

**F. No. 1/6/2013-FIU**  
**Ministry of Finance**  
**Department of Economic Affairs**  
**(Investment Division)**  
**Foreign Investment Unit**

**Room No. 64, North Block**  
**New Delhi, 13th March, 2013.**

**OFFICE MEMORANDUM**

**Subject: Constitution of the Committee for rationalizing the definition of FDI and FII-reg.**

Following has been announced in the Budget Speech 2013-14 [Para 95]:

“In order to remove the ambiguity that prevails on what is Foreign Direct Investment (FDI) and what is Foreign Institutional Investment (FII), I propose to follow the international practice and lay down a broad principle that, where an investor has a stake of 10 percent or less in a company, it will be treated as FII and, where an investor has a stake of more than 10 percent, it will be treated as FDI. A committee will be constituted to examine the application of the principle and to work out the details expeditiously.”

2. In accordance with the budget announcement, a committee is hereby constituted, to examine and work out the details of the application of the principle followed internationally for defining FDI and FII, as indicated below:

- |    |  |   |                  |
|----|--|---|------------------|
| a. | Secretary, Department of Economic Affairs            | - | Chairperson      |
| b. | Secretary, DIPP                                      | - | Member           |
| c. | Chief Economic Advisor, DEA                          | - | Member           |
| d. | Mr. H. R. Khan, Dy. Governor, RBI                    | - | Member           |
| e. | Mr. S. Raman, Member SEBI                            | - | Member           |
| f. | Joint Secretary, Department of Revenue               | - | Member           |
| g. | Joint Secretary, Ministry of Overseas Indian Affairs | - | Member           |
| h. | Joint Secretary (Investment)<br>D/o Economic Affairs | - | Member Secretary |

3. This issues with the approval of the Finance Minister.

**Sd/-**  
**(G.K. Sinha)**  
**Under Secretary to the Government of India**  
**Tel: 23092835**  
**E-mail: [ganga.sinha@nic.in](mailto:ganga.sinha@nic.in)**

... .Contd/-2

**Copy to:**

1. Sh. Saurabh Chandra, Secretary, DIPP, Udyog Bhawan, New Delhi
2. Sh. Raghuram G. Rajan, Chief Economic Advisor, DEA, North Block, New Delhi.
3. Mr. H. R. Khan, Dy. Governor, RBI, Mumbai.
4. Mr. S. Raman, Member SEBI, Mumbai.
5. Joint Secretary, Department of Revenue, North Block, New Delhi.
6. Joint Secretary, Ministry of Overseas Indian Affairs, Akbar Bhawan, Chanakyapuri, New Delhi.