

FOREIGN DIRECT INVESTMENT IN INDIA

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1. Introduction

According to World Bank India has emerged as the fastest growing major economy in the world. Covering an area of about 3.3 million sq. km, India is the seventh largest Country in terms of its size and geography and with an estimated 1.34 billion people in 2017 is the second most populated country in the world and is expected to be one of the top three major economies in the world in the next 10-15 years. The Country's GDP is estimated to have increased 7.2 per cent in 2017- 18 and 7 per cent in 2018-19, and has retained its position as the third largest startup base in the world with over 4,750 technology start- ups¹.

Post demonetisation in 2015, the Country has seen major structural and policy reforms both at the Central and State level eyeing at economic growth by initiating structural and regulatory changes to ease doing business in the Country. Some big and noteworthy changes have been in the arena of Introduction of a Goods and Service Tax (GST), introduction of Insolvency and Bankruptcy Code to recover stressed assets for Banks and Financial Institutions, and reforms like liberalisation of Foreign Direct Investment, the dissolution of the Foreign Investment Promotion Board, the fast track exit and fast track merger scheme and recent amendments to Foreign Direct Investment aiming at providing a level playing field etc, which have all made India investor friendly. India is amongst the list of top 10 countries in the world who have made major improvements in terms of ease of doing business in their respective jurisdictions.

This paper intends to serve as a guide to India's business, regulatory, legal and tax environments (as on 05.09.2019 i.e. the date of publication of this paper). It seeks to provide the investor/ reader with knowledge of the critical regulations and amendments in law in the country. However the contents of this paper should not be construed as a substitute to formal legal opinion. We shall be happy to assist you should the need to arise.

2. Democratic Framework

India is a democratic republic with a parliamentary system of Government with 29 states and six union territories and is the largest democracy in the

¹ <https://www.ibef.org/economy/foreign-direct-investment.aspx> last accessed on 11.10.2019

world. The parliamentary system of Government in the Country operates under Constitution of India which came into force on 26.01.1950. The Central Government is further divided at the state and local levels. The Government is divided into three segments the Executive, the Legislature and the Executive.

- i. The Legislature: The functions of the legislature is to form policies and laws that will govern the nation. The Indian Parliament is the supreme legislative body of India. It consists of the President and the two Houses- Rajya Sabha (Council of States) and Lok Sabha (House of the people). Election to the Lok Sabha are held every five years from the date of its first meeting.
- ii. Executive: The Union Executive consists of the President of India, the Vice- President, and the Council of Ministers and the Prime Minister as the head to aid and advice the President. The Executive powers of the Government is vested in the President of India, and is exercised by him either directly or through Council of Ministers headed by the Prime Minister of India (real executive powers are thus vested in the Prime Minister of India) in accordance with the Constitution of India.
- iii. Judiciary: The Supreme Court of India is the highest court of the land as established under the Constitution of India. The Supreme Court of India acts as a Federal Court, guardian of the Constitution and as the highest Court of Appeal followed by High Court and subordinate Courts. The Judiciary is independent of the Executive and Legislative wing of the Government of India.

3. Legal System in India:

The main source of law in India is the Constitution of India which, in turn gives due recognition to statutes, cases laws and customary law consistent with its dispensations. Statutes are enacted by the Parliament, the State Legislatures and the Union Territory Legislators. There is also another body of law known as subordinate/ delegated legislation in the form of rules and regulations as well as by- laws made by the Central and State Governments and Local Authorities.

This subordinate legislation is made under the authority conferred or delegated either by Parliament or State Government concerned.

The Supreme Court of India is the highest appellate Court and adjudicates appeals from the State High Courts. The High Court's adjudicate on appeals from Lower Courts and writ petitions in terms of Article 226 of the Constitution of India. There are 24 High Courts in the Country. The District Court and subordinate Courts administer justice at the district level.

4. Foreign Direct Investment into India

A foreign direct investment (FDI) is an investment made by a Firm or an individual in one country into business interests located in another country. FDI takes place when an investor establishes foreign business operations or acquires foreign business assets, including establishing ownership or controlling interest in a foreign company.

4.1. PROCESS FOR FOREIGN DIRECT INVESTMENT

There exists multiple process/ options under the law for deciding on the route to establish foreign investment into India as stated herein below.²

- i. Automatic Route: Foreign Investors investing under the Automatic Route do not require any approval from any of the authorities. Under the Indian Law investment under the Automatic Route is available to new ventures and also to existing companies proposing to inject foreign equity into the country. However the Automatic Route would not be available to those who have any previous joint venture in the same or allied field in India. FDI in the public sector would also qualify under the Automatic Route. The investors are only required to notify the relevant Regional Office of RBI within 30 days of receipt of inward remittances and file the required documents with that office within 30 days of the issuance of shares to foreign investors.

² RBI <https://m.rbi.org.in/Scripts/FAQView.aspx?Id=26> last accessed on 11.10.2019

DIPP <https://dipp.gov.in/investors/Investor%20Guidance/frequently-asked-questions> last accsed on 11.10.2019

FDI upto 100% is allowed under the automatic route in all sectors except the following which require prior approval of the government:

- Activities/ items that require an industrial license
 - Proposals in which the foreign collaborator has an existing financial/ technical collaboration in India in the same field.
 - Proposals for acquisitions of shares in an existing Indian Company in: Financial services sector and where Securities and Exchange Board in India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 is attracted;
 - All proposals falling outside sectoral policy/ caps or under sectors in which FDI is not permitted.
- ii. Government Approval: The Government Approval through FIPB for FDI are essential for the following cases: 1. Proposals which require industrial licence; 2. FDI being more than 24 % in the equity capital of the units manufacturing items reserved for the small scale industries; 3. Proposals in which a foreign collaborator has a previous venture in India; 4. Proposals relating to acquisition of shares in an existing Indian company in favour of a foreigner investor; and 5. Proposals falling outside the notified sectoral policy in which FDI is not permitted.
- iii. Downstream investment and indirect foreign investment.

Downstream investment is investment made by an Indian entity which has total foreign investment in it or an Investment Vehicle in the capital instruments or the capital, as the case may be, of another Indian entity.

If the investor company has total foreign investment in it and is not owned and not controlled by resident Indian citizens or is owned or controlled by persons resident outside India then such investment shall be “Indirect Foreign Investment” for the investee company.

