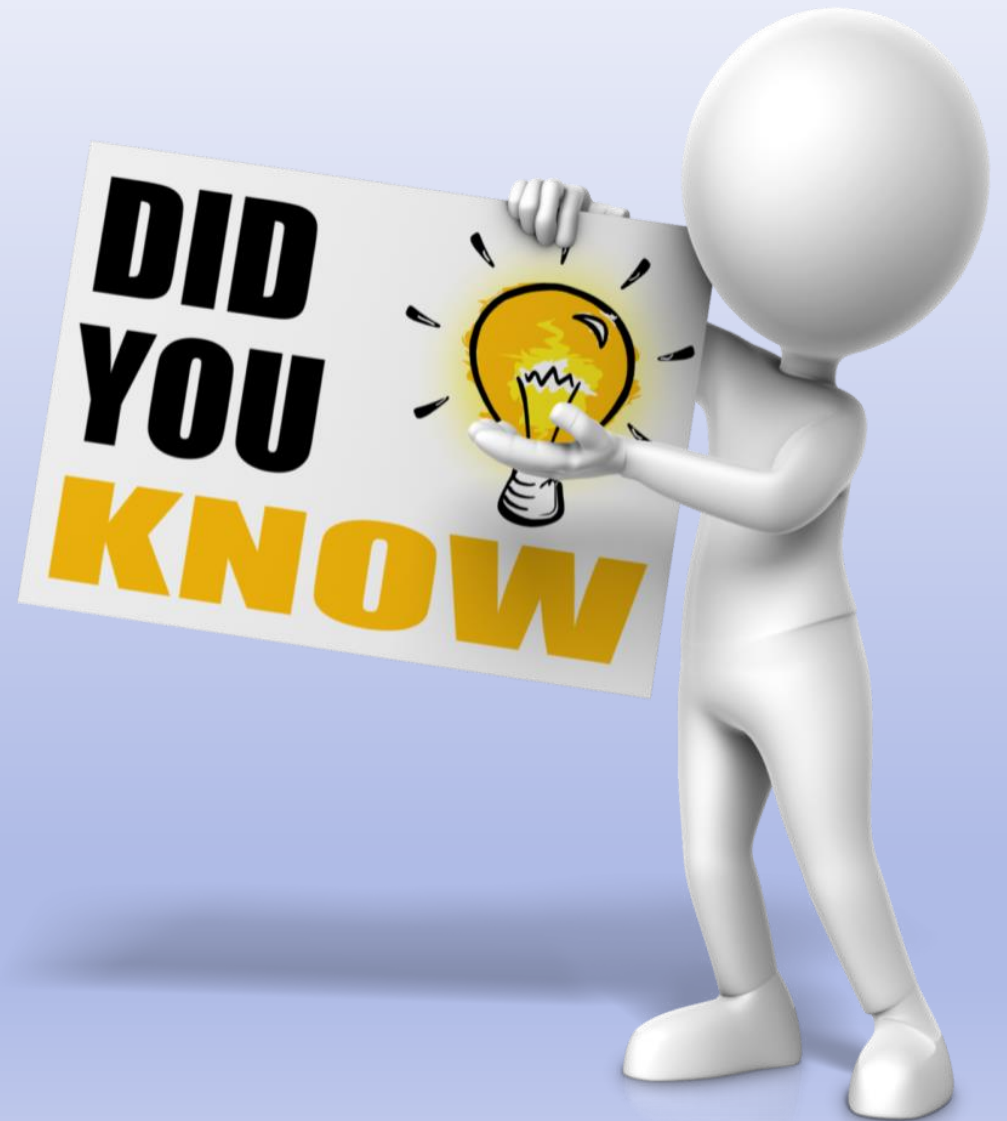
The economy of India is characterized as a middle income developing market economy. It is the world's fifth-largest economy by nominal GDP and the third-largest by purchasing power parity.

In World Bank's report on ease of Doing Business 2020, India ranked at 63rd Position.

