

## **Consolidated FDI Policy, 2017**

The Department of Industrial Policy and Promotion (**DIPP**) has released the much awaited new edition of the Consolidated Foreign Direct Investment Policy (**FDI Policy**) on 28<sup>th</sup> August, 2017, which is effective from the same day.

During the last one year, the government has liberalised FDI policy in over a dozen sectors, including defence, civil aviation, construction and development, private security agencies and news broadcasting. The FDI Policy incorporates all such changes and updates at one place, and presents the consolidated existing law relating to FDI in India, as on 26 August 2017.

The new FDI Policy also takes into account the consequential changes pursuant to the recent abolition of the Foreign Investment Promotion Board (**FIPB**), and specifies the competent authorities that will decide on FDI proposals under the Government Approval Route, as also the applicable conditions for FDI in specific sectors.

In wake of the recent initiatives by the Government to promote 'Start-ups' in India, the FDI Policy has for the first time, included separate provisions specific to 'Start-ups'. These include various conditions for allowing Indian 'Start-ups' to raise FDI from foreign venture capital funds and certain other eligible investors under the Automatic Route, by issuing instruments such as convertible notes, equity or equity linked instruments as well as debt instruments. *This is a big relaxation from the general restriction for raising FDI, where partially/optionally convertible equity and equity linked instruments and debt instruments are otherwise not permitted to be issued under the Automatic Route for raising FDI.* However, for sectors which are anyways under the Government Approval route, 'Start-ups' will be required to take approval to issue convertible notes, etc. to these investors.

The detailed text of the FDI Policy, 2017 is available at <http://dipp.nic.in/foreign-direct-investment/foreign-direct-investment-policy>. In case you have any queries regarding the same, please do not hesitate to let us know.

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