Government of India
Ministry of Commerce & Industry
Department of Industrial Policy & Promotion

Press Note No.4 (2013 Series)

Subject: Amendment of the existing policy on Foreign Direct Investment – definition of the term "control", for calculation of total foreign investment i.e. direct and indirect foreign investment, in Indian companies.

1.0 Present Position:

1.1 As per paragraph 2.1.7 of 'Circular 1 of 2013-Consolidated FDI Policy'- effective from April 5, 2013, the term "control" is defined as under:

> "A company is considered as "controlled" by resident Indian citizens if the resident Indian citizens and Indian companies, which are owned and controlled by resident Indian citizens, have the power to appoint a majority of its directors in that company."

2.0 Revised Position:

2.1 The Government of India has reviewed the above position and decided to amend paragraph 2.1.7 of the existing policy. The revised definition of the term "control" will be as under;

> " 'Control' shall include the right to appoint a majority of the directors or to control the management or policy decisions including by virtue of their shareholding or management rights or shareholders agreements or voting agreements."

3.0 The above decision will take immediate effect.

(Anjali Prasad)
Additional Secretary to the Government of India

D/o IPP File No.: No. 5(21)/2010-FC-I dated- 22 August, 2013

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