5. INVESTING IN INDIA:

5.1. TYPES OF PERMITTED BUSINESS ESTABLISHMENTS IN INDIA³

i. One Person Company

- The Companies Act 2013 enables formulation of new type of entity i.e. One Person Company (OPC). An OPC means a Company with only one person as a member.
- Shareholder can make only 1 nominee, who shall become the shareholder, in case of death/ incapacity of original stakeholder.
- Only a natural person who is an Indian Citizen & ROI shall be eligible to act as member & Nominee in OPC.
- A person can be nominee in only 1 OPC
- 1 Resident Director mandatory (Min stay of 182 days).

ii. Private Limited Company: A private Company is a company which has the following characteristics

- Shareholders right to transfer shares is restricted
- Minimum number of 2 members in company
- Number of shareholders is limited to 200
- An invitation to the public to subscribe to any shares or debentures or any type of security is prohibited.
- 1 Resident Director Mandatory

iii. Public Limited Company: A public company is a company which has the following characteristics:

- Shareholders right to transfer shares is not restricted
- Minimum 7 shareholders
- Publishing a prospectus becomes mandatory in case of public issue
- A company which is a subsidiary of public company shall be deemed to be a public company even where

³ Companies Act 2013

<https://economictimes.indiatimes.com/small-biz/resources/startup-handbook/foreign-investment-compliance-under-rbi/fema/articleshow/59488429.cms?from=mdr> last accessed on 11.10.2019

DIPP website last accessed on 11.10.2019

such subsidiary continues to be private company in AOA.

- 1 Resident Director is mandatory.
- iv. Sole Proprietorship: Sole Proprietorship is a form of business in which one person owns all the assets of the business, in contrast to partnership or corporations.
- No legal formalities are required to create a sole proprietorship other than an appropriate licensing to conduct a business and registration of business name if it differs from that of sole proprietorship.
 - The owner reports income/ loss from his business along with personal income tax returns.
- v. Partnership Firm: Partnership firms are created by drafting a partnership deed among the partners. The partnership deed is registered to make a firm.
- Partnership firms in India are governed by the Indian Partnership Act, 1932
 - Maximum no. Of partners in a partnership form can be 20
 - The profits and loss are shared in the manner as agreed in the partnership deed
 - Minimum 2 partners required
- vi. Limited Liability Partnership
- LLP is an alternative corporate business entity that provides the benefits of limited liability of a company but allows its members the flexibility of organising their internal management on the basis of a mutually arrived agreement, as is the case in a partnership firm.
 - Introduced in India by way of Limited Liability partnership Act, 2008. LLP is a separate legal entity.
 - Minimum 2 partners required.
 - LLP shall have 2 designated partners who are individuals and atleast one of them should be a resident partner.
 - Individual. Body corporate may be a partner in LLP.
-

vii. Foreign Company:

- Incorporated outside India but having a place of business in India (Section 2(42))
- Liaison office- To represent parent company in India
- Branch office- To undertake activities such as Export, Import of goods, research consultancy etc.
- Project office- Activities as per contract to execute project.
- As per company law, a resident having PAN to be appointed for receiving notices in India for foreign company.

6. COMMENCING BUSINESS IN INDIA BY FOREIGN INVESTOR

6.1 Investments through Partnership Firm/ Proprietary Concern by NRI's, PIO and Foreign investors.⁴

- (i) A Non- Resident Indian (NRI) or a Person of Indian Origin (PIO) resident outside India can invest in the capital of a firm or a proprietary concern in India on non- repatriation basis.
- a. Amount is invested by inward remittance or out of NRW/ FCNR(B)/NRO account maintained with Authorised Dealers/ Authorised Banks.
 - b. The firm or proprietary concern is not engaged in any agricultural/ plantation or real estate business or print media sector.
 - c. Amount invested shall not be eligible for repatriation outside India.
- (ii) Investments with repatriation option: NRIs/ PIO may seek permission of Reserve Bank for investment in sole proprietorship concerns/ partnership firms with repatriation option. The application will be decided in consultation with the Government of India.

⁴ <https://www.investindia.gov.in/foreign-direct-investment> last accessed on 11.10.2019

- (iii) Investment by non- residents other than NRIs/ PIO: A person resident outside India other than NRIs/ PIO may make an application and seek prior approval of Reserve Bank of India for making investment in the capital of a firm or a proprietorship concern or any association of persons in India.
- (iv) Restrictions: An NRI or PIO is not allowed to invest in a firm or proprietorship concern engaged in any agricultural/ plantation activity or real estate business or print media.

6.2 Trusts

FDI is not permitted in Trusts other than in Venture Capital Funds registered and regulated by SEBI and 'Investment Vehicle.'

6.3 Foreign Direct Investment in Limited Liability Partnerships (LLPs)

FDI in LLPs is permitted subject to the following conditions:

- (i) FDI is permitted under the automatic route in Limited Liability Partnership (LLPs) operating in sectors/activities where 100% FDI is allowed through the automatic route and there are no FDI-linked performance conditions.
 - (ii) An Indian company or an LLP, having foreign investment, is also permitted to make downstream investment in another company or LLP in sectors in which 100% FDI is allowed under the automatic route and there are no FDI-linked performance conditions.
 - (iii) Conversion of an LLP having foreign investment and operating in sectors/activities where 100% FDI is allowed through the automatic route and there are no FDI-linked performance conditions, into a company is permitted under automatic route. Similarly, conversion of a company having foreign investment and operating in sectors/activities where 100% FDI is allowed through the
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automatic route and there are no FDI-linked performance conditions, into an LLP is permitted under automatic route.

- (iv) FDI in LLP is subject to the compliance of the conditions of LLP Act, 2008

6.4 Investment Vehicle

An entity being 'investment vehicle' registered and regulated under relevant regulations framed by SEBI or any other authority designated for the purpose including Real Estate Investment Trusts (REITs) governed by the SEBI (REITs) Regulations, 2014, Infrastructure Investment Trusts (InvIts) governed by the SEBI (InvIts) Regulations, 2014, Alternative Investment Funds (AIFs) governed by the SEBI (AIFs)

Regulations, 2012 and notified under Schedule 11 of Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000 is permitted to receive foreign investment from a person resident outside India (other than an individual who is citizen of or any other entity which is registered / incorporated in Pakistan or Bangladesh), including an Registered Foreign Portfolio Investor (RFPI) or a non-resident Indian (NRI).

