

**Investment by an unincorporated entity under
Foreign Direct Investment (FDI) Scheme
A.P.(DIR Series) Circular No. 54 (Dec 20, 2003)**

**Reserve Bank of India
Exchange Control Department
Central Office
Mumbai**

A.P.(DIR Series) Circular No. 54

December 20, 2003

To

All Authorised Dealers in Foreign Exchange

Madam / Sirs,

**Investment by an unincorporated entity
under Foreign Direct Investment (FDI) Scheme**

Attention of Authorised Dealers is invited to Regulation 5(1) of Notification No. FEMA 20/2000-RB dated May 3, 2000, in terms of which, besides a person resident outside India (other than a citizen of Bangladesh or Pakistan or Sri Lanka), an entity outside India, whether incorporated or not, (other than an entity in Bangladesh or Pakistan), may purchase shares or convertible debentures of an Indian company under FDI Scheme, subject to the terms and conditions specified in Schedule 1 thereto.

2. In this connection, in terms of A.P.(DIR Series) Circular No.14 dated September 16, 2003, a decision has been conveyed, among others, that an unincorporated entity shall not be allowed to make fresh investments under FDI Scheme including the Automatic Route.

3. Accordingly, necessary amendments to the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000 have been notified vide Notification No. FEMA 100/2003-RB dated October 3, 2003 (copy enclosed). It is clarified that only an entity incorporated/registered under the relevant statutes, laws of the host country (other than an entity in Bangladesh or Pakistan) is allowed to invest as per the amended Regulation.

4. Authorised Dealers may bring the contents of this circular to the notice of their constituents concerned.

5. The directions contained in this circular have been issued under Sections 10(4) and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999).

Yours faithfully,
Grace Koshie
Chief General Manager