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» FDI Regime Eased

The Cabinet Committee on Economic Affairs (CCEA) vide its press release dated February 11, 2010 a) permitted the Foreign Investment Promotion Board (FIPB) to clear proposals with a total foreign equity inflow of more than Rs.1200 crore, from the existing limit of Rs 600 crore; and b) relaxed the norms under Press Note 1 of 2005 by doing away with the requirement of obtaining FIPB/Government approval, for making subsequent investments.

Some of the other extracts of the press release are follows:

Where prior approval of FIPB/CCEA for making the initial foreign investment was taken, then the following types of cases would not require to approach FIPB/Government for fresh approval:

- a) Cases of entities whose activities had earlier required prior approval of FIPB/CCFI/CCEA and who had, accordingly, earlier obtained prior approval of FIPB/CCFI/CCEA for their initial foreign investment but subsequently such activities/sectors have been placed under automatic route;
- b) Cases of entities whose activities had sectoral caps earlier and who had, accordingly, earlier obtained prior approval of FIPB/CCFI/CCEA for their initial foreign investment but subsequently such caps were removed or increased and the activity placed under the automatic route;
- c) Cases where prior approval of FIPB/CCFI/CCEA had been obtained with reference to activities/sectors requiring such approval and also from the angle of provisions of Press Note 18/1998 or Press Note 1 of 2005.

In case of any clarifications please contact our Private Equity Team.

[TOP]

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