



RESERVE BANK OF INDIA  
Foreign Exchange Department  
Central Office  
Mumbai - 400 001

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RBI/2014-15/6

Master Circular No.15/2014-15

July 01, 2014  
(Amended upto April 08, 2015)

To,

All Category - I Authorised Dealer banks

Madam / Sir,

**Master Circular on Foreign Investment in India**

Foreign investment in India is governed by sub-section (3) of Section 6 of the Foreign Exchange Management Act, 1999 read with [Notification No. FEMA 20/2000-RB dated May 3, 2000](#), as amended from time to time. The regulatory framework and instructions issued by the Reserve Bank have been compiled in this Master Circular. The list of underlying circulars/notifications is furnished in Appendix. In addition to the above, this Master Circular also covers the area of '**Investment in capital of Limited Liability Partnership, partnership firms or proprietary concern**' which is regulated in terms of Section 2(h) of Section 47 of Foreign Exchange Management Act, 1999, read with [Notification No. FEMA 24/2000-RB dated May 3, 2000](#).

2. This Master Circular is being updated from time to time as and when the fresh instructions are issued. The date up to which the Master Circular has been updated is suitably indicated.

3. This Master Circular may be referred to for general guidance. The Authorised Persons and the Authorised Dealer Category – I banks may refer to respective circulars/ notifications for detailed information, if so needed.

Yours faithfully,

(B. P. Kanungo)  
Principal Chief General Manager

## INDEX

### PART – I

#### Foreign Investments in India – Schematic Representation

<b>Section – I: Foreign Direct Investment</b>		
1.	Foreign Direct Investment in India	5
2.	Entry routes for investments in India	5
3.	Eligibility for investment in India	6
4.	Type of instruments	7
5.	Pricing guidelines	8
6.	Mode of payment	11
7.	Foreign investment limits, prohibited sectors and investment in MSEs	12
8.	Modes of investment under Foreign Direct Investment Scheme	
	8.A Issuance of fresh shares by the company	14
	8.B Acquisition by way of transfer of existing shares by person resident outside India	14
	8.C Issue of Rights /Bonus shares	20
	8.D Issue of shares under Employees Stock Option Scheme (ESOPs)	21
	8.E Conversion of ECB / Lumpsum Fee / Royalty / Import of capital goods by SEZs in to Equity / Import payables / Pre incorporation expenses	21
	8.F Issue of eligible securities by Indian Companies under Depository Receipts Scheme, 2014 (DR Scheme 2014).	23
	8.G FDI through issue / transfer of 'participating interest / right' in oil fields to a NR	26
9.	Foreign currency account and escrow account	27
10.	Acquisition of shares under scheme of merger / amalgamation	27
11.	Remittance of sale proceeds	28
12.	Remittance on winding up/liquidation of companies	28
13.	Pledge	28
14.	Guidelines for the calculation of total foreign investment in Indian companies, transfer of ownership and control of Indian companies and downstream investment by Indian companies	31
15.	Issue of Non convertible/ redeemable bonus preference shares or debentures	39
16.	Foreign Direct Investment in Limited Liability Partnership (LLP)	40
<b>Section – II: Foreign investments under Portfolio Investment Scheme (PIS)</b>		
1.	Entities	41
2.	Investment in listed Indian companies	42
3.	Accounts with AD Category – I banks	44
4.	Exchange Traded Derivative Contracts	45
5.	Collateral for FIIs	45
6.	Short Selling of FIIs	46
7.	Private placement with FIIs	47
8.	Transfer of shares acquired under PIS	47
9.	Monitoring of Investment position by RBI and AD banks	47
10.	Prior intimation to Reserve Bank of India	48
11.	Caution List	48
12.	Ban List	48
13.	Issue of irrevocable payment commitment (IPCs) to stock exchanges on behalf of FIIs	49
14.	Investments by Qualified Foreign investors (QFIs) in listed equity shares	49
15.	Foreign Portfolio Investment Scheme	52

<b>Section – III: Foreign Venture Capital Investments</b>		
1.	Investments by Foreign Venture Capital Investor	55
<b>Section – IV : Other Foreign Investments</b>		
1.	Purchase of other securities by NRIS	57
2.	Indian Depository Receipts (IDRs)	58
3.	Purchase of other securities by RFPs/FIIs , QFIs and long term investors	59
4.	Investment by Multilateral Development Banks (MDBs)	61
5.	Foreign investment in Tier I and Tier II instruments issued by banks in India	61
6.	Qualified foreign investors (QFIs) investment in the units of domestic mutual funds	62
7.	Infrastructure Debt Fund.	63
8.	Purchase of other securities by QFIs	63
<b>Section – V: Reporting guidelines for Foreign Investments in India as per Section I and II</b>		
1.	Reporting of FDI for fresh issuance of shares	65
2.	Reporting of FDI for transfer of shares	
3.	Reporting of conversion of ECB into equity	67
4.	Reporting of ESOPs for allotment of equity shares	69
5.	Reporting of DR issues	69
6.	Reporting of FII investments under PIS	70
7.	Reporting of NRI investments under PIS	70
8.	Reporting of foreign investment by way of issue / transfer of 'participating interest/right' in oil fields	70

## **PART II**

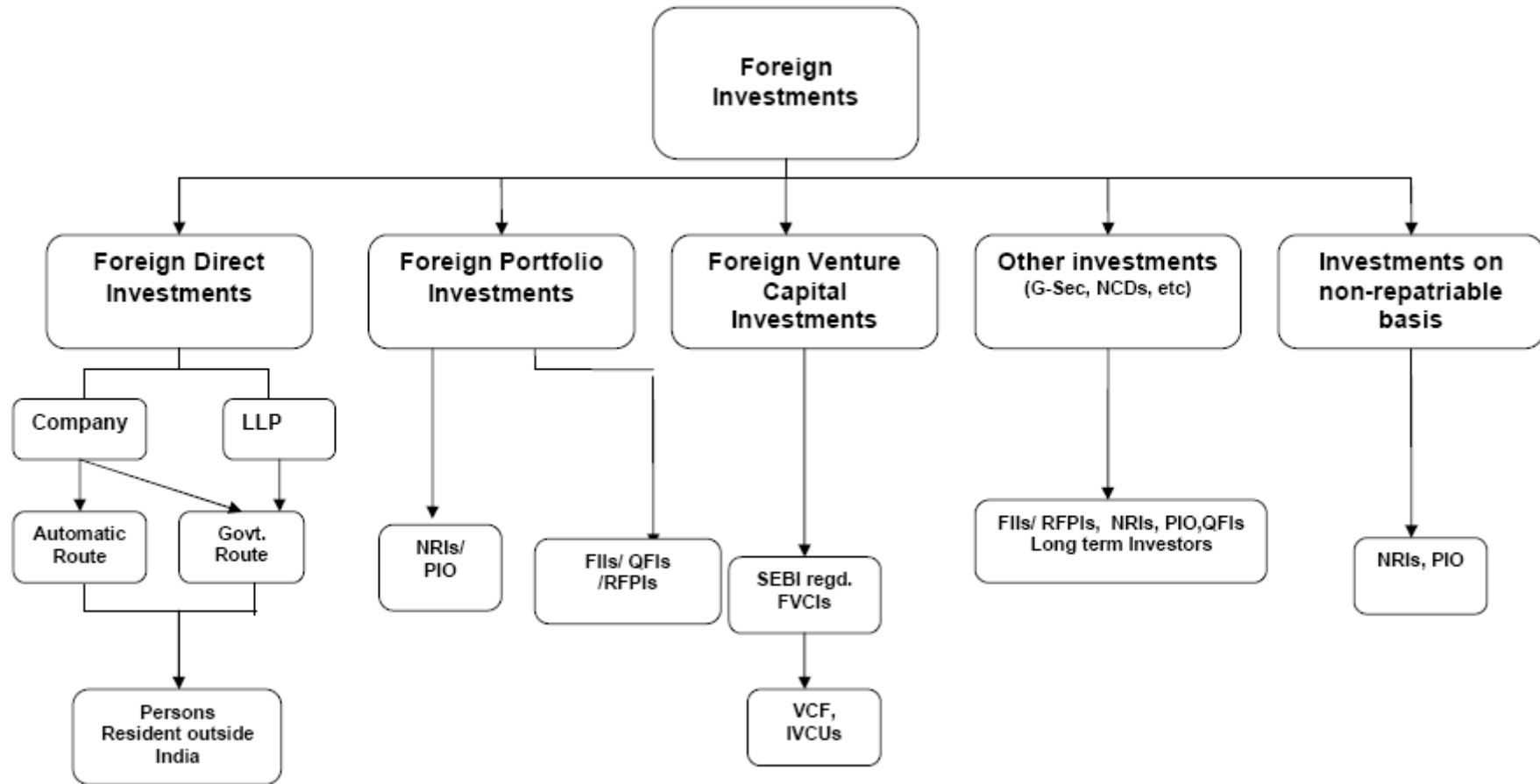
<b>Investment in Partnership Firm / Proprietary Concern</b>		
1.	Investment in partnership firm / proprietary concern	72
2.	Investments with repatriation benefits	72
3.	Investment by non-residents other than NRIs/PIO	72
4.	Restrictions	73

<b>Annexures</b>	<b>Page No.</b>
Annex A – Salient features of Portfolio Investment Scheme (PIS) for investments by a Non Resident Indian (NRI)	74
Annex B n- Scheme for Acquisition/ Transfer by a person resident outside India of capital contribution or profit share of Limited Liability Partnerships (LLPs)	78
Annex – 1 Sector-Specific Policy For Foreign Investment	82
Annex – 2 Sectors prohibited for FDI	112
Annex – 3 Terms And Conditions for Transfer Of Shares / Convertible Debentures, By Way Of Sale	113
Annex – 4 Documents to be submitted by a person resident in India for transfer of shares to a person resident outside India by way of gift	117
Annex – 5 Definition Of "Relative" As Given in Section 6 Of Companies Act, 1956	118
Annex – 6 report by the Indian company receiving amount of consideration for issue of shares / convertible debentures under the FDI scheme – advance remittance form	119
Annex – 7 – Know Your Customer (KYC) Form in Respect Of The Non-Resident Investor	121
Annex – 8 – FC- GPR	122
Annex – 9-I – FC-TRS	131
Annex – 9-II Know Your Customer (KYC) Form in respect of the non-resident investor	137

Annex – 10 Return to be filed by an Indian Company who has arranged issue of GDR/ADR	138
Annex-11 Form FOREIGN DIRECT INVESTMENT LLP(I)	143
Annex-12 Form FOREIGN DIRECT INVESTMENT LLP(II)	149
Annex-13 Appendix of A.P. DIR and Notifications	154

Part – I

Foreign Investments in India—Schematic Representation:



## **Section - I: Foreign Direct Investment**

### **1. Foreign Direct Investment in India**

Foreign Direct Investment (FDI) in India is :

- undertaken in accordance with the FDI Policy which is formulated and announced by the Government of India. The Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India issues a “Consolidated FDI Policy Circular ” on an yearly basis on March 31 of each year (since 2010) elaborating the policy and the process in respect of FDI in India. The latest “Consolidated FDI Policy Circular” dated April 17, 2014 is available in the public domain and can be downloaded from the website of Ministry of Commerce and Industry, Department of Industrial Policy and Promotion – [http://dipp.nic.in/English/Policies/FDI\\_Circular\\_2014.pdf](http://dipp.nic.in/English/Policies/FDI_Circular_2014.pdf) governed by the provisions of the Foreign Exchange Management Act (FEMA), 1999. FEMA Regulations which prescribe amongst other things the mode of investments i.e. issue or acquisition of shares / convertible debentures and preference shares, manner of receipt of funds, pricing guidelines and reporting of the investments to the Reserve Bank. The Reserve Bank has issued Notification No. FEMA 20 /2000-RB dated May 3, 2000 which contains the Regulations in this regard. This Notification has been amended from time to time.

### **2. Entry routes for investments in India**

Under the Foreign Direct Investments (FDI) Scheme, investments can be made in shares, mandatorily and fully convertible debentures and mandatorily and fully convertible preference shares<sup>1</sup> of an Indian company by non-residents through two routes:

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<sup>1</sup> "Shares" mentioned in this **Master Circular** means equity shares, "preference shares" means fully and mandatorily convertible preference shares and "convertible debentures" means fully and mandatorily convertible debentures [cf. [A. P. \(DIR Series\) Circular Nos. 73 & 74](#) dated June 8, 2007]

- **Automatic Route:** Under the Automatic Route, the foreign investor or the Indian company does not require any approval from the Reserve Bank or Government of India for the investment.
- **Government Route:** Under the Government Route, the foreign investor or the Indian company should obtain prior approval of the Government of India (Foreign Investment Promotion Board (FIPB), Department of Economic Affairs (DEA), Ministry of Finance or Department of Industrial Policy & Promotion, as the case may be) for the investment.

### 3. Eligibility for Investment in India

- (i) A person resident outside India<sup>2</sup> or an entity incorporated outside India, can invest in India, subject to the FDI Policy of the Government of India. A person who is a citizen of Bangladesh or an entity incorporated in Bangladesh can invest in India under the FDI Scheme, with the prior approval of the FIPB. Further, a person who is a citizen of Pakistan or an entity incorporated in Pakistan, may, with the prior approval of the FIPB, can invest in an Indian company under FDI Scheme, subject to the prohibitions applicable to all foreign investors and the Indian company, receiving such foreign direct investment,

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<sup>2</sup> “person resident in India” means—[As per FEMA Sec 2(v)]

(i) a person residing in India for more than one hundred and eighty-two days during the course of the preceding financial year but does not include—

(A) a person who has gone out of India or who stays outside India, in either case—

(a) for or on taking up employment outside India, or

(b) for carrying on outside India a business or vocation outside India, or

(c) for any other purpose, in such circumstances as would indicate his intention to stay outside India for an uncertain period;

(B) a person who has come to or stays in India, in either case, otherwise than—

(a) for or on taking up employment in India, or

(b) for carrying on in India a business or vocation in India, or

(c) for any other purpose, in such circumstances as would indicate his intention to stay in India for an uncertain period;

(ii) any person or body corporate registered or incorporated in India,

(iii) an office, branch or agency in India owned or controlled by a person resident outside India,

(iv) an office, branch or agency outside India owned or controlled by a person resident in India;

- “person resident outside India” means a person who is not resident in India; [As per FEMA Sec 2(w)].

should not be engaged in sectors / activities pertaining to defence, space and atomic energy.

- (ii) NRIs, resident in Nepal and Bhutan as well as citizens of Nepal and Bhutan are permitted to invest in shares and convertible debentures of Indian companies under FDI Scheme on repatriation basis, subject to the condition that the amount of consideration for such investment shall be paid only by way of inward remittance in **free foreign exchange** through normal banking channels.
- (iii) Overseas Corporate Bodies (OCBs) have been de-recognised as a class of investor in India with effect from September 16, 2003. Erstwhile OCBs which are incorporated outside India and are not under adverse notice of the Reserve Bank can make fresh investments under the FDI Scheme as incorporated non-resident entities, with the prior approval of the Government of India, if the investment is through the Government Route; and with the prior approval of the Reserve Bank, if the investment is through the Automatic Route. However, before making any fresh FDI under the FDI scheme, an erstwhile OCB should through their AD bank, take a one time certification from RBI that it is not in the adverse list being maintained with the Reserve Bank of India.

ADs should also ensure that OCBs do not maintain any account other than NRO current account in line with the instructions as per [A.P. \(DIR Series\) Circular No. 14 dated September 16, 2003](#). Further, this NRO account should not be used for any fresh investments in India. Any fresh request for opening of NRO current account for liquidating previous investment held on non-repatriation basis should be forwarded by the AD bank to Foreign Exchange Department, Reserve Bank of India, Central Office, Mumbai. However, ADs should not close other category of accounts (NRE / FCNR / NRO) for OCBs which are in the adverse list of the Reserve Bank of India. These accounts are to be maintained by the respective AD banks in the frozen status.



#### **4. Type of instruments**

i) Indian companies can issue equity shares, fully and mandatorily convertible debentures, fully and mandatorily convertible preference shares and warrants subject to the pricing guidelines / valuation norms and reporting requirements amongst other requirements as prescribed under FEMA Regulations.

ii) As far as debentures are concerned, only those which are fully and mandatorily convertible into equity, within a specified time, would be reckoned as part of equity under the FDI Policy.

iii) Prior to December 30, 2013, issue of other types of preference shares such as non-convertible, optionally convertible or partially convertible, were to be in accordance with the guidelines applicable for External Commercial Borrowings (ECBs). On and from December 30, 2013 it has been decided that optionality clauses may henceforth be allowed in equity shares and compulsorily and mandatorily convertible preference shares/debentures to be issued to a person resident outside India under the Foreign Direct Investment (FDI) Scheme. The optionality clause will oblige the buy-back of securities from the investor at the price prevailing/value determined at the time of exercise of the optionality so as to enable the investor to exit without any assured return. The provision of optionality clause shall be subject to the following conditions:

(a) There is a minimum lock-in period of one year or a minimum lock-in period as prescribed under FDI Regulations, whichever is higher (e.g. defence sector where the lock-in period of three years has been prescribed). The lock-in period shall be effective from the date of allotment of such shares or convertible debentures or as prescribed for defence sector, etc. in Annex B to Schedule 1 of Notification No. FEMA. 20 as amended from time to time;

(b) After the lock-in period, as applicable above, the non-resident investor exercising option/right shall be eligible to exit without any assured return, as under:

(i) In case of a listed company, the non-resident investor shall be eligible to exit at the market price prevailing at the recognised stock exchanges;

(ii) In case of unlisted company, the non-resident investor shall be eligible to exit from the investment in equity shares of the investee company at a price as per any internationally accepted pricing methodology on arm's length basis, duly certified by a Chartered Accountant or a SEBI registered Merchant Banker.

The guiding principle would be that the non-resident investor is not guaranteed any assured exit price at the time of making such investment/agreements and shall exit at the fair price computed as above at the time of exit, subject to lock-in period requirement, as applicable.

#### 5. Pricing guidelines

- **Fresh issue of shares:** Price of fresh shares issued to persons resident outside India under the FDI Scheme, shall be :
  - on the basis of SEBI guidelines in case of listed companies.
  - not less than fair value of shares determined by a SEBI registered Merchant Banker or a Chartered Accountant as per as per any internationally accepted pricing methodology on arm's length basis.

The pricing guidelines as above are subject to pricing guidelines as enumerated in paragraph above, for exit from FDI with optionality clauses by non-resident investor.

The above pricing guidelines are also applicable for issue of shares against payment of lump sum technical know how fee / royalty due for payment/repayment or conversion of ECB into equity or capitalization of pre incorporation expenses/import payables (with prior approval of Government).

The pricing of the partly paid equity shares shall be determined upfront and 25% of the total consideration amount ( including share premium, if any), shall also be received upfront; The balance consideration towards fully paid equity shares shall be received within a period of 12 months.

The time period for receipt of the balance consideration within 12 months shall not be insisted upon where the issue size exceeds rupees five hundred crore and the issuer complies with Regulation 17 of the SEBI (Issue of Capital and Disclosure Requirements(ICDR)) Regulations regarding monitoring agency. Similarly, in case of an unlisted Indian company, the balance consideration amount can be received after 12 months where the issue size exceeds rupees five hundred crores. However, the investee company shall appoint a monitoring agency on the same lines as required in case of a listed Indian company under the SEBI (ICDR) Regulations. Such monitoring agency (AD Category -1 bank) shall report to the investee company as prescribed by the SEBI regulations, *ibid*, for the listed companies.

The pricing of the warrants and price/ conversion formula shall be determined upfront and 25% of the consideration amount shall also be received upfront. The balance consideration towards fully paid up equity shares shall be received within a period of 18 months;

The price at the time of conversion should not in any case be lower than the fair value worked out, at the time of issuance of such warrants, in accordance with the extant FEMA Regulations and pricing guidelines stipulated by RBI from time to time. Thus, Investee company shall be free to receive consideration more than the pre-agreed price.

<sup>3</sup>It is clarified that where the liability sought to be converted by the company is denominated in foreign currency as in case of ECB, import of

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<sup>3</sup> Inserted vide [APDIR 94 dated January 16, 2014](#)

capital goods, etc. it will be in order to apply the exchange rate prevailing on the date of the agreement between the parties concerned for such conversion. Reserve Bank will have no objection if the borrower company wishes to issue equity shares for a rupee amount less than that arrived at as mentioned above by a mutual agreement with the ECB lender. It may be noted that the fair value of the equity shares to be issued shall be worked out with reference to the date of conversion only.

It is further clarified that the principle of calculation of INR equivalent for a liability denominated in foreign currency as mentioned at paragraph 3 above shall apply, *mutatis mutandis*, to all cases where any payables/liability by an Indian company such as, lump sum fees/royalties, etc. are permitted to be converted to equity shares or other securities to be issued to a non-resident subject to the conditions stipulated under the respective Regulations.

- However, where non-residents (including NRIs) are making investments in an Indian company in compliance with the provisions of the Companies Act, 1956, by way of subscription to its Memorandum of Association, such investments may be made at face value subject to their eligibility to invest under the FDI scheme.
- **Additional conditions for issue of partly paid shares and warrants**
  - (a) The Indian company whose activity/ sector falls under government route would require prior approval of the Foreign Investment Promotion Board (FIPB), Government of India for issue of partly-paid shares/warrants.
  - (b) The forfeiture of the amount paid upfront on non-payment of call money shall be in accordance with the provisions of the Companies Act, 2013 and Income tax provisions, as applicable;

(c) The company while issuing partly paid shares or warrants shall ensure that the sectoral caps are not breached even after the shares get fully paid-up or warrants get converted into fully paid equity shares. Similarly, the Non-resident investors acquiring partly paid shares or convertible debentures or warrants shall ensure that the sectoral caps are not breached even after the shares get fully paid-up or warrants get converted into fully paid equity shares.

(d) The deferment of payment of consideration amount or shortfall in receipt of consideration amount as per applicable pricing guidelines by the foreign investors will not be covered under these guidelines so as to be treated as subscription to partly paid shares and warrants. Thus, the Investee company under these guidelines for issue/transfer of partly-paid shares/warrants, shall require to comply with the requirements under the Companies Act, 2013 for issuance of partly paid shares and warrants;

- **Issue of shares by SEZs against import of capital goods:** In this case, the share valuation has to be done by a Committee consisting of Development Commissioner and the appropriate Customs officials.
- **Right Shares:** The price of shares offered on rights basis by the Indian company to non-resident shareholders shall be:
  - i) In the case of shares of a company **listed** on a recognised stock exchange in India, at a price as determined by the company.
  - ii) In the case of shares of a company **not listed** on a recognised stock exchange in India, at a price which is not less than the price at which the offer on right basis is made to the resident shareholders.
- **Acquisition / transfer of existing shares (private arrangement).** The acquisition of existing shares from Resident to Non-resident (i.e. to incorporated non-resident entity other than erstwhile OCB, foreign national, NRI, FII) would be at a:-;

- (a) negotiated price for shares of companies listed on a recognized stock exchange in India which shall not be less than the price at which the preferential allotment of shares can be made under the SEBI guidelines, as applicable, provided the same is determined for such duration as specified therein, preceding the relevant date, which shall be the date of purchase or sale of shares. The price per share arrived at should be certified by a SEBI registered Merchant Banker or a Chartered Accountant.
- (b) negotiated price for shares of companies which are not listed on a recognized stock exchange in India which shall not be less than the fair value worked out as per any internationally accepted pricing methodology for valuation of shares on arm's length basis, duly certified by a Chartered Accountant or a SEBI registered Merchant Banker. Further, transfer of existing shares by Non-resident (i.e. by incorporated non-resident entity, erstwhile OCB, foreign national, NRI, FII) to Resident shall not be more than the minimum price at which the transfer of shares can be made from a resident to a non-resident as given above.
- The pricing of shares / convertible debentures / preference shares should be decided / determined upfront at the time of issue of the instruments. The price for the convertible instruments can also be determined based on the conversion formula which has to be determined / fixed upfront, however the price at the time of conversion should not be less than the fair value worked out, at the time of issuance of these instruments, in accordance with the extant FEMA regulations.
  - The pricing guidelines as above are subject to pricing guidelines as enumerated in paragraph above, for exit from FDI with optionality clauses by non-resident investor.

## **6. Mode of Payment**

An Indian company issuing shares /convertible debentures under FDI Scheme to a person resident outside India shall receive the amount of consideration required to be paid for such shares /convertible debentures by:

- (i) inward remittance through normal banking channels.
- (ii) debit to NRE / FCNR account of a person concerned maintained with an AD category I bank.
- (iii) conversion of royalty / lump sum / technical know how fee due for payment /import of capital goods by units in SEZ or conversion of ECB, shall be treated as consideration for issue of shares.
- (iv) conversion of import payables / pre incorporation expenses / share swap can be treated as consideration for issue of shares with the approval of FIPB.
- (v) debit to non-interest bearing Escrow account in Indian Rupees in India which is opened with the approval from AD Category – I bank and is maintained with the AD Category I bank on behalf of residents and non-residents towards payment of share purchase consideration.

If the shares or convertible debentures are not issued within 180 days from the date of receipt of the inward remittance or date of debit to NRE / FCNR(B) / Escrow account, the amount of consideration shall be refunded. Further, the Reserve Bank may on an application made to it and for sufficient reasons, permit an Indian Company to refund / allot shares for the amount of consideration received towards issue of security if such amount is outstanding beyond the period of 180 days from the date of receipt.

## **7. Foreign Investment limits, Prohibited Sectors and investment in MSEs**

### **a) Foreign Investment Limits**

The details of the entry route applicable and the maximum permissible foreign investment / sectoral cap in an Indian Company are determined by the sector in which it is operating. The details of the entry route applicable along with the sectoral cap for foreign investment in various sectors are given in Annex -1.