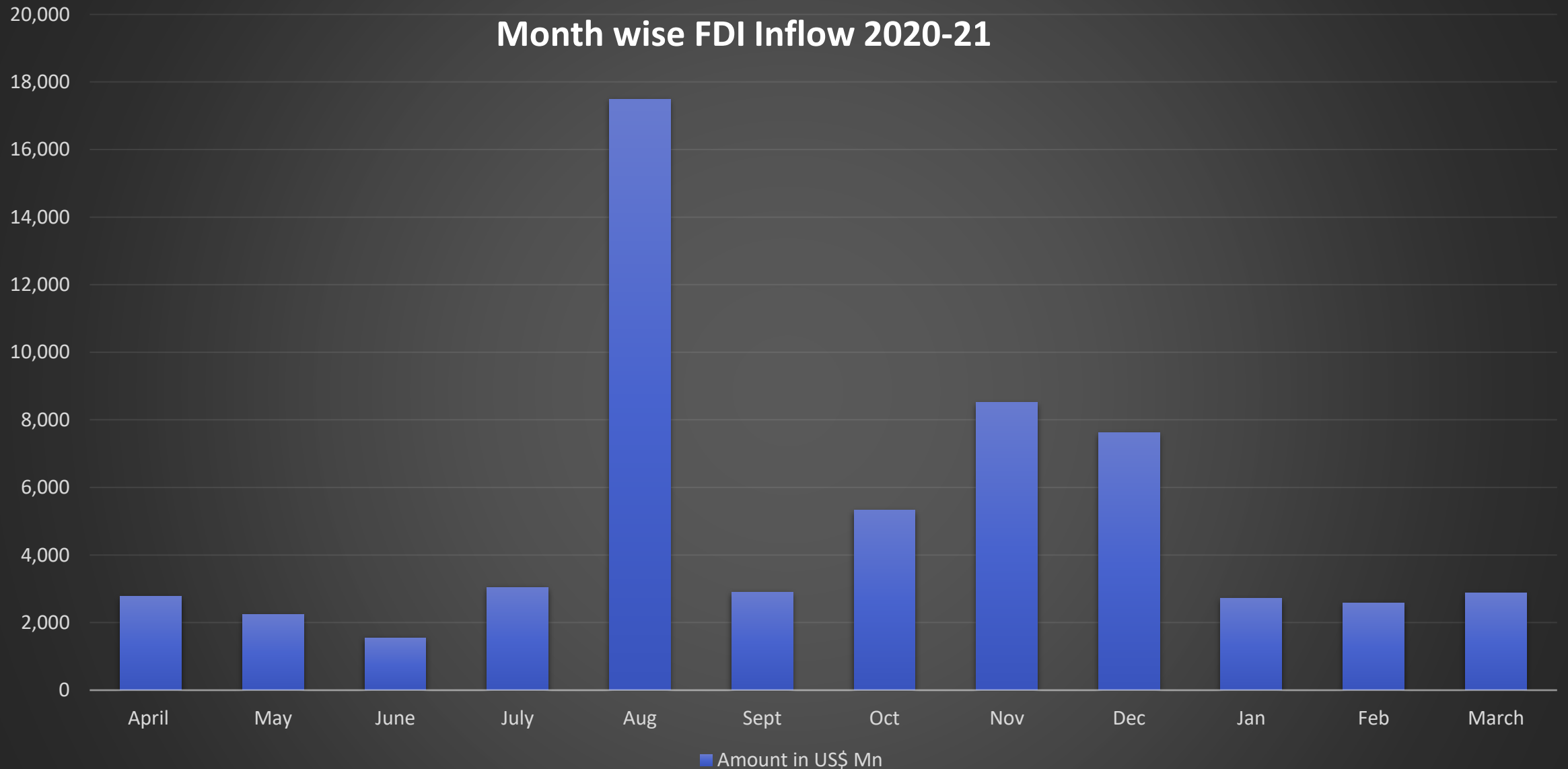
According to the data published by Press Information Bureau (PIB), FDI inflow in India stood at US\$ 763,576 Million during the FY 2020-21, indicating an increase of 10% as compared to FDI inflow in the previous FY.

Service Sector (Financial, Banking, Insurance, R&D etc.), Information Technology Sector contributed 29% of the Total FDI inflow during the FY 2020-21. While hotel & Tourism Industry lowest FDI of approx. 3%.

Gujarat received the highest FDI indication 30% of Total FDI followed by Maharashtra (28), Karnataka (14%), Delhi (11)%, Tamil Nadu (4%), Jharkhand (3%), Haryana (3%), Telangana (2%), Punjab (1%) and Uttar Pradesh (1%).

