



FDI, Regulatory and Policy Framework

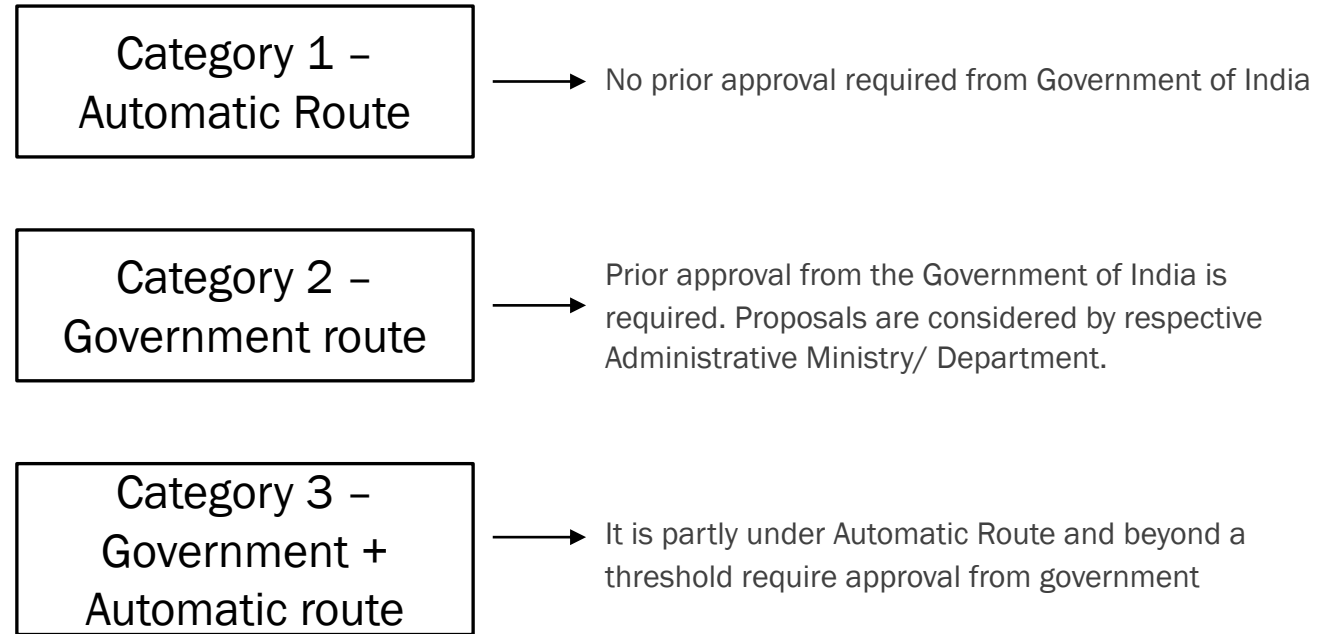
A WEB OF COMPLIANCES

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FDI Environment In India

- Investment climate in India has improved considerably since the opening up of the economy in 1991
- FDI inflows of last 5 years (2014-19) (\$319 billion) equals 50% of last 20 years (\$729.8 billion)
- FDI in India grew by 22% to a record \$58.37billion in April to November 2020. Equity inflow of \$43.85 billion – an increase of 37%
- UNCTAD's World Investment Report 2020 puts India as the 9th Largest Recipient of FDI in 2019

FDI Environment In India



Lottery Business including Government/private lottery, online lotteries, Gambling and Betting including casinos, Chit funds, Nidhi company, Manufacturing of cigars, cheroots, cigarillos and cigarettes, of tobacco or of tobacco substitutes, atomic energy, railway operations (other than permitted activities mentioned under the Consolidated FDI policy)

Procedure

- DPIIT - identify the concerned Ministry/ Department and circulate the proposal within 2 days. Also circulated online to the RBI within 2 days for comments from FEMA perspective.
- DPIIT to provide its comments within 4 weeks, & Ministry of Home Affairs (if applicable) to provide comments within 6 weeks.
- Additional information/ clarifications may be asked from the applicant which is to be provided within 1 week.
- Proposals involving FDI exceeding INR 50bn (approx. \$ 775 mn) placed before the Cabinet Committee of Economic Affairs.
- Once the proposal is complete in all respects, the same gets approved within 8-10 weeks.

Startups & FDI

- Startup specifically recognized by DPIIT under G.S.R 180(E) issued by DIPP. Recognition of startup is value based and discretionary
- Foreign Venture Capital Investor registered under Regulations framed by SEBI can invest in these startups without regard to pricing regulations.
- Conditions attached with registration under SEBI (Foreign Venture Capital Investors) Regulations 2000

E- Commerce

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FDI

- E- Commerce- in the B2B and MarketPlace model 100% FDI is allowed under Automatic Route
- Entity having equity participation by the e-commerce entity not allowed to sell products online
- No equity percentage prescribed but companies have simply reduced their stake and declared compliance
- Classical case of Legal maneuverability

Penalties

- As per Section 13 of the Act, if any person contravenes any provision of this Act, or contravenes any rule, regulation, notification, direction or order or contravenes any condition subject to which an authorization is issued by the Reserve Bank, he shall, upon adjudication, be liable to a penalty as mentioned below:
 - Where such amount is quantifiable: It is thrice the sum involved in such contravention.
 - Where the amount is not quantifiable: Upto Rs. 2, 00, 000 (two lakh rupees).
- Where such contravention is a continuing one, further penalty which may extend to five thousand rupees for every day after the first day during which the contravention continues.
- Contraventions of any provision under Section 13, can be compounded

Post FDI Support

- Compliances with regard to various conditions attached with FDI
- Maintenance of statutory registers and periodical compliances
- Post Incorporation changes in MOU and AOA
- Due diligence support
- End to End Litigation support in various forums

Post
FDI
Support

- Legal Assistance in Mediation and other forms of Alternate Dispute Resolution Mechanisms
- Legal Assistance in HR/Employment issues
- Reviewing commercial contracts
- IPR Registration – diligence exercise, market investigations, surveys, filing of application
- IPR Protection
- Legal Assistance in Franchising, Licensing, Brand Protection and Development, Technology Transfer, Assignment etc.

THANK YOU