**b) Investments in Micro and Small Enterprise (MSE)**

A company which is reckoned as Micro and Small Enterprise (MSE) (earlier Small Scale Industrial Unit) in terms of the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006, including an Export Oriented Unit or a Unit in Free Trade Zone or in Export Processing Zone or in a Software Technology Park or in an Electronic Hardware Technology Park, and which is not engaged in any activity/sector mentioned in Annex 2 may issue shares or convertible debentures to a person resident outside India (other than a resident of Pakistan and to a resident of Bangladesh under approval route), subject to the prescribed limits as per FDI Policy, in accordance with the Entry Routes and the provision of Foreign Direct Investment Policy, as notified by the Ministry of Commerce & Industry, Government of India, from time to time.

Any Industrial undertaking, with or without FDI, which is not an MSE, having an industrial license under the provisions of the Industries (Development & Regulation) Act, 1951 for manufacturing items reserved for the MSE sector may issue shares to persons resident outside India (other than a resident/entity of Pakistan and to a resident/entity of Bangladesh with prior approval FIPB), to the extent of 24 per cent of its paid-up capital or sectoral cap whichever is lower. Issue of shares in excess of 24 per cent of paid-up capital shall require prior approval of the FIPB of the Government of India and shall be in compliance with the terms and conditions of such approval.

Further, in terms of the provisions of MSMED Act, (i) in the case of the enterprises engaged in the manufacture or production of goods pertaining to any industry specified in the first schedule to the Industries (Development and Regulation) Act, 1951, a micro enterprise means where the investment in plant and machinery does not exceed twenty five lakh rupees; a small



enterprise means where the investment in plant and machinery is more than twenty five lakh rupees but does not exceed five crore rupees; (ii) in the case of the enterprises engaged in providing or rendering services, a micro enterprise means where the investment in equipment does not exceed ten lakh rupees; a small enterprise means where the investment in equipment is more than ten lakh rupees but does not exceed two crore rupees.

**c) Prohibition on foreign investment in India**

(i) **Foreign investment in any form** is prohibited in a company or a partnership firm or a proprietary concern or any entity, whether incorporated or not (such as, Trusts) which is engaged or proposes to engage in the following activities<sup>4</sup>:

- (a) Business of chit fund, or
- (b) Nidhi company, or
- (c) Agricultural or plantation activities, or
- (d) Real estate business, or construction of farm houses, or
- (e) Trading in Transferable Development Rights (TDRs).

(ii) It is clarified that “real estate business” means dealing in land and immovable property with a view to earning profit or earning income therefrom and does not include development of townships, construction of residential / commercial premises, roads or bridges, educational institutions, recreational facilities, city and regional level infrastructure, townships.

It is further clarified that partnership firms /proprietorship concerns having investments as per FEMA regulations are not allowed to engage in print media sector.

(iii) In addition to the above, **Foreign investment in the form of FDI** is also prohibited in certain sectors such as (Annex-2):

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<sup>4</sup> As per [Notification no. FEMA 1/2000-RB dated May 3, 2000](#)

- (a) Lottery Business including Government/ private lottery, online lotteries, etc.<sup>5</sup>
- (b) Gambling and Betting including casinos etc.
- (c) Chit funds
- (d) Nidhi company
- (e) Trading in Transferable Development Rights (TDRs)
- (f) Real Estate Business or Construction of Farm Houses
- (g) Manufacturing of Cigars, cheroots, cigarillos and cigarettes, of tobacco or of tobacco substitutes
- (h) Activities / sectors not open to private sector investment e.g. (I) Atomic energy and (II) Railway operations (other than permitted activities mentioned in entry 18 of Annex B).

**Note:** Foreign technology collaboration in any form including licensing for franchise, trademark, brand name, management contract is also prohibited for Lottery Business and Gambling and Betting activities.

**<sup>6</sup> 7A Group company' means two or more enterprises which, directly or indirectly, are in position to:**

- (i) exercise twenty-six per cent, or more of voting rights in other enterprise;  
or
- (ii) appoint more than fifty per cent, of members of board of directors in the other enterprise.

## **8. Modes of Investment under Foreign Direct Investment Scheme**

Foreign Direct Investment in India can be made through the following modes:

### **8. A. Issuance of fresh shares by the company**

An Indian company may issue fresh shares /convertible debentures under the FDI Scheme to a person resident outside India (who is eligible for investment in India) subject to compliance with the extant FDI policy and the FEMA Regulation.

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<sup>5</sup> [Notification No.FEMA.320/2014-RB dtd Sep 5, 2014](#)

<sup>6</sup> Vide [A.P.\(DIR Series\) Circular No. 68 dated November 1, 2013](#)

## **8 B. Acquisition by way of transfer of existing shares by person resident in or outside India**

Foreign investors can also invest in Indian companies by purchasing / acquiring existing shares from Indian shareholders or from other non-resident shareholders. General permission has been granted to non-residents / NRIs for acquisition of shares by way of transfer in the following manner:

### **8 B.I Transfer of shares by a Person resident outside India**

- a. **Non Resident to Non-Resident (Sale / Gift):** A person resident outside India (other than NRI and OCB) may transfer by way of sale or gift, shares or convertible debentures to any person resident outside India (including NRIs but excluding OCBs).

**Note:** Transfer of shares from or by erstwhile OCBs would require prior approval of the Reserve Bank of India.

- b. **NRI to NRI (Sale / Gift):** NRIs may transfer by way of sale or gift the shares or convertible debentures held by them to another NRI.

c. **Non Resident to Resident(Sale / Gift):**

- (i) **Gift:** A person resident outside India can transfer any security to a person resident in India by way of gift.

- (ii) **Sale under private arrangement:** General permission is also available for transfer of shares / convertible debentures, by way of sale under private arrangement by a person resident outside India to a person resident in India **in case where transfer of shares are under SEBI regulations and where the FEMA pricing guidelines are not met**, subject to the following

- (a) The original and resultant investment comply with the extant FDI policy/ FEMA regulations;
- (b) The pricing complies with the relevant SEBI regulations (such as IPO, Book building, block deals, delisting, exit,

open offer/ substantial acquisition / SEBI (SAST) and buy back); and

- (c) CA certificate to the effect that compliance with relevant SEBI regulations as indicated above is attached to the Form FC-TRS to be filed with the AD bank.
- (d) Compliance with reporting and other guidelines as given in Annex 3.

Note: Transfer of shares from a Non Resident to Resident other than under SEBI regulations and where the FEMA pricing guidelines are not met would require the prior approval of the Reserve Bank of India.

- iii) **Sale of shares/ convertible debentures on the Stock Exchange by person resident outside India:** A person resident outside India can sell the shares and convertible debentures of an Indian company on a recognized Stock Exchange in India through a stock broker registered with stock exchange or a merchant banker registered with SEBI.

AD Category –I bank may issue bank guarantee, without prior approval of the Reserve Bank, on behalf of a non-resident acquiring shares or convertible debentures of an Indian company through open offers/ delisting/exit offers, provided <sup>7</sup>:

a) the transaction is in compliance with the provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) [SEBI(SAST)] Regulations;

b) the guarantee given by the AD Category –I bank is covered by a counter guarantee of a bank of international repute.

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<sup>7</sup> Vide [AP.\(Dir Series\) Circular No 37 dated September 5, 2013](#)

It may be noted that the guarantee shall be valid for a tenure co-terminus with the offer period as required under the SEBI (SAST) Regulations. In case of invocation of the guarantee, the AD Category-I bank is required to submit to the Principal Chief General Manager, Foreign Exchange Department, Reserve Bank of India, Central Office, Mumbai 400001, a report on the circumstances leading to the invocation of the guarantee.

#### **8.B.II Transfer of shares/convertible debentures from Resident to Person Resident outside India**

A person resident in India can transfer by way of sale, shares / convertible debentures (including transfer of subscriber's shares), of an Indian company under private arrangement to a person resident outside India, subject to the following alongwith pricing, reporting and other guidelines given in Annex - 3.

- a) where the transfer of shares requires the prior approval of the FIPB as per extant FDI policy provided that:
  - i) the requisite FIPB approval has been obtained; and
  - ii) the transfer of share adheres with the pricing guidelines and documentation requirements as specified by the Reserve Bank of India from time to time.
  
- b) where SEBI (SAST) guidelines are attracted, subject to adherence with the pricing guidelines and documentation requirements as specified by the Reserve Bank of India from time to time.
  
- c) where the pricing guidelines under FEMA,1999 are not met provided that:
  - i) the resultant FDI is in compliance with the extant FDI policy and FEMA regulations in terms of sectoral caps, conditionalities (such as minimum capitalization,etc.),reporting requirements, documentation, etc.;

- ii) The pricing for the transaction is compliant with specific/explicit , extant and relevant SEBI regulations(such as IPO, book building, block deals, delisting, open/ exit offer,substantial acquisition/SEBI(SAST); and
  - iii) CA Certificate to the effect that compliance with relevant SEBI regulations as indicated above is attached to the Form FC-TRS to be filed with the AD bank.
- d) where the investee company is in the financial services sector provided that:
- i). <sup>8</sup>With effect from October 11, 2103, the requirement of NoC(s) from the respective regulators/regulators of the investee company as well as the transferor and transferee entities and filing of such NOCs along with the Form FC-TRS with the AD bank has been waived from the perspective of Foreign Exchange Management Act, 1999 and no such NoC(s) need to be filed along with form FC-TRS. However, any 'fit and proper/ due diligence' requirement as regards the non-resident investor as stipulated by the respective financial sector regulator shall have to be complied with.
  - ii). The FDI policy and FEMA Regulations in terms of sectoral caps, conditionalities(such as minimum capitalization, etc.), reporting requirements, documentation etc., are complied with.

Note: The above general permission also covers transfer by a resident to a non-resident of shares / convertible debentures of an Indian company, engaged in an activity earlier covered under the Government Route but now falling under Automatic Route of the Reserve Bank, as well as transfer of shares by a non-resident to an Indian company under buyback and / or capital reduction scheme of the company. However, this general permission would not be available for the above transactions if they are

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<sup>8</sup>Vide [AP.\(Dir Series\) Circular No 72 dated November 11, 2013](#)

not meeting the pricing guidelines or in case of transfer of shares / debentures by way of gift from a Resident to a Non-Resident / Non-Resident Indian.

### **8.B. III Transfer of Shares by Resident which requires Government approval**

The following instances of transfer of shares from residents to non-residents by way of sale or otherwise requires Government approval :

- (i) Transfer of shares of companies engaged in sector falling under the Government Route.
- (ii) Transfer of shares resulting in foreign investments in the Indian company, breaching the sectoral cap applicable.

### **8.B. IV Prior permission of the Reserve Bank in certain cases for acquisition / transfer of security**

- (i) Transfer of shares or convertible debentures from residents to non-residents by way of sale requires prior approval of Reserve Bank in case where the non-resident acquirer proposes deferment of payment of the amount of consideration. Further, in case approval is granted for the transaction, the same should be reported in Form FC-TRS to the AD Category – I bank, within 60 days from the date of receipt of the full and final amount of consideration.
- (ii) A person resident in India, who intends to transfer any security, by way of gift to a person resident outside India, has to obtain prior approval from the Reserve Bank. While forwarding the application to the Reserve Bank for approval for transfer of shares by way of gift, the documents mentioned in

Annex - 4 should be enclosed. The Reserve Bank considers the following factors while processing such applications:

- a) The proposed transferee is eligible to hold such security under Schedules 1, 4 and 5 of [Notification No. FEMA 20/2000-RB dated May 3, 2000](#), as amended from time to time.
  - b) The gift does not exceed 5 per cent of the paid-up capital of the Indian company / each series of debentures / each mutual fund scheme.
  - c) The applicable sectoral cap limit in the Indian company is not breached.
  - d) The transferor (donor) and the proposed transferee (donee) are close relatives as defined in Section 6 of the Companies Act, 1956, as amended from time to time. The current list is reproduced in Annex - 5.
  - e) The value of security to be transferred together with any security already transferred by the transferor, as gift, to any person residing outside India does not exceed the rupee equivalent of USD 50,000 per financial year.
  - f) Such other conditions as stipulated by the Reserve Bank in public interest from time to time.
- (iii) Transfer of shares from NRI to NR requires the prior approval of the Reserve Bank of India.

#### **8.B.V - Escrow account for transfer of shares**

AD Category – I banks have been given general permission to open and maintain non-interest bearing Escrow account in Indian Rupees in India on behalf of residents and non-residents, towards payment of share purchase consideration and / or provide Escrow facilities for keeping securities to facilitate FDI transactions relating to transfer of shares. It has also been decided to permit SEBI authorised Depository Participant, to open and



maintain, without approval of the Reserve Bank, Escrow account for securities as stated in para 9 (b).

**<sup>9</sup>8. B.VI Acquisition of shares under the FDI scheme by a non-resident on a recognized Stock Exchange**

A non resident including a Non Resident Indian may acquire shares of a listed Indian company on the stock exchange through a registered broker under FDI scheme provided that:

- i. The non-resident investor has already acquired and continues to hold the control in accordance with SEBI (Substantial Acquisition of Shares and Takeover) Regulations;
- ii. The amount of consideration for transfer of shares to non-resident consequent to purchase on the stock exchange may be paid as below:

- (a) by way of inward remittance through normal banking channels, or
- (b) by way of debit to the NRE/FCNR account of the person concerned maintained with an authorised dealer/bank;
- (c ) by debit to non-interest bearing Escrow account (in Indian Rupees) maintained in India with the AD bank in accordance with Foreign Exchange Management (Deposit) Regulations, 2000;
- (d) the consideration amount may also be paid out of the dividend payable by Indian investee company, in which the said non-resident holds control as (i) above, provided the right to receive dividend is established and the dividend amount has been credited to specially designated non –interest bearing rupee account for acquisition of shares on the floor of stock exchange.

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<sup>9</sup> Vide [AP\(DIR Series\) Circular No 38 dated September 6, 2013](#)

iii. The pricing for subsequent transfer of shares shall be in accordance with the pricing guidelines under FEMA;

iv. The original and resultant investments are in line with the extant FDI policy and FEMA regulations in respect of sectoral cap, entry route, reporting requirement, documentation, etc;

**8.B.VII** The reporting guidelines are given in Section V of the Master Circular.

### **8.C. Issue of Rights / Bonus shares**

An Indian company may issue Rights / Bonus shares to existing non-resident shareholders, subject to adherence to sectoral cap, reporting requirements, etc. Further, such issue of bonus / rights shares have to be in accordance with other laws / statutes like the Companies Act, 1956, SEBI (Issue of Capital and Disclosure Requirements), Regulations 2009, etc.

- **Issue of Right shares to OCBs:** OCBs have been de-recognised as a class of investor with effect from September 16, 2003. Therefore, companies desiring to issue rights share to such erstwhile OCBs will have to take specific prior permission from the Reserve Bank. As such, entitlement of rights share is not automatically available to OCBs. However, bonus shares can be issued to erstwhile OCBs without prior approval of the Reserve Bank, provided that the OCB is not in the adverse list of RBI.
- **Additional allocation of rights share by residents to non-residents :** Existing non-resident shareholders are allowed to apply for issue of additional shares / convertible debentures / preference shares over and above their rights share entitlements. The investee company can allot the additional rights shares out of unsubscribed portion, subject to the condition that the overall issue of shares to non-residents in the total paid-up capital of the company does not exceed the sectoral cap.

#### **8. D. Issue of shares under Employees Stock Option Scheme (ESOPs)**

An Indian Company may issue shares under ESOPs to its employees or employees of its joint venture or wholly owned subsidiary abroad who are resident outside India, other than to the citizens of Pakistan. Citizens of Bangladesh can invest with the prior approval of the FIPB. The face value of the shares to be allotted under the scheme to the non-resident employees should not exceed 5 per cent of the paid-up capital of the issuing company. Shares under ESOPs can be issued directly or through a Trust subject to the condition that the scheme has been drawn in terms of the relevant regulations issued by the SEBI.

#### **8. E. Conversion of ECB / Lumpsum Fee / Royalty / Import of capital goods by units in SEZs in to Equity/ Import payables / Pre incorporation expenses**

(i) Indian companies have been granted general permission for *conversion of External Commercial Borrowings (ECB)* [i.e other than import dues deemed as ECB or Trade Credit as per RBI guidelines] *into shares / convertible debentures*, subject to the following conditions and reporting requirements:

- a) The activity of the company is covered under the Automatic Route for FDI or the company has obtained Government's approval for foreign equity in the company;
- b) The foreign equity after conversion of ECB into equity is within the sectoral cap, if any;
- c) Pricing of shares is determined as per SEBI regulations for listed company or fair value worked out as per any internationally accepted pricing methodology for valuation of shares for unlisted company;
- d) Compliance with the requirements prescribed under any other statute and regulation in force;
- e) The conversion facility is available for ECBs availed under the Automatic or Approval Route and is applicable to ECBs, due for

payment or not, as well as secured / unsecured loans availed from non-resident collaborators.

(ii) General permission is also available *for issue of shares / preference shares against lump-sum technical know-how fee, royalty* due for payment/repayment, under automatic route or SIA / FIPB route, subject to pricing guidelines of RBI/SEBI and compliance with applicable tax laws.

(iii) *Units in Special Economic Zones (SEZs) are permitted to issue equity shares to non-residents against import of capital goods* subject to the valuation done by a Committee consisting of Development Commissioner and the appropriate Customs officials.

(iv) *Issue of equity shares against Import of capital goods / machinery / equipment (excluding second-hand machinery)*, is allowed under the Government route, subject to the compliance with the following conditions:

a) The import of capital goods, machineries, etc., made by a resident in India, is in accordance with the Export / Import Policy issued by the Government of India as notified by the Directorate General of Foreign Trade (DGFT) and the regulations issued under the Foreign Exchange Management Act (FEMA), 1999 relating to imports issued by the Reserve Bank;

(b) There is an independent valuation of the capital goods /machineries / equipments by a third party entity, preferably by an independent valuer from the country of import along with production of copies of documents /certificates issued by the customs authorities towards assessment of the fair-value of such imports;

(c) The application should clearly indicate the beneficial ownership and identity of the importer company as well as the overseas entity; and

(d) Applications complete in all respects, for conversions of import payables for capital goods into FDI being made within 180 days from the date of shipment of goods.

(v) *Issue of equity shares against Pre-operative / pre – incorporation expenses* (including payment of rent etc.) is allowed under the Government route, subject to compliance with the following conditions:

a) Submission of FIRC for remittance of funds by the overseas promoters for the expenditure incurred.

b) Verification and certification of the pre-incorporation / pre-operative expenses by the statutory auditor.

c) Payments being made by the foreign investor to the company directly or through the bank account opened by the foreign investor, as provided under FEMA regulations. (as amended vide [AP DIR Circular No. 104 dated May 17, 2013](#)).

d) The applications, complete in all respects, for capitalisation being made within the period of 180 days from the date of incorporation of the company.

General conditions for issue of equity shares against Import of capital goods / machinery / equipment and Pre-operative / pre – incorporation expenses:

(a) All requests for conversion should be accompanied by a special resolution of the company;

(b) Government's approval would be subject to pricing guidelines of RBI and appropriate tax clearance.

(vi) Issue of shares to a non-resident against shares swap i.e., in lieu for the consideration which has to be paid for shares acquired in the overseas company, can be done with the approval of FIPB.

(vii) Issue of shares against any other funds payable by the investee company, remittance of which does not require prior permission of the Government

of India or Reserve Bank of India under FEMA ,1999 or any rules/ regulations framed or directions issued thereunder, provided that:<sup>10</sup>

- (a) The equity shares shall be issued in accordance with the extant FDI guidelines on sectoral caps, pricing guidelines etc. as amended by Reserve Bank of India, from time to time;
- (b) The issue of equity shares under this provision shall be subject to tax laws as applicable to the funds payable and the conversion to equity should be net of applicable taxes.

(viii) The reporting guidelines are given in Section V of the Master Circular.

#### **8. F. Issue of eligible securities under DR Scheme 2014**

Depository Receipts (DRs) are foreign currency denominated instruments issued by a foreign Depository in a permissible jurisdiction against a pool of permissible securities issued or transferred to that foreign depository and deposited with a domestic custodian. DRs may or may not be traded in an international exchange.

- i. In terms of Schedule 10 to [Notification No. FEMA.20/2000-RB dated May 3, 2000](#), a person will be eligible to issue or transfer eligible securities to a foreign depository, for the purpose of converting the securities so purchased into depository receipts in terms of Depository Receipts Scheme, 2014 and guidelines issued by the Government of India thereunder from time to time. Depository Receipts issued under the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993 shall be deemed to have been issued under the corresponding provisions of DR Scheme, 2014 and have to comply with the provisions laid out in Schedule 10 of Notification *ibid*.

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<sup>10</sup> [Notification No. FEMA. 315/2014-RB dtd July 10, 2014](#)

- ii. A company can issue DRs, if it is eligible to issue eligible instruments to person resident outside India under Schedules 1, 2, 2A, 3, 5 and 8 of Notification No. FEMA 20/2000-RB dated May 3, 2000, as amended from time to time.
  - iii. The aggregate of eligible securities which may be issued or transferred to foreign depositories, along with eligible securities already held by persons resident outside India, shall not exceed the limit on foreign holding of such eligible securities under the the relevant regulations framed under FEMA, 1999.
  - iv. The eligible securities shall not be issued or transferred to a foreign depository for the purpose of issuing depository receipts at a price less than the price applicable to a corresponding mode of issue or transfer of such securities to domestic investors under the relevant regulations framed under FEMA, 1999.
  - v. The issue of depository receipts as per DR Scheme 2014 shall be reported to the Reserve Bank by the domestic custodian as per the reporting guidelines for DR Scheme 2014 are given in Section V of the Master Circular.
- ix) **The reporting guidelines for DR Scheme 2014 are given in Section V of the Master Circular.**

**8G. FDI – through issue / transfer of ‘participating interest/right’ in oil fields to a non resident**

Foreign investment by way of issue / transfer of ‘participating interest/right’ in oil fields by Indian companies to a non resident is treated as an FDI under the extant FDI policy and the FEMA regulations. Accordingly, these transactions have to be reported as FDI transactions. Transfer of ‘participating interest/ rights’ will be reported as ‘other’ category under Para 7 of revised Form FC-TRS and issuance of ‘participating interest/ rights’ will be reported as ‘other’ category of instruments under Para 4 of Form FC-GPR.

**9. Foreign Currency Account and Escrow Account**

- a) Indian companies which are eligible to issue shares to persons resident outside India under the FDI Scheme will be allowed to retain the share

subscription amount in a Foreign Currency Account for bonafide business purpose only with the prior approval of the Reserve Bank.

b) AD Category – I banks have been given general permission to open and maintain non-interest bearing Escrow account in Indian Rupees in India on behalf of residents and non-residents, towards payment of share purchase consideration and / or provide Escrow facilities for keeping securities to facilitate FDI transactions. It has also been decided to permit SEBI authorised Depository Participant, to open and maintain, without approval of the Reserve Bank, Escrow account for securities. The Escrow account would also be subject to the terms and conditions as stipulated in A.P. (DIR Series) Circular No. 58 dated May 2, 2011. Further, the Escrow account would be maintained with AD Category I bank or SEBI Authorised Depository Participant (in case of securities account). These facilities will be applicable to both, issue of fresh shares to the non-residents as well as transfer of shares to the non-residents as well as transfer of shares from / to the non-residents.

#### **10. Acquisition of shares under Scheme of Merger / Amalgamation**

Mergers and amalgamations of companies in India are usually governed by an order issued by a competent Court on the basis of the Scheme submitted by the companies undergoing merger/amalgamation. Once the scheme of merger or amalgamation of two or more Indian companies has been approved by a Court in India, the transferee company or new company is allowed to issue shares to the shareholders of the transferor company resident outside India, subject to the conditions that :

- (i) the percentage of shareholding of persons resident outside India in the transferee or new company does not exceed the sectoral cap, and



- (ii) the transferor company or the transferee or the new company is not engaged in activities which are prohibited under the FDI policy (refer para 7(c) ).

## **11. Remittance of sale proceeds**

AD Category – I bank can allow the remittance of sale proceeds of a security (net of applicable taxes) to the seller of shares resident outside India, provided the security has been held on repatriation basis, the sale of security has been made in accordance with the prescribed guidelines and NOC / tax clearance certificate from the Income Tax Department has been produced.

## **12. Remittance on winding up/liquidation of Companies**

AD Category – I banks have been allowed to remit winding up proceeds of companies in India, which are under liquidation, subject to payment of applicable taxes. Liquidation may be subject to any order issued by the court winding up the company or the official liquidator in case of voluntary winding up under the provisions of the Companies Act, 1956. AD Category – I banks shall allow the remittance provided the applicant submits:

- i. No objection or Tax clearance certificate from Income Tax Department for the remittance.
- ii. Auditor's certificate confirming that all liabilities in India have been either fully paid or adequately provided for.
- iii. Auditor's certificate to the effect that the winding up is in accordance with the provisions of the Companies Act, 1956.
- iv. In case of winding up otherwise than by a court, an auditor's certificate to the effect that there is no legal proceedings pending in any court in India against the applicant or the company under liquidation and there is no legal impediment in permitting the remittance.

### 13. Pledge of Shares

a) A person being a promoter of a company registered in India (borrowing company), which has raised external commercial borrowings, may pledge the shares of the borrowing company or that of its associate resident companies for the purpose of securing the ECB raised by the borrowing company, provided that a no objection for the same is obtained from a bank which is an authorised dealer. The authorized dealer, shall issue the no objection for such a pledge after having satisfied itself that the external commercial borrowing is in line with the extant FEMA regulations for ECBs and that :

- i). the loan agreement has been signed by both the lender and the borrower,
- ii) there exists a security clause in the Loan Agreement requiring the borrower to create charge on financial securities, and
- iii) the borrower has obtained Loan Registration Number (LRN) from the Reserve Bank:

and the said pledge would be subject to the following conditions :

- i). the period of such pledge shall be co-terminus with the maturity of the underlying ECB;
- ii). in case of invocation of pledge, transfer shall be in accordance with the extant FDI Policy and directions issued by the Reserve Bank;
- iii). the Statutory Auditor has certified that the borrowing company will be utilized / has utilized the proceeds of the ECB for the permitted end use/s only.

b) Non-resident holding shares of an Indian company, can **pledge these shares in favour of the AD bank in India** to secure credit facilities being extended to the resident investee company for bonafide business purpose, subject to the following conditions:

- i. in case of invocation of pledge, transfer of shares should be in accordance with the FDI policy in vogue at the time of creation of pledge;

- ii. submission of a declaration/ annual certificate from the statutory auditor of the investee company that the loan proceeds will be / have been utilized for the declared purpose;
- iii. the Indian company has to follow the relevant SEBI disclosure norms; and
- iv. pledge of shares in favour of the lender (bank) would be subject to Section 19 of the Banking Regulation Act, 1949.

c) Non-resident holding shares of an Indian company, can **pledge these shares in favour of an overseas bank** to secure the credit facilities being extended to the non-resident investor / non-resident promoter of the Indian company or its overseas group company, subject to the following :

- i. loan is availed of only from an overseas bank;
- ii. loan is utilized for genuine business purposes overseas and not for any investments either directly or indirectly in India;
- iii. overseas investment should not result in any capital inflow into India;
- iv. in case of invocation of pledge, transfer should be in accordance with the FDI policy in vogue at the time of creation of pledge; and
- v. submission of a declaration/ annual certificate from a Chartered Accountant/ Certified Public Accountant of the non-resident borrower that the loan proceeds will be / have been utilized for the declared purpose.

