

F. No. 7(9)/99-IP

Government of India

Ministry of Industry

Department of Industrial Policy & Promotion

PRESS NOTE NO. 6 (1999 series)

Attention is invited to Press Note No. 12 (1992 series) withdrawing the condition of dividend balancing on all foreign investment approvals except for 22 specified industries in the consumer goods sector. The Government have further reviewed the applicability of dividend balancing and have decided that where dividend balancing was not applied in the first instance as per the then prevalent policy, it would be applicable in the case of subsequent infusion of foreign equity only to the extent of the incremental foreign equity in cases where dividend balancing is subsequently applicable as per existing policy. This would also apply in the case of secondary market acquisition as also preferential allotment / transfer of shares to the extent of foreign equity infused in the first instance in case the activity attracts the condition of dividend balancing as per existing policy. The applicable date will be the date of commencement of commercial production in the case of new ventures and the date of allotment of shares in the case of existing ventures.

This is for general information of investors.

Sd/-

(ASHOK KUMAR)

Joint Secretary to the Government of India

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Copy forwarded to the Press Information Officer, Press Information Bureau, for giving wide publicity to the above Press Note.