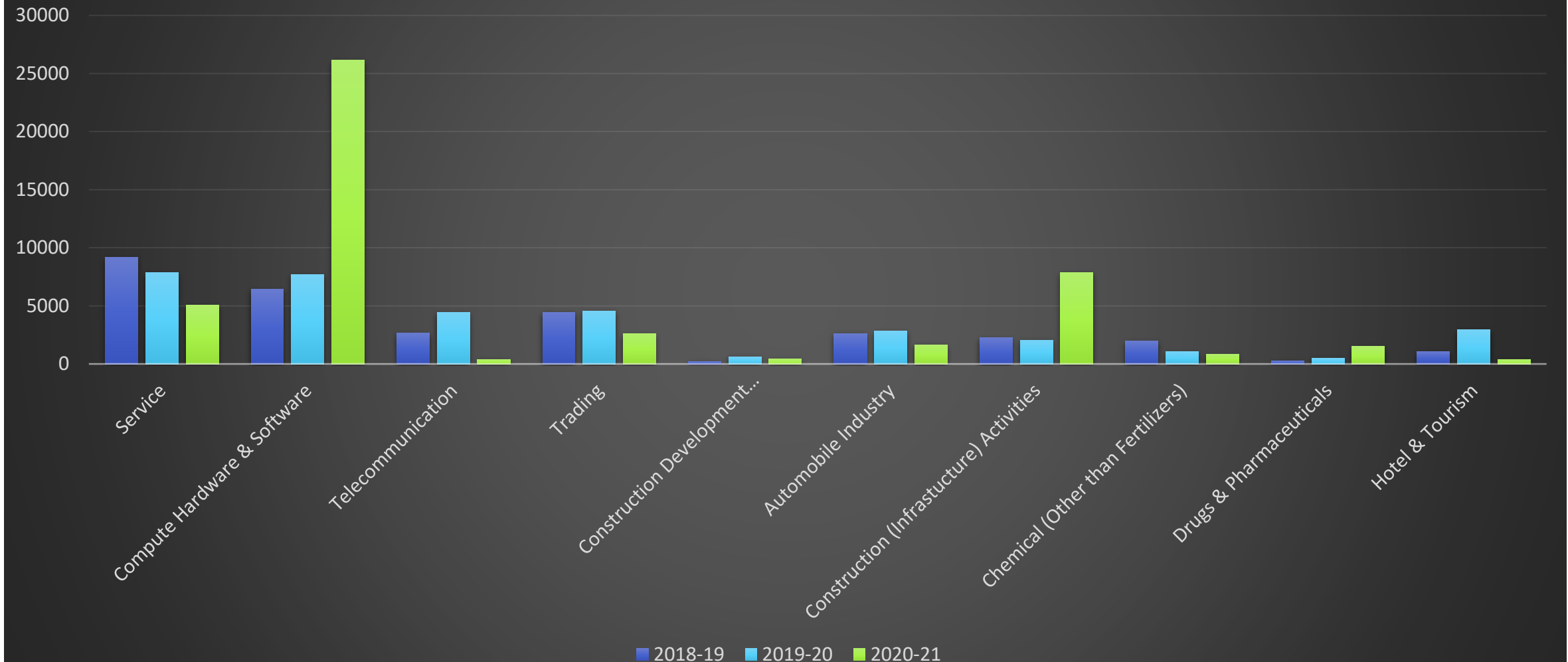


Month wise FDI Inflow 2020-21



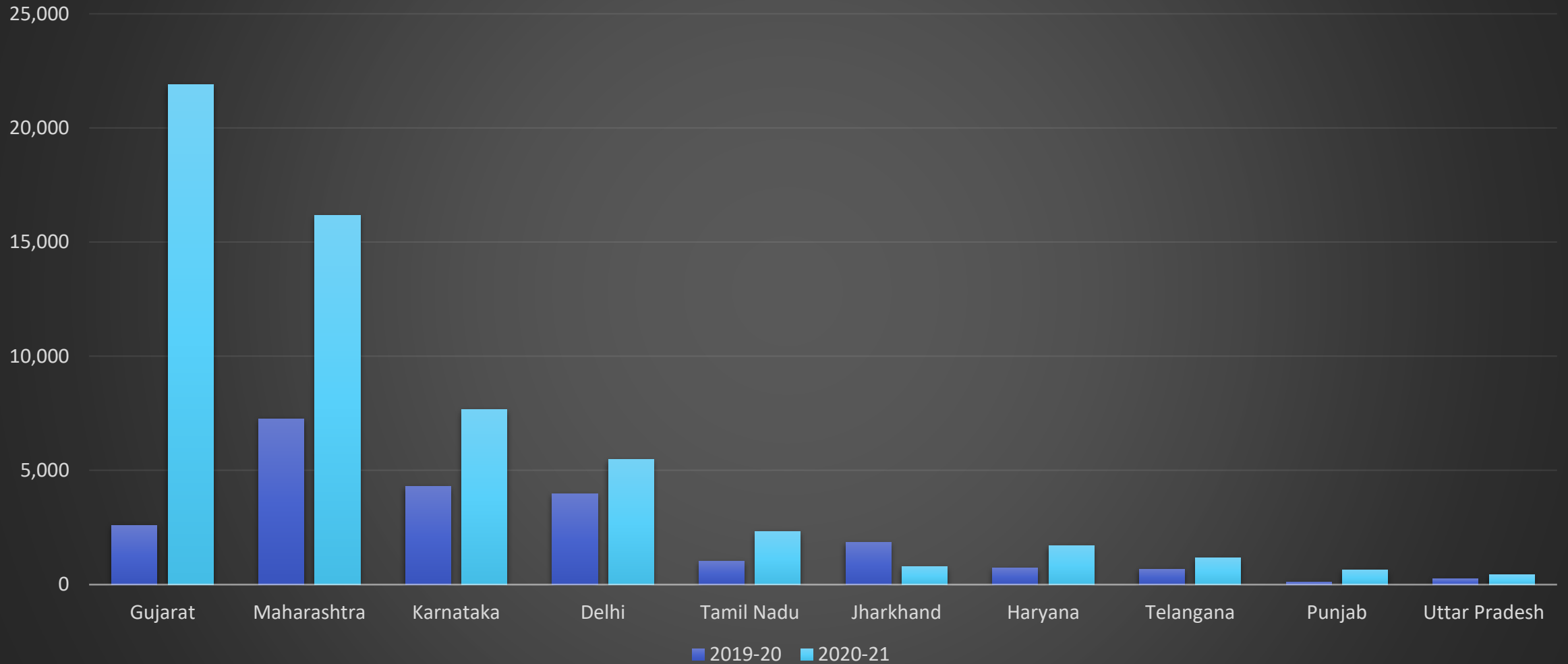
Sector wise FDI Inflow (last 3 FY)