<sup>11</sup>(d) AD Category – I banks have been delegated the powers to allow pledge of equity shares of an Indian company held by non-resident investor/s in accordance with the FDI policy, in favour of the Non - Banking Financial Companies (NBFCs) – whether listed or not, to secure the credit facilities extended to the resident investee company for bona-fide business purposes / operations, subject to compliance with the conditions indicated below:

- i. only the equity shares listed on a recognised stock exchange/s in India can be pledged in favour of the NBFCs ;

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<sup>11</sup> Amended [Vide APDIR 141 dated June 6, 2014](#)

- ii. in case of invocation of pledge, transfer of shares should be in accordance with the credit concentration norm as stated in the [Master Circular DNBS\(PD\).DNBS.\(PD\).CC.No.333/03.02.001/2013-14 dated July 01, 2013](#) as amended from time to time;
- iii. (i) The AD may obtain a board resolution 'ex ante', passed by the Board of Directors of the investee company, that the loan proceeds received consequent to pledge of shares will be utilised by the investee company for the declared purpose; (ii) The AD may also obtain a certificate 'ex post', from the statutory auditor of investee company, that the loan proceeds received consequent to pledge of shares, have been utilised by the investee company for the declared purpose;
- iv. the Indian company has to follow the relevant SEBI disclosure norms, as applicable;
- v. under no circumstances, the credit concentration norms should be breached by the NBFC. If there is a breach on invocation of pledge, the shares should be sold and the breach shall be rectified within a period of 30 days from the date of invocation of pledge.

**14. Guidelines for the calculation of total foreign investment in Indian companies, transfer of ownership and control of Indian companies and downstream investment by Indian companies**

- (i) These guidelines, shall come into force from February 13, 2009 as mentioned in the [Notification No.FEMA.278/2013-RB](#) dated June 07, 2013 and notified vide G.S.R.393(E) dated June 21, 2013.
  
- (ii) Any foreign investment already made in accordance with the guidelines in existence prior to February 13, 2009 would not require any modification, to conform to these guidelines. All other investments, after the said date, would come under the ambit of these new guidelines.
  
- (iii) As regards investments made between February 13, 2009 and the date of publication of the FEMA notification, Indian companies shall be required to intimate within 90 days from July 4, 2013, through an AD Category I bank to the concerned Regional Office of the Reserve Bank, in whose jurisdiction the Registered Office of the company is located, detailed position where the issue/transfer of shares or downstream investment is not in conformity with the regulatory framework being prescribed. Reserve Bank shall consider treating such cases as compliant with these guidelines within a period of six months or such extended time as considered appropriate by RBI, in consultation with Government of India.

**A. Definitions**

**1 (i) Ownership and Control**

- a) Company 'Owned by resident Indian citizens' shall be an Indian company if more than 50% of the capital in it is beneficially owned by resident Indian citizens and/or Indian companies, which are ultimately owned and controlled by resident Indian citizens;

- b) Company 'Owned by non-residents' means an Indian company where more than 50% of the capital in it is beneficially owned by non-residents<sup>12</sup>.
  - c) 'Control' shall include the right to appoint a majority of the directors or to control the management or policy decisions including by virtue of their shareholding or management rights or shareholders agreements or voting agreements.<sup>13</sup>
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- (ii) Direct foreign investment' shall mean investment received by an Indian Company from non-resident entities regardless of whether the said investments have been made under Schedule 1, 2, 2A, 3, 6 and 8 of the Notification No. FEMA. 20/2000-RB dated May 3, 2000, as amended from time to time;
  - (iii) 'Downstream investment' means indirect foreign investment, by one Indian company into another Indian company, by way of subscription or acquisition;
  - (iv) 'Holding Company' would have the same meaning as defined in Companies Act 1956;
  - (v) 'Indian Company' means a company incorporated in India under the Companies Act, 1956;
  - (vi) 'Indirect foreign investment' means entire investment in other Indian companies by an Indian company (IC), having foreign investment in it provided IC is not 'owned and controlled' by resident Indian citizens and/or Indian Companies which are owned and controlled by resident Indian citizens or where the IC is owned or controlled by non-residents. However, as an exception, the indirect foreign investment in the 100% owned subsidiaries of operating-cum-investing/investing companies will be limited to the foreign investment in the operating-cum-investing/investing company.

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<sup>12</sup> Amended vide [AP \(DIR Series\) Circular No. 44 dated September 13, 2013](#)

<sup>13</sup> [APDIR 44 of September 13, 2013](#)

- (vii) 'Investing Company' means an Indian Company holding only investments in other Indian company/ies directly or indirectly, other than for trading of such holdings/securities;
- (viii) 'Non-Resident Entity' means 'person resident outside India' (as defined at Section 2(w) of FEMA, 1999);
- (ix) 'Resident Entity' means 'person resident in India' (as defined at Section 2(v) of FEMA, 1999), excluding an individual;
  
- (x) 'Resident Indian citizen' shall be interpreted in line with the definition of person resident in India as per FEMA, 1999, read in conjunction with the Indian Citizenship Act, 1955.
- (xi) 'Total foreign investment' in an Indian Company would be the sum total of direct and indirect foreign investment.

**B. Direct and indirect foreign investment in Indian companies – meaning**

2. Investment in Indian companies can be made by both non-resident as well as resident Indian entities. Any non-resident investment in an Indian company is direct foreign investment. Investment by resident Indian entities could again comprise both resident and non-resident investments. Thus, such an Indian company would have indirect foreign investment if the Indian investing company has foreign investment in it. The indirect investment can also be a cascading investment, i.e. through multi-layered structure.

**C. Guidelines for calculation of total foreign investment, i.e., direct and indirect foreign investment in an Indian company.**

- 3.(i) Counting of Direct foreign investment: All investments made directly by non-resident entities into the Indian company would be counted towards 'Direct foreign investment'.
- (ii) Counting of indirect foreign Investment: The entire indirect foreign investment by the investing company into the other Indian Company would be considered for the purpose of computation of indirect foreign investment. However, as an exception, the indirect foreign investment in the 100% owned subsidiaries of operating-cum-investing/investing companies will be limited to the foreign investment in the operating-cum-investing/ investing company. This exception has been made since the downstream investment of a 100% owned subsidiary of the holding company is akin to investment made by the holding company and the downstream investment should be a mirror image of the holding company. This exception, however, is strictly for those cases where the entire capital of the downstream subsidiary is owned by the holding company.
- (iii) The methodology for calculation of total foreign investment would apply at every stage of investment in Indian companies and thus in each and every Indian company.
- (iv) Additional requirements
- (A) The full details about the foreign investment including ownership details etc. in Indian company /ies and information about the control of the company /ies would be furnished by the Company /ies to the Government of India at the time of seeking approval.
- (B) In any sector/activity, where Government approval is required for foreign investment and in cases where there are any inter-se agreements between/amongst share-holders which have an effect on the appointment of the Board of Directors or on the exercise of voting rights or of creating voting rights disproportionate to shareholding or any incidental matter thereof, such agreements will have to be informed to



the approving authority. The approving authority will consider such inter-se agreements for determining ownership and control when considering the case for approval of foreign investment.

- (C) In all sectors attracting sectoral caps, the balance equity i.e. beyond the sectoral foreign investment cap, would specifically be beneficially owned by/held with/in the hands of resident Indian citizens and Indian companies, owned and controlled by resident Indian citizens.
- (D) In the I& B <sup>14</sup>where the sectoral cap is less than 49%, the company would need to be “owned and controlled” by resident Indian citizens and Indian companies, which are owned and controlled by resident Indian citizens.
  - (a) For this purpose, the equity held by the largest Indian shareholder would have to be at least 51% of the total equity, excluding the equity held by Public Sector Banks and Public Financial Institutions, as defined in Section 4A of the Companies Act, 1956. The term “largest Indian shareholder”, used in this clause, will include any or a combination of the following:
    - (aa) In the case of an individual shareholder,
      - (aai) The individual shareholder,
      - (aaii) A relative of the shareholder within the meaning of Section 6 of the Companies Act, 1956.
      - (aaiii) A company/ group of companies in which the individual shareholder/HUF to which he belongs has management and controlling interest.
    - (ab) In the case of an Indian company,
      - (abi) The Indian company

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<sup>14</sup> [Notification No.FEMA,319/2014-RB dtd September 5, 2014](#)

(abii) A group of Indian companies under the same management and ownership control.

(b) For the purpose of this Clause, "Indian company" shall be a company which must have a resident Indian or a relative as defined under Section 6 of the Companies Act, 1956/ HUF, either singly or in combination holding at least 51% of the shares.

(c) Provided that, in case of a combination of all or any of the entities mentioned in sub-clauses (aa) and (ab) above, each of the parties shall have entered into a legally binding agreement to act as a single unit in managing the matters of the applicant company.

(E) If a declaration is made by persons as per section 187C of the Indian Companies Act about a beneficial interest being held by a non resident entity, then even though the investment may be made by a resident Indian citizen, the same shall be counted as foreign investment.

4. The above mentioned policy and methodology would be applicable for determining the total foreign investment in all sectors, except in sectors where it is specified in a statute or a rule there under. The above methodology of determining direct and indirect foreign investment therefore does not apply to the insurance sector which will continue to be governed by the relevant Regulation.

D. Guidelines for establishment of Indian companies/ transfer of ownership or control of Indian companies, from resident Indian citizens and Indian companies to non-resident entities, in sectors with caps.

5. In sectors/activities with caps, including, inter-alia, defence production, air transport services, ground handling services, asset reconstruction companies, private sector banking, broadcasting, commodity exchanges, credit information companies, insurance, print media, telecommunications and satellites, Government approval/FIPB approval would be required in all cases where:

- (i) An Indian company is being established with foreign investment and is not owned by a resident entity or
- (ii) An Indian company is being established with foreign investment and is not controlled by a resident entity or
- (iii) The control of an existing Indian company, currently owned or controlled by resident Indian citizens and Indian companies, which are owned or controlled by resident Indian citizens, will be/is being transferred/passed on to a non-resident entity as a consequence of transfer of shares and/or fresh issue of shares to non-resident entities through amalgamation, merger/demerger, acquisition, etc. or
- (iv) The ownership of an existing Indian company, currently owned or controlled by resident Indian citizens and Indian companies, which are owned or controlled by resident Indian citizens, will be/is being transferred/passed on to a non-resident entity as a consequence of transfer of shares and/or fresh issue of shares to non-resident entities through amalgamation, merger/demerger, acquisition, etc. or
- (v) It is clarified that these guidelines will not apply to sectors/activities where there are no foreign investment caps, that is, where 100% foreign investment is permitted under the automatic route.
- (vi) For the purpose of computation of indirect foreign investment, foreign investment shall include all types of direct foreign investments in the Indian company making downstream investment. For this purpose, portfolio investments either by FIIs, NRIs, QFIs or RFPIs holding as on

March 31 of the previous year would be taken into account. e.g. for monitoring foreign investment for the financial year 2011-12, investment as on March 31, 2011 would be taken into account. Besides, investments in the form of Foreign Direct Investment, Foreign Venture Capital investment, investments in ADRs/GDRs, Foreign Currency Convertible Bonds (FCCB) will also be taken in account. Thus, regardless of the investments having been made under Schedule 1, 2, 2A, 3, 6 and 8 of the Notification No.FEMA. 20/2000-RB dated May 3, 2000, as amended from time to time will be taken into account.

E. Downstream investment by an Indian company which is not owned and/or controlled by resident entity/ies.

6. (i) Downstream investment by an Indian company, which is not owned and/ or controlled by resident entity/ies, into another Indian company, would be in accordance/compliance with the relevant sectoral conditions on entry route, conditionalities and caps, with regard to the sectors in which the latter Indian company is operating.

Note: with effect from 31st day of July 2012 Downstream investment/s made by a banking company, as defined in clause (c) of Section 5 of the Banking Regulation Act, 1949, incorporated in India, which is owned and/or controlled by non-residents/ a non-resident entity/non-resident entities, under Corporate Debt Restructuring (CDR), or other loan restructuring mechanism, or in trading books, or for acquisition of shares due to defaults in loans, shall not count towards indirect foreign investment. However, their 'strategic downstream investment' shall count towards indirect foreign investment. For this purpose, 'strategic downstream investments' would mean investment by these banking companies in their subsidiaries, joint ventures and associates.

- (ii) Downstream investments by Indian companies will be subject to the following conditions:
- (a) Such a company has to notify Secretariat for Industrial Assistance, DIPP and FIPB of its downstream investment in the form available at <http://www.fipbindia.com> within 30 days of such investment, even if capital instruments have not been allotted along with the modality of investment in new/existing ventures (with/without expansion programme);
  - (b) downstream investment by way of induction of foreign equity in an existing Indian Company to be duly supported by a resolution of its Board of Directors as also a Shareholders' Agreement, if any;
  - (c) issue/transfer/pricing/valuation of shares shall continue to be in accordance with extant SEBI/RBI guidelines;
  - (d) For the purpose of downstream investment, the Indian companies making the downstream investments would have to bring in requisite funds from abroad and not use funds borrowed in the domestic market. This would, however, not preclude downstream operating companies, from raising debt in the domestic market. Downstream investments through internal accruals are permissible by an Indian company subject to the provisions above and as also elaborated below<sup>15</sup>:

Foreign investment into an Indian company, engaged only in the activity of investing in the capital of other Indian company /ies, will require prior

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<sup>15</sup> Vide [AP\(DIR Series\) Circular No.42 dated September 12, 2013](#)

Government/FIPB approval, regardless of the amount or extent of foreign investment. Foreign investment into Non-Banking Finance Companies (NBFCs), carrying on activities approved for FDI, will be subject to the conditions specified in Annex-B of Schedule 1 of FEMA Notification No. 20 dated May 3, 2000 as amended from time to time;

Those companies, which are Core Investment Companies (CICs), will have to additionally follow RBI's Regulatory Framework for CICs.

For infusion of foreign investment into an Indian company which does not have any operations and also does not have any downstream investments, Government/FIPB approval would be required, regardless of the amount or extent of foreign investment. Further, as and when such a company commences business(s) or makes downstream investment, it will have to comply with the relevant sectoral conditions on entry route, conditionalities and caps.

Note: Foreign investment into other Indian companies would be in accordance/ compliance with the relevant sectoral conditions on entry route, conditionalities and caps.

- (e)** The FDI recipient Indian company at the first level which is responsible for ensuring compliance with the FDI conditionalities like no indirect foreign investment in prohibited sector, entry route, sectoral cap/conditionalities, etc. for the downstream investment made by in the subsidiary companies at second level and so on and so forth would obtain a certificate to this effect from its statutory auditor on an annual basis as regards status of compliance with the instructions on downstream investment and compliance with FEMA provisions. The fact that statutory auditor has certified that the company is in compliance with the regulations as regards downstream investment and

other FEMA prescriptions will be duly mentioned in the Director's report in the Annual Report of the Indian company. In case statutory auditor has given a qualified report, the same shall be immediately brought to the notice of the Reserve Bank of India, Foreign Exchange Department (FED), Regional Office (RO) of the Reserve Bank in whose jurisdiction the Registered Office of the company is located and shall also obtain acknowledgement from the RO of having intimated it of the qualified auditor report. RO shall file the action taken report to the Principal Chief General Manager, Foreign Exchange Department, Reserve Bank of India, Central Office, Central Office Building, Shahid Bhagat Singh Road, Mumbai 400001.<sup>16</sup>

#### **15. Issue of Non convertible/ redeemable bonus preference shares or debentures**

To rationalise and simplify the procedures, an Indian company may issue non-convertible/redeemable preference shares or debentures to non-resident shareholders, including the depositories that act as trustees for the ADR/GDR holders, by way of distribution as bonus from its general reserves under a Scheme of Arrangement approved by a Court in India under the provisions of the Companies Act, as applicable, subject to no-objection from the Income Tax Authorities.

The above general permission to Indian companies is only for issue of non-convertible/ redeemable preference shares or debentures to non-resident shareholders by way of distribution as bonus from the general reserves. The issue of preference shares(excluding non-convertible/redeemable preference shares) and convertible debentures (excluding optionally convertible/partially convertible debentures) under the FDI scheme would continue to be subject to A.P. (DIR Series) Circular Nos.73 and 74 dated June 8, 2007 as hitherto.

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<sup>16</sup> Inserted vide [APDIR 84 dated Janaury 6, 2014](#)

**16. Foreign Direct Investment in Limited Liability Partnership (LLP)**

Limited Liability Partnership (LLP) formed and registered under the Limited Liability Partnership Act, 2008 shall be eligible to accept Foreign Direct Investment (FDI) under Government approval route, subject to the conditions given in Annex B.

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## **Section - II: Foreign investments under Portfolio Investment Scheme (PIS)**

### **1. Entities**

(i) Foreign Institutional Investors (FIIs) registered with SEBI are eligible to purchase shares, convertible debentures and warrants issued by Indian companies under the Portfolio Investment Scheme (PIS).

(ii) NRIs are eligible to purchase shares, convertible debentures and warrants issued by Indian companies under PIS, if they have been permitted by the designated branch of any AD Category - I bank. RBI will allot Unique Code number only to the Link Office of the AD Category – I bank. AD Category - I bank shall be free to permit its branches to administer the Portfolio Investment Scheme for NRIs, in accordance with Board approved policy subject to the following<sup>17</sup>:

a) the AD Category - I bank while granting permission to NRI for investment under PIS shall allow them to operate the scheme as per the terms and conditions at Annex A

b) the AD Category - I bank shall provide to the Reserve Bank the complete contact details of such link office in advance before commencing operations;

c) the AD Category - I bank shall sensitise the branches administering the Scheme to ensure that NRIs are not allowed to invest in any Indian company which is engaged or proposes to engage in the business of chit fund, Nidhi company, agricultural or plantation activities, real estate business (does not include development of townships, construction of residential / commercial premises, roads or bridges, educational institutions, recreational facilities, city and regional level infrastructure, townships), construction of farm houses, manufacturing of cigars, cheroots, cigarillos and cigarettes, of tobacco or of tobacco substitutes and trading in Transferable Development Rights (TDRs) and in sectors/ activities as specified in terms of [Notification No. FEMA.1/2000-RB dated May 3, 2000](#), as amended from time to time; and

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<sup>17</sup> Vide [AP \(DIR Series\) Circular No 29 dated August 20, 2013](#)

d) ensure compliance with instructions issued through A.D.(M.A. Series) Circulars, EC.CO.FID circulars and the regulatory requirements under FEMA, 1999.

(iii) SEBI approved sub accounts of FIIs (sub accounts) have general permission to invest under the PIS.

(iv) OCBs are not permitted to invest under the PIS with effect from November 29, 2001, in India. Further, the OCBs which have already made investments under the PIS are allowed to continue holding such shares / convertible debentures till such time these are sold on the stock exchange.

Any foreign institutional investor who holds a valid certificate of registration from SEBI shall be deemed to be a registered foreign portfolio investor (RFPI) till the expiry of the block of three years for which fees have been paid as per the SEBI (Foreign Institutional Investors) Regulations 1995.

A registered FII including SEBI approved sub-accounts of the FIIs, after registering as RFPI shall not be eligible to invest as FII. However, all investments made by FII in accordance with the regulations prior to registration as RFPI shall continue to be valid and taken into account for computation of aggregate limit.

## **2. Investment in listed Indian companies**

### **A. <sup>18</sup>FIIs**

(a) **An Individual FII/ SEBI approved sub accounts** of FIIs can invest up to a maximum of 10 per cent of the total paid-up capital or 10 per cent of the paid-up value of each series of convertible debentures issued by the Indian company. The 10 per cent limit would include shares held by SEBI registered FII/ SEBI approved sub accounts of FII under the PIS

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<sup>18</sup> In terms of [FEMA Notification No. 297 dated March 13, 2014](#) w.e.f March 19, 2014 FII shall be deemed as RFPI.

(by way of purchases made through a registered broker on a recognized stock exchange in India or by way of offer/private placement) as well as shares acquired by SEBI registered FII under the FDI scheme.

(b) **Total holdings of all FIIs / SEBI approved sub accounts of FIIs** put together shall not exceed 24 per cent of the paid-up capital or paid-up value of each series of convertible debentures. This limit of 24 per cent can be increased to the sectoral cap / statutory limit, as applicable to the Indian company concerned, by passing of a resolution by its Board of Directors, followed by a special resolution to that effect by its General Body which should necessarily be intimated to the Reserve Bank of India immediately as hitherto, along with certificate from the Company Secretary stating that all the relevant provisions of the extant Foreign Exchange Management Act, 1999 regulations and the Foreign Direct Investment Policy, as amended from time to time have been complied with.

#### **B. NRIs**

- (a) NRIs are allowed to invest in shares of listed Indian companies in recognised Stock Exchanges under the PIS.
- (b) NRIs can invest through designated ADs, on repatriation and non-repatriation basis under PIS route up to 5 per cent of the paid-up capital / paid-up value of each series of debentures of listed Indian companies.
- (c) The aggregate paid-up value of shares / convertible debentures purchased by all NRIs cannot exceed 10 per cent of the paid-up capital of the company / paid-up value of each series of debentures of the company. The aggregate ceiling of 10 per cent can be raised to 24 per cent by passing of a resolution by its Board of Directors followed by a special resolution to that effect by its General Body which should necessarily be intimated to the Reserve Bank of India immediately as hitherto, along with Certificate from the Company Secretary stating that all the relevant provisions of the extant Foreign Exchange Management

Act, 1999 regulations and the Foreign Direct Investment Policy, as amended from time to time have been complied with.

### **C. Prohibition on investments by FIIs and NRIs**

FIIs are not permitted to invest in the capital of a company in Defence Industry subject to Industrial license under the Industries (Development & Regulation) Act, 1951

**Both FIIs and NRIs** are not allowed to invest in any company which is engaged or proposes to engage in the following activities:

- i) Business of chit fund, or
- ii) Nidhi company, or
- iii) Agricultural or plantation activities, or
- iv) Real estate business\* or construction of farm houses, or
- v) Trading in Transferable Development Rights (TDRs).

\* Real estate business" does not include construction of housing / commercial premises, educational institutions, recreational facilities, city and regional level infrastructure, townships

### 3. Accounts with AD Category – I banks

#### A. FIIs

FIIs/sub-accounts can open a non-interest bearing Foreign Currency Account and / or a **single non-interest bearing** Special Non-Resident Rupee Account (SNRR A/c) with an AD Category – I bank, for the purpose of investment under the PIS. They can transfer sums from the Foreign Currency Account to the **single** SNRR A/c for making genuine investments in securities in terms of the SEBI (FII) Regulations, 1995, as amended from time to time. The sums may be transferred from Foreign Currency Account to SNRR A/c at the prevailing market rate and the AD Category - I bank may transfer repatriable proceeds (after payment of tax) from the SNRR A/c to the Foreign Currency account. The SNRR A/c may be credited with the sale proceeds of shares / debentures, dated Government securities, Treasury Bills, etc. Such credits are allowed, subject to the condition that the AD Category - I bank should obtain confirmation from the investee company / FII concerned that tax at source, wherever necessary, has been deducted from the gross amount of dividend / interest payable / approved income to the share / debenture / Government securities holder at the applicable rate, in accordance with the Income Tax Act. The SNRR A/c may be debited for purchase of shares / debentures, dated Government securities, Treasury Bills, etc., and for payment of fees to applicant FIIs' local Chartered Accountant / Tax Consultant where such fees constitute an integral part of their investment process.

#### B. NRIs

NRIs can approach the designated branch of any AD Category - I bank for permission to open a single designated account (NRE/NRO account) under the PIS for routing investments.

Payment for purchase of shares and/or debentures on **repatriation basis** has to be made by way of inward remittance of foreign exchange through

normal banking channels or out of funds held in NRE/FCNR(B) account maintained in India. If the shares are purchased on **non-repatriation basis**, the NRIs can also utilise their funds in NRO account in addition to the above.

#### **4. Exchange Traded Derivative Contracts**

##### **A. FIIs**

- SEBI registered FIIs are allowed to trade in all exchange traded derivative contracts approved by RBI/SEBI on recognised Stock Exchanges in India subject to the position limits and margin requirements as prescribed by RBI / SEBI from time to time as well as the stipulations regarding collateral securities as directed by the Reserve Bank from time to time.
- The SEBI registered FII / sub-account may open a separate account under their SNRR A/c through which all receipts and payments pertaining to trading / investment in exchange traded derivative contracts will be made (including initial margin and mark to market settlement, transaction charges, brokerage, etc.).
- Further, transfer of funds between the SNRR A/c and the separate account maintained for the purpose of trading in exchange traded derivative contracts can be freely made.
- However, repatriation of the Rupee amount will be made only through their SNRR A/c subject to payment of relevant taxes. The AD Category – I banks have to keep proper records of the above mentioned separate account and submit them to the Reserve Bank as and when required.

##### **B. NRIs**

NRIs are allowed to invest in Exchange Traded Derivative Contracts approved by SEBI from time to time out of Rupee funds held in India on non-repatriation basis, subject to the limits prescribed by SEBI. Such investments will not be eligible for repatriation benefits.

