



RESERVE BANK OF INDIA
Foreign Exchange Department
Central Office
Mumbai - 400 001

RBI/2013-14/356

A.P. (DIR Series) Circular No.68

November 01, 2013

To

All Category – I Authorised Dealer banks

Madam/Sir,

Foreign Direct Investment (FDI) in India – definition of ‘group company’

Attention of Authorised Dealer Category – I (AD Category-I) banks is invited to the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000 notified by the Reserve Bank vide [Notification No. FEMA. 20/2000-RB dated 3rd May 2000](#), as amended from time to time.

2. The extant FDI policy has since been reviewed and it has been decided to incorporate the definition for ‘group company’ as under;

‘Group company’ means two or more enterprises which, directly or indirectly, are in position to:

- (i) exercise twenty-six per cent, or more of voting rights in other enterprise; or
- (ii) appoint more than fifty per cent, of members of board of directors in the other enterprise.

3. Copy of [Press Note No. 2 \(2013 Series\) dated June 3, 2013](#) issued by Department of Industrial Policy and Promotion (DIPP), Ministry of Commerce & Industry, Government of India in this regard is enclosed.

4. AD Category - I banks may bring the contents of the circular to the notice of their customers/constituents concerned.

5. Reserve Bank has since amended the subject Regulations accordingly through the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) (Sixteenth Amendment) Regulations, 2013 which have been notified vide [Notification No. FEMA.292/2013-RB dated October 4, 2013](#), vide G.S.R. No. 683(E) dated October 11, 2013.

6. The directions contained in this circular have been issued under sections 10(4) and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and are without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

(Rudra Narayan Kar)
Chief General Manager-In-Charge