



RBI to administer foreign investment rules | Air India can have 100% foreign investment from NRIs under automatic route

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The Central Government has amended the FEM (Non-debt Instruments) Rules, 2019 (**NDI Rules**), to give administrative powers to the Reserve Bank of India (**RBI**) for NDI Rules and freedom to act on certain matters without seeking consultation with the Central Government. In another important change, it has allowed non-resident Indians (**NRIs**), who are Indian Nationals, to invest up to 100% under automatic route in Air India Limited.

Key changes are summarized below:

- **Power given to RBI to administer NDI Rules:** RBI has been given the power to administer the NDI Rules, and while using such powers it may interpret and issue such directions, circulars, instructions, clarifications, as it may deem necessary, for effective implementation of the NDI Rules.
- **RBI need not consult Central Government on certain matters:** For taking decisions on certain matters, RBI's discretion was to be exercised in consultation with the Central Government. Now, the RBI need not consult the Central Government for the following discretionary powers:
 - to permit a person resident outside India to make any investment in India, with respect to matters not already covered in the NDI Rules;
 - to permit an Indian entity/investment vehicle/venture capital fund/firm/association of persons/proprietary concern to receive any investment in India from a person resident outside India or to record such investment, where it is not already covered in the NDI Rules.
- **NRIs can invest upto 100% under automatic route vis-à-vis Air India:** In case of NRIs, who are Indian Nationals, foreign investment has been permitted up to 100% under automatic route, for investment in Air India Limited.

The Government has also carried out certain other changes for investment in Air Transport Services.

These amendments are made effective vide the FEM (Non-debt Instruments) (Third Amendment) Rules, 2020 dated July 27, 2020 ([available here](#)).

We trust you will find this an interesting read. For any queries or comments on this update, please feel free to contact us at insights@elp-in.com

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