## 5. Collateral for FIIs

**a) Derivative Segment:** FIIs are allowed to offer foreign sovereign securities with AAA rating, government securities and corporate bonds as collateral to the recognised Stock Exchanges in India in addition to cash for their transactions in derivatives segment of the market. SEBI approved clearing corporations of stock exchanges and their clearing members are allowed to undertake the following transactions subject to the guidelines issued from time to time by SEBI in this regard:

- a. to open and maintain demat accounts with foreign depositories and to acquire, hold, pledge and transfer the foreign sovereign securities, offered as collateral by FIIs;
- b. to remit the proceeds arising from corporate action, if any, on such foreign sovereign securities; and
- c. to liquidate such foreign sovereign securities, if the need arises.

Clearing Corporations have to report, on a monthly basis, the balances of foreign sovereign securities, held by them as non-cash collaterals of their clearing members to the Reserve Bank. The report should be submitted by the 10<sup>th</sup> of the following month to which it relates.

### **b) Equity Segment:**

The above guidelines are also applicable to the equity segment. Further, domestic Government Securities (subject to the overall limits specified by SEBI from time to time, the current limit being USD 30 billion and investments in Corporate bonds can also be kept as collateral with the recognised Stock Exchanges in India, in addition to cash and foreign sovereign securities with AAA rating for their transactions in cash segment of the market. However, cross-margining of Government Securities (placed as margins by the FIIs for their transactions in the cash segment of the market) shall not be allowed between the cash and the derivative segments of the market.

Custodian banks are allowed to issue Irrevocable Payment Commitments (IPCs) in favour of Stock Exchanges / Clearing Corporations of the Stock Exchanges, on behalf of their FII clients for purchase of shares under the PIS. Issue of IPCs should be in accordance with the Reserve Bank regulations on banks' exposure to the capital market issued by the Reserve Bank from time to time and instructions issued vide DBOD Circular no. DBOD.Dir.BC. 46/13.03.00/2010-11 dated September 30, 2010.

## **6. Short Selling by FIIs**

### **A. FIIs**

FIIs registered with SEBI and SEBI approved sub-accounts of FIIs are permitted to short sell, lend and borrow equity shares of Indian companies. Short selling, lending and borrowing of equity shares of Indian companies shall be subject to such conditions as may be prescribed by the Reserve Bank and the SEBI / other regulatory agencies from time to time. The permission is subject to the following conditions:

- a) Short selling of equity shares by FIIs shall not be permitted for equity shares of Indian companies which are in the ban list and / or caution list of the Reserve Bank.
- b) Borrowing of equity shares by FIIs shall only be for the purpose of delivery into short sales.
- c) The margin / collateral shall be maintained by FIIs only in the form of cash. No interest shall be paid to the FII on such margin/collateral.

### **B. NRIs**

The NRI investor has to take delivery of the shares purchased and give delivery of shares sold. Short Selling is not permitted.

## **7. Private placement with FIIs**

SEBI registered FIIs have been permitted to purchase shares, convertible debentures and warrants of an Indian company through offer/private



placement, subject to total FII investment viz. PIS & FDI (private placement / offer) being within the individual FII/sub account investment limit 10 per cent and all FIIs/sub-accounts put together - 24 per cent of the paid-up capital of the Indian company or to the sectoral limits, as applicable. Indian company is permitted to issue such shares provided that:

- a) in the case of public offer, the price of shares to be issued is not less than the price at which shares are issued to residents; and
- b) in the case of issue by private placement, the issue price should be determined as per the pricing guidelines stipulated under the FDI scheme.

#### **8. Transfer of shares acquired under PIS under private arrangement**

Shares purchased by NRIs and FIIs on the stock exchange under PIS cannot be transferred by way of sale under private arrangement or by way of gift to a person resident in India or outside India without prior approval of the Reserve Bank. However, NRIs can transfer shares acquired under PIS to their relatives as defined in Section 6 of Companies Act, 1956 or to a charitable trust duly registered under the laws in India.

#### **9. Monitoring of investment position by RBI and AD banks**

The Reserve Bank monitors the investment position of RFPs/NRIs in listed Indian companies, reported by Custodian/designated AD banks, on a daily basis, in Forms LEC (FII) and LEC (NRI). However, the respective designated bank (NRIs) / Custodian bank (FIIs) should monitor:

- the individual limit of NRI / RFPI to ensure that it does not breach the prescribed limits.
- that the trades are not undertaken in the prohibited sectors when the same is reported to them.
- that all trades are reported to them by monitoring the transactions in the designated account.

The onus of reporting of RFPI and NRI transactions is on the designated custodian/AD bank, depository participant as well as the RFPI/NRI making these investments.

#### **10. Prior intimation to Reserve Bank of India**

An Indian company raising the aggregate FII and/or NRI investment limit should necessarily intimate the same to the Reserve Bank of India, immediately, as hitherto, along with a Certificate from the Company Secretary stating that all the relevant provisions of the extant Foreign Exchange Management Act, 1999 regulations and the Foreign Direct Policy, as amended from time to time, have been complied with.

#### **11. Caution List**

When the aggregate net purchases of equity shares of the Indian company by FIIs/NRIs/PIOs reaches the cut-off point of 2 per cent below the overall limit, the Reserve Bank cautions all the designated bank branches not to purchase any more equity shares of the respective company on behalf of any RFPIs/ FIIs/ NRIs/ PIOs without prior approval of the Reserve Bank. The link offices are then required to intimate the Reserve Bank about the total number and value of equity shares/ convertible debentures of the company proposed to be bought on behalf of their RFPIs/FIIs /NRIs /PIOs clients. On receipt of such proposals, the Reserve Bank gives clearances on a first-come-first serve basis till such investments in companies reaches the respective limits (such as 10 / 24 / 30 / 40/ 49 per cent limit or the sectoral caps/statutory ceilings), as applicable.

#### **12. Ban List**

Once the shareholding by FIIs/NRIs/PIO reaches the overall ceiling / sectoral cap / statutory limit, the Reserve Bank places the company in the Ban List and advises all designated bank branches to stop purchases on behalf of

their FIIs/ NRIs/ PIO clients. Once a company is placed in the Ban List, no FII / NRI can purchase the shares of the company under the PIS.

The Reserve Bank also informs the general public about the `caution` and the `stop purchase` in the companies through a press release and an updated list regarding the same is placed on the RBI website

### **13. Issue of Irrevocable Payment Commitment (IPCs) to Stock Exchanges on behalf of FIIs**

To facilitate the settlement process of the FIIs trades under the portfolio route, custodian banks were permitted to issue Irrevocable Payment Commitments (IPCs) in favour of the Stock Exchanges / Clearing Corporations of the Stock Exchanges, on behalf of their FII clients for purchase of shares under the Portfolio Investment Scheme (PIS).

### **14. Investment by Qualified Foreign Investors (QFIs) in listed equity shares**

<sup>19</sup>Qualified Foreign Investors, who meet the following definition are allowed to make investments in all eligible securities for QFIs:

**(i) Definition** - QFIs shall mean a person who fulfills the following criteria :

(a) Resident in a country that is a member of Financial Action task Force (FATF) or a member of a group which is a member of FATF; and

(b) Resident in a country that is a signatory to IOSCO's MMoU (Appendix A Signatories) or a signatory of a bilateral MoU with SEBI

PROVIDED that the person is not resident in a country listed in the public statements issued by FATF from time to time on jurisdictions having a strategic AML/CFT deficiencies to which counter measures apply or that have not made

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<sup>19</sup> In terms of [FEMA Notification No. 297 dated March 13, 2014](#) w.e.f March 19, 2014 QFI shall be deemed as RFPI.

sufficient progress in addressing the deficiencies or have not committed to an action plan developed with the FATF to address the deficiencies;

PROVIDED that such person is not resident in India;

PROVIDED FURTHER that such person is not registered with SEBI as a Foreign Institutional Investor (FII) or Sub-Account of an FII or Foreign Venture Capital Investor (FVCI).

Explanation – For the purposes of this clause:

(1) “bilateral MoU with SEBI” shall mean a bilateral MoU between SEBI and the overseas regulator that, inter alia, provides for information sharing arrangements.

(2) Member of FATF shall not mean an associate member of FATF.

ii) **Eligible instruments and eligible transactions** – QFIs shall be permitted to invest through SEBI registered Qualified Depository Participants (QDPs defined as per the extant SEBI regulations) only in equity shares of listed Indian companies through registered brokers on recognized stock exchanges in India as well as in equity shares of Indian companies which are offered to public in India in terms of the relevant and applicable SEBI guidelines/regulations. QFIs shall also be permitted to acquire equity shares by way of rights shares, bonus shares or equity shares on account of stock split / consolidation or equity shares on account of amalgamation, demerger or such corporate actions subject to the investment limits as prescribed in para (v) below.

QFIs shall be allowed to sell the equity shares so acquired by way of sale

(a) Through recognized brokers on recognized stock exchanges in India; or

(b) In an open offer in accordance with the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; or

(c) In an open offer in accordance with the SEBI (Delisting of Securities) Guidelines, 2009; or

(d) Through buyback of shares by a listed Indian company in accordance with the SEBI (Buyback) Regulations, 1998.

(iii) **Mode of payment / repatriation** – For QFI investments in eligible securities, a single non- interest bearing Rupee Account would be maintained with an AD Category- I bank in India. The account shall be funded by inward remittance through normal banking channel and by credit of the sale/redemption/buyback proceeds (net of taxes) and on account of interest payment / dividend on the eligible securities for QFIs. The funds in this account shall be utilized for purchase of eligible securities for QFIs or for remittance (net of taxes) outside India. The single non- interest bearing Rupee Account would be operated by QDP on behalf of QFI.

(iv) **Demat accounts** - QFIs would be allowed to open a dedicated demat account with a QDP in India for investment in equity shares under the scheme. Each QFI shall maintain a single demat account with a QDP for all investments in eligible securities for QFIs in India.

(v) **Limits** - The individual and aggregate investment limits for investment by QFIs in equity shares of listed Indian companies shall be 5% and 10% respectively of the paid up capital of an Indian company. These limits shall be over and above the FII and NRI investment ceilings prescribed under the Portfolio Investment Scheme for foreign investment in India. Further, wherever there are composite sectoral caps under the extant FDI policy, these limits for QFI investment in equity shares shall also be within such overall FDI sectoral caps. The onus of monitoring and compliance of these limits shall remain jointly and severally with the respective QFIs, QDPs and the respective Indian companies (receiving such investment).

(vi) **KYC** - QDPs will ensure KYC of the QFIs as per the norms prescribed by SEBI. AD Category-I banks will also ensure KYC of the QFIs for opening and maintenance of the single non- interest bearing Rupee accounts as per the extant norms.

(vii) **Permissible currencies** - QFIs will remit foreign inward remittance through normal banking channel in any permitted currency (freely convertible) directly into single non- interest bearing Rupee Account of the QDP maintained with AD Category-I bank.

(viii) **Pricing** – The pricing of all eligible transactions and investment in all eligible instruments by QFIs shall be in accordance with the relevant and applicable SEBI guidelines only.

(ix) **Reporting** – In addition to the reporting to SEBI as may be prescribed by them, QDPs and AD Category-I banks (maintaining QFI accounts) will also ensure reporting to the Reserve Bank of India in a manner and format as prescribed by the Reserve Bank of India from time to time.

(x) **Hedging** – QFIs would be permitted to hedge their currency risk on account of their permissible investments (in equity and debt instruments) in terms of the guidelines issued by the Reserve Bank from time to time.

A QFI may continue to buy, sell or otherwise deal in securities subject to SEBI (FPI) Regulations 2014, for a period of one year from the date of commencement of the said regulations, or until he obtains a certificate of registration as a foreign portfolio investor, whichever is earlier. Further, a QFI after registering as a RFPI, shall not be eligible to invest as QFI. However, all investments made by QFI, in accordance with the regulations prior to registration as RFPI shall continue to be valid and taken into account for computation of aggregate limit.

## 15. Foreign Portfolio Investor Scheme (FPI)

(i) The extant guidelines for Portfolio Investment Scheme for Foreign Institutional Investor (FII) and Qualified Foreign Investor (QFI) have since been reviewed and it has been decided to put in place a framework for investments under a new scheme called 'Foreign Portfolio Investment' scheme.

(ii) The salient features of the new scheme are:

- The portfolio investor registered in accordance with SEBI guidelines shall be called 'Registered Foreign Portfolio Investor (RFPI)'. The existing portfolio investor class, namely, Foreign Institutional Investor (FII) and Qualified Foreign Investor (QFI) registered with SEBI shall be subsumed under RFPI;
- RFPI may purchase and sell shares, convertible debentures and warrants of Indian company through registered broker on recognised stock exchanges in India as well as purchase shares and convertible debentures which are offered to public in terms of relevant SEBI guidelines/ regulations.
  - RFPI may sell shares or convertible debentures so acquired
    - a. in open offer in accordance with the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; or
    - b. in an open offer in accordance with the SEBI (Delisting of Equity shares) Regulations, 2009; or
    - c. through buyback of shares by a listed Indian company in accordance with the SEBI (Buy-back of securities) Regulations, 1998
  - RFPI may also acquire shares or convertible debentures
    - a. in any bid for, or acquisition of, securities in response to an offer for disinvestment of shares made by the Central Government or any State Government; or
    - b. in any transaction in securities pursuant to an agreement entered into with merchant banker in the process of market

making or subscribing to unsubscribed portion of the issue in accordance with Chapter XB of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.

- The individual and aggregate investment limits for the RFPIs shall be below 10% (per cent) or 24% (per cent) respectively of the total paid-up equity capital or 10% (per cent) or 24% (per cent) respectively of the paid-up value of each series of convertible debentures issued by an Indian company. Further, where there is composite sectoral cap under FDI policy, these limits for RFPI investment shall also be within such overall FDI sectoral caps;
- RFPI shall be eligible to open a Special Non-Resident Rupee (SNRR) account and a foreign currency account with Authorised Dealer bank and to transfer sums from foreign currency account to SNRR account at the prevailing market rate for making genuine investments in securities. The Authorised Dealer bank may transfer repatriable proceeds (after payment of applicable taxes) from SNRR account to foreign currency account ;
- RFPI shall be eligible to invest in government securities and corporate debt subject to limits specified by the RBI and SEBI from time to time;
- The investment by RFPI will be made subject to the SEBI (FPI) Regulations 2014, modified by SEBI/Government of India from time to time;
- RFPI shall be permitted to trade in all exchange traded derivative contracts on the stock exchanges in India subject to the position limits as specified by SEBI from time to time;
- RFPI may offer cash or foreign sovereign securities with AAA rating or corporate bonds or domestic Government Securities, as collateral to the recognized Stock Exchanges for their transactions in the cash as well as derivative segment of the market.



(ii). Any foreign institutional investor who holds a valid certificate of registration from SEBI shall be deemed to be a registered foreign portfolio investor (RFPI) till the expiry of the block of three years for which fees have been paid as per the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995. A QFI may continue to buy, sell or otherwise deal in securities subject to the SEBI (FPI) Regulations, 2014 for a period of one year from the date of commencement of these regulations, or until he obtains a certificate of registration as foreign portfolio investor, whichever is earlier.

However, all investments made by that FII/QFI in accordance with the regulations prior to registration as RFPI shall continue to be valid and taken into account for computation of aggregate limit.

(iv). RFPI shall report the transaction to RBI as being reported by FII in LEC Form as per extant practice.

### **Section - III: Foreign Venture Capital Investments**

#### Investments by Foreign Venture Capital Investor

- (i) A SEBI registered Foreign Venture Capital Investor (FVCI) with specific approval from the Reserve Bank can invest in Indian Venture Capital Undertaking (IVCU) or Venture Capital Fund (VCF) or in a scheme floated by such VCFs subject to the condition that the domestic VCF is registered with SEBI. These investments by SEBI registered FVCI, would be subject to the respective SEBI regulations and FEMA regulations and sector specific caps of FDI.
- (ii) *An IVCU is defined as a company incorporated in India whose shares are not listed on a recognized stock exchange in India and which is not engaged in an activity under the negative list specified by SEBI. A VCF is defined as a fund established in the form of a trust, a company including a body corporate and registered under the Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996 which has a dedicated pool of capital raised in a manner specified under the said Regulations and which invests in Venture Capital Undertakings in accordance with the said Regulations.*
- (iii) FVCIs can purchase equity / equity linked instruments / debt / debt instruments, debentures of an IVCU or of a VCF or in units of schemes / funds set up by a VCF through initial public offer or private placement or by way of private arrangement or purchase from third party. Further, FVCIs would also be allowed to invest in securities on a recognized stock exchange subject to the provisions of the SEBI (FVCI) Regulations, 2000, as amended from time to time.
- (iv) At the time of granting approval, the Reserve Bank permits the FVCI to open a non-interest bearing Foreign Currency Account and/or a non-interest

bearing Special Non-Resident Rupee Account with a designated branch of an AD Category – I bank, subject to certain terms and conditions.

- (v) A SEBI registered FVCI can acquire / sale securities (as given in (iii) above) by way of public offer or private placement by the issuer of such securities and /or by way of private arrangement with a third party at a price that is mutually acceptable to the buyer and the seller.
- (vi) AD Category – I banks can offer forward cover to FVCIs to the extent of total inward remittance. In case the FVCI has made any remittance by liquidating some investments, original cost of the investments has to be deducted from the eligible cover to arrive at the actual cover that can be offered.
- (vii) The investments made by FVCI under Schedule I of Notification No. FEMA 20 / 2000- RB dated May 3, 2000, as amended from time to time, would be governed by the norms as stated therein.

## Section - IV: Other Foreign Investments

### 1. Purchase of other securities by NRIs

#### (i) On non-repatriation basis

- (a) NRIs can purchase shares, convertible debentures and warrants issued by an Indian company on non-repatriation basis without any limit. Amount of consideration for such purchase shall be paid by way of inward remittance through normal banking channels from abroad or out of funds held in NRE / FCNR (B) / NRO account maintained with the AD Category - I bank.
- (b) NRIs can also, without any limit, purchase on non-repatriation basis dated Government securities, treasury bills, units of domestic mutual funds, units of Money Market Mutual Funds. Government of India has notified that NRIs are not permitted to make Investments in Small Savings Schemes including PPF. In case of investment on non-repatriation basis, the sale proceeds shall be credited to NRO account. The amount invested under the scheme and the capital appreciation thereon will not be allowed to be repatriated abroad.

*NRIs can also invest in non-convertible debentures issued by an Indian Company, both on repatriation basis and on non-repatriation basis, subject to the other terms and conditions stated under [Notification No FEMA 4/2000-RB dated May 3,2000](#) (as amended from time to time).*

<sup>20</sup>NRIs may also invest, both on repatriation and non-repatriation basis, in non-convertible/redeemable preference shares or debentures issued in compliance with Regulation 7 (2) of FEMA Notification No. 20.

#### (ii) On repatriation basis

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<sup>20</sup> [A.P. \(DIR Series\) Circular No.140 dated June 6, 2014](#)

A NRI can purchase on repatriation basis, without limit, Government dated securities (other than bearer securities) or treasury bills or units of domestic mutual funds; bonds issued by a public sector undertaking (PSU) in India and shares in Public Sector Enterprises being disinvested by the Government of India, provided the purchase is in accordance with the terms and conditions stipulated in the notice inviting bids.

## **2. Indian Depository Receipts (IDR)**

Indian Depository Receipts (IDRs) can be issued by non resident companies in India subject to and under the terms and conditions of Companies (Issue of Depository Receipts) Rules, 2004 and subsequent amendment made thereto and the SEBI (ICDR) Regulations, 2000, as amended from time to time. These IDRs can be issued in India through Domestic Depository to residents in India as well as SEBI registered FIIs/Registered Foreign Portfolio Investors (RFPIs) and NRIs. In case of raising of funds through issuances of IDRs by financial / banking companies having presence in India, either through a branch or subsidiary, the approval of the sectoral regulator(s) should be obtained before the issuance of IDRs.

- a) The FEMA Regulations shall not be applicable to persons resident in India as defined under Section 2(v) of FEMA,1999, for investing in IDRs and subsequent transfer arising out of transaction on a recognized stock exchange in India.
- b) RFPIs, Foreign Institutional Investors (FIIs) including SEBI approved sub-accounts of the FIIs, registered with SEBI and Non-Resident Indians (NRIs) may invest, purchase, hold and transfer IDRs of eligible companies resident outside India and issued in the Indian capital market, subject to the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 notified vide [Notification No. FEMA 20 / 2000-RB dated May 3, 2000](#), as amended from time to time. Further, NRIs

are allowed to invest in the IDRs out of funds held in their NRE / FCNR (B) account, maintained with an Authorised Dealer / Authorised bank.

- c) A limited two way fungibility for IDRs (similar to the limited two way fungibility facility available for ADRs/GDRs) has been introduced which would be subject to the certain terms and conditions. Further, the issuance, redemption and fungibility of IDRs would also be subject to the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended from time to time as well as other relevant guidelines issued in this regard by the Government, the SEBI and the RBI from time to time.
- d) IDRs shall not be redeemable into underlying equity shares before the expiry of one year period from the date of issue of the IDRs.
- e) At the time of redemption / conversion of IDRs into underlying shares, the Indian holders (persons resident in India) of IDRs shall comply with the provisions of the Foreign Exchange Management (Transfer or Issue of Any Foreign Security) Regulations, 2004 notified vide [Notification No. FEMA 120 / RB-2004 dated July 7 2004](#), as amended from time to time. Accordingly, the following guidelines shall be followed, on redemption of IDRs:
  - i. Listed Indian companies may either sell or continue to hold the underlying shares subject to the terms and conditions as per Regulations 6B and 7 of Notification No. FEMA 120/RB-2004 dated July 7, 2004, as amended from time to time.
  - ii. Indian Mutual Funds, registered with SEBI may either sell or continue to hold the underlying shares subject to the terms and conditions as per Regulation 6C of Notification No. FEMA 120/RB-2004 dated July 7, 2004, as amended from time to time.
  - iii. Other persons resident in India including resident individuals are allowed to hold the underlying shares only for the purpose of sale within a period of 30 days from the date of conversion of the IDRs into underlying shares.

- iv. The FEMA provisions shall not apply to the holding of the underlying shares, on redemption of IDRs by the FIIs including SEBI approved sub-accounts of the FIIs, RFPIs and NRIs.
- f) The proceeds of the issue of IDRs shall be immediately repatriated outside India by the eligible companies issuing such IDRs. The IDRs issued should be denominated in Indian Rupees.

### **3. Purchase of other securities by RFPIs, FIIs, QFIs and Long Term Investors**

RFPIs, FIIs, QFIs and Long Term Investors can buy on repatriation basis dated Government securities / treasury bills, listed non-convertible debentures / bonds , commercial papers issued by Indian companies and units of domestic mutual funds, to be listed NCDs/ bonds only if listing of such NCDs/bonds is committed to be done within 15 days of such investment, Security receipts issued by Asset Reconstruction Companies and Perpetual Debt Instruments eligible for inclusion in as Tier I capital (as defined by DBOD, RBI) and Debt capital instruments as upper Tier II Capital (as defined by DBOD, RBI) issued by banks in India to augment their capital in any manner as per the prevalent/approved market practice<sup>21</sup> subject to the following terms and conditions:

- a) The total holding of all eligible investors put together shall not exceed 74% of the paid up value of each tranche of scheme / issue of Security Receipts issued by the ARCs. Further, Sub –account of FIIs are not allowed to invest in the Security Receipts issued by ARCs.
- b)The total holding by a single FII / sub-account in each issue of Perpetual Debt Instruments (Tier I) shall not exceed 10% of the issue and total holdings of all FIIs / sub-account put together shall not exceed 49% of the paid up value of each issue of Perpetual Debt Instruments.

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<sup>21</sup> [A.P. \(DIR Series\) Circular No.22 dated August 28, 2014](#)

c) Purchase of debt instruments including Upper Tier II instruments by FIIs are subject to limits notified by SEBI and the Reserve Bank from time to time.

<sup>22</sup> The above class of investors may also invest in non-convertible/redeemable preference shares or debentures permitted in compliance with Regulation 7 (2) of FEMA Notification No. 20.

The present limit for investment in Corporate Debt Instruments like non-convertible debentures / bonds by RFPIs, FIIs, QFIs and Long Term Investors registered with SEBI comprising Sovereign Wealth Funds (SWFs), Multilateral Agencies, Pension/Insurance/Endowment Funds and Foreign Central Banks is USD 51 billion. <sup>23</sup>Eligible investors may also invest in the credit enhanced bonds, as per paragraph 3 and 4 of [A.P. \(DIR Series\) Circular No. 120 dated June 26, 2013](#), up to a limit of USD 5 billion within the overall limit of USD 51 billion earmarked for corporate debt. In terms of A.P. (DIR Series) circular dated June 26, 2013, credit enhancement can be provided by eligible non-resident entities to the domestic debt raised through issue of INR bonds/ debentures by all borrowers eligible to raise ECB under the automatic route. All the other terms and conditions mentioned in para 4 (iv)[guarantee fee and other cost], (vi)[applicable rate of interest in case of default] to (viii)[reporting requirements] of [A.P. \(DIR Series\) Circular No. 40 dated March 02, 2010](#) will remain unchanged.

