

Govt to speed up FDI nod for 40 items in six sectors

Move Aimed At Proposals From Neighbouring Nations

TIMES NEWS NETWORK

New Delhi: Govt has notified 40 items across six sectors, including rare earth permanent magnets, capital goods, polysilicon wafers, advanced battery components and electronic capital goods and components for expedited FDI clearance for proposals coming from countries that share land border with India, a move aimed at fast-tracking approvals from Chinese companies in select segments.

Besides, the department for promotion of industry and internal trade (DPIIT) has also sought to fix timelines, including for security clearances, so that foreign investment proposals are normally approved within 12 weeks as part of an exercise to step up inflows, amid a weak rupee and low levels of new FDI inflows. In any case, most of the FDI cases are cleared under the automatic

FIXING TIMELINES FOR ALL INFLOWS

	Sharing of proposal with ministries, RBI	2 days
	Initial scrutiny	12 days
	Submission of clarification	2 days
	Submission of comments by ministries, regulators	6 weeks
Time limit for approval		4 weeks

route, which means no govt approvals are needed. The timeframe does not include the period for fixing gaps and even there deadlines have been fixed. Further, the rejection of a proposal or insertion of additional conditions will need to be cleared by DPIIT.

"The regime for disposal of FDI proposals needs to be simpler to execute and more expeditious," DPIIT said in the standard operating procedure (SOP) for processing FDI proposals issued on Monday.

When it comes to FDI from

land bordering countries—mainly China—apart from notifying the rules for automatic approval in cases with beneficial ownership of up to 10%, the new rules added the issue of focus sectors, which was cleared by the Union cabinet recently. Here a 60-day timeline for approval is provided for as govt is open to allowing investment from Chinese companies in making solar wafers, printed circuit boards, lithium-ion batteries and camera modules.

It comes with the condition that majority shareholding

and control of the investee entity will be with resident Indian citizens or resident Indian entities owned and controlled by Indians at all times.

Govt also rolled out reporting guidelines for investments into India from a company with any direct or indirect ownership by a citizen or an entity of a country sharing a land border with India—China, Pakistan, Bangladesh, Nepal, Bhutan, Myanmar and Afghanistan. Investor must provide details such as shareholding pattern, beneficial owners, organisation and group structure, promoters, board composition and key managerial personnel, along with the citizenship status, and details of control rights.

The Indian investee entity needs to disclose incorporation details, shareholding pattern, and existing or proposed shareholding by a land-bordering country entity.