

Government of India
Ministry of Commerce and Industry
Department for Promotion of Industry and Internal Trade
FDI (Policy, Facilitation & Data) Section
FDI Policy Cell

Press Note No. 2 (2025 Series)

Subject: Clarifications on the permissibility of issuance of bonus shares to existing non-resident shareholder(s) by Indian companies engaged in sectors prohibited for FDI.

As per the Consolidated FDI Policy Circular of 2020 dated 15.10.2020, as amended from time to time (**FDI Policy**), Indian companies are permitted to issue bonus shares to existing non-resident shareholders, subject to adherence to sectoral cap, if any. Accordingly, the following clarification is inserted under Para 1 Annexure 3 of the FDI Policy:

"An Indian Company engaged in a sector/activity prohibited for FDI, is permitted to issue bonus shares to its pre-existing non-resident shareholder(s) provided that the shareholding pattern of the pre-existing non-resident shareholder(s) does not change pursuant to the issuance of bonus shares"

2. Issuance of bonus shares must comply with the applicable rules/laws/regulations/guidelines.

3. The above clarification will be effective from the date of issue of the applicable FEMA notifications.

AB 7/4/25
(Sandhya Bhullar)

Joint Secretary to the Government of India

DPIIT File No.: P-15022/1/2025-FDI Policy dated 07.04.2025

Copy forwarded to:

1. **Press Information Officer, Press Information Bureau** - for giving wide publicity to the above Press Note.
2. **Joint Secretary, Department of Economic Affairs, North Block, New Delhi** - For suitably incorporating the policy changes in Foreign Exchange Management (Non-Debt Instruments) Rules, 2019 and the relevant schedules thereof.

3. **Reserve Bank of India, Foreign Exchange Department, Mumbai** - For suitably incorporating the policy changes in Foreign Exchange Management (Non-Debt Instruments) Rules, 2019 and the relevant schedules thereof.

4. **NIC Section in the Department for Promotion of Industry and Internal Trade-** for uploading the Press Note on DPIIT's website

5. **Hindi Section, DPIIT-** for providing the Hindi version.