Further, w.e.f. February 03, 2015, all future investments by eligible investors within the limit for investment in corporate bonds shall be required to be made in corporate bonds with a minimum residual maturity of three years. Further, all future investments against the limits vacated when the current investment runs off either through sale or redemption, shall be required to be made in corporate bonds with a minimum residual maturity of three years. FPIs shall not be allowed

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<sup>22</sup> [A.P. \(DIR Series\) Circular No.140 dated June 6, 2014](#)

<sup>23</sup> Vide [A.P.\(DIR Series\) Circular No 74 dated November 11, 2013](#)



to make any further investment in liquid and money market mutual fund schemes.<sup>24</sup> FPIs shall not be allowed to make any further investment in CPs.<sup>25</sup>

The present limit for investment by SEBI registered FIIs, QFIs, long term investors and RFPIs in Government securities including Treasury Bills is USD 30 billion. Within USD 30 billion, a sub-limit of USD 10<sup>26</sup> billion is available for investment in dated Government securities for long term investors registered with SEBI, comprising Sovereign Wealth Funds (SWFs), Multilateral Agencies, Pension/Insurance/Endowment Funds and Foreign Central Banks. W.e.f July 13, 2014 the investment limit in government securities available to FIIs/QFIs/FPIs has been enhanced by USD 5 billion by correspondingly reducing the amount available to long term investor from USD 10 billion to USD 5 billion within the overall limit of USD 30 billion. The incremental investment limit of USD 5 billion shall be required to be invested in government bonds with a minimum residual maturity of three years. Further, all future investment against the limit vacated when the current investment by an FII/QFI/FPI runs off either through sale or redemption shall also be required to be made in government bonds with a minimum residual maturity of three years. It is, however, clarified that there will be no lock-in period and FIIs/QFIs/FPIs shall be free to sell the securities (including that are presently held with less than three years of residual maturity) to the domestic investors.<sup>27</sup>

Further, w.e.f. February 05, 2015, eligible investors shall be permitted to invest in government securities, the coupons received on their existing investments in government securities. These investments shall be kept outside the applicable

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<sup>24</sup> Vide [A.P.\(DIR Series\) Circular No.71 dated February 3, 2015](#)

<sup>25</sup> Vide [A. P. \(DIR Series\) Circular No.73 dated February 6, 2015](#)

<sup>26</sup> Vide [A.P.\(DIR Series\) Circular No.99 dated January 29, 2014](#)

<sup>27</sup> [A. P. \(DIR Series\) Circular No. 13 dated July 13, 2014](#)

limit (currently USD 30 billion) for investments by FPIs in government securities.<sup>28</sup>

4. Investment by Multilateral Development Banks (MDBs)

A Multilateral Development Bank (MDB) which is specifically permitted by the Government of India to float rupee bonds in India can purchase Government dated securities.

5. Foreign Investment in Tier I and Tier II instruments issued by banks in India

(i) FIIs registered with SEBI and NRIs have been permitted to subscribe to the Perpetual Debt instruments (eligible for inclusion as Tier I capital) and Debt Capital instruments (eligible for inclusion as upper Tier II capital), issued by banks in India and denominated in Indian Rupees, subject to the following conditions:

- a. Investment by all FIIs in Rupee denominated Perpetual Debt instruments (Tier I) should not exceed an aggregate ceiling of 49 per cent of each issue, and investment by individual FII should not exceed the limit of 10 per cent of each issue.
- b. Investments by all NRIs in Rupee denominated Perpetual Debt instruments (Tier I) should not exceed an aggregate ceiling of 24 per cent of each issue and investments by a single NRI should not exceed 5 percent of each issue.
- c. Investment by FIIs in Rupee denominated Debt Capital instruments (Tier II) shall be within the limits stipulated by SEBI for FII investment in corporate debt instruments.
- d. Investment by NRIs in Rupee denominated Debt Capital instruments (Tier II) shall be in accordance with the extant policy for investment by NRIs in other debt instruments.

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<sup>28</sup> Vide [A.P.\(DIR Series\) Circular No.72 dated February 5, 2015](#)

(ii) The issuing banks are required to ensure compliance with the conditions stipulated above at the time of issue. They are also required to comply with the guidelines issued by the Department of Banking Operations and Development (DBOD), Reserve Bank of India, from time to time.

(iii) The issue-wise details of the amount raised as Perpetual Debt Instruments qualifying for Tier I capital by the bank from RFPIs/FIIs / NRIs are required to be reported in the prescribed format within 30 days of the issue to the Reserve Bank.

(iv) Investment by RFPIs/ FIIs in Rupee denominated Upper Tier II Instruments raised in Indian Rupees will be within the limit prescribed by SEBI for investment in corporate debt instruments. However, investment by FIIs in these instruments will be subject to a separate ceiling of USD 500 million.

(v) The details of the secondary market sales / purchases by RFPIs, FIIs and the NRIs in these instruments on the floor of the stock exchange are to be reported by the custodians and designated banks respectively, to the Reserve Bank through the soft copy of the Forms LEC (FII) and LEC (NRI).

## **6. Qualified Foreign Investors (QFIs) investment in the units of Domestic Mutual funds**

Non- resident investors (other than SEBI registered FIIs/FVCI) who meet the KYC requirements of SEBI, were permitted to purchase on repatriation basis rupee denominated units of equity schemes of SEBI registered domestic MFs as Qualified Foreign Investors' (QFIs), in accordance with the terms and conditions as stipulated by the SEBI and the RBI from time to time in this regard.

QFIs may invest in rupee denominated units of equity schemes of SEBI registered domestic MFs under the two routes, namely:

- (i) Direct Route – SEBI registered Qualified Depository Participant (QDP) route -

- The QDP route will be operated through single non-interest bearing Rupee account to be maintained with an AD Category I Bank in India. The foreign inward remittances in to the single non-interest bearing Rupee account shall be received only in permissible currency.
  
- (ii) Indirect Route - Unit Confirmation Receipt (UCR) route - Domestic MFs would be allowed to open foreign currency accounts outside India for the limited purpose of receiving subscriptions from the QFIs as well as for redeeming the UCRs. The UCR will be issued against units of domestic MF equity schemes.

## **7. Infrastructure Debt Funds (IDF)**

In order to accelerate and enhance the flow of long term funds to infrastructure projects for undertaking the Government's ambitious programme of infrastructure development, Union Finance Minister in his budget speech for 2011-12 had announced setting up of Infrastructure Debt Funds (IDFs). Government vide press release dated June 24, 2011 notified the broad structure of the proposed IDFs. The summarized position is given as under:

(i) SWFs, Multilateral Agencies, Pension Funds, Insurance Funds and Endowment Funds -registered with SEBI, FIIs/RFPIs, NRIs, QFIs would be the eligible class non- resident investors which will be investing in IDFs.

(ii) Eligible non-resident investors are allowed to invest on repatriation basis in (i) Rupee and Foreign currency denominated bonds issued by the IDFs set up as an Indian company and registered as Non-Banking Financial Companies (NBFCs) with the Reserve Bank of India and in (ii) Rupee denominated units issued by IDFs set up as SEBI registered domestic Mutual Funds (MFs), in accordance with the terms and conditions stipulated by the SEBI and the Reserve Bank of India from time to time.

(iii) The eligible instruments are Foreign Currency & Rupee denominated Bonds and Rupee denominated Units;

(iv) The facility of Foreign exchange hedging would be available to non-resident IDF investors, IDFs as well as infrastructure project companies exposed to the foreign exchange/ currency risk.

## **8. Purchase of other securities by QFIs**

QFIs can invest through SEBI registered Qualified Depository Participants (QDPs) (defined as per the extant SEBI regulations) in eligible corporate debt instruments, viz. listed Non-Convertible Debentures (NCDs), listed bonds of Indian companies, listed units of Mutual Fund debt Schemes and “to be listed” corporate bonds (hereinafter referred to as ‘eligible debt securities’) directly from the issuer or through a registered stock broker on a recognized stock exchange in India. However, in case of non-listing of “to be listed” corporate bonds, the provisions relating to FIIs would be applicable. Further, QFIs shall also be permitted to sell ‘eligible debt securities’ so acquired by way of sale through registered stock broker on a recognized stock exchange in India or by way of buyback or redemption by the issuer.

Further, QFIs can also invest in Security Receipts issued by Asset Reconstruction Companies provided that the total holding by an individual QFI in each tranche of scheme of Security Receipts shall not exceed 10 per cent of the issue and the total holdings of all eligible investors put together shall not exceed 49 per cent of the paid up value of each tranche of scheme of Security Receipts issued by the Asset Reconstruction Companies; Perpetual Debt instruments eligible for inclusion as Tier I capital and Debt capital instruments as upper Tier II capital issued by banks in India to augment their capital (Tier I capital and Tier II capital as defined by Reserve Bank, and modified from time to time) provided that the investment by eligible investors in Perpetual Debt instruments (Tier I)

shall not exceed an aggregate ceiling of 49 per cent of each issue, and investment by individual QFI shall not exceed the limit of 10 per cent of each issue; listed and unlisted non-convertible debentures/bonds issued by an Indian company in the infrastructure sector, where 'infrastructure' is defined in terms of the extant ECB guidelines; non-convertible debentures / bonds issued by Non-Banking Finance Companies categorized as 'Infrastructure Finance Companies'(IFCs) by the Reserve Bank; credit enhanced bonds and listed non-convertible/redeemable preference shares or debentures issued in compliance with Regulation 7 (2) of FEMA Notification No. 20.

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## **Section - V: Reporting guidelines for Foreign Investments in India as per Section I and II**

### **1. Reporting of FDI<sup>29</sup> for fresh issuance of shares**

#### **(i) Reporting of inflow**

- (a) The actual inflows on account of such issuance of shares shall be reported by the AD branch in the R-returns in the normal course.
- (b) An Indian company receiving investment from outside India for issuing shares / convertible debentures / preference shares/ warrants under the FDI Scheme, should report the details of the amount of consideration (including each upfront/call payment) to the Regional Office concerned of the Reserve Bank through it's AD Category I bank, not later than 30 days from the date of receipt in the Advance Reporting Form enclosed in Annex - 6. Non-compliance with the above provision would be reckoned as a contravention under FEMA, 1999 and could attract penal provisions.

The Form can also be downloaded from the Reserve Bank's website

<http://www.rbi.org.in/Scripts/BSViewFemaForms.aspx>

- (c) Indian companies are required to report the details of the receipt of the amount of consideration for issue of shares / convertible debentures/ warrants , through an AD Category - I bank, together with a copy/ies of the FIRC/s evidencing the receipt of the remittance along with the KYC report (enclosed as Annex – 7) on the non-resident investor from the overseas bank remitting the amount. The report would be acknowledged by the Regional Office concerned, which will allot a Unique Identification Number (UIN) for the amount reported.

- (ii) Annual Return on Foreign Liabilities and Assets** - All Indian companies which have received FDI and/or made FDI abroad in the previous year(s) including the current year, should file the annual return

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<sup>29</sup> Part B of form FC-GPR has been discontinued and replaced by an Annual return for Foreign Assets and Liabilities which is available at [http://rbidocs.rbi.org.in/rdocs/content/pdfs/APFL200612\\_F.pdf](http://rbidocs.rbi.org.in/rdocs/content/pdfs/APFL200612_F.pdf)

on Foreign Liabilities and Assets (FLA) in the soft form to the Reserve Bank, Department of Statistics and Information Management, Mumbai by July 15 every year. In order to collect information on Indian companies' Outward Foreign Affiliated Trade Statistics (FATS) as per the multi-agency global 'Manual on Statistics of International Trade in Services', the [FLA return](#) has been modified in June 2014 and the same is available on the RBI website ([www.rbi.org.in](http://www.rbi.org.in) → Forms category → FEMA Forms) along with the related [FAQs](#) ([www.rbi.org.in](http://www.rbi.org.in) → FAQs category → Foreign Exchange).

### **(iii) Time frame within which shares have to be issued**

The equity instruments should be issued within 180 days from the date of receipt of the inward remittance or by debit to the NRE/FCNR (B) /Escrow account of the non-resident investor. In case, the equity instruments are not issued within 180 days from the date of receipt of the inward remittance or date of debit to the NRE/FCNR (B) account, the amount of consideration so received should be refunded immediately to the non-resident investor by outward remittance through normal banking channels or by credit to the NRE/FCNR (B)/Escrow account, as the case may be. Non-compliance with the above provision would be reckoned as a contravention under FEMA and could attract penal provisions. In exceptional cases, refund / allotment of shares for the amount of consideration outstanding beyond a period of 180 days from the date of receipt may be considered by the Reserve Bank, on the merits of the case.

### **(iv) Reporting of issue of shares**

- (a) After issue of shares (including bonus and shares issued on rights basis and shares issued on conversion of stock option under ESOP scheme)/ partly paid shares to the extent equity shares are called up/ convertible debentures / convertible preference shares/warrants to the extent equity



shares are called up , the Indian company has to file Form FC-GPR, enclosed in Annex - 8, through it's AD Category I bank, not later than 30 days from the date of issue of shares. The Form can also be downloaded from the Reserve Bank's website [http://rbidocs.rbi.org.in/rdocs/Forms/PDFs/AP110214\\_ANN.pdf](http://rbidocs.rbi.org.in/rdocs/Forms/PDFs/AP110214_ANN.pdf) Non-compliance with the above provision would be reckoned as a contravention under FEMA and could attract penal provisions.

(b) Form FC-GPR has to be duly filled up and signed by Managing Director/Director/Secretary of the Company and submitted to the Authorised Dealer of the company, who will forward it to the concerned Regional Office of the Reserve Bank. The following documents have to be submitted along with Form FC-GPR:

(i) A certificate from the Company Secretary of the company certifying that :

- a) all the requirements of the Companies Act, 1956 have been complied with;
- b) terms and conditions of the Government's approval, if any, have been complied with;
- c) the company is eligible to issue shares under these Regulations; and
- d) the company has all original certificates issued by AD banks in India evidencing receipt of amount of consideration.

(ii) A certificate from SEBI registered Merchant Banker or Chartered Accountant indicating the manner of arriving at the price of the shares issued to the persons resident outside India.

(c) The report of receipt of consideration as well as Form FC-GPR have to be submitted by the AD bank to the Regional Office concerned of the Reserve Bank under whose jurisdiction the registered office of the company is situated.

(d) Issue of bonus/rights shares or shares on conversion of stock options issued under ESOP to persons resident outside India directly or on

amalgamation / merger with an existing Indian company, as well as issue of shares on conversion of ECB / royalty / lumpsum technical know-how fee / import of capital goods by units in SEZs has to be reported in Form FC-GPR.

## **2. Reporting of FDI for Transfer of shares**

(i) The actual inflows and outflows on account of such transfer of shares shall be reported by the AD branch in the R-returns in the normal course.

(ii) Reporting of transfer of shares/ convertible debentures and partly paid shares and warrants to the extent the equity shares are called up between residents and non-residents and vice-versa is to be made in Form FC-TRS (enclosed in Annex – 9-i). The Form FC-TRS should be submitted to the AD Category – I bank, within 60 days from the date of receipt of the amount of consideration. The onus of submission of the Form FC-TRS within the given timeframe would be on the transferor / transferee, resident in India.

<sup>30</sup>However, the onus of reporting the purchase of shares by non-residents/NRIs on the recognised stock exchanges in accordance with SEBI (Substantial Acquisition of Shares and Takeover) Regulations shall be on the investee company. AD Category-I bank shall approach Regional Office concerned of Reserve Bank of India, Foreign Exchange Department to regularize the delay in submission of form FC-TRS, beyond the prescribed period of 60 days and in all other cases, form FC-TRS shall continue to be scrutinised at AD bank level as per extant practice.

(iii) The sale consideration in respect of equity instruments purchased by a person resident outside India, remitted into India through normal banking channels, shall be subjected to a KYC check (Annex 9-ii) by the remittance receiving AD Category – I bank at the time of receipt of funds. In case, the remittance receiving AD Category – I bank is different from the AD Category - I bank handling the transfer transaction, the KYC check should be carried out by the remittance receiving bank and the KYC report be submitted by the

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<sup>30</sup> [APDIR 127 dated May 2, 2014](#)

customer to the AD Category – I bank carrying out the transaction along with the Form FC-TRS.

(iv) The AD bank should scrutinise the transactions and on being satisfied about the transactions should certify the form FC-TRS as being in order.

(v) The AD bank branch should submit two copies of the Form FC-TRS received from their constituents/customers together with the statement of inflows/outflows on account of remittances received/made in connection with transfer of shares, by way of sale, to IBD/FED/or the nodal office designated for the purpose by the bank in the enclosed proforma (which is to be prepared in MS-Excel format). The IBD/FED or the nodal office of the bank will consolidate reporting in respect of all the transactions reported by their branches into two statements inflow and outflow statement. These statements (inflow and outflow) should be forwarded on a monthly basis to Foreign Exchange Department, Reserve Bank, Foreign Investment Division, Central Office, Mumbai in soft copy (in MS- Excel) by [e-mail](#). The bank should maintain the FC-TRS forms with it and should not forward the same to the Reserve Bank of India.

(vi) The transferee/his duly appointed agent should approach the investee company to record the transfer in their books along with the certificate in the Form FC-TRS from the AD branch that the remittances have been received by the transferor/payment has been made by the transferee. On receipt of the certificate from the AD, the company may record the transfer in its books.

(vii) On receipt of statements from the AD bank , the Reserve Bank may call for such additional details or give such directions as required from the transferor/transferee or their agents, if need be.

### **3. Reporting of conversion of ECB into equity**

Details of issue of shares against conversion of ECB have to be reported to the Regional Office concerned of the Reserve Bank, as indicated below:

a. In case of **full conversion** of ECB into equity, the company shall report the conversion in Form FC-GPR to the Regional Office

concerned of the Reserve Bank as well as in Form ECB-2 to the Department of Statistics and Information Management (DSIM), Reserve Bank of India, Bandra-Kurla Complex, Mumbai – 400 051, within seven working days from the close of month to which it relates. The words "ECB wholly converted to equity" shall be clearly indicated on top of the Form ECB-2. Once reported, filing of Form ECB-2 in the subsequent months is not necessary.

- b. In case of **partial conversion** of ECB, the company shall report the converted portion in Form FC-GPR to the Regional Office concerned as well as in Form ECB-2 clearly differentiating the converted portion from the non-converted portion. The words "ECB partially converted to equity" shall be indicated on top of the Form ECB-2. In the subsequent months, the outstanding balance of ECB shall be reported in Form ECB-2 to DSIM.
- c. The SEZ unit issuing equity as mentioned in para (iii) above, should report the particulars of the shares issued in the Form FC-GPR.

#### **4. Reporting of ESOPs for allotment of equity shares**

The issuing company is required to report the details of issuance of ESOPs to its employees to the Regional Office concerned of the Reserve Bank, in plain paper reporting, within 30 days from the date of issue of ESOPs. Further, at the time of conversion of options into shares the Indian company has to ensure reporting to the Regional Office concerned of the Reserve Bank in form FC-GPR, within 30 days of allotment of such shares.

#### **5. Reporting of ADR/GDR Issues**

The domestic custodian shall report the issue/transfer of sponsored/unsponsored depository receipts as per DR Scheme 2014 in 'Form DRR' within 30 days of close of the issue/program.

## **6. Reporting of FII investments under Portfolio Investment Scheme (PIS)**

(i) **FII reporting:** The AD Category – I banks have to ensure that the FIIs registered with SEBI who are purchasing various securities (except derivative and IDRs) by debit to the Special Non-Resident Rupee Account should report all such transactions details (except derivative and IDRs) in the Form LEC (FII) to Foreign Exchange Department, Reserve Bank of India, Central Office by uploading the same to the ORFS web site (<https://secweb.rbi.org.in/ORFSMainWeb/Login.jsp>). It would be the bank's responsibility to ensure that the data submitted to RBI is reconciled by periodically taking a FII holding report for their bank.

(iii) The Indian company which has issued shares to FIIs under the FDI Scheme (for which the payment has been received directly into company's account) and the Portfolio Investment Scheme (for which the payment has been received from FIIs' account maintained with an AD Category – I bank in India) should report these figures separately under item no. 5 of Form FC-GPR (Annex - 8) (Post-issue pattern of shareholding) so that the details could be suitably reconciled for statistical / monitoring purposes.

## **7. Reporting of NRI investments under Portfolio Investment Scheme (PIS)**

The designated link office of the AD Category – I bank shall furnish to the Reserve Bank<sup>31</sup>, a report on a daily basis on PIS transactions undertaken on behalf of NRIs for their entire bank. This report can be uploaded directly on the ORFS web site (<https://secweb.rbi.org.in/ORFSMainWeb/Login.jsp>). It would be the banks responsibility to ensure that the data submitted to RBI is reconciled by periodically taking a NRI holding report for their bank.

## **8. Reporting of foreign investment by way of issue / transfer of 'participating interest/right' in oil fields**

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<sup>31</sup> Addressed to the Principal Chief General Manager, Foreign Exchange Department, Reserve Bank of India, Foreign Investment Division, Central Office, Central Office Building, Mumbai 400 001.

Foreign investment by way of issue / transfer of 'participating interest/right' in oil fields by Indian companies to a non resident would be treated as an FDI transaction under the extant FDI policy and the FEMA regulations. Accordingly, transfer of 'participating interest/ rights' will be reported as 'other' category under Para 7 of revised Form FC-TRS as given in the Annex-8 and issuance of 'participating interest/ rights' will be reported as 'other' category of instruments under Para 4 of Form FC-GPR as given in the Annex-9.

## Part II

### Investment in Partnership Firm / Proprietary Concern

#### 1. Investment in Partnership Firm / Proprietary Concern

A Non-Resident Indian<sup>32</sup> (NRI) or a Person of Indian Origin<sup>33</sup> (PIO) resident outside India can invest by way of contribution to the capital of a firm or a proprietary concern in India on non-repatriation basis provided:

- i. Amount is invested by inward remittance or out of NRE / FCNR(B) / NRO account maintained with Authorised Dealers / Authorised banks.
- ii. The firm or proprietary concern is not engaged in any agricultural / plantation or real estate business (i.e. dealing in land and immovable property with a view to earning profit or earning income there from) or print media sector.
- iii. Amount invested shall not be eligible for repatriation outside India.

#### 2. Investments with repatriation benefits

NRIs / PIO may seek prior permission of Reserve Bank<sup>34</sup> for investment in sole proprietorship concerns / partnership firms with repatriation benefits. The application will be decided in consultation with the Government of India.

#### 3. Investment by non-residents other than NRIs / PIO

A person resident outside India other than NRIs / PIO may make an application and seek prior approval of Reserve Bank<sup>35</sup>, for making investment

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<sup>32</sup> 'Non-Resident Indian (NRI)' means a person resident outside India who is a citizen of India or is a person of Indian origin;

<sup>33</sup> 'Person of Indian Origin' means a citizen of any country other than Bangladesh or Pakistan or Sri Lanka, if

- a) he at any time held Indian passport; or
- b) he or either of his parents or any of his grand - parents was a citizen of India by virtue of the Constitution of India or the Citizenship Act, 1955 (57 of 1955); or
- c) the person is a spouse of an Indian citizen or a person referred to in sub-clause (a) or (b);

<sup>34</sup> Addressed to the Principal Chief General Manager , Reserve Bank of India, Foreign Exchange Department, Foreign Investment Division, Central Office, Mumbai

<sup>35</sup> Addressed to the Principal Chief General Manager , Reserve Bank of India, Foreign Exchange Department, Foreign Investment Division, Central Office, Mumbai

by way of contribution to the capital of a firm or a proprietorship concern or any association of persons in India. The application will be decided in consultation with the Government of India.

#### **4. Restrictions**

An NRI or PIO is not allowed to invest in a firm or proprietorship concern engaged in any agricultural/plantation activity or real estate business (i.e. dealing in land and immovable property with a view to earning profit or earning income therefrom) or engaged in Print Media.



**Salient features of Portfolio Investment Scheme (PIS) for investments by a Non Resident Indian (NRI)**

a) An NRI intending to buy and sell shares / convertible debentures of an Indian company through a registered broker on a recognized stock exchange in India will apply in prescribed form to the designated branch of AD bank for participating in the Scheme on repatriation and / or non-repatriation basis.

b) While applying, the NRI should also undertake that

- i) the particulars furnished are true and correct;
- ii) he has no dealing with/ he will not deal with any other designated branch/bank under PIS;
- iii) he will ensure that total holding in shares / convertible debentures, both on repatriation and non-repatriation basis in any one Indian company at no time shall exceed 5 per cent of the paid up capital/ paid up value of each series of convertible debentures of that company.

c) The designated branch of the AD bank will grant one time permission to the NRI applicant for purchase and sale of shares / convertible debentures of an Indian company. Two distinct permission letters (for repatriation basis and non-repatriation basis) shall be issued as per the prescribed format.

d) Designated branch shall open a separate sub account of NRE/NRO account (opened and maintained by an NRI in terms of the Foreign Exchange Management (Deposit) Regulations, 2000 for the exclusive purpose of routing the transactions under PIS on behalf of an NRI. NRE (PIS) account for investment made by the NRI on repatriation basis and NRO (PIS) account for investment made on non-repatriation basis under the Scheme. The designated branch shall ensure that amounts due to sale proceeds of shares / convertible debentures which have been acquired by

modes other than PIS, such as underlying shares acquired on conversion of ADRs/GDRs, shares/ convertible debentures acquired under FDI Scheme, shares/ convertible debentures purchased outside India from other NRIs, shares/ convertible debentures acquired under private arrangement from residents / non-residents, shares/ convertible debentures purchased while resident in India, do not get credited/debited in the accounts opened exclusively for routing the PIS transactions.

e) The permissible credits and debits in the NRE (PIS) account for routing PIS transactions will be as under:

Permissible Credits

- (i) Inward remittances in foreign exchange through normal banking channels;
- (ii) Transfer from applicant's other NRE accounts or FCNR (B) accounts maintained with AD bank in India ;
- (iii) Net sale proceeds (after payment of applicable taxes) of shares and convertible debentures which were acquired on repatriation basis under PIS and sold on stock exchange through registered broker;
- (iv) dividend or income earned on investments under PIS.

Permissible debits

- (i) Outward remittances of dividend or income earned;
- (ii) Amounts paid on account of purchase of shares and convertible debentures on repatriation basis on stock exchanges through registered broker under PIS; and
- (iii) Any charges on account of sale/ purchase of shares or convertible debentures under PIS.

f) The permissible credits and debits in the NRO(PIS) account for routing PIS transactions will be as under;

Permissible Credits

- (i) Inward remittances in foreign exchange through normal banking channels;
- (ii) Transfer from applicant's other NRE accounts or FCNR (B) accounts or NRO accounts maintained with AD bank in India;
- (iii) Net sale proceeds ( after payment of applicable taxes) of shares and convertible debentures which were acquired on repatriation (at the NRI's option) and non repatriation basis under PIS and sold on stock exchange through registered broker; and
- (iv) dividend or income earned on investments under PIS.

