

Individual FDI cap in bourses raised to 15%

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Cabinet also okays initial allotment of stock to FPIs

OUR BUREAU

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Individual foreign investors can now hold up to 15 per cent stake in Indian stock exchanges, up from the earlier 5 per cent.

A decision to this effect was taken by the Union Cabinet on Wednesday.

Currently, foreign investors, in aggregate, can hold up to 49 per cent stake in any stock or commodity exchange.

The Union Cabinet also approved a proposal to allow foreign portfolio investors (FPIs) to acquire shares through initial allotment in stock exchanges.

Boost for exchanges

These decisions could come as a big boost for Indian bourses, especially the BSE and the NSE as they prepare to list in the

coming months. The BSE has already received an in-principle approval from market regulator SEBI for an initial public offering.

The Cabinet decision could also have a positive impact on domestic commodity exchanges MCX and NCDEX.

'Globally competitive'

Meanwhile, an official release said the move will help enhance global competitiveness of Indian bourses by accelerating/facilitating the adoption of latest technology and global best practices, leading to overall growth and development of the Indian capital market.

Responding to the development, Chitra Ramkrishna, Managing Director and CEO of NSE, said the exchange had always followed global best practices, while terming the Centre's decision "in sync with the spirit of globalisation".

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