6.4 Start Up Companies

The Government of India has come up with the Start up India Scheme to boost innovation and technology oriented businesses in India. Under this scheme, the start ups are provided with various benefits such as certain tax exemptions, fast track and upto 80% rebate in patent applications and investment through Alternate Investment Funds and other schemes of the Government of India.⁵

- i.** Investment by Foreign Venture Capital Investors (FVCIs): In line with such benefits and in order to give a fillip to foreign investment in the start ups, the Department of Industrial Policy and Promotion (DIPP) under the aegis of Ministry of Commerce and Industry, Government of India in Consolidated FDI Policy 2017 has allowed FVCIs to

⁵ <https://www.startupindia.gov.in/> last accessed on 11.10.2019

contribute up to 100% of the capital of start ups irrespective of the sector in which it is engaged, under the automatic route. The investment can be made in equities or equity linked instruments or debt instruments issued by the start-ups and if a start up is organised as a partnership firm or an LLP, the investment can be made in the capital or through any profit-sharing arrangement). There exists separate provisions specific to startups.

ii. Issuance of Convertible Notes:

a. A person resident outside India (other than an individual who is citizen of Pakistan or Bangladesh or

an entity which is registered/ incorporated in Pakistan or Bangladesh), may purchase convertible notes issued by an Indian startup company for an amount of twenty five lakh rupees or more in a single tranche.

b. A startup company, engaged in a sector where investment by a person resident outside India requires Government approval, may issue convertible notes to a person resident outside India only with such approval.

c. A startup company issuing convertible notes to a person resident outside India shall receive the amount of consideration by inward remittance through banking channels or by debit to the NRE/ FCNR (B)/ Escrow account maintained by the person concerned in accordance with the Foreign Exchange Management (Deposit) Regulations, 2016. Repayment or sale proceeds may be remitted outside India or credited to NRE/ FCNR (B) account maintained by the person concerned in accordance with the Foreign Exchange Management (Deposit) Regulations, 2016.

d. A Non-Resident Indian or an Overseas Citizen of India (OCI) may acquire convertible notes on non-repatriation basis in accordance with Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017 which states that:

- The amount of consideration shall be paid as inward remittance from abroad through banking channels or out of funds held in NRE/ FCNR(B)/ NRO account maintained in accordance with the Foreign Exchange Management (Deposit) Regulations, 2016.

- Such investment shall be deemed to be domestic investment at par with the investment made by residents
- e. A person resident outside India may acquire or transfer by way of sale, convertible notes, from or to, a person resident in or outside India, provided the transfer takes place in accordance with the entry routes and pricing guidelines as prescribed for capital instruments. Prior approval from the Government shall be obtained for such transfers in case the startup company is engaged in a sector which requires Government approval.

6.5 Wholly Owned Subsidiary/ Pvt. Ltd. Company

A foreign company can set up a wholly-owned subsidiary company in India to carry out its activities. Such a subsidiary is treated as an Indian resident and an Indian company for all Indian regulations (including Income Tax, Foreign Exchange Management Act, 1999 and the Companies Act), despite being 100% foreign-owned. At least two shareholders, for a private limited company, and seven shareholders, for a public limited company, are mandatory. A foreign business entity can enter India via a number of alternatives, subject to general conditions mentioned in FDI Policy:

1. As an Indian Company-
 - a. By setting up a wholly owned subsidiary
 - b. Joint Venture with an Indian entity/ person.
2. Operate as a foreign company and be registered with the Registrar of Companies, MCA by opening up a Branch Office/ Liaison Office/ Project Office subject to just and proper exceptions as stated under the law.⁶

Permitted Activities	Branch office	Liasion Office	Project Office
	Branch Office can be set up by a foreign company. The permitted activities include export/ import of goods; rendering professional or consultancy services; carrying out research work,	Liasion Office can not undertake any commercial activity and acts as a channel of communication between the principal place of business or head office	Project office can be set up to execute specific projects in India and cannot

⁶ National Investment Promotion and Facilitation Agency Report on "Doing Business in India" Last accessed on 11.10.2019

	<p>in which the parent company is engaged, promoting technical or financial collaborations between Indian Companies and Parent or overseas group company; representing the parent company in India and acting as buying/ selling agents in India; rendering services in information technology and development of software in India, rendering technical support to the products supplied by the parent/ group companies and foreign airline/ shipping company.</p>	<p>and entities in India. Its role is limited to collecting information about possible market opportunities and providing information about the company and its products to prospective Indian customers. It can promote export/ import from/ to India and also facilitate technical/ financial collaboration between the parent company and companies in India. It cannot earn any income in India.</p>	<p>undertake or carry on any activity other than the activity relating and incidental to execution of the project.</p>
	<p>There is a general permission to non- resident companies for establishing Branch Office in the Special Economic Zones (SEZs) to undertake manufacturing and service activities subject to:</p> <ul style="list-style-type: none"> - Branch Offices are functioning in those sectors where 100% FDI is permitted - Branch Office comply with Chapter XXII of the Companies Act, 2013 - Branch Office on a stand-alone basis. 		
Eligibility	<p>Profit making track record during the immediately preceding five financial years in the home country and net worth of not less than USD100,000 or its equivalent.</p>	<p>Profit making track record during the immediately preceding three financial years in the home country and net worth of not less than USB 50,000 or its equivalent.</p>	NA
Validity	NA	<p>Generally for 3 years. Except in the case of NBFCs and those entities engaged in construction</p>	<p>As per the tenure of the project.</p>

		and development sectors, for whom the validity period is two years only.	
Remittance	Permitted to remit profits net of applicable taxes and on submission of requisite documents.	NA	Intermittent remittances by companies pending winding up permitted subject to satisfaction of AD category 1 bank

7. Capital instruments permitted for receiving foreign direct investment in an Indian Company:

- i. Equity shares: Often referred to as the ordinary shares in the share capital of the company they enjoy voting rights and residual dividend rights.
- ii. Preference shares: Preference shares are shares which receive a preferential right to receive dividends at a fixed rate. An Indian company can issue only compulsorily convertible preference shares to a non- resident.
- iii. Debentures: Companies can raise funds by issuing debentures, bonds and other debt securities. They can also raise funds by accepting deposits from the public. Debentures can be redeemable, perpetual, beared or registered and convertible or non- convertible. Foreign investments through convertible debentures, which are convertible into equity shares, are treated as FDI. Debentures that are not compulsorily convertible into equity shares re construed as ECBs and hence, need to conform to ECB guidelines.
- iv. External Commercial Borrowings- Debts raised in foreign currency by an Indian company (from internationally recognised sources) fall within the purview of the definition of ECBs, and are regulated by the Ministry of Finance and Reserve Bank of India. ECB can be accessed under two routes — the automatic route and the approval route. Under the approval route, prior permission from the RBI is required for raising ECBs. Under the automatic route, post facto intimation filings must be made periodically, as prescribed under the FEMA regulations.

