

**Press Information Bureau
Government of India
Ministry of Commerce & Industry**

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Consolidated FDI Policy Circular of 2016

Consolidated FDI Policy Circular is a policy framework on Foreign Direct Investment, which consolidates all Press Notes/Press Releases/Clarifications/ Circulars issued by DIPP, which are in force. The first Circular was issued in March, 2010, which has been updated periodically. The last such Circular was released on 12.05.2015. **'Consolidated FDI Policy Circular of 2016' is the ninth edition of the series.**

Consolidated FDI Policy Circular of 2016 incorporates all FDI policy amendments carried out since the release of last FDI Circular i.e. since May 12, 2015. FDI Policy Circular, 2016 has been made simpler and investor friendly; and will serve as a ready reference for foreign investors on various provisions of the FDI policy

The significant changes introduced in this edition of the Circular are:

- The clauses corresponding to the following Press Notes have been incorporated in the Consolidated FDI Policy Circular of 2016:

S.No.	Issue	Press Note
a)	Investment Limit for Cases involving FIPB/CCEA approval	6 of 2015 Series
b)	Investment by NRIs, PIOs and OCIs	7 of 2015 Series
c)	Introduction of Composite Caps	8 of 2015 Series
d)	Partly Paid Shares and Warrants	9 of 2015 Series
e)	FDI in White Label ATM Operations	11 of 2015 Series
f)	Review of FDI Policy on Various Sectors	12 of 2015 Series
g)	Review of FDI Policy on Insurance Sector	1 of 2016 Series
h)	Review of FDI Policy on Pension Sector	2 of 2016 Series
i)	Guidelines for Foreign Direct Investment (FDI) on E-commerce	3 of 2016 Series
j)	Review of FDI Policy on Asset Reconstruction Companies	4 of 2016 Series

- RBI vide Notification No. 355/2015RB dated November 16, 2015 has enabled/facilitated foreign investment in Real Estate Investment Trusts (REITs) registered under SEBI (REITs) Regulation, 2014, Infrastructure Investment Trust (InvITs) registered and regulated under SEBI (InvITs) Regulation 2014 and Alternative Investment Fund (AIF) registered under SEBI (AIF) Regulations, 2012. The change has been incorporated at para 1.3 of FDI Circular, 2016.
- Definition of "Employees' Stock Option" has been incorporated at para 2.1.9 of FDI Circular, 2016.
- Definition of "Investment Vehicle" has been incorporated at para 2.1.23 of FDI Circular, 2016.
- Definition of "Sweat Equity Shares" has been incorporated at para 2.1.43 of FDI Circular, 2016.

- Definition of "Unit" has been incorporated at para 2.1.45 of FDI Circular, 2016.
- Clause relating to Issue of Shares Under Employees Stock Option Scheme has been amended to include issuance of Sweat Equity Shares also. (Para 5 of Annexure 4).
- "Investment Vehicle" has been added as an eligible investee entity by adding new para 3.2.5.
- FDI Policy on 'Private Security Agencies' has been clarified by incorporating definitions of "Private Security Agency", "Private Security" and "Armoured Car Service" (Para 5.2.13.1).
- Non Resident Indians have been made eligible for subscription to National Pension System governed and administered by Pension Fund Regulatory and Development Authority (Para 3.1.8).

MJPS/nb