Permissible debits

- (i) Outward remittances of dividend or income earned;
- (ii) Amounts paid on account of purchase of shares and convertible debentures on non- repatriation basis on stock exchanges through registered broker under PIS.
- (iii) Any charges on account of sale/ purchase of shares or convertible debentures under PIS.

g) The purchase of equity shares in an Indian company, both repatriation and non-repatriation basis by each NRI shall not exceed 5 per cent of the paid up capital of the company subject to an overall ceiling of 10 per cent of the total paid-up capital of the company concerned by all NRIs both on repatriation and non-repatriation basis taken together.

h) The purchase of convertible debentures of each series of an Indian company both repatriation and non-repatriation basis by each NRI shall not exceed 5 per cent of the total paid -up value of convertible debentures subject to an overall ceiling of 10 per cent of the total paid –up value of each series of the convertible debentures issued by the Indian company concerned by all NRIs both on repatriation and non-repatriation basis taken together.

i) Shares /convertible debentures purchased shall be held and registered in the name of the NRI.

j) Shares /convertible debentures acquired by the NRI under this permission can be sold on recognized stock exchange in India through registered broker without any lock in period. NRI shall not engage in short selling and shall take delivery of the shares and convertible debentures purchased and give the delivery of the shares and debentures sold.

k) Shares /convertible debentures acquired by the NRI under the Scheme shall not be transferred out of his name by way of gift except to his close relatives as defined in Section 6 of the Companies Act, 1956, as amended from time to time or Charitable Trust duly registered under the laws in India with prior approval of AD bank Shares /convertible debentures acquired by the NRI under the Scheme shall not be transferred out of his name by way of sale under private arrangement without prior approval of the Reserve Bank .

l) Shares /convertible debentures acquired by the NRI under the Scheme shall not be pledged for giving loan to a third party without prior permission of the Reserve Bank.

m) NRI is permitted to buy or sale shares/convertible debentures through his own broker who is an authorized member of a recognized stock exchange. Both purchase and sale contract notes, in original, should be submitted by the NRI within 24/48 hours of execution of the contract to his designated branch with whom his PIS account is maintained. The onus is on the NRI for submission of contract notes to the designated branch of the AD bank.

n) NRI is at a liberty to change the designated branch / AD bank. The designated branch / AD bank from whom the PIS account is being transferred should

i) issue no objection certificate to the new designated branch / AD bank  
ii) furnish the list of all the existing holding as also the dates of reporting the transaction in LEC(NRI) to the Reserve Bank to that designated branch/ AD bank to whom the PIS account is being transferred.

o) In cases, where an NRI is eligible to make investment in India, his resident Power of Attorney holder can be permitted by AD bank to operate NRE(PIS)/NRO (PIS) account to facilitate investment under the Scheme.

## **Annex B**

### **Scheme for Acquisition/ Transfer by a person resident outside India of capital contribution or profit share of Limited Liability Partnerships (LLPs)**

#### 1. Eligible Investors:

A person resident outside India or an entity incorporated outside India shall be eligible investor for the purpose of FDI in LLPs. However, the following persons shall not be eligible to invest in LLPs:

- (i) a citizen/entity of Pakistan and Bangladesh or
- (ii) a SEBI registered Foreign Institutional Investor (FII) or
- (iii) a SEBI registered Foreign Venture Capital Investor (FVCI) or
- (iv) a SEBI registered Qualified Foreign Investor (QFI) or
- (v) a Foreign Portfolio Investor registered in accordance with Securities and Exchange Board of India(Foreign Portfolio Investors) Regulations, 2014 (RFPI).

## 2. Eligibility of LLP for accepting foreign Investment:

(i) An LLP, existing or new, operating in sectors/activities where 100% FDI is allowed under the automatic route of FDI Scheme would be eligible to receive FDI. For ascertaining such sectors, reference shall be made to Annex-B to Schedule 1 of Notification No. FEMA 20/ 2000-RB dated 3rd May 2000, as amended from time to time.

(ii) An LLP engaged in the following sectors/activities shall not be eligible to accept FDI:

a) Sectors eligible to accept 100% FDI under automatic route but are subject to FDI-linked performance related conditions (for example minimum capitalisation norms applicable to 'Non-Banking Finance Companies' or 'Development of Townships, Housing, Built-up infrastructure and Construction-development projects', etc.); or

b) Sectors eligible to accept less than 100% FDI under automatic route; or

c) Sectors eligible to accept FDI under Government Approval route; or

d) Agricultural/plantation activity and print media; or

e) Sectors not eligible to accept FDI i.e. any sector which is prohibited under the extant FDI policy (Annex-A to Schedule 1 to Notification No. FEMA. 20/ 2000-RB dated 3rd May 2000) as well as sectors/activities prohibited in terms of Regulation 4(b) to [Notification No. FEMA.1/ 2000-RB dated 3rd May 2000](#), as amended from time to time.

## 3. Eligible investment:

Contribution to the capital of a LLP would be an eligible investment under the Scheme.

Note: Investment by way of 'profit share' will fall under the category of reinvestment of earnings

#### 4. Entry Route:

Any FDI in a LLP shall require prior Government/FIPB approval.

Any form of foreign investment in an LLP, direct or indirect (regardless of nature of 'ownership' or 'control' of an Indian Company) shall require Government/FIPB approval.

#### 5. Pricing:

FDI in an LLP either by way of capital contribution or by way of acquisition / transfer of 'profit shares', would have to be more than or equal to the fair price as worked out with any valuation norm which is internationally accepted/ adopted as per market practice (hereinafter referred to as "fair price of capital contribution/profit share of an LLP") and a valuation certificate to that effect shall be issued by a Chartered Accountant or by a practicing Cost Accountant or by an approved valuer from the panel maintained by the Central Government.

In case of transfer of capital contribution/profit share from a resident to a non-resident, the transfer shall be for a consideration equal to or more than the fair price of capital contribution/profit share of an LLP. Further, in case of transfer of capital contribution/profit share from a non-resident to a resident, the transfer shall be for a consideration which is less than or equal to the fair price of the capital contribution/profit share of an LLP.

#### 6. Mode of payment for an eligible investor:

Payment by an eligible investor towards capital contribution/profit share of LLPs will be allowed only by way of cash consideration to be received -

i) by way of inward remittance through normal banking channels; or



ii) by debit to NRE/FCNR(B) account of the person concerned, maintained with an AD Category - I bank.

#### 7. Reporting:

(i) LLPs shall report to the Regional Office concerned of the Reserve Bank, the details of the receipt of the amount of consideration for capital contribution and profit shares in Form FOREIGN DIRECT INVESTMENT-LLP(I) as given in Annex 11, together with a copy/ies of the FIRC/s evidencing the receipt of the remittance along with the KYC report on the non-resident investor in Annex 9-II (, through an AD Category – I bank, and valuation certificate (as per paragraph 5 above) as regards pricing at the earliest but not later than 30 days from the date of receipt of the amount of consideration. The report would be acknowledged by the Regional Office concerned, which would allot a Unique Identification Number (UIN) for the amount reported.

(ii) The AD Category – I bank in India, receiving the remittance should obtain a KYC report in respect of the foreign investor from the overseas bank remitting the amount.

(iii) Disinvestment / transfer of capital contribution or profit share between a resident and a non-resident (or vice versa) shall require to be reported within 60 days from the date of receipt of funds in Form FOREIGN DIRECT INVESTMENT-LLP(II) as given in Annex 12.

#### 8. Downstream investment:

a) An Indian company, having foreign investment (direct or indirect, irrespective of percentage of such foreign investment), will be permitted to make downstream investment in an LLP only if both, the company as well as the LLP, are operating in sectors where 100% FDI is allowed under the automatic route and there are no FDI-linked performance related conditions. Onus shall be on the LLP accepting investment from the Indian Company registered under the provisions of the

Companies Act, as applicable, to ensure compliance with downstream investment requirement as stated above.

b) An LLP with FDI under this scheme will not be eligible to make any downstream investments in any entity in India.

#### 9. Other Conditions:

(i) In case, an LLP with FDI, has a body corporate as a designated partner or nominates an individual to act as a designated partner in accordance with the provisions of Section 7 of the Limited Liability Partnership Act, 2008, such a body corporate should only be a company registered in India under the provisions of the Companies Act, as applicable and not any other body, such as an LLP or a Trust. For such LLPs, the designated partner "resident in India", as defined under the 'Explanation' to Section 7(1) of the Limited Liability Partnership Act, 2008, would also have to satisfy the definition of "person resident in India", as prescribed under Section 2(v)(i) of the Foreign Exchange Management Act, 1999.

(ii) The designated partners will be responsible for compliance with all the above conditions and also liable for all penalties imposed on the LLP for their contravention, if any.

(iii) Conversion of a company with FDI, into an LLP, will be allowed only if the above stipulations (except the stipulation as regards mode of payment) are met and with the prior approval of FIPB/Government.

(iv) LLPs shall not be permitted to avail External Commercial Borrowings (ECBs).

**Annex - 1**  
**(PART I, Section I, para 7(a))**

**Sector-specific policy for foreign investment**

In the following sectors/activities, FDI up to the limit indicated against each sector/activity is allowed, subject to applicable laws/ regulations; security and other conditionalities. In sectors/activities not listed below, FDI is permitted upto 100% on the automatic route, subject to applicable laws/ regulations; security and other conditionalities.

Wherever there is a requirement of minimum capitalization, it shall include share premium received along with the face value of the share, only when it is received by the company upon issue of the shares to the non-resident investor. Amount paid by the transferee during post-issue transfer of shares beyond the issue price of the share, cannot be taken into account while calculating minimum capitalization requirement.

Sl. No.	Sector / Activity	% of Equity/FDI Cap <sup>36</sup>	Entry Route
<b>AGRICULTURE</b>			
<b>1.</b>	<b>Agriculture &amp; Animal Husbandry</b>		
	a) Floriculture, Horticulture, Apiculture and Cultivation of Vegetables & Mushrooms under controlled conditions; b) Development and production of Seeds and planting material; c) Animal Husbandry (including breeding of dogs), Pisciculture, Aquaculture, under controlled conditions; and	100%	Automatic

<sup>36</sup> [Notification No.FEMA.312/2014-RB dated July 2, 2014](#)

Sl. No.	Sector / Activity	% of Equity/FDI Cap <sup>36</sup>	Entry Route
	d) services related to agro and allied sectors  <b>Note: Besides the above, FDI is not allowed in any other agricultural sector/activity</b>		
1.1	<b>Other Conditions :</b>		
	<p>I. For companies dealing with development of transgenic seeds/vegetables, the following conditions apply:</p> <p>(i) When dealing with genetically modified seeds or planting material the company shall comply with safety requirements in accordance with laws enacted under the Environment (Protection) Act on the genetically modified organisms.</p> <p>(ii) Any import of genetically modified materials if required shall be subject to the conditions laid down vide Notifications issued under Foreign Trade (Development and Regulation) Act, 1992.</p> <p>(iii) The company shall comply with any other Law, Regulation or Policy governing genetically modified material in force from time to time.</p> <p>(iv) Undertaking of business activities involving the use of genetically engineered cells and material shall be subject to the receipt of approvals from Genetic Engineering Approval Committee (GEAC) and Review Committee on Genetic Manipulation (RCGM).</p> <p>(v) Import of materials shall be in accordance with National Seeds Policy.</p>		
	<p>II. The term ‘under controlled conditions’ covers the following:<sup>37</sup></p> <p>(i) ‘Cultivation under controlled conditions’ for the categories of Floriculture, Horticulture, Cultivation of vegetables and Mushrooms is the practice of cultivation wherein rainfall, temperature, solar radiation, air humidity and culture medium are controlled artificially. Control in these parameters may be effected through protected cultivation under green houses, net houses, poly houses or any other improved infrastructure facilities where micro- climatic conditions are regulated anthropogenically.</p> <p>(ii) In case of Animal Husbandry, scope of the term ‘under controlled</p>		

<sup>37</sup> [Notification No.FEMA.312/2014-RB dated July 2, 2014](#)

Sl. No.	Sector / Activity	% of Equity/FDI Cap <sup>36</sup>	Entry Route
	<p>conditions' covers –</p> <p>(a) Rearing of animals under intensive farming systems with stall- feeding. Intensive farming system will require climate systems (ventilation, temperature/humidity management), health care and nutrition, herd registering/pedigree recording, use of machinery, waste management systems as prescribed by the National Livestock Policy 2013 and in conformity with the existing ‘Standard Operating Practices and Minimum Standard Protocol.’”</p> <p>(b) Poultry breeding farms and hatcheries where micro-climate is controlled through advanced technologies like incubators, ventilation systems etc.</p> <p>(iii) In the case of pisciculture and aquaculture, scope of the term ‘under controlled conditions’ covers –</p> <p>(a) Aquariums</p> <p>(b) Hatcheries where eggs are artificially fertilized and fry are hatched and incubated in an enclosed environment with artificial climate control.</p> <p>(iv) In the case of apiculture, scope of the term “‘under controlled conditions’ covers –</p> <p>Production of honey by bee-keeping, except in forest/wild, in designated spaces with control of temperatures and climatic factors like humidity and artificial feeding during lean seasons.</p>		
2	<b>Tea Plantation</b>		
2.1	Tea sector including tea plantations <b>Note: Besides the above, FDI is not allowed in any other plantation sector/activity</b>	100%	Government
2.2	<b>Other Condition :</b>		
	Prior approval of the State Government concerned in case of any future land use change. <sup>38</sup>		
<b>3</b>	<b><u>MINING</u></b>		

<sup>38</sup> The condition of compulsory divestment of 26% in favour of Indian partner/public within period of 5 years – deleted w.e.f 22.8.2013

Sl. No.	Sector / Activity	% of Equity/FDI Cap <sup>36</sup>	Entry Route
3.1	<b>Mining and Exploration of metal and non metal ores</b> including diamond, gold, silver and precious ores but excluding titanium bearing minerals and its ores; <b>subject to</b> the Mines and Minerals (Development & Regulation) Act, 1957.	100%	Automatic
3.2	<b>Coal and Lignite</b>		
	(1) Coal & Lignite mining for captive consumption by power projects, iron & steel and cement units and other eligible activities permitted under and <b>subject to</b> the provisions of Coal Mines (Nationalization) Act, 1973	100%	Automatic
	(2) Setting up coal processing plants like washeries, subject to the condition that the company shall not do coal mining and shall not sell washed coal or sized coal from its coal processing plants in the open market and shall supply the washed or sized coal to those parties who are supplying raw coal to coal processing	100%	Automatic

Sl. No.	Sector / Activity	% of Equity/FDI Cap <sup>36</sup>	Entry Route
	plants for washing or sizing.		
3.3	<b>Mining and mineral separation of titanium bearing minerals and ores, its value addition and integrated activities</b>		
3.3.1	Mining and mineral separation of titanium bearing minerals & ores, its value addition and integrated activities <b>subject to</b> sectoral regulations and the Mines and Minerals (Development and Regulation Act 1957)	100%	Government
3.3.2	<b>Other conditions:</b>		
	<p>India has large reserves of beach sand minerals in the coastal stretches around the country. Titanium bearing minerals viz. Ilmenite, rutile and leucoxene, and Zirconium bearing minerals including zircon are some of the beach sand minerals which have been classified as 'prescribed substances' under the Atomic Energy Act, 1962.</p> <p>Under the Industrial Policy Statement 1991, mining and production of minerals classified as 'prescribed substances' and specified in the Schedule to the Atomic Energy (Control of Production and Use) Order, 1953 were included in the list of industries reserved for the public sector. Vide Resolution No. 8/1(1)/97-PSU/1422 dated 6<sup>th</sup> October 1998 issued by the Department of Atomic Energy laying down the policy for exploitation of beach sand minerals, private participation including Foreign Direct Investment (FDI), was permitted in mining and production of Titanium ores (Ilmenite, Rutile and Leucoxene) and Zirconium minerals (Zircon).</p> <p>Vide Notification No. S.O.61(E) dated 18.1.2006, the Department of Atomic Energy re-notified the list of 'prescribed substances' under the Atomic Energy Act 1962. Titanium bearing ores and concentrates (Ilmenite, Rutile and Leucoxene) and Zirconium, its alloys and compounds and minerals/concentrates including Zircon, were removed from the list of prescribed substances'.</p> <p>(i) FDI for separation of titanium bearing minerals &amp; ores will be subject to the following additional conditions viz.:</p> <p>(A) value addition facilities are set up within India along with transfer of technology;</p> <p>(B) disposal of tailings during the mineral separation shall be carried out in accordance with regulations framed by the Atomic Energy Regulatory</p>		

Sl. No.	Sector / Activity	% of Equity/FDI Cap <sup>36</sup>	Entry Route
	<p>Board such as Atomic Energy (Radiation Protection) Rules, 2004 and the Atomic Energy (Safe Disposal of Radioactive Wastes) Rules, 1987.</p> <p>(ii) FDI will not be allowed in mining of 'prescribed substances' listed in the Notification No. S.O. 61(E) dated 18.1.2006 issued by the Department of Atomic Energy.</p> <p>Clarification: (1) For titanium bearing ores such as Ilmenite, Leucoxene and Rutile, manufacture of titanium dioxide pigment and titanium sponge constitutes value addition. Ilmenite can be processed to produce 'Synthetic Rutile or Titanium Slag as an intermediate value added product.</p> <p>(2) The objective is to ensure that the raw material available in the country is utilized for setting up downstream industries and the technology available internationally is also made available for setting up such industries within the country. Thus, if with the technology transfer, the objective of the FDI Policy can be achieved, the conditions prescribed at (i) (A) above shall be deemed to be fulfilled.</p>		
<b>4</b>	<b>Petroleum &amp; Natural Gas</b>		
4.1	<p>Exploration activities of private sector, subject to the existing sectoral policy and regulatory framework in the oil marketing sector and the policy of the Government on private participation in exploration of oil and the discovered fields of national oil companies</p>	100%	Automatic
4.2	<p>Petroleum refining by the Public Sector Undertakings (PSU), without any disinvestment or dilution of domestic equity in the existing PSUs.</p>	49%	Automatic <sup>39</sup>

<sup>39</sup> PN 6 of 2013



Sl. No.	Sector / Activity	% of Equity/FDI Cap <sup>36</sup>	Entry Route
	<b><u>MANUFACTURING</u></b>		
<b>5</b>	<b>Manufacture of items reserved for production in Micro and Small Enterprises (MSEs)</b>		
5.1	FDI in MSEs [as defined under Micro, Small And Medium Enterprises Development Act, 2006 (MSMED, Act 2006)] will be subject to the sectoral caps, entry routes and other relevant sectoral regulations. Any industrial undertaking which is not a Micro or Small Scale Enterprise, but manufactures items reserved for the MSE sector would require Government route where foreign investment is more than 24% in the capital. Such an undertaking would also require an Industrial License under the Industries (Development & Regulation) Act 1951, for such manufacture. The issue of Industrial License is subject to a few general conditions and the specific condition that the Industrial Undertaking shall undertake to export a minimum of 50% of the new or additional annual production of the MSE reserved items to be achieved within a maximum period of three years. The export obligation would be applicable from the date of commencement of commercial production and in accordance with the provisions of section 11 of the Industries (Development & Regulation) Act 1951.		
<b>6</b>	<b>DEFENCE</b>		
6.1	Defence Industry subject to Industrial license under the Industries (Development & Regulation) Act, 1951	49% <sup>40</sup>	Government route up to 49%  Above 49% to Cabinet Committee on Security (CCS) on case to case basis, wherever it is likely to result in access to modern and 'state-of-art' technology in the country.
Note: (i) The above limit of 49% is composite and includes all kinds of foreign			

<sup>40</sup> [Notification No.FEMA. 319 /2014-RB dtd Sep 5, 2014](#)

Sl. No.	Sector / Activity	% of Equity/FDI Cap <sup>36</sup>	Entry Route
<p>investments i.e. Foreign Direct Investment (FDI), Foreign Institutional Investors (FIIs), Foreign Portfolio Investors (FPIs), Non Resident Indians (NRIs), Foreign Venture Capital Investors (FVCI) and Qualified Foreign Investors (QFIs) regardless of whether the said investments have been made under Schedule 1 (FDI), 2 (FII), 2A (FPI), 3 (NRI), 6 (FVCI) and 8 (QFI) of FEMA (Transfer or Issue of Security by Persons Resident Outside India) Regulations.</p> <p>(ii) Portfolio investment by FPIs/FIIs/NRIs/QFIs and investments by FVCIs together will not exceed 24% of the total equity of the investee/joint venture company. Portfolio investments will be under automatic route.</p>			
6.2	<b>Other conditions:</b>		
<ol style="list-style-type: none"> <li>i. Licence applications will be considered and licences given by the Department of Industrial Policy &amp; Promotion, Ministry of Commerce &amp; Industry, in consultation with Ministry of Defence and Ministry of External Affairs.</li> <li>ii. The applicant company seeking permission of the Government for FDI up to 49% should be an Indian company owned and controlled by resident Indian citizens.</li> <li>iii. The management of the applicant company should be in Indian hands with majority representation on the Board as well as the Chief Executives of the company/partnership firm being resident Indians.</li> <li>iv. Chief Security Officer (CSO) of the investee/ joint venture company should be resident Indian citizen.</li> <li>v. Full particulars of the Directors and the Chief Executives should be furnished along with the applications.</li> <li>vi. The Government reserves the right to verify the antecedents of the foreign collaborators and domestic promoters including their financial standing and credentials in the world market. Preference would be given to original equipment manufacturers or design establishments and companies having a good track record of past supplies to Armed Forces, Space and Atomic energy sections and having an established R &amp; D base.</li> <li>vii. There would be no minimum capitalization for the FDI. A proper assessment, however, needs to be done by the management of the applicant company depending upon the product and the technology. The licensing authority would satisfy itself about the adequacy of the net worth of the non-resident investor taking into account the category of weapons and equipment that are proposed to be manufactured.</li> <li>viii. The Ministry of Defence is not in a position to give purchase guarantee for products to be manufactured. However, the planned acquisition programme for such equipment and overall requirements would be made available to the extent possible.</li> </ol>			

Sl. No.	Sector / Activity	% of Equity/FDI Cap <sup>36</sup>	Entry Route
	<ul style="list-style-type: none"> <li data-bbox="362 268 1388 415">ix. The capacity norms for production will be provided in the licence based on the application as well as the recommendations of the Ministry of Defence, which will look into existing capacities of similar and allied products.</li> <li data-bbox="362 422 1388 590">x. Investee/joint venture company should be structured to be self-sufficient in areas of product design and development. The investee/joint venture company along with manufacturing facility, should also have maintenance and life cycle support facility of the product being manufactured in India.</li> <li data-bbox="362 596 1388 669">xi. Import of equipment for pre-production activity including development of prototype by the applicant company would be permitted.</li> <li data-bbox="362 676 1388 812">xii. Adequate safety and security procedures would need to be put in place by the licensee once the licence is granted and production commences. These would be subject to verification by authorized Government agencies.</li> <li data-bbox="362 819 1388 1178">xiii. The standards and testing procedures for equipment to be produced under licence from foreign collaborators or from indigenous R &amp; D will have to be provided by the licensee to the Government nominated quality assurance agency under appropriate confidentiality clause. The nominated quality assurance agency would inspect the finished product and would conduct surveillance and audit of the Quality Assurance Procedures of the licensee. Self-certification would be permitted by the Ministry of Defence on case to case basis, which may involve either individual items, or group of items manufactured by the licensee. Such permission would be for a fixed period and subject to renewals.</li> <li data-bbox="362 1184 1388 1289">xiv. Purchase preference and price preference may be given to the Public Sector organizations as per guidelines of the Department of Public Enterprises.</li> <li data-bbox="362 1295 1388 1759">xv. Arms and ammunition produced by the private manufacturers will be primarily sold to the Ministry of Defence. These items may also be sold to other Government entities under the control of the Ministry of Home Affairs and State Governments with the prior approval of the Ministry of Defence. No such item should be sold within the country to any other person or entity. The export of manufactured items would be subject to policy and guidelines as applicable to Ordnance Factories and Defence Public Sector Undertakings. Non-lethal items would be permitted for sale to persons/entities other than the Central or State Governments with the prior approval of the Ministry of Defence. Licensee would also need to institute a verifiable system of removal of all goods out of their factories. Violation of these provisions may lead to cancellation of the licence.</li> <li data-bbox="362 1766 1388 1871">xvi. All applications seeking permission of the Government for FDI in defence would be made to the Secretariat of Foreign Investment Promotion Board (FIPB) in the Department of Economic Affairs.</li> </ul>		

Sl. No.	Sector / Activity	% of Equity/FDI Cap <sup>36</sup>	Entry Route
	<p>xvii. Applications for FDI up to 49% will follow the existing procedure with proposals involving inflows in excess of Rs. 1200 crore being approved by Cabinet Committee on Economic Affairs (CCEA).</p> <p>xviii. Based on the recommendation of the Ministry of Defence and FIPB, approval of the Cabinet Committee on Security (CCS) will be sought by the Ministry of Defence in respect of cases seeking permission of the Government for FDI beyond 49% which are likely to result in access to modern and `state-of-art' technology in the country.</p> <p>xix. Proposals for FDI beyond 49% with proposed inflow in excess of Rs. 1200 crores, which are to be approved by CCS will not require further approval of the Cabinet Committee on Economic Affairs (CCEA).</p> <p>xx. Government decision on applications for FDI in defence industry sector will be normally communicated within a time frame of 10 weeks from the date of acknowledgement.</p> <p>xxi. For the proposal seeking Government approval for foreign investment beyond 49% applicant should be Indian company/foreign investor. Further condition at para (iii) above will not apply on such proposals.</p>		
<b>SERVICES SECTOR</b>			
<b>INFORMATION SERVICES</b>			
<b>7</b>	<b>Broadcasting</b>		
<b>7.1</b>	<b>Broadcasting Carriage Services</b>		
7.1.1	<p>(1) <b>Teleports</b> (setting up of up-linking HUBs/ Teleports);</p> <p>(2) <b>Direct to Home (DTH)</b>;</p> <p>(3) <b>Cable Networks</b> (Multi System operators (MSOs) operating at National or State or District level and undertaking upgradation of networks towards digitalization and addressability);</p> <p>(4) <b>Mobile TV</b>;</p> <p>(5) <b>Headend-in-the Sky Broadcasting Service (HITS)</b></p>	74%	<p>Automatic up to 49%</p> <p>Government route beyond 49% and up to 74%</p>
7.1.2	<b>Cable Networks</b> (Other MSOs not	49%	Automatic