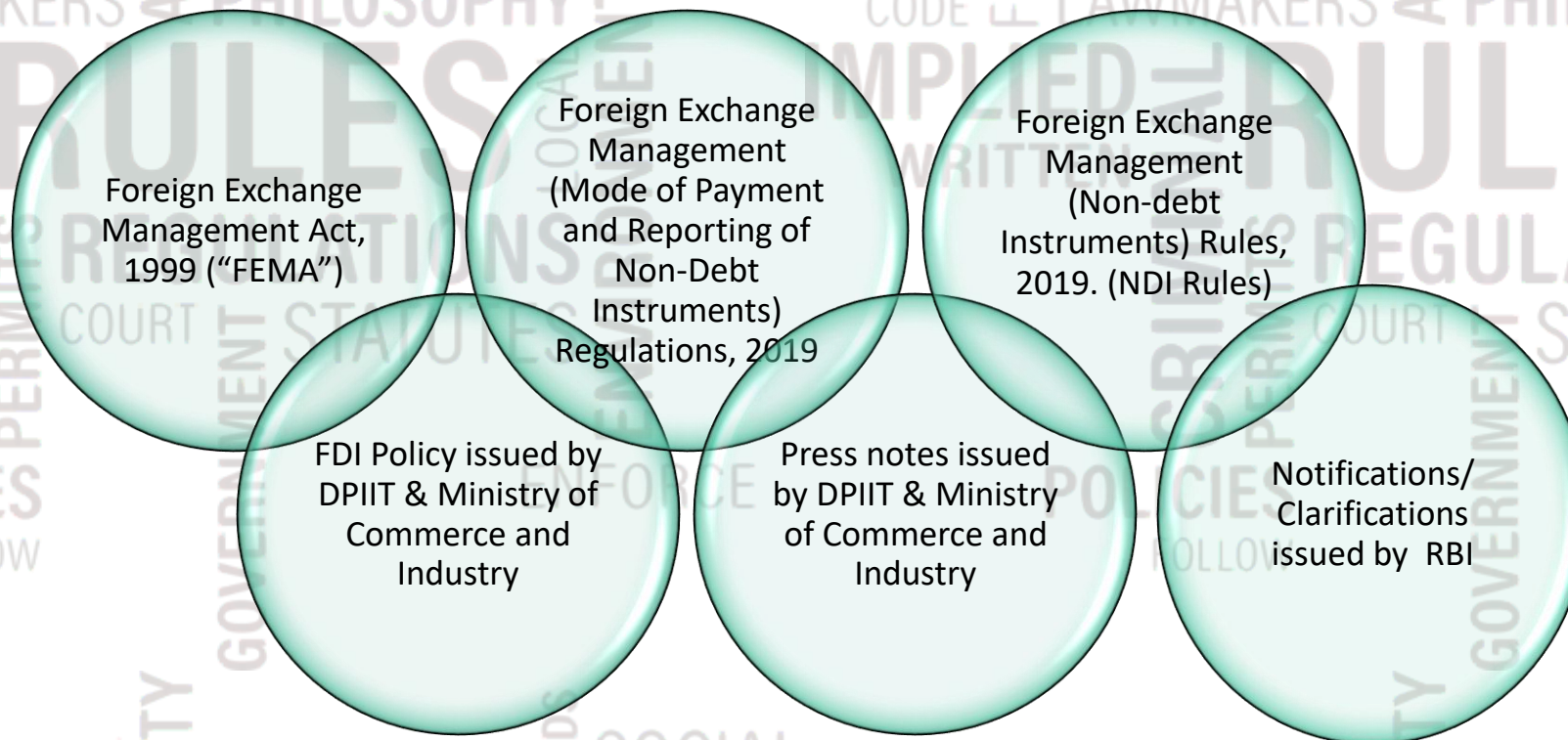
Amount in US\$ Mn



State wise FDI Inflow (last 2 FY)

Amount in US\$ Mn





Who can receive FDI?

- Indian companies including those which are micro and small enterprises can issue capital against FDI.
- FDI is allowed in a Partnership or Proprietary concern on a Non-Repatriation basis.
- FDI in Trusts other than VCF is not permitted.
- Partnership Firm/Proprietary Concern on repatriable basis subject to approval of Government of India.
- FDI in resident entities other than those mentioned above is not permitted.

FDI – Routes

Automatic Route

FDI in sectors/activities to the extent permitted under automatic route does not require any prior approval either by the Government or RBI. The entities are only required to notify the Regional Office concerned of RBI through AD-Bank.

Approval/Governmental Route:

FDI in activities not covered under the automatic route require prior government approval. The concerned ministry of the Central Government shall be the competent authority to grant approval.

Restricted list:

Betting, Gambling & Lottery
Chit funds & Nidhi company
Real estate (except construction development and REITs)
Tobacco products
Trading in Transferable Development Rights
Atomic Energy and Railway Operations (other than permitted activities)

Types of Capital Instruments

Equity shares (including partly paid-min.25% upfront-balance 12 months),

Share warrants–min.25% upfront-balance 18 months;

Fully compulsory and mandatorily convertible debentures into Equity Shares;

Fully compulsory and mandatorily preference shares into Equity Shares

Capital Contribution in LLP

Depository Receipts / Foreign Currency Convertible Bond

Sponsored ADR/ GDRs



Reporting of Form FC-GPR, Form FC-TRS, Form LLP-I, LLP-II, Form CN, Form ESOP, Form DI and Form DRR

With effects from 01st September 2018 all form are filed on the Firms portal of RBI i.e.

