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Sub: Cabinet approves changes in guidelines on investments from countries sharing land border with India

Dear Madam / Sir,

The Union Cabinet chaired by Prime Minister Shri Narendra Modi has approved change in guidelines on investments from countries sharing land border with India (LBCs).

The existing policy has been reviewed and amended as follows:

a) Incorporation of the definition and criteria for determination of 'Beneficial Owner' (BO) –

The amendment provides for a definition and criteria for determination of Beneficial Ownership that is widely used by investing community, under the Prevention of Money Laundering Rules, 2005.

The Beneficial Ownership test shall be applied at the level of the investor entity.

Investors with non-controlling LBC Beneficial Ownership of up to 10 percent shall be permitted under the automatic route as per the applicable sectoral caps, entry routes, attendant conditions. Such investments shall be subject to the reporting of relevant information/details by the investee entity to DPIIT.

b) Expedited clearance of investments in specific sectors –

Proposals for LBC investments in specified sectors/activities of manufacturing in capital goods, electronic capital goods, electronic components, polysilicon and ingot-wafer, shall be processed and decided within 60 days.

CoS under the Cabinet Secretary may also revise the list of specified sectors.

In these cases, the majority shareholding and control of the Investee entity will be with resident Indian citizen(s) and/or resident Indian entity(ies) owned and controlled by resident Indian citizen(s), at all times.

Detailed press note is attached ([click here](#)).

This is for your information.

Regards,

Dr. Siddhartha Rajagopal  
Executive Director

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