

Minimum capital norms introduced for FDI entities

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The Ministry of Finance in a press release dated 16 April introduced minimum capital norms for foreign investment in entities (unregistered or exempted) involved in other financial services, which are unregulated by financial sector regulators.

Within this sphere of unregulated financial services, different minimum capital norms have been prescribed for fund based (US\$20 million) and non-fund based (US\$2 million) activities. The press release lists activities that qualify as fund-based and non-fund-based activities provided they are not regulated by any financial sector regulator, where they are partially regulated by a financial sector regulator, or where there is ambiguity regarding the possibility of regulation.

Fund-based activities include merchant banking, underwriting, portfolio management services, stockbroking, asset management, etc. Non-fund-based activities include investment advisory services, financial consultancy, forex broking and money changing.

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