



Tax alert: Cabinet approves amendments to FDI policy for land-bordering countries

11 March 2026

On 10th March 2026, the Union Cabinet approved modifications to the Foreign Direct Investment (FDI) guidelines governing investments from countries sharing a land border with India (land bordering countries or LBCs).¹ The policy update shifts away from the blanket restrictions introduced under Press Note 3 of 2020, aiming to unlock greater FDI inflows from global private equity and venture capital funds, while accelerating India's integration with global supply chains.

In a nutshell



Relaxation for Non-Controlling Interests

- Investors with a non-controlling LBC Beneficial Ownership of up to 10% are now permitted to invest under the automatic route



Expedited 60-Day Approval Timeline

- 60-day timeline defined for deciding upon LBC investment proposals in specific sectors



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¹ <https://www.pib.gov.in/PressReleasePage.aspx?PRID=2237806®=3&lang=1>

Key highlights of the Cabinet approval on amendments to FDI Policy for Land-Bordering Countries

- **Relaxation for Non-Controlling Interests:** Specific clarification to the term 'Beneficial Ownership' (BO) has been incorporated. Investors with non-controlling LBC Beneficial Ownership of up to 10% are now permitted to invest under the automatic route. These investments remain subject to applicable sectoral limits, entry conditions and mandatory reporting to the Department for Promotion of Industry and Internal Trade (DPIIT).
- **Expedited 60-Day Approval Timeline:** To foster joint ventures and technological collaboration, the government has instituted a definitive 60-day timeline for deciding upon LBC investment proposals. This is limited to specified sectors covering the production of capital goods, electronic capital goods, electronic components, polysilicon, ingot-wafers and solar cells. This expedited window is available where the investee company's majority shareholding and structural control remains with resident Indian citizens or Indian entities owned and controlled by resident Indian citizens. The Committee of Secretaries (CoS), operating under the Cabinet Secretary, retains the authority to revise and update this list of specified sectors as strategic needs evolve.

Our view

India's calibrated reopening to LBC FDI signals a pragmatic shift from the blanket caution adopted after 2020 toward a more nuanced, sector-specific approach to capital inflows. The policy will reassure India's ability to balance strategic sensitivities with the economic need for global capital and deeper supply chain integration.

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