8. Sector Specific Foreign Direct Investment

8.1 Prohibited sectors: Below is the list of sectors where FDI is prohibited:⁷

- a. Lottery business including Government/private lottery, online lotteries etc.
- b. Gambling and betting including casinos etc.
- c. CHIT Funds (informal saving scheme practised in India which accepts interest and lends money)
- d. Nidhi Company (Type of Mutual Benefit Fund (Companies))
- e. Trading in Transferable Development Rights (TDRs)
- f. Real Estate Business or construction of Farm Houses
- g. Manufacturing of cigars, cheroots, cigarillos and cigarettes, of tobacco or of tobacco substitutes
- h. Activities/ sectors not open to private sector investment are Atomic Energy and Railway operations.

8.2 **PERMITTED SECTORS:**

A. Agriculture and Animal Husbandry:

Between April 2000 to December 2018, FDI inflows of Rs. 13,508 crores have been received in agriculture sector (i.e. agriculture services including agriculture machinery) (Source: DIPP). The investments were made in development and production of seed and planting material, horticulture and nursery services, agriculture machinery, plant protection services, cattle breeding and livestock rearing, cold storage and warehousing. Foreign Direct Investment under automatic route is permissible in agricultural and animal husbandry subject to below mentioned conditions.

- i. Hundred percent FDI has been allowed by the Government in development and production of seeds and planting material. In addition, 100% FDI is allowed for floriculture, horticulture and cultivation of vegetables and mushrooms under controlled conditions. Also, hundred percent FDI is allowed in animal husbandry (including breeding of dogs), pisciculture, aquaculture and services related to agro and allied sectors. Similarly, hundred percent FDI is allowed in the plantation sector

⁷ DIPP official website last accessed on 11.10.2019

namely tea, coffee, rubber, cardamom, palm oil tree and olive oil tree.

The term “under controlled conditions” covers the following:

- a. ‘Cultivation under controlled conditions’ for the categories of floriculture, horticulture,

cultivation of vegetables and mushrooms is the practice of cultivation where rainfall, temperature, solar radiation, air humidity and culture medium are controlled artificially. Control in these parameters may be effected through protected cultivation under green houses, net houses, poly houses or any other improved infrastructure facilities where micro-climatic conditions are regulated anthropogenically.⁸

B. Plantation Sector

The Foreigner Direct Investment (FDI) has been more than doubled in last five years in hybrid seeds and tree plantation sector. FDI inflow in this sector has gone up from \$17.46 million in 2014-15 to \$40.55 million in 2018-19 with a cumulative investment of \$191.64 million in hybrid seeds and plantation sector. Currently in the Plantation sector FDI is allowed in

- a. Tea sector including tea plantation, 100% Foreign Investment is allowed through the government approval route.
- b. Coffee plantation 100% foreign investment is permitted under automatic route.
- c. Rubber Plantation 100% foreign investment is permitted under automatic route.
- d. Cardamom plantation 100% foreign investment is permitted under automatic route.
- e. Palm oil tree plantations 100% foreign investment is permitted under automatic route.
- f. Olive oil plantations. 100% foreign investment is permitted under automatic route.

⁸ <https://community.data.gov.in/sector-wise-fdi-inflows-in-agriculture-of-india-from-2013-14-to-2016-17-till-september-2016/>

Besides these FDI is not allowed in any other plantation sector/ activity.

C. Construction Development: Townships, Housing, Built-up Infrastructure

Real Estate Business is one of the nine activities in which foreign direct investment is prohibited. However, considering that housing for all is one of the key priorities of the Government of India, an exception has been carved out permitting FDI in Construction- Development projects. Currently, 100% FDI under automatic route is permitted in the construction and development of townships, housing, built-up infrastructure and construction of residential/ commercial premises, roads or bridges, hotels, resorts, hospitals, educational institutions, recreational facilities, city regional level infrastructure, townships). FDI is not permitted in an entity that is engaged in real estate business and construction of farmhouses. 'Real estate business' has been explained as "dealing in land and immovable property with a view to earning profit or income, and does not include the development of townships, construction of residential/ commercial premises, roads or bridges, hotels, resorts, hospitals, educational institutions, recreational facilities, city and regional level infrastructure).⁹

FDI in real estate is subject to certain conditions:¹⁰

- i. Minimum area requirement: In case of development of serviced housing plots, no minimum land requirement. In case of construction- development projects, a minimum floor area of 20,000 square metres.
- ii. Quantum of Investment: Minimum FDI of USD 5 million within six months of commencement of the project. The commencement of the project will be the date of approval of the building plan/ layout plan by the relevant statutory authority.

⁹ DIPP official website

¹⁰ <https://www.ibef.org/industry/infrastructure-sector-india.aspx> last accessed on 11.10.2019
<https://www.investindia.gov.in/sector/construction> Last accessed on 11.10.2019

- iii. Exit: The investor would be permitted to exit on completion of the project or after the development of trunk infrastructure i.e. roads, water supply, street lighting, drainage and sewerage.
- iv. Compliance with other regulatory standards: The project shall conform to the norms and standards, including land use requirements and provision of community amenities and common facilities, as laid down in the applicable to building control regulations, bye- laws, rules and other regulations of the state government/ municipal/ local body concerned.
- v. Selling of only developed plots: The Indian investee company is permitted to sell developed plots only. Developed plots have been defined to mean plots where trunk infrastructure, including roads, water supply, street lighting, drainage and sewerage, has been made available.
- vi. Responsibility of obtaining approvals: The Indian investee company shall be responsible for obtaining necessary approvals including those of building/ layout plans, developing internal and peripheral areas and other infrastructure facilities, payment of development, external development and other charges, and complying with all other requirements prescribed under applicable rules, bye- laws and regulations of the state government/ municipal/ local body concerned.
- vii. Authority: The concerned state government municipal/ local body that approves the building/ development plans will monitor compliance of the abovementioned conditions by the developer.¹¹

There are certain relaxations with respect to some of the above conditions for FDI in hotels and tourist resorts,

¹¹ <https://taxguru.in/rbi/fdi-construction-development-sector-india.html>. Last accessed on 11.10.2019

hospitals, special economic zones, educational institutes, old age homes, and investments by non- resident Indians. ¹²

D. Railway Infrastructure

India has the fourth- largest railway system in the world, lagging behind only US, Russia and China. The Indian Railways in the single largest employer in India and eighth

largest in the world, employing close to 1.8 million people. Foreign Direct Investment is allowed for developing

infrastructure and improving safety features. However Foreign Investment beyond 49% will be through government approval route. Presently FDI is allowed in 17 key areas of Railway infrastructure

