

Restricting FDI Inflows From China in The Strategic Sector

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The financial year wise details of Foreign Direct Investment (FDI) Equity inflow reported from China in various sectors for the last three financial years is as below:

SI No	Sector	2018-19 Apr-Mar	2019-20 Apr-Mar	2020-21 Apr-Mar	FDI Equity inflows
		Amount in US\$			
1	SERVICES SECTOR	24,653,869.35	14,212,553.23	3,983,728.45	42,850,151.03
2	Others	204,351,853.63	149,563,897.59	56,665,107.73	410,580,858.95
	Grand Total	229,005,722.98	163,776,450.82	60,648,836.18	453,431,009.98

In order to curb opportunistic takeovers/acquisitions of Indian companies due to the COVID-19 pandemic, the Government, vide Press Note 3 (2020) dated 17.04.2020 read with Foreign Exchange Management (Non-debt Instruments) Amendment Rules, 2020 dated 22.04.2020, amended the FDI policy according to which an entity of a country, which shares land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country, can invest only under the Government route. Further, in the event of the transfer of ownership of any existing or future FDI in an entity in India, directly or indirectly, resulting in the beneficial ownership falling within the restriction/purview of the said policy amendment, such subsequent change in beneficial ownership will also require Government approval.

As per the Standard Operating Procedure (SOP) for processing FDI Proposals dated 9.11.2020, applications arising out of Press Note 3 (2020) dated 17.04.2020 read with Foreign Exchange Management (Non-debt Instruments) Amendment Rules, 2020 dated 22.04.2020, require security clearance from Ministry of Home Affairs.

This information was given by the Minister of State in the Ministry of Commerce and Industry, Shri SomParkash, in a written reply in the Rajya Sabha today.