<https://firms.rbi.org.in/>

The forms are processed by the AD banks first, thereafter the forms are forwarded by the RBI for approval.

There is no system of physical reporting with the RBI.

The screenshot shows the login page of the RBI FDI Firms portal. The browser address bar displays 'firms.rbi.org.in/firms/faces/pages/login.xhtml'. The page features a dark blue background with the RBI Reserve Bank of India logo and text. On the left, under 'Announcements', there are three news items regarding AD level processing, entity master details, and foreign investment reporting. On the right, the login section includes fields for 'User Name' and 'Password', a captcha code '12vi0c', and a 'Login' button. Below the login fields are links for 'Registration Form for New Business User', 'Registration Form for New Entity User', and 'Forgot Password?'. At the bottom, there are links to download user manuals and contact details, along with a copyright notice for 2018.

Announcements

processed at AD level. AD shall always be the first point of contact. All AD banks shall ensure that the queries from the applicants are answered correctly and in the timely manner.

New It has been observed that many entities have not provided correct details in the Entity Master. It is responsibility of the entity to provide correct details and is liable for the same. Every entity shall check their entity master and correct the same before making any filing in SMF. The change request for the same can be made as per Q9 of FAQs. If the forms are approved with incorrect details, the entity shall be responsible for the same.

New It is the responsibility of the AD banks to ensure that the information provided in the form is in adherence to the check list and the instructions provided in the user manual for FIRMS. If not, the same may be rejected.

