

Guidelines on equity policy and foreign investment in Malaysia

Malaysian Investment Development Authority (MIDA), Malaysia

<http://www.mida.gov.my>

Equity policy in the manufacturing sector

Malaysia has always welcomed investments in its manufacturing sector. Desirous of increasing local participation in this activity, the government encourages joint-ventures between Malaysian and foreign investors.

Equity policy for new, expansion, or diversification projects

Since June 2003, foreign investors could hold 100% of the equity in all investments in new projects, as well as investments in expansion/diversification projects by existing companies, irrespective of the level of exports and without excluding any product or activity.

The equity policy also applies to:

- Companies previously exempted from obtaining a manufacturing licence but whose shareholders' funds have now reached RM2.5 million or have now engaged 75 or more full-time employees and are thus required to be licensed.
- Existing licensed companies previously exempted from complying with equity conditions, but are now required to comply due to their shareholders' funds having reached RM2.5 million.

Equity policy applicable for existing companies

- Equity and export conditions imposed on companies prior to 17 June 2003 will be maintained. However, companies can request for these conditions to be removed and approval will be given based on the merits of each case.

Protection of foreign investment

Malaysia's commitment in creating a safe investment environment has attracted more than 8,000 international companies from over 40 countries to make Malaysia their offshore base.

Equity ownership

A company whose equity participation has been approved will not be required to restructure its equity at any time as long as the company continues to comply with the original conditions of approval and retain the original features of the project.

Investment guarantee agreements

Malaysia's readiness to conclude Investment Guarantee Agreements (IGAs) is a testimony of the government's desire to increase foreign investor confidence in Malaysia. IGAs will:

- Protect against nationalisation and expropriation
- Ensure prompt and adequate compensation in the event of nationalisation or expropriation
- Provide free transfer of profits, capital and other fees
- Ensure settlement of investment disputes under the Convention on the Settlement of Investment Disputes of which Malaysia has been a member since 1966.

Malaysia has concluded IGAs with the following groupings:

- Association of South-East Asian Nations (ASEAN)
- Organisation of Islamic Countries (OIC)

Convention on the settlement of investment disputes

In the interest of promoting and protecting foreign investment, the Malaysian government ratified the provisions of the Convention on the Settlement of Investment Disputes in 1966. The Convention, established under the auspices of the International Bank for Reconstruction and Development (IBRD), provides international conciliation or arbitration through the International Centre for Settlement of Investment Disputes located at IBRD's principal office in Washington.

Kuala Lumpur Regional Centre of Arbitration

The Kuala Lumpur Regional Centre for Arbitration was established in 1978 under the auspices of the Asian-African Legal Consultative Organisation (AALCO) - an inter-governmental organisation cooperating with and assisted by the Malaysian government.

A non-profit organisation, the Centre serves the Asia Pacific region. It aims to provide a system to settle disputes for the benefit of parties engaged in trade, commerce and investments with and within the region.

Any dispute, controversy or claim arising out of or relating to a contract, or the breach, termination or invalidity shall be decided by arbitration in accordance with the Rules for Arbitration of the Kuala Lumpur Regional Centre for Arbitration.

Start-up financing in India

Small Industries Development Bank of India (SIDBI), India

India <https://www.sidbi.in>

With a strong purpose to support, develop and nurture ideas of modern entrepreneurs that are instrumental in transforming the Indian economy, the Small Industries Development Bank of India (SIDBI) has been playing an important role in developing the Venture Capital (VC) eco-system in the country. Through its holistic offerings comprising of credit and support ecosystem with tailor-made initiatives, SIDBI operates thoughtfully designed initiatives that meet the requirements of a modern entrepreneur at every stage of his journey, from idea generation to venture formation to scaling up a business. SIDBI's initiatives have been instrumental in creating a vibrant entrepreneurial support ecosystem where a strong capital flow is made available along with relevant hand-holding to ventures. To provide financial resources for Start-ups / MSMEs, SIDBI has been contributing to corpus of various Alternative Investment Funds (AIFs) / Venture Capital Funds (VCFs) for over two decades, which in turn invest at both early & growth stages in Start-ups / MSMEs.

SIDBI does not invest directly in Start-ups, but participates in the capital of Alternative Investment Funds (AIF) registered with Securities and Exchange Board of India (SEBI). SIDBI, thus, contributes to the corpus of Alternative Investment Funds (AIFs) for investing in equity and equity-linked instruments of various Start-ups at early stage, seed stage and growth stage.

SIDBI has been managing the following funds for start-ups:

Fund of Funds for Start-ups

In line with the Start-up India Action Plan unveiled by the Hon'ble Prime Minister on the January 16, 2016, the Cabinet approved the establishment of 'Fund of Funds for Start-ups (FFS) at SIDBI for contribution to various Alternative Investment Funds (AIFs). Introduced with a focussed objective of supporting development and growth of innovation driven enterprises, the Fund of Funds

(FFS) facilitates funding needs for Start-ups through participation in capital of SEBI registered Venture Funds.

Aspire Fund

The Aspire fund provides support to various Angel / Venture Capital Funds (VCFs) for investing in start-ups / early stage enterprises in the areas of innovation, entrepreneurship, forward backward linkage with multiple value chain of manufacturing and service delivery, accelerator support in the agro-based Industry verticals and sectors which would galvanize the rural economy.

India Aspiration Fund

India Aspiration Fund set up SIDBI with the support of RBI pursuant to a budget announcement is an INR2000 crore fund introduced by SIDBI with a vision to promote and accelerate equity and equity linked investments in Start-ups and MSMEs. IAF contributes to the corpus of SEBI registered Alternative Investment Funds (AIFs), with sector agnostic investments specifically involving MSMEs as key strategic investment sectors.

TIFAC-SRIJAN Scheme

TIFAC-SRIJAN Scheme aims at facilitating development, demonstration and commercialization of technology innovation projects pertaining to new product or process development to encourage and promote development of capabilities in MSMEs to innovate and to bring high-risk innovations to the market for opening up opportunities for business linked with innovations. The programme supports MSMEs towards development, up-scaling, demonstration and commercialization of innovative technology based projects by providing developmental loans at flexible terms & interest rate to encourage / promote development / innovation of new technology / process / product and its commercialization.

Globalization of Low-Carbon Technologies: The Impact of the Paris Agreement

This book explores the opportunities and barriers within the Intended Nationally Determined Contributions (INDC) framework of the Paris Agreement for low-carbon technology diffusion. Further, it proposes appropriate and feasible mechanisms required at local, national and regional levels to achieve the INDC targets. The book employs both meta policy analysis and scenario building to examine, whether the diffusion of low-carbon energy future by 2030 is economically viable under the INDC framework and how international technology cooperation could accelerate investments on the scale required for achieving the INDC targets. Further, this book provides new perspectives on market and non-market mechanisms for the globalization of low-carbon technologies, within the framework conditions of the Paris Agreement, which will be of significant value to senior policy makers, multi-disciplinary academia, and investing communities.

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