- i. Suburban corridors project through PPP
- ii. High speed train projects
- iii. Dedicated freight lines
- iv. Rolling stock including train sets, and in comotives/ coaches, manufacturing and maintenance facilities.
- v. Railway electrification,
- vi. Signalling systems
- vii. Freight terminals
- viii. Passenger terminals
- ix. Infrastructure in industrial park pertaining to railway line/ sidings including electrified railways line and connectivity's to main railway line and
- x. Mass Rapid Transport systems

E. Non- Banking Finance Companies (NBFC)

Non-Banking Financial Company (NBFC) is a type of company which is engaged in the business of loans and advances, acquisition of shares, stock, bonds hire-purchase, insurance business or chit business but does not include any institution whose principal business includes agriculture, industrial activity or the sale, purchase or

¹² <https://www.investindia.gov.in/sector/construction>. Last accessed on 11.10.2019

construction of immovable property. Continuing with the liberalization of the overseas investments regime government has allowed 100% foreign direct investment (FDI) in 'other financial services' carried out by non-banking finance companies (NBFCs). The government has liberalized its policy for Foreign Direct Investment in NBFC.

Other financial services consist of activities which are regulated by a financial sector regulator such as RBI, SEBI, IRDA, Pension Fund Regulatory and Development Authority, National Housing Bank or any other financial sector regulator as may be notified by the government in this regard. However, the foreign investments are subject to conditions such as minimum capitalization norms specified by the regulator or government agency concerned.

- i. Law governing the foreign investments in NBFC: Foreign exchange provisions are regulated by the FEMA, 2000 and NBFCs operations are regulated by the Reserve Bank of India within the framework of the RBI Regulation Act 1934. 100% FDI is allowed in NBFCs subject to the minimum capitalization norms as issued by the Government. The Foreign Exchange Management Act, 1999 and Foreign Exchange Management (Borrowing and Lending in Foreign Exchange) Regulation, 2000 and the RBI regulations govern the provisions relating to foreign loans.
 - ii. Foreign investment is permitted under automatic route only in the following 18 prescribed non-banking financial service activities.
 - a. Merchant Banking
 - b. Underwriting
 - c. Portfolio Management Services
 - d. Stock Broking
 - e. Asset Management
 - f. Venture Capital
 - g. Custodial Services
 - h. Factoring
 - i. Leasing & Finance
 - j. Housing Finance
 - k. Credit Card Business
 - l. Micro Credit
 - m. Rural Credit
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Non-fund based activities

- a. Investment Advisory Services
- b. Financial Consultancy
- c. Forex Broking
- d. Credit Rating Agencies
- e. Money Changing Business

In these specified activities foreign investment in non-banking sectors is permitted under the automatic route subject to compliance with the minimum capitalization norms. After the establishment of NBFC with the requisite capital under the Foreign Exchange Management Regulation subsequent diversification either through existing company or through downstream NBFC's could be undertaken without any further authorisation.

iii. Foreign Investments Subject To Minimum Capitalization Norms

- a. The US \$0.5 million for foreign capital up to 51% to be brought up front.
- b. The US \$5 million for foreign capital more than 51% and up to 75% to be brought up front.
- c. 50 million for foreign capital more than 75% out of which \$7.5 million to be brought up front and the balance in 24 months.
- d. The NBFCs having foreign investment more than 75% and up to 100%, and with a minimum capitalization of \$50 million, can set up step down subsidiaries for specific NBFC activities, without any restriction on the number of operating subsidiaries and without bringing additional capital.
- e. Joint Venture operating NBFCs that have 75% or less than 75% foreign investment can also set up subsidiaries for undertaking other NBFC activities, subject to the subsidiaries also complying with the applicable minimum capitalization norm mentioned above.
- f. Non- Fund based activities: The US \$0.5 million to be brought upfront for all permitted non-fund based NBFCs irrespective of the level of foreign investment.

Subject to certain conditions

For such company it would not be permissible to set up any subsidiary for any other activity, nor can participate in the equity of an NBFC holding company. Above mentioned capitalization norms apply to each downstream subsidiary engaging in NBFC activities except where its parent entity already has more than 75% foreign investment.

F. Manufacturing Sector

Existing norms allow 100% FDI in the manufacturing sector under the automatic route in India. Manufacturing has emerged as one of the high growth sectors in India. The

Gross Value Added (GVA) at basic current prices from the manufacturing sector in India grew at a CAGR of 4.34% between 2012 and 2018 as per the second advance estimates of annual national income published by the Government of India. Under the Make in India initiative, the Government of India aims to increase the share of the manufacturing sector to the gross domestic product (GDP) to 25 per cent by 2022, from 16 per cent, and to create 100 million new jobs by 2022. Business conditions in the Indian manufacturing sector continue to remain positive.

Recent amendments: By way of press note dated 18.09.2019 the Department for the promotion of Industry and Internal Trade (DPIIT) has notified changes to the foreign direct investment policy with respect to Contract Manufacturing. 100% FDI has been allowed in the contract manufacturing via the automatic route. The amendment further states that the manufacturer (self manufacturing entity or contract manufacturing in India) permitted to sell its products manufactured in India through wholesale and/ or retail, including through e-commerce, without Government approval.

G. E-commerce

The Department of Industrial Policy and Promotion (DIPP) has issued Press Note 2 of 2018 dated 26.12.2018 making some critical amendments to Foreign Direct Investment

policy relating to e-commerce. Following confusion over certain aspects of the new requirements the Government released a clarification (PN2 Clarification) on 03.01.2019, outlining some of its policy objectives and responding to media criticism. 100% FDI is permitted under automatic

route in a market place model of e-commerce. Marketplace based model of e-commerce has been defined as, “Market Place based model of e-commerce means providing an information technology platform by an e-commerce entity on a digital & electronic network to act as a facilitator between buyer and seller. FDI is prohibited in Inventory based model of e-commerce. Inventory based model can be defined as an ecommerce activity where the inventory of goods and services is owned by e-commerce entity and is sold to the customers directly. With a view to ensure that the market place entity is strictly following marketplace based model, the amended policy has inserted following provisions:

- i. The policy states that 100% Foreign Direct Investment is permitted under the automatic route in marketplace models of e-commerce and no FDI is permitted in inventory based models of e-commerce. These changes came into effect on 01.02.2019.
 - ii. Equity Ownership: The guidelines bar online retailers from selling products of companies in which they hold stake.
 - iii. Inventory based or market place based: The policy further states that market place entity should not own or exercise control over the goods sold on the platform. Any ownership or control over the goods sold by the market place entity will render the entity into an inventory based model. The inventory of the vendor will be deemed to be controlled by the e-commerce marketplace entity if more than 25 percent of vendor sales are from the marketplace entity.
 - iv. Exclusivity: the new policy further bars exclusive tie ups between e-commerce entities that follow ‘marketplace model’ and sellers using their platform. An e-commerce entity is prohibited from directing a seller to exclusively sell only on one platform.
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- v. Services offered by the E-commerce entity: In a marketplace model, the e-commerce firm is not allowed to directly or indirectly influence the sale price

of goods or services and is required to offer a level playing field to all vendors.