<b>Sl. No.</b>	<b>Sector / Activity</b>	<b>% of Equity/FDI Cap<sup>36</sup></b>	<b>Entry Route</b>
	undertaking upgradation of networks towards digitalization and addressability and Local Cable Operators (LCOs).		
<b>7.2</b>	<b>Broadcasting Content Services</b>		
7.2.1	<b>Terrestrial Broadcasting FM (FM Radio)</b> , subject to such terms and conditions, as specified from time to time, by Ministry of Information & Broadcasting, for grant of permission for setting up of FM Radio stations.	26%	Government
7.2.2	<b>Up-linking of 'News &amp; Current Affairs' TV Channels</b>	26%	Government
7.2.3	<b>Up-linking of Non-'News &amp; Current Affairs' TV Channels / Down-linking of TV Channels</b>	100%	Government
7.3	FDI for Up-linking/Down-linking TV Channels will be subject to compliance with the relevant Up-linking/Down-linking Policy notified by the Ministry of Information & Broadcasting from time to time.		
7.4	Foreign investment (FI) in companies engaged in all the aforesaid services will be subject to relevant regulations and such terms and conditions, as may be specified from time to time, by the Ministry of Information and Broadcasting.		
7.5	The foreign investment (FI) limit in companies engaged in the afore stated activities shall include, in addition to FDI, investment by Foreign Institutional Investors (FIIs), Foreign Portfolio Investors(FPIs), Qualified Foreign Investors (QFIs), Non-Resident Indians (NRIs), Foreign Currency Convertible Bonds (FCCBs), American Depository Receipts (ADRs), Global Depository Receipts (GDRs) and convertible preference shares held by foreign entities. <sup>41</sup>		
7.6	Foreign investment in the aforesaid broadcasting carriage services will be		

<sup>41</sup> [Notification No.FEMA.312/2014-RB dtd July 2, 2014](#)

Sl. No.	Sector / Activity	% of Equity/FDI Cap <sup>36</sup>	Entry Route
	<p>subject to the following security conditions/terms:</p> <p><b>Mandatory Requirement for Key Executives of the Company</b></p> <p>(i) The majority of Directors on the Board of the Company shall be Indian Citizens.</p> <p>(ii) The Chief Executive Officer (CEO), Chief Officer In-charge of technical network operations and Chief Security Officer should be resident Indian Citizens.</p> <p><b>Security Clearance of Personnel</b></p> <p>(iii) The Company, all Directors on the Board of Directors and such key executives like Managing Director / Chief Executive Officer, Chief Financial Officer (CFO), Chief Security Officer (CSO), Chief Technical Officer (CTO), Chief Operating Officer (COO), shareholders who individually hold 10% or more paid-up capital in the company and any other category, as may be specified by the Ministry of Information and Broadcasting from time to time, shall require to be security cleared.</p> <p>In case of the appointment of Directors on the Board of the Company and such key executives like Managing Director / Chief Executive Officer, Chief Financial Officer (CFO), Chief Security Officer (CSO), Chief Technical Officer (CTO), Chief Operating Officer (COO), etc., as may be specified by the Ministry of Information and Broadcasting from time to time, prior permission of the Ministry of Information and Broadcasting shall have to be obtained.</p> <p>It shall be obligatory on the part of the company to also take prior permission from the Ministry of Information and Broadcasting before effecting any change in the Board of Directors.</p> <p>(iv) (iv) The Company shall be required to obtain security clearance of all foreign personnel likely to be deployed for more than 60 days in a year by way of appointment, contract, and consultancy or in any other capacity for installation, maintenance, operation or any other services prior to their deployment. The security clearance shall be required to be obtained every two years.<sup>42</sup></p> <p><b>Permission <i>vis-a-vis</i> Security Clearance</b></p> <p>(v) The permission shall be subject to permission holder/licensee remaining security cleared throughout the currency of permission. In case the security clearance is withdrawn the permission granted is liable to be terminated forthwith.</p> <p>(vi) In the event of security clearance of any of the persons associated with the</p>		

<sup>42</sup> [Notification No.FEMA.312/2014-RB dated July 2, 2014](#)

Sl. No.	Sector / Activity	% of Equity/FDI Cap <sup>36</sup>	Entry Route
			<p>permission holder/licensee or foreign personnel being denied or withdrawn for any reasons whatsoever, the permission holder/licensee will ensure that the concerned person resigns or his services terminated forthwith after receiving such directives from the Government, failing which the permission/license granted shall be revoked and the company shall be disqualified to hold any such Permission/license in future for a period of five years.</p> <p><b>Infrastructure/Network/Software related requirement</b></p> <p>(vii) The officers/officials of the licensee companies dealing with the lawful interception of Services will be resident Indian citizens.</p> <p>(viii) Details of infrastructure/network diagram (technical details of the network) could be provided, on a need basis only, to equipment suppliers/manufactures and the affiliate of the licensee company. Clearance from the licensor would be required if such information is to be provided to anybody else.</p> <p>(ix) The Company shall not transfer the subscribers' databases to any person/place outside India unless permitted by relevant Law.</p> <p>(x) The Company must provide traceable identity of their subscribers.</p> <p><b>Monitoring, Inspection and Submission of Information</b></p> <p>(xi) The Company should ensure that necessary provision (hardware/software) is available in their equipment for doing the Lawful interception and monitoring from a centralized location as and when required by Government.</p> <p>(xii) The company, at its own costs, shall, on demand by the government or its authorized representative, provide the necessary equipment, services and facilities at designated place(s) for continuous monitoring or the broadcasting service by or under supervision of the Government or its authorized representative.</p> <p>(xiii) The Government of India, Ministry of Information &amp; Broadcasting or its authorized representative shall have the right to inspect the broadcasting facilities. No prior permission/intimation shall be required to exercise the right of Government or its authorized representative to carry out the inspection. The company will, if required by the Government or its authorized representative, provide necessary facilities for continuous monitoring for any particular aspect of the company's activities and operations. Continuous monitoring, however, will be confined only to security related aspects, including screening of objectionable content.</p>

Sl. No.	Sector / Activity	% of Equity/FDI Cap <sup>36</sup>	Entry Route
			<p>(xiv) (xiv) The inspection will ordinarily be carried out by the Government of India, Ministry of Information &amp; Broadcasting or its authorized representative after reasonable notice, except in circumstances where giving such a notice will defeat the very purpose of the inspection.</p> <p>(xv) The company shall submit such information with respect to its services as may be required by the Government or its authorized representative, in the format as may be required, from time to time.</p> <p>(xvi) The permission holder/licensee shall be liable to furnish the Government of India or its authorized representative or TRAI or its authorized representative, such reports, accounts, estimates, returns or such other relevant information and at such periodic intervals or such times as may be required.</p> <p>(xvii) The service providers should familiarize/train designated officials of the government or officials of TRAI or its authorized representative(s) in respect of relevant operations/features of their systems.</p> <p><b>National Security Conditions</b></p> <p>(xviii) It shall be open to the licensor to restrict the Licensee Company from operating in any sensitive area from the National Security angle. The Government of India, Ministry of Information and Broadcasting shall have the right to temporarily suspend the permission of the permission holder/Licensee in public interest or for national security for such period or periods as it may direct. The company shall immediately comply with any directives issued in this regard failing which the permission issued shall be revoked and the company disqualified to hold any such permission, in future, for a period of five years.</p> <p>(xix) The company shall not import or utilize any equipment, which are identified as unlawful and/or render network security vulnerable.</p> <p><b>Other conditions</b></p> <p>(xx) Licensor reserves the right to modify these conditions or incorporate new conditions considered necessary in the interest of national security and public interest or for proper provision of broadcasting services.</p> <p>(xxi) Licensee will ensure that broadcasting service installation carried out by it should not become a safety hazard and is not in contravention of any statute, rule or regulation and public policy.</p>



Sl. No.	Sector / Activity	% of Equity/FDI Cap <sup>36</sup>	Entry Route
<b>8</b>	<b>Print Media</b>		
8.1	Publishing of Newspaper and periodicals dealing with news and current affairs	26% (FDI and investment by NRIs/PIOs/FII/RFPI)	Government
8.2	Publication of Indian editions of foreign magazines dealing with news and current affairs	26% (FDI and investment by NRIs/PIOs/FII/RFPI)	Government
8.2.1	<b>Other Conditions:</b>		
	<p>(i) 'Magazine', for the purpose of these guidelines, will be defined as a periodical publication, brought out on non-daily basis, containing public news or comments on public news.</p> <p>(ii) Foreign investment would also be subject to the Guidelines for Publication of Indian editions of foreign magazines dealing with news and current affairs issued by the Ministry of Information &amp; Broadcasting on 4.12.2008.</p>		
8.3	Publishing / printing of Scientific and Technical Magazines / specialty journals / periodicals, <b>subject to</b> compliance with the legal framework as applicable and guidelines issued in this regard from time to time by Ministry of Information and Broadcasting.	100%	Government
8.4	Publication of facsimile edition of foreign newspapers.	100%	Government
8.4.1	<b>Other Conditions:</b>		
	<p>(i) FDI should be made by the owner of the original foreign newspapers whose facsimile edition is proposed to be brought out in India.</p> <p>(ii) Publication of facsimile edition of foreign newspapers can be undertaken only by an entity incorporated or registered in India under the provisions of the Companies Act, 1956.</p> <p>(iii) Publication of facsimile edition of foreign newspaper would also be subject</p>		

Sl. No.	Sector / Activity	% of Equity/FDI Cap <sup>36</sup>	Entry Route
	to the Guidelines for publication of newspapers and periodicals dealing with news and current affairs and publication of facsimile edition of foreign newspapers issued by Ministry of Information & Broadcasting on 31.3.2006, as amended from time to time.		
<b>9</b>	<b>Civil Aviation</b>		
9.1	<p>The Civil Aviation sector includes Airports, Scheduled and Non-Scheduled domestic passenger airlines, Helicopter services / Seaplane services, Ground Handling Services, Maintenance and Repair organizations; Flying training institutes; and Technical training institutions.</p> <p>For the purposes of the Civil Aviation sector:</p> <p>(i) 'Airport' means a landing and taking off area for aircrafts, usually with runways and aircraft maintenance and passenger facilities and includes aerodrome as defined in clause (2) of section 2 of the Aircraft Act, 1934;</p> <p>(ii) "Aerodrome" means any definite or limited ground or water area intended to be used, either wholly or in part, for the landing or departure of aircraft, and includes all buildings, sheds, vessels, piers and other structures thereon or pertaining thereto;</p> <p>(iii)"Air transport service" means a service for the transport by air of persons, mails or any other thing, animate or inanimate, for any kind of remuneration whatsoever, whether such service consists of a single flight or series of flights;</p> <p>(iv)"Air Transport Undertaking" means an undertaking whose business includes the carriage by air of passengers or cargo for hire or reward;</p> <p>(v) "Aircraft component" means any part, the soundness and correct functioning of which, when fitted to an aircraft, is essential to the continued airworthiness or safety of the aircraft and includes any item of equipment;</p> <p>(vi)"Helicopter" means a heavier-than -air aircraft supported in flight by the reactions of the air on one or more power driven rotors on substantially vertical axis;</p> <p>(vii) "Scheduled air transport service" means an air transport service undertaken between the same two or more places and operated according to a published time table or with flights so regular or frequent that they constitute a recognizably systematic series, each flight being open to use by members of the public;</p>		

Sl. No.	Sector / Activity	% of Equity/FDI Cap <sup>36</sup>	Entry Route
	<p>(viii) "Non-Scheduled Air Transport service" means any service which is not a scheduled air transport service and will include Cargo airlines;</p> <p>ix) "Cargo airlines" would mean such airlines which meet the conditions as given in the Civil Aviation Requirements issued by the Ministry of Civil Aviation;</p> <p>(x) "Seaplane" means an aeroplane capable normally of taking off from and alighting solely on water;</p> <p>(xi) "Ground Handling" means (i) ramp handling , (ii) traffic handling both of which shall include the activities as specified by the Ministry of Civil Aviation through the Aeronautical Information Circulars from time to time, and (iii) any other activity specified by the Central Government to be a part of either ramp handling or traffic handling.</p>		
9.2	<b>Airports</b>		
	(a) Greenfield projects	100%	Automatic
	(b) Existing projects	100%	Automatic upto 74%  Government route beyond 74%
9.3	<b>Air Transport Services</b>		
	(1) Scheduled Air Transport Service / Domestic Scheduled Passenger Airline	49% FDI (100% for NRIs)	Automatic
	(2) Non-Scheduled Air Transport Service	74% FDI (100% for NRIs)	Automatic upto 49% Government route beyond 49% and up to 74%
	(3) Helicopter services / seaplane services requiring DGCA approval	100%	Automatic
9.3.1	<b>Other Conditions</b>		
	(a) Air Transport Services would include Domestic Scheduled Passenger Airlines; Non-Scheduled Air Transport Services, helicopter and seaplane		

Sl. No.	Sector / Activity	% of Equity/FDI Cap <sup>36</sup>	Entry Route
	<p>services.</p> <p>(b) Foreign airlines are allowed to participate in the equity of companies operating Cargo airlines, helicopter and seaplane services, as per the limits and entry routes mentioned above.</p> <p>(c) Foreign airlines are also, allowed to invest, in the capital of Indian companies, operating scheduled and non-scheduled air transport services, up to the limit of 49% of their paid-up capital. Such investment would be subject to the following conditions:<sup>43</sup></p> <p>(i) It would be made under the Government approval route.</p> <p>(ii) The 49% limit will subsume FDI and FII/FPI investment.</p> <p>(iii) The investments so made would need to comply with the relevant regulations of SEBI, such as the Issue of Capital and Disclosure Requirements (ICDR) Regulations/ Substantial Acquisition of Shares and Takeovers (SAST) Regulations, as well as other applicable rules and regulations.</p> <p>(iv) A Scheduled Operator's Permit can be granted only to a company:</p> <p><i>a) that is registered and has its principal place of business within India;</i></p> <p><i>b) the Chairman and at least two-thirds of the Directors of which are citizens of India; and</i></p> <p><i>c) the substantial ownership and effective control of which is vested in Indian nationals.</i></p> <p>(v) All foreign nationals likely to be associated with Indian scheduled and non-scheduled air transport services, as a result of such investment shall be cleared from security view point before deployment; and</p> <p>(vi) All technical equipment that might be imported into India as a result of such investment shall require clearance from the relevant authority in the Ministry of Civil Aviation.</p> <p>Note: (i) The FDI limits/entry routes, mentioned at paragraph 9.3(1) and 9.3(2) above, are applicable in the situation where there is no investment by foreign</p>		

<sup>43</sup> [Notification No.FEMA.312/2014-RB dtd July 2, 2014](#)

Sl. No.	Sector / Activity	% of Equity/FDI Cap <sup>36</sup>	Entry Route
	airlines.  (ii) The dispensation for NRIs regarding FDI up to 100% will also continue in respect of the investment regime specified at paragraph 9.3.1(c)(ii) above.  (iii) The policy mentioned at paragraph 9.3.1(c) above is not applicable to M/s Air India Limited.		
9.4	<b>Other services under Civil Aviation sector</b>		
	(1) Ground Handling Services <b>subject to</b> sectoral regulations and security clearance	74% FDI (100% for NRIs)	Automatic upto 49%  Government route beyond 49% and up to 74%
	(2) Maintenance and Repair organizations; flying training institutes; and technical training institutions	100%	Automatic
<b>10</b>	Courier services for carrying packages, parcels and other items which do not come within the ambit of the Indian Post Office Act, 1898 and excluding the activity relating to the distribution of letters.	100%	Automatic <sup>44</sup>
<b>11</b>	<b>Construction Development: Townships, Housing, Built-up infrastructure</b>		
11.1	Construction-development projects (which would include development of townships, construction of	100%	Automatic

<sup>44</sup> PN 6 of 2013

Sl. No.	Sector / Activity	% of Equity/FDI Cap <sup>36</sup>	Entry Route
	residential/commercial premises, roads or bridges, hotels, resorts, hospitals, educational institutions, recreational facilities, city and regional level infrastructure, townships). <sup>45</sup>		
11.2	<p>Investment will be subject to the following conditions:</p> <p>(A) Minimum area to be developed under each project would be as under:</p> <ol style="list-style-type: none"> <li>i. In case of development of serviced plots, no minimum land area requirement.</li> <li>ii. In case of construction-development projects, a minimum floor area of 20,000 sq. meter.</li> </ol> <p>(B) Investee company will be required to bring minimum FDI of US\$ 5 million within six months of commencement of the project. The commencement of the project will be the date of approval of the building plan/layout plan by the relevant statutory authority. Subsequent tranches of FDI can be brought till the period of ten years from the commencement of the project or before the completion of project, whichever expires earlier.</p> <p>(C) (i) The investor will be permitted to exit on completion of the project or after development of trunk infrastructure i.e. roads, water supply, street lighting, drainage and sewerage.</p> <p>(ii) The Government may, in view of facts and circumstances of a case, permit repatriation of FDI or transfer of stake by one non-resident investor to another non-resident investor, before the completion of project. These proposals will be considered by FIPB on case to case basis inter-alia with specific reference to Note (i).</p> <p>(D) The project shall conform to the norms and standards, including land use requirements and provision of community amenities and common facilities, as laid down in the applicable building control regulations, bye-laws, rules, and other regulations of the State Government/Municipal/Local Body concerned.</p> <p>(E) The Indian investee company will be permitted to sell only developed plots. For the purposes of this policy "developed plots" will mean plots where trunk infrastructure i.e. roads, water supply, street lighting, drainage and sewerage, have been made available.</p> <p>(F) The Indian investee company shall be responsible for obtaining all necessary approvals, including those of the building/layout plans, developing internal</p>		

<sup>45</sup> PN 10 of 2014 notified vide [Notification No. 329 dated December 8, 2014](#)

Sl. No.	Sector / Activity	% of Equity/FDI Cap <sup>36</sup>	Entry Route
	<p>and peripheral areas and other infrastructure facilities, payment of development, external development and other charges and complying with all other requirements as prescribed under applicable rules/bye-laws/regulations of the State Government/ Municipal/Local Body concerned.</p> <p>(G) The State Government/ Municipal/ Local Body concerned, which approves the building / development plans, will monitor compliance of the above conditions by the developer.</p> <p><b>Note:</b></p> <p>(i) It is clarified that FDI is not permitted in an entity which is engaged or proposes to engage in real estate business, construction of farm houses and trading in transferable development rights (TDRs). "Real estate business" will have the same meaning as provided in FEMA Notification No. 1/2000-RB dated May 03, 2000 read with RBI Master Circular i.e. dealing in land and immovable property with a view to earning profit or earning income there from and does not include development of townships, construction of residential/ commercial premises, roads or bridges, educational institutions, recreational facilities, city and regional level infrastructure, townships.</p> <p>(ii) The conditions at (A) to (C) above, will not apply to Hotels &amp; Tourist resorts; Hospitals; Special Economic Zones (SEZs); Educational Institutions, Old Age Homes and Investment by NRIs.</p> <p>(iii) The conditions at (A) and (B) above, will also not apply to investee/joint venture companies which commit at least 30 percent of the total project cost for low cost affordable housing.</p> <p>(iv) An Indian company, which is the recipient of FDI, shall procure a certificate from an architect empanelled by any Authority, authorized to sanction building plan to the effect that the minimum floor area requirement has been fulfilled.</p> <p>(v) 'Floor area' will be defined as per the local laws/regulations of the respective State governments/Union territories.</p> <p>(vi) Completion of the project will be determined as per the local bye-laws/ rules and other regulations of State Governments.</p> <p>(vii) Project using at least 40% of the FAR/FSI for dwelling unit of floor area of not more than 140 square meter will be considered as Affordable Housing Project for the purpose of FDI policy in Construction Development Sector. Out of the total FAR/FSI reserved for Affordable Housing, at least one-fourth should be for houses of floor area of not more</p>		

Sl. No.	Sector / Activity	% of Equity/FDI Cap <sup>36</sup>	Entry Route
	<p>than 60 square meter.</p> <p>(viii) It is clarified that 100% FDI under automatic route is permitted in completed projects for operation and management of townships, malls/ shopping complexes and business centres.</p>		
<b>12</b>	<b>Industrial Parks – new and existing</b>	<b>100%</b>	<b>Automatic</b>
12.1	<p>(i) “Industrial Park” is a project in which quality infrastructure in the form of plots of developed land or built up space or a combination with common facilities, is developed and made available to all the allottee units for the purposes of industrial activity.</p> <p>(ii) “Infrastructure” refers to facilities required for functioning of units located in the Industrial Park and includes roads (including approach roads), railway line/sidings including electrified railway lines and connectivities to the main railway line, water supply and sewerage, common effluent treatment facility, telecom network, generation and distribution of power, air conditioning.<sup>46</sup></p> <p>(iii) “Common Facilities” refer to the facilities available for all the units located in the industrial park, and include facilities of power, roads (including approach roads), railway line/sidings including electrified railway lines and connectivities to the main railway line, water supply and sewerage, common effluent treatment, common testing, telecom services, air conditioning, common facility buildings, industrial canteens, convention/conference halls, parking, travel desks, security service, first aid center, ambulance and other safety services, training facilities and such other facilities meant for common use of the units located in the Industrial Park.</p> <p>(iv) <u>“Allocable area” in the Industrial Park means-</u></p> <p>(a) in the case of plots of developed land- the net site area available for allocation to the units, excluding the area for common facilities.</p> <p>(b) in the case of built up space- the floor area and built up space utilized for providing common facilities.</p> <p>(c) in the case of a combination of developed land and built-up space- the net site and floor area available for allocation to the units excluding the site area and built up space utilized for providing common facilities.</p> <p>(v) “Industrial Activity” means manufacturing; electricity; gas and water supply; post and telecommunications; software publishing, consultancy and</p>		

<sup>46</sup> [Notification No.FEMA,320/2014-RB dtd Sep 5, 2014](#)



<b>Sl. No.</b>	<b>Sector / Activity</b>	<b>% of Equity/FDI Cap<sup>36</sup></b>	<b>Entry Route</b>
	supply; data processing, database activities and distribution of electronic content; other computer related activities; basic and applied R&D on bio-technology, pharmaceutical sciences/life sciences, natural sciences and engineering; business and management consultancy activities; and architectural, engineering and other technical activities.		
12.2	FDI in Industrial Parks would not be subject to the conditionalities applicable for construction development projects etc. spelt out in para 11 above, provided the Industrial Parks meet with the under-mentioned conditions:  (i) it would comprise of a minimum of 10 units and no single unit shall occupy more than 50% of the allocable area;  (ii) the minimum percentage of the area to be allocated for industrial activity shall not be less than 66% of the total allocable area.		
<b>13</b>	<b>Satellites – Establishment and operation</b>		
13.1	Satellites – Establishment and operation, subject to the sectoral guidelines of Department of Space / ISRO	74%	Government
<b>14</b>	<b>Private Security Agencies</b>	49 %	Government
<b>15</b>	<b>Telecom services (including Telecom Infrastructure Providers Category-I)</b> <sup>47</sup>  All telecom services including Telecom Infrastructure Providers Category-I, viz. Basic, Cellular, Unified Access Services, Unified license (Access	<sup>48</sup> 100%	Automatic upto 49%  Government route beyond 49%

<sup>47</sup> [Notification No.FEMA.312/2014-RB dtd July 2, 2014](#)

<sup>48</sup> PN 6 of 2013

Sl. No.	Sector / Activity	% of Equity/FDI Cap <sup>36</sup>	Entry Route
	services), Unified License, National/International Long Distance, Commercial V-Sat, Public Mobile Radio Trunked Services (PMRTS), Global Mobile Personal Communications Services (GMPCS), All types of ISP licenses, Voice Mail/Audiotex / UMS, Resale of IPLC, Mobile Number Portability services, Infrastructure Provider Category-I (providing dark fibre, right of way, duct space, tower) except Other Service Providers.		
15.1.1	<b>Other condition:</b>		
	FDI up to 100% with 49% on the automatic route and beyond 49% on the government route subject to observance of licensing and security conditions by licensee as well as investors as notified by the Department of Telecommunications (DoT) from time to time, except “Other Service Providers”, which are allowed 100% FDI on the automatic route.		
<b>16</b>	<b>TRADING</b>		
<b>16.1</b>	<b>(i) Cash &amp; Carry Wholesale Trading / Wholesale Trading (including sourcing from MSEs)</b>	100%	Automatic
16.1.1	Definition: Cash & Carry Wholesale trading/Wholesale trading, would mean sale of goods/merchandise to retailers, industrial, commercial, institutional or other professional business users or to other wholesalers and related subordinated service providers. Wholesale trading would, accordingly, be sales for the purpose of trade, business and profession, as opposed to sales for the purpose of personal consumption. The yardstick to determine whether the sale is wholesale or not would be the type of customers to whom the sale is made and		

