



Bombay Chartered Accountants' Society

## **Decoding Global Financial Markets & Changes to Overseas Direct Investment (ODI) Regulations** *-A lecture meeting*

Dear Members,

### **“Decoding Global Financial Markets”**

Major central banks have hiked interest rates to tame inflation in the current year. The US Fed has hiked interest rates by 300 bps, the Reserve Bank of India by 190 bps, the Bank of England by 200 bps, the European Central Bank by 125 bps (after 11 years), Bank of Canada by 300 bps. In the rising inflation scenario, where most central banks have adopted rate hikes to control inflation, how far do we expect the rate hike cycle to continue?

Each central bank has a distinguished challenge to combat for economic stability. On the one hand, we have the US Fed, which has been a pioneer in raising interest rates risking recession of the economy at stake, and the EZ ECB has been handling the policy divergence (due to geo-political issues) for over two quarters graduating to an interest rate hike by 125 bps (first time in 11 years), UK has its own political stability and reforms which coupled with post Bre-exit and COVID related spill over expected to push the economy to a recession in next two years.

In a highly contrasting world economy, the performance of the Indian Rupee as against its peers, the global outlook for beyond December is awaited by market participants for further cues market participants for further cues await the global outlook beyond December.

### **“Changes to Overseas Direct Investment (ODI) Regulations”**

Overseas Direct Investment or ODI, is an investment made outside India in a Joint Venture or Wholly Owned Subsidiary either under an Automatic Route or Approval Route. The investment is made by contribution to capital, subscription to a memorandum of a foreign company, or acquisition of existing shares of a foreign entity by market purchase, private placement or stock exchange.

The ODI is governed by Foreign Exchange Management Regulations, 2004 (FEMA) section 2, sub-section 2(e).

The Reserve Bank of India (RBI) issued new guidelines on **August 22, 2022** to make foreign investment in shares and immovable properties easier for Indian retail investors. The overhaul of the ODI regime was aimed at addressing the growing financial needs of Indian Corporates and resident individuals in an increasingly integrated global market. The new framework/guidelines comprise of Rules (framed by Central Government), Regulations and Directions (issued by RBI). The explicit definitions of ODI and OPI under the new overseas investment rules lay down guideline simplifying and covering retail investors.

The critical differences between the old framework and the new Regime could impact financing transactions – calculation of “financial commitment”. A new criterion of “control” by the Indian party has been introduced under new regime and the change in the Indian party’s ability to create a pledge over shares of an overseas subsidiary / Joint venture.

Intending to equip the professionals on the change in regulation – Overseas Direct Investment and decoding the global financial markets considering rising inflation and interest rate, BCAS is pleased to present a lecture meeting on this relevant subject.

The details of lecture meeting are as under:

<b>Topic Coverage</b>	<b>Decoding Global Financial Market &amp; Changes to Overseas Direct Investment (ODI) Regulations</b>
<b>Speakers</b>	<b>Keval Jambudia</b> , Regional Head – Kotak Mahindra Bank Limited (Treasury) <b>Suyog Puntambekar</b> , Head – Trade Advisory Desk – Kotak Mahindra Bank Limited
<b>Day &amp; Date</b>	Wednesday, November 30, 2022 <a href="#">Add event to Outlook Calendar</a>
<b>Time</b>	6:15 p.m. to 7:45 p.m.
<b>Venue &amp; Online Platform</b>	This lecture meeting can be attended in-person or virtually through the BCAS Zoom Platform. <b>In-person meeting at:</b> BCAS Auditorium, BCAS Chowk, Jolly Bhavan 2, New Marine Lines, Mumbai 400020. <a href="#">Google map of location</a> <b>BCAS Zoom Platform registration link:</b> <a href="#">Click Here</a>

BCAS Lecture Meetings are open-for-all meetings on contemporary topics of professional importance and interest.

Best regards,

**CA Kinjal Shah and CA Anand Bathiya**

Hon. Joint Secretaries

***Missed earlier BCAS Lecture Meetings?*** – Now, catch up with video recordings of past BCAS Lecture Meetings and other webinars on our [YouTube channel](#).