- vi. Compliance Certificate: There is a new requirement for all e-commerce marketplace entities to furnish to the Reserve Bank of India a certificate along with a report of a statutory auditor, confirming compliance with the guidelines by the 30th of September every year.

H. Asset reconstruction Companies:

Asset Reconstruction Company (ARC) means a company registered with the Reserve Bank of India under Section 3 of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (the SARFAESI Act). Persons resident outside India can invest in the capital of Asset Reconstruction Companies (ARCs) registered with Reserve Bank of India, up to 100% on the automatic route. 100% FDI under the automatic route in ARCs and 100% FII/ FPI investments in SRs has now been allowed subject to certain conditions.

- i. Persons resident outside India can invest in the capital of Asset reconstruction companies (ARCs) registered with Reserve Bank of India, up to 100% on the automatic route.
 - ii. Investment limit of a sponsor in the shareholding of an ARC will be governed by the provisions of Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, as amended from time to time. Similarly, investment by institutional / non-institutional investors will also be governed by the said Act, as amended from time to time.
 - iii. The total shareholding of an individual FII/FPI shall be below 10% of the total paid-up capital.
 - iv. FIIs/FPIs can invest in the Security Receipts (SRs) issued by ARCs. FIIs/FPIs may be allowed to invest up
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to 100 per cent of each tranche in SRs issued by ARCs, subject to directions/guidelines of Reserve Bank of India. Such investment should be within the relevant regulatory cap as applicable.

- v. All investments would be subject to provisions of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, as amended from time to time.

I. Civil Aviation:

India is considered to be the third largest domestic Civil Aviation market in the world. India has 91 international carriers comprising of 5 Indian carriers and 86 foreign carriers, which ensure that India is well connected with most major countries. India has connectivity with 59 countries through 344 routes. Revenue passenger kilometre (RPK) in domestic airline demand growth of 18.6% in 2018 was three times the global RPK growth of 6.5%. Upto 100% FDI is permitted in Non- Scheduled air transport services under the automatic route. Upto 100% FDI is permitted in helicopter services and seaplanes under the automatic route, MRO for maintenance and repair organisations, flying training institutes and technical training institutes and in Ground Handling services subject to sectoral regulations and security clearance under the automatic route.

J. Pharmaceuticals

The pharmaceutical sector in India was valued at US\$33 billion in 2017. India is the largest provider of generic drugs globally. Indian pharmaceutical sector supplies over 50% of global demand for various vaccines, 40% of generic demand in the US and 25% of all the medicines in UK. 100% FDI is permitted in the Pharma sector (greenfiled) through automatic route. 100% FDI is also permitted in the brownfiled area of which upto 74% is permitted through automatic route and beyond 74% through Government route. Subject to the conditions stated herein below:

- i. 'Non-Compete' clause would not be allowed in automatic or government approval route except in special circumstances with the approval of the Government.
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- ii. Government may incorporate appropriate conditions for FDI in brownfield cases, at the time of granting approval.
 - iii. FDI in brownfield pharmaceuticals, under both automatic and government approval routes, is further subject to compliance of following conditions:
 - a. The production level of National List of Essential Medicines (NLEM) drugs and/or consumables and their supply to the domestic market at the time of induction of FDI, being maintained over the next five years at an absolute quantitative level. The benchmark for this level would be decided with reference to the level of production of NLEM drugs and/or consumables in the three financial years, immediately preceding the year of induction of FDI. Of these, the highest level of production in any of these three years would be taken as the level.
 - b. R&D expenses being maintained in value terms for 5 years at an absolute quantitative level at the time of induction of FDI. The benchmark for this level would be decided with reference to the highest level of R&D expenses which has been incurred in any of the three financial years immediately preceding the year of induction of FDI.
 - c. The administrative Ministry will be provided complete information pertaining to the transfer of technology, if any, along with induction of foreign investment into the investee company. (d) The administrative Ministry (s) i.e. Ministry of Health and Family Welfare, Department of Pharmaceuticals or any other regulatory Agency/Development as notified by Central Government from time
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to time, will monitor the compliance of conditionality's.

- iv. FDI up to 100% under the automatic route is permitted for manufacturing of medical devices. The above mentioned conditions will, therefore not be applicable to Greenfield as well as brownfield projects of this industry.

K. Trading (cash and carry wholesale trading/ wholesale trading (including sourcing from MSEs)).

100% FDI is permitted through automatic route for trading companies engaged in the activity of cash & carry wholesale trading/ Wholesale Trading. Cash and carry wholesale trading refers to sale of goods/ merchandise to retailers, industrial, commercial, institutional or other professional business users or to other wholesalers and related subordinated service providers. Wholesale trading refers to sales for the purpose of trade, business and profession, as opposed to personal consumption and would include resale, processing and thereafter sale, bulk imports with export. Ex- bound warehouse business sales and B2B e-commerce.

For undertaking WT, requisite licenses /registration/ permits, as specified under the relevant Acts/Regulations/Rules/Orders of the State Government/Government Body/Government Authority/Local Self-Government Body under that State Government should be obtained.

The following kinds of trading are also permitted, subject to provisions of EXIM Policy:

- i. Companies for providing after sales services (that is not trading per se)
 - ii. Domestic trading of products of JVs is permitted at the wholesale level for such trading companies who wish to market manufactured products on behalf of their joint ventures in which they have equity participation in India.
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- iii. Trading of hi-tech items/items requiring specialized after sales service
- iv. Trading of items for social sector
- v. Trading of hi-tech, medical and diagnostic items.
- vi. Trading of items sourced from the small scale sector under which, based on technology provided and laid down quality specifications, a company can market that item under its brand name.
- vii. Domestic sourcing of products for exports.

- viii. Test marketing of such items for which a company has approval for manufacture provided such test marketing facility will be for a period of two years, and investment in setting up manufacturing facilities commences simultaneously with test marketing.
- ix. FDI up to 100% permitted for e-commerce activities subject to the condition that such companies would divest 26% of their equity in favour of the Indian public in five years, if these companies are listed in other parts of the world. Such companies would engage only in business to business (B2B) e-commerce and not in retail trading.