New The entity master details (tab3) , reflects the total foreign investment in the entity and not the total investment (resident + non-resident). The paid up capital on fully diluted basis is for the total paid up capital (resident +

User Name

Password

Captcha Code is case sensitive

12vi0c

Type the characters shown above

Login

Registration Form for [New Business User](#)

Registration Form for [New Entity User](#)

[Forgot Password ?](#)

Click to download : [User Manual for Entity Master](#) [Revised User Manual for SMF FIRMS Application](#) [Contact Details](#) [FAQs](#)

© 2018 || Powered by : HTC Global Services Pvt. Ltd. || Version 1.0.15 || FIRMS Helpdesk (Monday to Friday 10:30 am to 6:00 pm) || Email- helpfirms@rbi.org.in

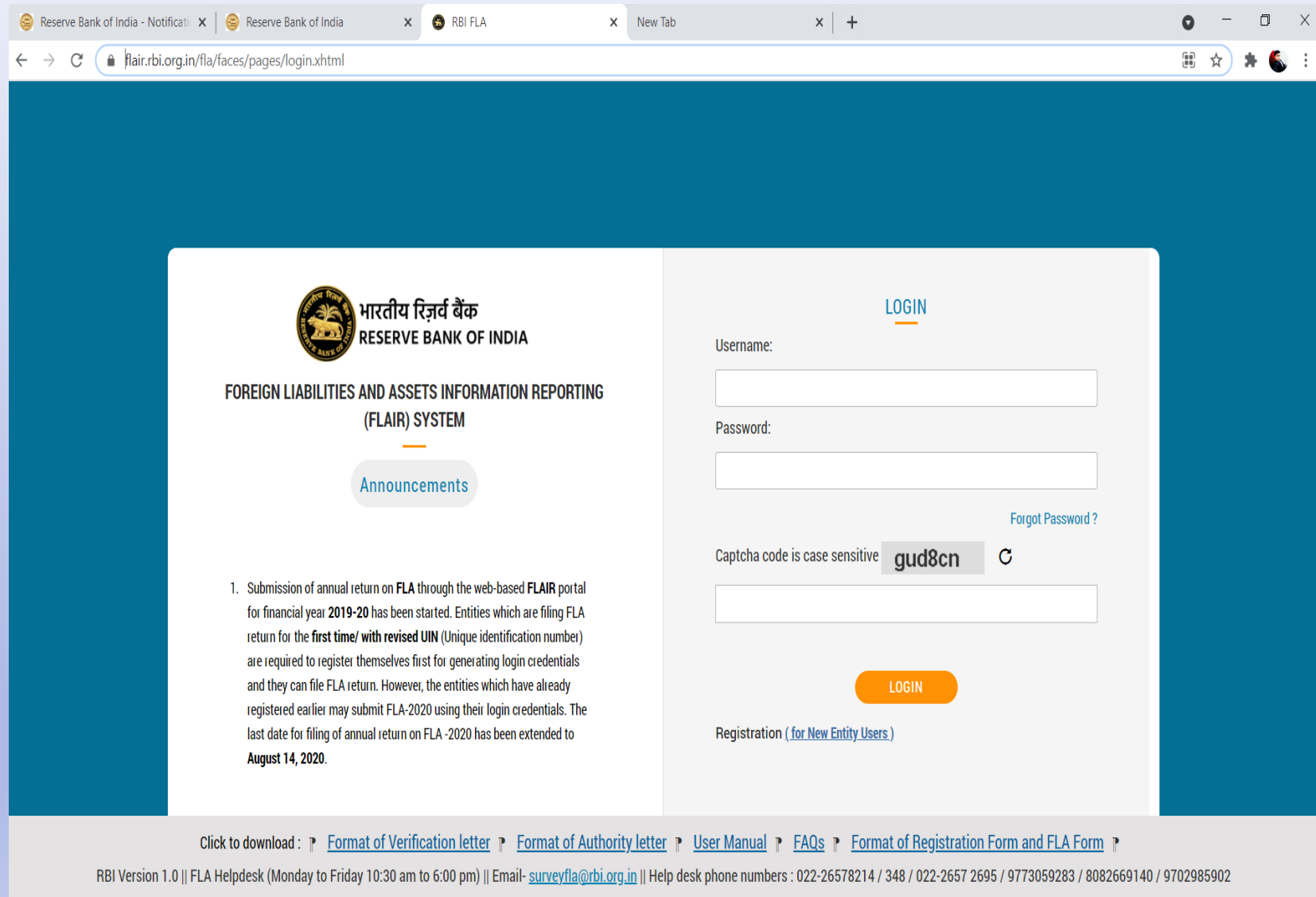
Reporting under NDI Rules – Event Based

Sr. No.	Form	Reporting requirement
1.	FC-GPR	Reporting on issuance of the Capital Instrument To be filed within 30 days of Issuance of Capital Instrument
2.	FC-TRS	Reporting on transfer of Capital Instrument between Non-Resident and Resident. Transfer of equity instruments on stock exchange by a NR shall be reported by such person in Form FC-TRS; Transfer of equity instruments for Deferred consideration, shall be reported in Form FC-TRS on receipt of every tranche of payment. The onus of reporting shall be on the resident transferor/ transferee; Form FC-TRS shall be filed within 60 days of transfer of equity instruments or receipt/ remittance of funds whichever is earlier.
3.	ESOP	Form ESOP to be filed within 30 days of issuance of ESOP.
4.	LLP (I)	Reporting of Capital contribution in partnership firm to be done within 30 days of the receipt of consideration
5	LLP (II)	Reporting upon Disinvestment/ transfer of capital contribution or profit share between a R and NR (or vice versa) shall be filed within 60 days from the date of receipt of funds.

Reporting under NDI Rules – Annual

With effects from June 2019 Annual Return on Foreign Liabilities and Assets (FLA) is to be filed through FLAIR Portal of RBI i.e.
<http://flair.rbi.org.in/>

There is no system of physical reporting with the RBI.



