

**GOVERNMENT OF INDIA
MINISTRY OF COMMERCE & INDUSTRY
DEPARTMENT FOR PROMOTION OF INDUSTRY AND INTERNAL TRADE
LOK SABHA**

**UNSTARRED QUESTION NO. 1634.
TO BE ANSWERED ON MONDAY, THE 21ST SEPTEMBER, 2020.**

INVESTMENT BY BORDERING COUNTRIES

1634. SHRI P.C. GADDIGOUDAR:

Will the Minister of **COMMERCE AND INDUSTRY** be pleased to state:

वाणिज्य एवं उद्योग मंत्री

- (a) whether the Government has taken any decision as not to allow entities bordering the country to invest in Indian firms without its prior approval;
- (b) if so, the details thereof;
- (c) the extent to which it is likely to protect the interests of domestic manufacturers in the country;
- (d) if so, the details thereof; and
- (e) the steps taken by the Government to further relax norms to boost the production by the manufacturers of domestic industries in the country?

ANSWER

वाणिज्य एवं उद्योग मंत्री (श्री पीयूष गोयल)

**THE MINISTER OF COMMERCE & INDUSTRY
(SHRI PIYUSH GOYAL)**

- (a) & (b):** In order to protect domestic industries and to curb opportunistic takeovers/acquisitions of Indian companies due to the ongoing COVID-19 pandemic, Government of India made certain amendments under the FDI Policy which were notified vide [Press Note 3\(2020\) dated 17.04.2020](#). As per the Press Note 3(2020) an entity of a country, which shares land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country, can invest only under the Government route. Further, in the event of the transfer of ownership of any existing or future FDI in an entity in India, directly or indirectly, resulting in the beneficial ownership falling within the restriction/purview of the said policy amendment, such subsequent change in beneficial ownership will also require Government approval.
- (c) & (d):** Press Note 3(2020) is intended to prevent opportunistic foreign investors from making monetary gains by indulging in speculative

takeover/acquisition of Indian companies including domestic manufacturers.

- (e):** In order to give further boost to the manufacturing sector, the Government has permitted 100% FDI in manufacturing wherein manufacturer can sell its product through wholesale and /or retail, including through e-commerce under automatic route. Further to provide clarity on contract manufacturing, Government through Press Note 4(2019) has permitted 100% FDI under automatic route in contract manufacturing in India as well. Manufacturing activities may be conducted either by the investee entity or through contract manufacturing in India under a legally tenable contract, whether on Principal to Principal or Principal to Agent basis.