L. Start-ups

100% FDI is approved in start-ups. The law allows start-ups to issue equity-linked instruments or debt instruments to venture capital investors. Additionally it also allows start-ups to issue convertible notes to a person who is resident outside India, subject to certain terms and conditions.

Apart from the above 100% FDI is also allowed through automatic route in Industrial parks (Greenfield and brownfield), Broadcasting Carriage Services, Mining (except mining and mineral separation of titanium bearing minerals and ores, its value addition and integrated activities.).

M. Broadcasting Carriage Services

Presently, 100% investment is allowed under the automatic route. An additional condition has been prescribed under the consolidated FDI Policy 2017 which states that infusion of

fresh foreign investment beyond 49% in a company not seeking license/ permission from sectoral ministry, that results in a change in the ownership pattern or transfer of stake by an existing investor to new foreign investors will require approval from the government.

Sector	Automatic Route	Government approval
<p>Broadcasting Carriage Services</p> <ol style="list-style-type: none"> 1. Teleports (setting up of up-linking HUBs/Teleports) 2. Direct to Home (DTH) 3. Cable Networks (Multi-system operators (MSOs) operating at national or state or district level and undertaking upgradation of networks towards digitalization and addressability) 4. MobileTV 5. Headend-in-the Sky Broadcasting Service (HITS) 6. Cable Networks (Other MSOs not undertaking upgradation of networks towards digitalization and addressability and Local Cable Operators (LCOs) 	100%	
<p>Broadcasting carriage services</p> <ol style="list-style-type: none"> 1.. Up-linking of 'Non-news & Current Affairs' TV Channels/Down-linking of TV Channels 2. Terrestrial Broadcasting FM (FM radio) 3. Up-linking of 'News & Current Affairs' TV Channels. 	100%	<p>Upto 49%</p> <p>Upto 49%</p>

By way of Press Note 4 introduced by DPIIT dated 18.09.2019 a new entry of digital media and permits 26% FDI under the government approval route in entities that are engaged in uploading / streaming of news & current affairs through digital media. At present FDI policy approves of 49% FDI under Government route for up-linking of “News and Current Affairs” TV Channels. There are no specific provisions for uploading/ streaming of such content through digital media and hence such digital media were earlier freely receiving FDI. The amendment thus means that a number of digital platforms which provide news and current affairs content may need to re- structure their investment structured in order to comply with the revised FDI policy. This entry appears to be a little ambiguous as it is not clear whether uploading / streaming of non- news & current affairs through digital media would fall under the automatic route. Further the limit of 26% FDI for digital media is unclear.

N. Coal & Lignite Mining:

As per the amended policy on Foreign Direct Investment 100% FDI has been approved in

- i. Coal & Lignite mining for captive consumption by power projects, iron & steel and cement units and other eligible activities permitted under and subject to the provisions of the Coal Mines (Special Provisions) Act, 2015 and the Mines and Minerals (Development and Regulations) Act, 1957.
 - ii. 100% FDI through automatic route has also been approved for setting up coal processing plants like washeries subject to the condition that the company shall not do coal mining and shall not sell washed coal or sized coal from its coal processing plants in the open market and shall supply the washed or sized coal to those parties who are supplying raw coal to coal processing plants for washing or sizing.
 - iii. For sale of coal, coal mines activities including associated processing infrastructure (including coal washery, crushing, coal handling, and separation (magnetic and non- magnetic)), subject to the provisions of Coal Mines (Specific Provisions) Act, 2015 and the Mines and Minerals (Development and Regulation) Act, 1957 as amended from time to time and other relevant Acts on the subject.
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O. **Insurance Sector:** FDI up to 26% in the Insurance sector is allowed on the automatic route subject to obtaining licence from Insurance Regulatory & Development Authority (IRDA)

P. Telecommunication

In basic, cellular, value added services and global mobile personal communications by satellite, FDI is limited to 49% subject to licensing and security requirements and adherence by the companies (who are investing and the companies in which investment is being made) to the license conditions for foreign equity cap and lock- in period for transfer and addition of equity and other license provisions.

ISPs with gateways, radio-paging and end-to-end bandwidth, FDI is permitted up to 74% with FDI, beyond 49% requiring Government approval. These services would be subject to licensing and security requirements. No equity cap is applicable to manufacturing activities.

FDI up to 100% is allowed for the following activities in the telecom sector:

- ISPs not providing gateways (both for satellite and submarine cables);
- Infrastructure Providers providing dark fiber (IP Category 1);
- Electronic Mail; and
- Voice Mail

The above would be subject to the following conditions:

- FDI up to 100% is allowed subject to the condition that such companies would divest 26% of their equity in favor of Indian public in 5 years, if these companies are listed in other parts of the world.
 - The above services would be subject to licensing and security requirements, wherever required.
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- Proposals for FDI beyond 49% shall be considered by FIPB on case to case basis.

Q. Power:

Up to 100% FDI allowed in respect of projects relating to electricity generation, transmission and distribution, other than atomic reactor power plants. There is no limit on the project cost and quantum of foreign direct investment.

R. Defence Industry

100% FDI is permitted in the defence sector against the 49% permitted earlier. Furthermore, investment up to 49% is permitted under the automatic route. Any investment beyond that would fall under the government route 'wherever it is likely to result in access to modern technology or for other reasons to be recorded' as against 'wherever it is likely to result in access to modern and state-of-art technology in the country'.

S. Airports

- i. Existing projects: Presently, 100% FDI is allowed in existing airport projects under the automatic route as compared to 74% under the previous sectoral cap.
- ii. Airport Transport Service: Presently, 100% FDI is allowed as against the prior 49%. Under the automatic entry route, FDI is permitted up to 49% (100% for NRIs) and under the government route, beyond 49% is permitted.

T. Private security agencies

49% is allowed through the automatic route, which was earlier under the government approval route. Beyond 49% and up to 74% is allowed via the government approval route.

U. Single Brand Product retail

- i. Under the earlier law Foreign Direct Investment of upto 100% was permitted however investment exceeding 49% had to go through government approval first. A policy
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change has been brought by the present amendments by way of which the Government has now approved 100% FDI into SBRT through automatic route.