The screenshot shows the FLAIR portal login page. The header includes the Reserve Bank of India logo and the text 'भारतीय रिज़र्व बैंक RESERVE BANK OF INDIA'. The main heading is 'FOREIGN LIABILITIES AND ASSETS INFORMATION REPORTING (FLAIR) SYSTEM'. Below this is a button labeled 'Announcements'. A list of instructions is provided: '1. Submission of annual return on FLA through the web-based FLAIR portal for financial year 2019-20 has been started. Entities which are filing FLA return for the first time/ with revised UIN (Unique identification number) are required to register themselves first for generating login credentials and they can file FLA return. However, the entities which have already registered earlier may submit FLA-2020 using their login credentials. The last date for filing of annual return on FLA -2020 has been extended to August 14, 2020.' The login section on the right includes fields for 'Username:' and 'Password:', a 'Forgot Password?' link, a captcha code 'gud8cn', and a 'LOGIN' button. A link for 'Registration (for New Entity Users)' is also present. The footer contains links for downloading various forms and manuals, and contact information for the RBI Helpdesk.

Click to download : [Format of Verification letter](#) [Format of Authority letter](#) [User Manual](#) [FAQs](#) [Format of Registration Form and FLA Form](#)

RBI Version 1.0 || FLA Helpdesk (Monday to Friday 10:30 am to 6:00 pm) || Email- surveyfla@rbi.org.in || Help desk phone numbers : 022-26578214 / 348 / 022-2657 2695 / 9773059283 / 8082669140 / 9702985902

Sector wise FDI Limits - FDI Policy 2020

Sector	FDI Limit	Entry Route & Conditions, if any
Agriculture & Animal Husbandry <ul style="list-style-type: none"> • Floriculture, Horticulture, Apiculture & Cultivation of Vegetables & Mushrooms under controlled conditions • Development & Production of seeds & planting material • Animal Husbandry(including breeding of dogs), Pisciculture, Aquaculture • Services related to Agro & allied sectors 	100%	Automatic
Plantation Sector <ul style="list-style-type: none"> • Tea sector including tea plantations • Coffee plantations • Rubber plantations • Cardamom plantations • Palm oil tree plantations • Olive oil tree plantations 	100%	Automatic
Mining <ul style="list-style-type: none"> • Mining & Exploration of metal & non-metal ores including diamond, gold, silver & precious ores but excluding titanium bearing minerals & its ores • Coal & Lignite 	100%	Automatic
Mining Mining & mineral separation of titanium bearing minerals & ores, its value addition & integrated activities	100%	Government Approval

