



# Foreign Exchange Bulletin September 2024

## Amendment in the Non-Debt Instruments rules

The Government has brought in the following amendments in Non-Debt Instruments rules:

- Definition of 'control' has been added to align it with the said definition in the Companies Act, 2013 and definition of 'start-up' has been updated with the latest notification issued by the Ministry of Commerce and Industry.
- The Indian Company has been permitted to issue equity instruments to person resident outside India towards:
  - Swap of equity instruments
  - import of capital goods or machinery or equipment (excluding second hand machinery)
  - pre-operative or pre-incorporation expenses
  - swap of equity capital of a foreign company in compliance with Overseas Investment rules
- Any investments made by an Indian entity which is owned and controlled by an NRI or OCI or a company, trust or partnership firm incorporated outside India which is owned by them on a non-repatriation basis shall not be considered for calculation of indirect foreign investment.
- The aggregate foreign portfolio investment up to the sectoral cap shall not require government approval or compliance with sectoral conditions if such investment does not result in transfer of ownership and / or control of the Indian company from resident Indian citizens to person resident outside India. Earlier the limit was capped to 49% of the paid-up capital.
- In case 2 or more FPIs are having common ownership of more than 50% or common control, all such FPIs shall form part of an investor group for computing the individual FPI limit.
- Foreign direct investment up to 100% under automatic route has been permitted for White Label ATM operations.

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