- ii. Changes to the Sourcing norms: Under the earlier FDI policy on SBRT entities with more than 51% FDI must source more than 30% of their goods from India and sell such goods in India. This 30% requirement must be met as an average of first five years. Goods which were purchased in India, but exported were counted towards the abovementioned 30% requirement only for the first five years. Post the above mentioned five years the 30% requirement was required to be met annually. SBRT entities required to establish physical stores for the purpose of retail trading before commencing e-commerce activities.
- iii. After coming into effect of the present amendments, for the purpose of meeting 30% local sourcing requirements, all procurements made from India by the SBRT entity for that single brand shall be counted towards local sourcing requirement, irrespective of whether the goods procured are sold in India or exported. Retail trading through e-commerce portals can also be undertaken prior to opening of physical stores, subject to the condition that the SBRT entity opens physical stores within 2 years from date of commencing online retail trading.
- iv. The policy further states that Sourcing norms will not be applicable up to three years from commencement of the business i.e. opening of first store or start of online retail, whichever is earlier for entities undertaking single brand retain trading of products having 'state of art' and cutting edge technology and where local sourcing is not possible. This is subject to approval by the Committee under DPIIT approving the applicant's claim of state of art technology where local sourcing is not possible.

9. APPLICABLE REGULATORY FRAMEWORK FOR BUSINESS ENTITIES

- 9.1. Companies Act, 2013: The Act governs Companies, their incorporation, allocation of share capital, administration, management, reporting and filing, dissolution and compliances of all types of companies under its ambit. It also lays down guidelines for memorandum of
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association and articles of association for different companies.

- 9.2. Limited Liability Partnership Act, 2008: A corporate business vehicle that enables professional expertise and entrepreneurial initiative to combine and operate in flexible, innovative and efficient manner, providing benefits of limited liability while allowing its members the flexibility for organising their internal structure as a partnership. The Act defines of LLP's, their incorporation, conversion to LLP, contribution of partners, administration, management, reporting and filing and dissolution.
 - 9.3. The Indian Partnership Act, 1932: An Act to define and amend the law relating to partnership. It lays out the complete structure of a partnership firm constituting definition of partnership firm it's registration, management and dissolution procedure, and interrelation between partners. State Governments have made rules regarding certain provisions of the Act.
 - 9.4. Competition Act, 2002: An Act to provide, for the establishment of a Commission to prevent practices having adverse effect on competition, to promote and sustain competition in the market.
 - 9.5. The FEMA regulations and the Companies Act regulates the set up operations and closure of Liaison office, branch office and project office. There may also be other sector specific regulations such as IRDA, to regulate the entities.
 - 9.6. Indian Intellectual Property Laws on Patents, Trademark, Copyrights, Design.
 - 9.7. Other Laws: Income Tax Act 1961, GST Act and Shops and Establishment Act. Etc.
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10. TAXATION OVERVIEW:

Under the Indian taxation law a resident company is taxed on its worldwide income. A non- resident company is taxed only on income that is received in India, or that accrues or arises, or is deemed to accrue or arise, in India. Company whether Indian or foreign is liable to taxation, under the Income Tax Act, 1961. Corporation Tax is a tax which is levied on the incomes of registered companies and corporations. Taxes in India are primarily divided into two categories Direct Tax and Indirect Tax.

10.1 Major Central Taxes

- Income Tax
- Central Goods & Services Tax (CGST)
- Integrated GST (IGST)
- Custom Duty

10.2 Major State Taxes

- State Goods & Services Tax (SGST)
- Stamp Duty & Registration

10.3 Goods and Services Tax (GST) is a unified indirect tax across the country on products and services. It is a comprehensive levy on manufacture, sale and consumption. It is a destination based consumption tax.

- The GST, is levied by both the Central and State Government. The Central GST is levied on intra State supply of Goods and/ or services by Central Government and State GST is levied by the State.
 - Integrated GST is levied and administered by the Centre on every inter- state supply of goods and services.
 - Import of goods or services is treated as Inter-State supplies and is subject to IGST in addition to Basic Custom Duty.
 - CGST, IGST and SGST is levied at uniform rates, mutually agreed upon by the Central and State under the aegis of the GST Council (GSTC).
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- All Goods and Services are covered under GST except alcohol for human consumption and specified petroleum products.

LIST OF ABBREVIATIONS

AD	Authorized Dealer	InvITs	Infrastructure Investment Trusts
AF	Angel Fund	JV	Joint Venture
ADR	American Depository Receipts	KYC	Know Your Customer
AIF	Alternative Investment Fund	LLP	Limited Liability Partnership
Act or the Act	Companies Act, 2013	LO	Liaison Office
AD	Authorized Dealer	Max	Maximum
AoA	Articles of Association	PROI	Person Resident Outside India
BO	Branch Office	Min	Minimum
CA	Chartered Accountant	MoA	Memorandum of Association
CCEA	Cabinet Committee on Economic Affairs	MoU	Memorandum of Understanding
CCS	Cabinet Committee on Security	MCA	Ministry of Corporate Affairs
CoI	Certificate of Incorporation	MSME	Micro, Small and Medium Enterprise
CRC	Central Registration Center	NBFC	Non-Banking Financial Companies
CS	Company Secretary	NFRA	National Financial Reporting Authority
DDT	Dividend Distribution Tax	NGO	Non Government Organization
DEA	Department of Economic Affairs	NOC	No Objection Certificate
DPIIT	Department for Promotion of Industry and Internal Trade		NRE Account Non-Resident (External) Rupee Account
DR	Depository Receipt	NRE	Non-Resident Entity
DSIM	Department of Statistics and Information Management	NPO	Non-profit organization
DGIT	Director General of Income Tax	NRI	Non-Resident Indian
DGP	Director General of Police	NRO	Non-Resident Ordinary Rupee Account
DIN	Director Identification Number	PAN	Permanent Account Number
DSC	Digital Signature Certificate	PIB	Press Information Bureau
ECB	External Commercial Borrowing	PIO	Person of Indian Origin
FCCB	Foreign Currency Convertible Bond	PO	Project Office
FCNR	Foreign Currency Non-Resident Account	PSU	Public Sector Undertaking
FDI	Foreign Direct Investment	PGB	Profit and Gains on Business and Professions
FEMA	Foreign Exchange Management Act	RBI	Reserve Bank of India
FPI	Foreign Portfolio Investor	REIT	Real Estate Investment Trust
FIFP	Foreign Investment Facilitation Portal	RoC	Registrar of Companies
FVCI	Foreign Venture Capital Investor	SEBI	Securities and Exchange Board of India
FII	Foreign Institutional Investor	SEZ	Special Economic Zone
GDR	Global Depository Receipts	VC	Venture Capital
GoI	Government of India	IBC	Insolvency and Bankruptcy Code
GST	Goods and Service Tax		

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