

India notifies overseas investment rules and regulations to boost ease of doing business

Synopsis

New Delhi in consultation with the Reserve Bank of India had last year undertaken a comprehensive exercise to simplify the regulations and the draft rules and regulations were put in the public domain for consultations. The new rules include overseas investment in International Financial Services Centre (IFSC) by an Indian resident in manner as laid down in the gazette notification.

Reuters

India's finance ministry today notified rules and regulations for overseas investment by Indian entities in a bid to enhance the ease of doing business, according to a finance ministry statement.

[Overseas investments](#) by a person resident in [India](#) is governed by the [Foreign Exchange Management](#) (Transfer or Issue of Any Foreign Security) Regulations, 2004 and the [Foreign Exchange](#) Management (Acquisition and Transfer of Immovable Property Outside India) Regulations, 2015. Now, extant regulations pertaining to Overseas Investments and Acquisition and Transfer of Immovable Property Outside India have been subsumed within these rules and regulations.

"In view of the evolving needs of businesses in India, in an increasingly integrated global market, there is need of Indian corporates to be part of global value chain. The revised regulatory framework for overseas investment provides for simplification of the existing framework for overseas investment and has been aligned with the current business and economic dynamics," the finance ministry said.

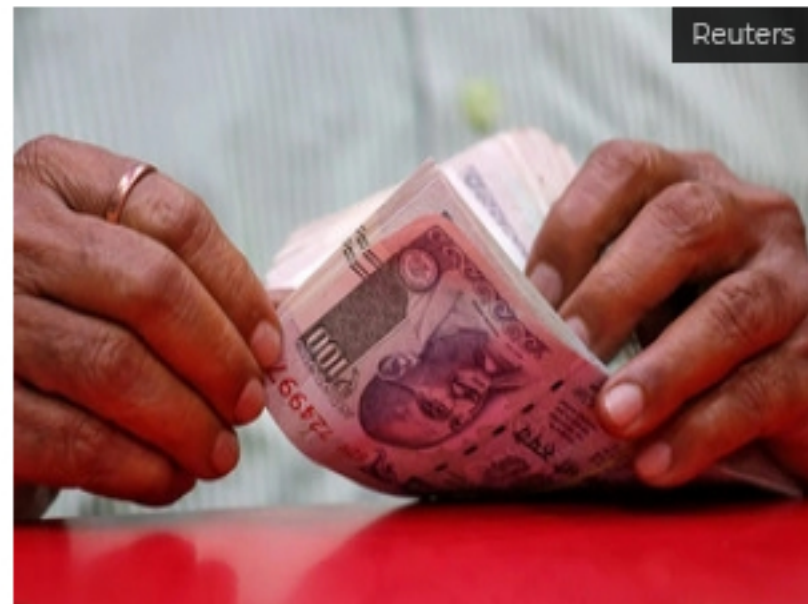
New Delhi in consultation with the Reserve Bank of India had last year undertaken a comprehensive exercise to simplify the regulations and the draft rules and regulations were put in the public domain for consultations, it said.

The new rules include overseas investment in [International Financial Services Centre \(IFSC\)](#) by an Indian resident in manner as laid down in the gazette notification.

A person resident in India can make contribution to an investment fund or vehicle set up in an IFSC as Overseas Portfolio Investment (OPI), it said. A resident individual may make [ODI](#) in a foreign entity, including an entity engaged in financial services activity, (except in banking and insurance), in IFSC if such entity does not have subsidiary or step down subsidiary outside IFSC where the resident individual has control in the foreign entity.

A recognised stock exchange in the IFSC shall be treated as a recognised stock exchange outside India for the purpose of these rules, the gazette notification said.

An Indian entity may make ODI by way of investment in equity capital for the purpose of undertaking bonafide business activity in the manner and subject to the limits and conditions provided in a schedule in the gazette.



Representative image