

**GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS
LOK SABHA
UNSTARRED QUESTION NO. 5008
TO BE ANSWERED ON FRIDAY, THE 16th DECEMBER, 2016
AGRAHAYANA 25, 1938 (SAKA)**

FOREIGN VENTURE CAPITAL INVESTORS

5008. SHRI S. RAJENDRAN:

Will the Minister of FINANCE be pleased to state:

- (a) whether foreign venture capital investors registered with Securities and Exchange Board of India will not require any approval from Reserve Bank of India to invest Indian start-ups;
- (b) if so, the details thereof;
- (c) whether the above said guidelines are applicable to all sectors; and
- (d) if so, the details thereof and the sectors likely to be benefitted by the move?

ANSWER

The Minister of State in the Ministry of Finance (SHRI ARJUN RAM MEGHWAL)

(a) to (d) Foreign Venture Capital Investor (FVCI) are allowed to invest in India under Schedule 6 to Foreign Exchange Management (Transfer or issue of security by a person resident outside India) Regulation, 2000 (Notification No. FEMA 20/2000-RB dated 3rd May, 2000, as amended from time to time). Reserve Bank of India (RBI) has issued Notification No. FEMA. 363/2016-RB dated April 28, 2016 whereby a FVCI registered under Securities and Exchange Board of India (SEBI) (FVCI) Regulation, 2000 are not required to obtain prior approval of RBI to invest in Indian start-ups. FVCI may purchase equity or equity linked instruments or debt instruments issued by a start-up, irrespective of the sector in which it is engaged.