Sector wise FDI Limits - FDI Policy 2020

Sector	FDI Limit	Entry Route & Conditions, if any
Defence Manufacturing <ul style="list-style-type: none"> Defence Industry Manufacturing of small arms & ammunition 	100%	Up to 74% - Automatic Above 74% - Government approval
Broadcasting <ul style="list-style-type: none"> Teleports (setting up of up-linking Hubs/Teleports) Direct to Home (DTH) Cable Networks (Multi System operators (MSOs) operating at National or State or District level & undertaking upgradation of networks towards digitalization & addressability Mobile TV Head end-in-the Sky Broadcasting Service (HITS) Cable Networks (Other MSOs not undertaking up gradation of networks towards digitalization & addressability) & Local Cable Operators (LCOs) 	100%	Automatic
Broadcasting Content Services <ul style="list-style-type: none"> Terrestrial Broadcasting FM(FM Radio) Up-linking of 'News & Current Affairs' TV Channels 	49%	Government Approval
Uploading / Streaming of 'News & Current Affairs' through Digital Media	26%	Government Approval
Construction Development: Townships, Housing, Built-up Infrastructure, Industrial Parks	100%	Automatic

Sector wise FDI Limits - FDI Policy 2020

Sector	FDI Limit	Entry Route & Conditions, if any
Up-linking of non-'News & Current Affairs' TV Channels/ Down-linking of TV Channels	100%	Automatic
Print Media <ul style="list-style-type: none"> • Publishing of newspaper & periodicals dealing with news & current affairs • Publication of Indian editions of foreign magazines dealing with news & current affairs 	26%	Government Approval
Publishing/printing of scientific & technical magazines/specialty journals/ periodicals (Conditional)	100%	Government Approval
Publication of facsimile edition of foreign newspapers	100%	Government Approval
Civil Aviation – Airports Green Field Projects & Existing Projects	100%	Automatic
Civil Aviation – Air Transport Services	100%	Up to 49% - Automatic Above 49% - Government Approval
Civil Aviation <ul style="list-style-type: none"> • Non-Scheduled Air Transport Service • Helicopter services/seaplane services requiring Director General Civil Aviation (DGCA's) approval • Ground Handling Services subject to sectoral regulations & security clearance • Maintenance & Repair organizations; flying training institutes; technical training institutions 	100%	Automatic

Sector wise FDI Limits - FDI Policy 2020

Sector	FDI Limit	Entry Route & Conditions, if any
Satellites- establishment & operation, subject to the sectoral guidelines of Department of Space / Indian Space Research Organisation (ISRO)	100%	Government Approval
Private Security Agencies	74%	Up to 49% - Automatic Above 49% - Government approval
Telecom Services	100%	Up to 49% - Automatic Above 49% - Government approval
Duty free shops	100%	Automatic
Civil Aviation – Airports Green Field Projects & Existing Projects	100%	Automatic
Food products manufactured or produced in India Trading, including through e-commerce, in respect of food products manufactured / produced in India	100%	Government approval
Cash & Carry Wholesale Trading	100%	Automatic
E-commerce activities (includes 'marketplace' based model but excludes 'inventory' based of ecommerce)	100%	Automatic
Multi Brand Retail Trading (MBRT)	51%	Government
Single Brand Retail Trading (SBRT)	100%	Automatic

Sector wise FDI Limits - FDI Policy 2020

Sector	FDI Limit	Entry Route & Conditions, if any
Railway Infrastructure (excludes operations) (Construction, operation & maintenance)	100%	Automatic
Asset Reconstruction Companies	100%	Automatic
Banking- Private Sector	74%	Up to 49% - Automatic Above 49% - Government approval
Banking- Public Sector	20%	Government approval
Credit Information Companies	100%	Automatic
Infrastructure Company in the Securities Market	49%	Automatic
Insurance Company	74% (Increased from 49% after union budget 2021)	Automatic
Intermediaries or Insurance Intermediaries including: <ul style="list-style-type: none"> Insurance brokers; Re-insurance brokers; Insurance consultants & corporate agents; Third Party administrators & Surveyors and Loss Assessors 	100%	Automatic
Pension Sector	49%	Automatic
Power Exchanges	49%	Automatic

Sector wise FDI Limits - FDI Policy 2020

Sector	FDI Limit	Entry Route & Conditions, if any
White Label ATM Operations	100%	Automatic
Non-Banking Finance Companies (NBFC)	100%	Automatic
Pharmaceuticals (Green Field)	100%	Automatic
Pharmaceuticals (Brown Field)	100%	Up to 74% Automatic Above 74% Government approval
Automotive	100%	Automatic
Chemicals, except Hazardous Chemicals	100%	Automatic
Gem & Jewellery	100%	Automatic
IT, ITes, Business Process Management (BPM)	100%	Automatic
Textiles	100%	Automatic
Tourism & Hospitality	100%	Automatic
Electronics	100%	Automatic
Renewable Energy	100%	Automatic



Company Secretaries



Thank You

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