Sl. No.	Sector / Activity	% of Equity/FDI Cap <sup>36</sup>	Entry Route
	not the size and volume of sales. Wholesale trading would include resale, processing and thereafter sale, bulk imports with ex-port/ex-bonded warehouse business sales and B2B e-Commerce.		
16.1.2	<p data-bbox="342 417 1385 449">Guidelines for Cash &amp; Carry Wholesale Trading/Wholesale Trading (WT):</p> <p data-bbox="342 491 1385 632">(a) For undertaking WT, requisite licenses / registration / permits, as specified under the relevant Acts/Regulations / Rules / Orders of the State Government / Government Body / Government Authority/Local Self-Government Body under that State Government should be obtained.</p> <p data-bbox="342 674 1385 774">(b) Except in case of sales to Government, sales made by the wholesaler would be considered as ‘cash &amp; carry wholesale trading/wholesale trading’ with valid business customers, only when WT are made to the following entities:</p> <p data-bbox="396 821 1385 888">(I) Entities holding sales tax / VAT registration /service tax /excise duty registration; or</p> <p data-bbox="396 930 1385 1178">(II) Entities holding trade licenses i.e. a license/registration certificate/membership certificate/registration under Shops and Establishment Act, issued by a Government Authority/ Government Body/ Local Self-Government Authority, reflecting that the entity/person holding the license/ registration certificate/ membership certificate, as the case may be, is itself/ himself/herself engaged in a business involving commercial activity; or</p> <p data-bbox="396 1220 1385 1323">(III) Entities holding permits/license etc. for undertaking retail trade (like tehbazari and similar license for hawkers) from Government Authorities / Local Self Government Bodies; or</p> <p data-bbox="396 1365 1385 1432">(IV) Institutions having certificate of incorporation or registration as a society or registration as public trust for their self consumption.</p> <p data-bbox="431 1474 1385 1541"><b>Note: An Entity, to whom WT is made, may fulfill any one of the 4 conditions.</b></p> <p data-bbox="342 1583 1385 1686">(c) Full records indicating all the details of such sales like name of entity, kind of entity, registration/license/permit etc. number, amount of sale etc. should be maintained on a day to day basis.</p> <p data-bbox="342 1728 1385 1831">(d) WT of goods would be permitted among companies of the same group. However, such WT to group companies taken together should not exceed 25% of the total turnover of the wholesale venture</p>		

Sl. No.	Sector / Activity	% of Equity/FDI Cap <sup>36</sup>	Entry Route
	<p>(e) WT can be undertaken as per normal business practice, including extending credit facilities subject to applicable regulations.</p> <p>(f) A Wholesale / Cash &amp; carry trader cannot open retail shops to sell to the consumer directly.</p>		
<b>16.2</b>	<b>E-commerce activities</b>	100%	Automatic
	<p>E-commerce activities refer to the activity of buying and selling by a company through the e-commerce platform. Such companies would engage only in Business to Business (B2B) e-commerce and not in retail trading, inter-alia implying that existing restrictions on FDI in domestic trading would be applicable to e-commerce as well.</p>		
	49		
<b>16.4</b>	<b>Single Brand product retail trading</b>	100%	Automatic up to 49%. Government route beyond 49%
	<p>(1) Foreign Investment in Single Brand product retail trading is aimed at attracting investments in production and marketing, improving the availability of such goods for the consumer, encouraging increased sourcing of goods from India, and enhancing competitiveness of Indian enterprises through access to global designs, technologies and management practices.</p> <p>(2) FDI in Single Brand product retail trading would be subject to the following conditions:</p> <p>(a) Products to be sold should be of a ‘Single Brand’ only.</p> <p>(b) Products should be sold under the same brand internationally i.e. products should be sold under the same brand in one or more countries other than India.</p> <p>(c) ‘Single Brand’ product-retail trading would cover only products which are branded during manufacturing.</p> <p>(d) A non-resident entity or entities, whether owner of the brand or</p>		

<sup>49</sup> [Notification No.FEMA.312/2014-RB dtd July 2, 2014](#)

Sl. No.	Sector / Activity	% of Equity/FDI Cap <sup>36</sup>	Entry Route
			<p>otherwise, shall be permitted to undertake single brand product retail trading in the country, for the specific brand, directly or through a legally tenable agreement, with the brand owner for undertaking single brand product retail trading. The onus for ensuring compliance with this condition will rest with the Indian entity carrying out single-brand product retail trading in India. The investing entity shall provide evidence to this effect at the time of seeking approval, including a copy of the licensing/franchise/sub-licence agreement, specifically indicating compliance with the above condition. The requisite evidence should be filed with the RBI for the automatic route and SIA/FIPB for cases involving approval.</p> <p>(e) In respect of proposals involving FDI beyond 51%, sourcing of 30% of the value of goods purchased, will be done from India, preferably from MSMEs, village and cottage industries, artisans and craftsmen in all sectors. The quantum of domestic sourcing will be self-certified by the company, to be subsequently checked, by statutory auditors from the duly certified accounts which the company will be required to maintain. This procurement requirement would have to be met, in the first instance, as an average of five years; total value of the goods purchased, beginning 1st April of the year during which the first tranche of FDI is received, Thereafter, it would have to be met on an annual basis. For the purpose of ascertaining the sourcing requirement, the relevant entity would be the company, incorporated in India, which is the recipient of FDI for the purpose of carrying out single-brand product retail trading.</p> <p>(f) Retail trading, in any form, by means of e-commerce, would not be permissible for companies with FDI, engaged in the activity of single brand retail trading.</p> <p>(3) Applications seeking permission of the Government for FDI exceeding 49% in a company which proposes to undertake single brand retail trading in India would be made to the Secretariat for Industrial Assistance (SIA) in the Department of Industrial Policy &amp; Promotion. The applications would specifically indicate the product/ product categories which are proposed to be sold under a 'Single Brand'. Any addition to the product/ product categories to be sold under 'Single Brand' would require a fresh approval of the Government. In case of FDI upto 49%, the list of products/ product categories proposed to be sold except food products would be provided to the RBI.</p> <p>(4) Applications would be processed in the Department of Industrial Policy &amp; Promotion, to determine whether the proposed investments satisfies the notified guidelines, before being considered by the FIPB for Government approval.</p>

Sl. No.	Sector / Activity	% of Equity/FDI Cap <sup>36</sup>	Entry Route
16.5	<b>Multi Brand Retail Trading</b>	51%	Government
<p>FDI in multi brand retail trading, in all products, will be permitted, subject to the following conditions:</p> <p>(i) Fresh agricultural produce, including fruits, vegetables, flowers, grains, pulses, fresh poultry, fishery and meat products, may be unbranded.</p> <p>(ii) Minimum amount to be brought in, as FDI, by the foreign investor, would be US \$ 100 million.</p> <p>(iii) At least 50% of total FDI brought in the first tranche of US \$ 100 million, shall be invested in 'backend infrastructure' within three years, where 'back-end infrastructure' will include capital expenditure on all activities, excluding that on front-end units; for instance, back-end infrastructure will include investment made towards processing, manufacturing, distribution, design improvement, quality control, packaging, logistics, storage, ware-house, agriculture market produce infrastructure etc. Expenditure on land cost and rentals, if any, will not be counted for purposes of back-end infrastructure. Subsequent investment in the back-end infrastructure would be made by the MBRT retailer as needed, depending upon its business requirements.</p> <p>(iv) At least 30% of the value of procurement of manufactured/ processed products purchased shall be sourced from Indian micro, small and medium industries, which have a total investment in plant &amp; machinery not exceeding US \$2.00 million. This valuation refers to the value at the time of installation, without providing for depreciation. The 'small industry' status would be reckoned only at the time of first engagement with the retailer and such industry shall continue to qualify as a 'small industry' for this purpose, even if it outgrows the said investment of US \$ 2.00 million, during the course of its relationship with the said retailer. Sourcing from agricultural co-operatives and farmers' co-operatives would also be considered in this category. The procurement requirement would have to be met, in the first instance, as an average of five years' total value of the manufactured/processed products purchased, beginning 1st April of the year during which the first tranche of FDI is received. Thereafter, it would have to be met on an annual basis.</p> <p>(v) Self-certification by the company, to ensure compliance of the conditions at serial nos. (ii), (iii) and (iv) above, which could be cross-checked, as and when required. Accordingly, the investors shall maintain accounts, duly certified by statutory auditors.</p> <p>(vi) Retail sales outlets may be set up only in cities with a population of more</p>			

Sl. No.	Sector / Activity	% of Equity/FDI Cap <sup>36</sup>	Entry Route
			<p>than 10 lakh as per the 2011 Census or any other cities as per the decision of the receptive State Governments, and may also cover an area of 10 kms. around the municipal/urban agglomeration limits of such cities; retail locations will be restricted to conforming areas as per the Master/Zonal Plans of the concerned cities and provision will be made for requisite facilities such as transport connectivity and parking.</p> <p>(vii) Government will have the first right to procurement of agricultural products.</p> <p>(viii) The above policy is an enabling policy only and the State Governments/ Union Territories would be free to take their own decisions in regard to implementation of the policy. Therefore, retail sales outlets may be set up in those States/Union Territories which have agreed, or agree in future, to allow FDI in MBRT under this policy. The States / Union Territories which have conveyed their concurrence are as under :</p> <ol style="list-style-type: none"> <li>1. Andhra Pradesh</li> <li>2. Assam</li> <li>3. Delhi</li> <li>4. Haryana</li> <li>5. Himachal Pradesh<sup>50</sup></li> <li>6. Jammu &amp; Kashmir</li> <li>7. Karnataka<sup>51</sup></li> <li>8. Maharashtra</li> <li>9. Manipur</li> <li>10. Rajasthan</li> <li>11. Uttarkhand</li> <li>12. Daman &amp; Diu and Dadra and Nagar Haveli (Union Territories)</li> </ol> <p>The States/Union Territories, which are willing to permit establishment of retail outlets under this policy, would convey their concurrence to the Government of India through the Department of Industrial Policy &amp; Promotion and additions would be made accordingly. The establishment of the retail sales outlets will be in compliance of applicable State / Union Territory laws/ regulations, such as the Shops and Establishments Act etc.</p> <p>(ix) Retail trading, in any form, by means of e-commerce, would not be permissible, for companies with FDI, engaged in the activity of multi brand retail trading.</p>

<sup>50</sup> With effect from 3rd day of June 2013

<sup>51</sup> With effect from 4th day of July 2013

Sl. No.	Sector / Activity	% of Equity/FDI Cap <sup>36</sup>	Entry Route
	(x) Applications would be processed in the Department of Industrial Policy & Promotion, to determine whether the proposed investment satisfies the notified guidelines, before being considered by the FIPB for Government approval.		
	<p><b>FINANCIAL SERVICES</b></p> <p>Foreign investment in other financial services , other than those indicated below, would require prior approval of the Government:</p>		
<b>F.1</b> <sup>52</sup>	<b>Asset Reconstruction Companies</b>		
F.1.1	‘Asset Reconstruction Company’ (ARC) means a company registered with the Reserve Bank of India under Section 3 of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act).	100% of paid-up capital of ARC (FDI + FII/FPI) <sup>53</sup>	Automatic up to 49% Government route beyond 49%
F.1.1.2	<b>Other conditions:</b>		
	<p>(i) Persons resident outside India can invest in the capital of Asset Reconstruction Companies (ARCs) registered with Reserve Bank, up to 49% on the automatic route, and beyond 49% on the Government route.<sup>54</sup></p> <p>(ii) No sponsor may hold more than 50% of the shareholding in an ARC either by way of FDI or by routing it through an FII/FPI controlled by the single sponsor.</p> <p>(iii) The total shareholding of an individual FII/FPI shall be below 10% of the total paid-up capital.</p> <p>(iv) FIIs/FPIs can invest in the Security Receipts (SRs) issued by ARCs registered with Reserve Bank. FIIs/FPIs can invest up to 74 per cent of each tranche of scheme of SRs. Such investment should be within the FII/FPI limit on corporate bonds prescribed from time to time, and sectoral caps under extant</p>		

<sup>52</sup> [Notification No.FEMA.320/2014-RB dtd Sep 5, 2014](#)

<sup>53</sup> [Notification No.FEMA.312/2014-RB dtd July 2, 2014](#)

<sup>54</sup> [Notification No.FEMA.312/2014-RB dtd July 2, 2014](#)



Sl. No.	Sector / Activity	% of Equity/FDI Cap <sup>36</sup>	Entry Route
	<p>FDI Regulations should also be complied with.</p> <p>(v) All investments would be subject to provisions of section 3(3) (f) of Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.</p>		
<b>F.2</b>	<b>Banking –Private sector</b>		
F.2.1	Banking –Private sector	74% including investment by FIIs/RPFIs	<p>Automatic upto 49%</p> <p>Government route beyond 49% and upto 74%</p>
F.2.2	<b>Other conditions:</b>		
	<p>(1) This 74% limit will include investment under the Portfolio Investment Scheme (PIS) by FIIs/FPIs, NRIs and shares acquired prior to September 16, 2003 by erstwhile OCBs, and continue to include IPOs, Private placements, GDRs/ADRs and acquisition of shares from existing shareholders.<sup>55</sup></p> <p>(2) The aggregate foreign investment in a private bank from all sources will be allowed up to a maximum of 74 per cent of the paid up capital of the Bank. At all times, at least 26 per cent of the paid up capital will have to be held by residents, except in regard to a wholly-owned subsidiary of a foreign bank.</p> <p>(3) The stipulations as above will be applicable to all investments in existing private sector banks also.</p> <p>(4) The permissible limits under portfolio investment schemes through stock exchanges for FIIs/FPIs and NRIs will be as follows:</p> <p>(i) In the case of FIIs/FPIs, as hitherto, individual FII/FPI holding is restricted to below 10 per cent of the total paid-up capital, aggregate limit for all FIIs/FPIs/QFIs cannot exceed 24 per cent of the total paid-up capital, which can be raised to 49 per cent of the total paid-up capital by the bank concerned through a resolution by its Board of Directors followed by a special resolution to that effect by its General Body.</p> <p>(a) Thus, the FII/FPI/QFI investment limit will continue to be within 49 per cent of the total paid-up capital.</p> <p>(b) In the case of NRIs, as hitherto, individual holding is restricted to 5 per cent of the total paid-up capital both on repatriation and non-</p>		

<sup>55</sup> [Notification No.FEMA.312/2014-RB dtd July 2, 2014](#)

Sl. No.	Sector / Activity	% of Equity/FDI Cap <sup>36</sup>	Entry Route
			<p>repatriation basis and aggregate limit cannot exceed 10 per cent of the total paid-up capital both on repatriation and non-repatriation basis. However, NRI holding can be allowed up to 24 per cent of the total paid-up capital both on repatriation and non-repatriation basis provided the banking company passes a special resolution to that effect in the General Body.</p> <p>(c) Applications for foreign direct investment in private banks having joint venture/subsidiary in insurance sector may be addressed to the Reserve Bank of India (RBI) for consideration in consultation with the Insurance Regulatory and Development Authority of India (IRDA) in order to ensure that the 49 per cent limit of foreign shareholding applicable for the insurance sector is not being breached</p> <p>(d) Transfer of shares under FDI from residents to non-residents will continue to require approval of RBI and Government as per Regulation 14(5) as applicable.</p> <p>(e) The policies and procedures prescribed from time to time by RBI and other institutions such as SEBI, D/o Company Affairs and IRDA on these matters will continue to apply.</p> <p>(f) RBI guidelines relating to acquisition by purchase or otherwise of shares of a private bank, if such acquisition results in any person owning or controlling 5 per cent or more of the paid up capital of the private bank will apply to non-resident investors as well.</p> <p>(ii) Setting up of a subsidiary by foreign banks</p> <p>(a) Foreign banks will be permitted to either have branches or subsidiaries but not both.</p> <p>(b) Foreign banks regulated by banking supervisory authority in the home country and meeting Reserve Bank's licensing criteria will be allowed to hold 100 per cent paid up capital to enable them to set up a wholly-owned subsidiary in India.</p> <p>(c) A foreign bank may operate in India through only one of the three channels viz., (i) branches (ii) a wholly-owned subsidiary and (iii) a subsidiary with aggregate foreign investment up to a maximum of 74 per cent in a private bank.</p> <p>(d) A foreign bank will be permitted to establish a wholly-owned subsidiary either through conversion of existing branches into a subsidiary or through a fresh banking license. A foreign bank will be</p>

Sl. No.	Sector / Activity	% of Equity/FDI Cap <sup>36</sup>	Entry Route
	<p>permitted to establish a subsidiary through acquisition of shares of an existing private sector bank provided at least 26 per cent of the paid capital of the private sector bank is held by residents at all times consistent with para (i) (b) above.</p> <p>(e) A subsidiary of a foreign bank will be subject to the licensing requirements and conditions broadly consistent with those for new private sector banks.</p> <p>(f) Guidelines for setting up a wholly-owned subsidiary of a foreign bank will be issued separately by RBI</p> <p>(g) All applications by a foreign bank for setting up a subsidiary or for conversion of their existing branches to subsidiary in India will have to be made to the RBI.</p> <p>(iii) At present there is a limit of ten per cent on voting rights in respect of banking companies, and this should be noted by potential investor. Any change in the ceiling can be brought about only after final policy decisions and appropriate Parliamentary approvals.</p>		
<b>F.3</b>	<b>Banking- Public Sector</b>		
F.3.1	Banking- Public Sector subject to Banking Companies (Acquisition & Transfer of Undertakings) Acts 1970/80. This ceiling (20%) is also applicable to the State Bank of India and its associate Banks.	20% (FDI and Portfolio Investment)	Government
<b>F.4</b>	<b>Commodity Exchanges</b>		
F.4.1	<p>1. Futures trading in commodities are regulated under the Forward Contracts (Regulation) Act, 1952. Commodity Exchanges, like Stock Exchanges, are infrastructure companies in the commodity futures market. With a view to infuse globally acceptable best practices, modern management skills and latest technology, it was decided to allow foreign investment in Commodity Exchanges.</p> <p>2. For the purposes of this chapter,</p> <p>(i) “Commodity Exchange” is a recognized association under the provisions of the Forward Contracts (Regulation) Act, 1952, as amended from time to time, to provide exchange platform for trading in forward contracts in</p>		

Sl. No.	Sector / Activity	% of Equity/FDI Cap <sup>36</sup>	Entry Route
	<p>commodities.</p> <p>(ii) “recognized association” means an association to which recognition for the time being has been granted by the Central Government under Section 6 of the Forward Contracts (Regulation) Act, 1952</p> <p>(iii) “Association” means any body of individuals, whether incorporated or not, constituted for the purposes of regulating and controlling the business of the sale or purchase of any goods and commodity derivative.</p> <p>(iv) “Forward contract” means a contract for the delivery of goods and which is not a ready delivery contract.</p> <p>(v) “Commodity derivative” means-</p> <ul style="list-style-type: none"> <li><input type="checkbox"/> a contract for delivery of goods, which is not a ready delivery contract; or</li> <li><input type="checkbox"/> a contract for differences which derives its value from prices or indices of prices of such underlying goods or activities, services, rights, interests and events, as may be notified in consultation with the Forward Markets Commission by the Central Government, but does not include securities.</li> </ul>		
F.4.2	<b>Policy for FDI in Commodity Exchange</b>	49% (FDI & FII/FPI) [Investment by Registered FII /FPI under Portfolio Investment Scheme (PIS) will be limited to 23% and Investment under FDI Scheme limited to 26% ] <sup>56</sup>	<sup>57</sup> Automatic
F.4.3	<p><b>Other conditions:</b></p> <p>(i) FII/RFPI purchases shall be restricted to secondary market only and</p> <p>(ii) No non-resident investor / entity, including persons acting in concert, will hold more than 5% of the equity in these companies.</p> <p>(iii) Foreign investment in commodity exchanges will be subject to the guidelines of the Central Government / Forward Markets Commission (FMC).</p>		
<b>F.5 Credit Information Companies (CIC)</b>			
F.5.1	Credit Information	74% (FDI + FII/RFPI)	Automatic <sup>58</sup>

<sup>56</sup> [Notification No.FEMA.312/2014-RB dtd July 2, 2014](#)

<sup>57</sup> PN 6 of 2013

<sup>58</sup> PN 6 of 2013

Sl. No.	Sector / Activity	% of Equity/FDI Cap <sup>36</sup>	Entry Route
	Companies		
F.5.2	<b>Other Conditions:</b>		
	<p>(1) Foreign investment in Credit Information Companies is subject to the Credit Information Companies (Regulation) Act, 2005.</p> <p>(2) Foreign investment is permitted subject to regulatory clearance from RBI. <sup>59</sup></p> <p>(3) Investment by a registered FII/RFPI under the Portfolio Investment Scheme would be permitted up to 24% only in the CICs listed at the Stock Exchanges, within the overall limit of 74% for foreign investment.</p> <p>(4) Such FII/FPI investment would be permitted subject to the conditions that:</p> <p>(a) A single entity should directly or indirectly hold below 10% equity.</p> <p>(b) Any acquisition in excess of 1% will have to be reported to RBI as a mandatory requirement; and</p> <p>(c) FIIs/RPFIs investing in CICs shall not seek a representation on the Board of Directors based upon their shareholding.</p>		
<b>F.6</b>	<b>Infrastructure Company in the Securities Market</b>		
F.6.1	Infrastructure companies in Securities Markets, namely, stock exchanges, depositories and clearing corporations, in compliance with SEBI Regulations	49% (FDI + FII/RFPI) [FDI limit of 26 per cent and an FII/RFPI limit of 23 per cent of the paid-up capital]	<sup>60</sup> Automatic
F.6.2	<b>Other Conditions:</b>		
F.6.2.1	FII/RFPI can invest only through purchases in the secondary market.		
<sup>61</sup> F.7	<b>Insurance</b>		
F.7.1	(i) Insurance Company (ii) Insurance Brokers (iii) Third party Administrators (iv) Surveyors and Loss Assessors (v) Other Insurance	49% {(FDI+FPI(FII,QFI)+NRI+FVCI+DR)}	Automatic upto 26%  Government route beyond 26% and up to 49%

<sup>59</sup> [Notification No.FEMA.312/2014-RB dtd July 2, 2014](#)

<sup>60</sup> PN 6 of 2013

<sup>61</sup> Substituted w.e.f. February 4, 2014 vide [FEMA Notification 301 dated April 4, 2014](#)

Sl. No.	Sector / Activity	% of Equity/FDI Cap <sup>36</sup>	Entry Route
	Intermediaries appointed under the provisions of Insurance Regulatory and Development Authority Act, 1999 (41 of 1999)		
F.7.2	<b>Other Conditions:</b>		
	<p>a) No Indian insurance company shall allow the aggregate holdings by way of total foreign investment in its equity shares by foreign investors, including portfolio investors, to exceed forty-nine percent of the paid up equity capital of such Indian insurance company.</p> <p>b) Foreign direct investment proposals which take the total foreign investment in the Indian insurance company above 26 percent and upto the cap of 49 percent shall be under Government route.</p> <p>c) Foreign investment in the sector is subject to compliance of the provisions of the Insurance Act, 1938 and the condition that Companies bringing in FDI shall obtain necessary license from the Insurance Regulatory &amp; Development Authority of India for undertaking insurance activities.</p> <p>d) An Indian insurance company shall ensure that its ownership and control remains at all times in the hands of resident Indian entities referred to in Notification No. G.S.R 115 (E), dated 19th February, 2015.</p> <p>e) Foreign portfolio investment in an Indian insurance company shall be governed by the provisions contained in sub-regulations (2), (2A), (3) and (8) of regulation 5 of Foreign Exchange Management (Transfer or issue of security by a person resident outside India) Regulations, 2000 and provisions of the Securities Exchange Board of India (Foreign Portfolio Investors) Regulations.</p> <p>f) Any increase of foreign investment of an Indian insurance company shall be in accordance with the pricing guidelines specified by Reserve Bank of India under the FEMA.</p> <p>g) The foreign equity investment cap of 49 percent shall apply on the same</p>		

Sl. No.	Sector / Activity	% of Equity/FDI Cap <sup>36</sup>	Entry Route
	<p>terms as above to Insurance Brokers, Third Party Administrators, Surveyors and Loss Assessors and Other Insurance Intermediaries appointed under the provisions of the Insurance Regulatory and Development Authority Act, 1999 (41 of 1999):</p> <p>h) Provided that where an entity like a bank, whose primary business is outside the insurance area, is allowed by the Insurance Regulatory and Development Authority of India to function as an insurance intermediary, the foreign equity investment caps applicable in that sector shall continue to apply, subject to the condition that the revenues of such entities from their primary (i.e. non- insurance related) business must remain above 50 percent of their total revenues in any financial year.</p> <p>i) The provisions of paragraphs F.2,F.2.1 and F.2.2 relating to 'Banking-Private Sector', shall be applicable in respect of bank promoted insurance companies.</p> <p>j) Terms 'Control', 'Equity Share Capital', 'Foreign Direct Investment' (FDI), 'Foreign Investors', 'Foreign Portfolio Investment', 'Indian Insurance Company', 'Indian Company', 'Indian Control of an Indian Insurance Company', 'Indian Ownership', 'Non-resident Entity', 'Public Financial Institution', 'Resident Indian Citizen', 'Total Foreign Investment' will have the same meaning as provided in Notification No. G.S.R 115 (E), dated 19th February, 2015.</p>		
<b>F.8</b>	<b>Non-Banking Finance Companies (NBFC)</b>		
F.8.1	<p>Foreign investment in NBFC is allowed under the automatic route in only the following activities:</p> <p>(i) Merchant Banking (ii) Under Writing (iii) Portfolio Management Services (iv) Investment Advisory Services (v) Financial</p>	100%	Automatic

Sl. No.	Sector / Activity	% of Equity/FDI Cap <sup>36</sup>	Entry Route
	Consultancy (vi) Stock Broking (vii) Asset Management (viii) Venture Capital (ix) Custodian Services (x) Factoring (xi) Credit Rating Agencies (xii) Leasing & Finance (xiii) Housing Finance (xiv) Forex Broking (xv) Credit Card Business (xvi) Money Changing Business (xvii) Micro Credit (xviii) Rural Credit		
F.8.2	<b>Other Conditions:</b>		
	<p>(1) Investment would be subject to the following minimum capitalisation norms:</p> <p>(i) US \$0.5 million for foreign capital up to 51% to be brought upfront</p> <p>(ii) US \$ 5 million for foreign capital more than 51% and up to 75% to be brought upfront</p> <p>(iii) US \$ 50 million for foreign capital more than 75% out of which US\$ 7.5 million to be brought upfront and the balance in 24 months.</p> <p>(iv) NBFCs (i) having foreign investment more than 75% and up to 100%, and (ii) with a minimum capitalisation of US\$ 50 million, can set up step down subsidiaries for specific NBFC activities, without any restriction on the number of operating subsidiaries and without bringing in additional capital. The minimum capitalization condition as mandated by para 3.10.4.1 of DIPP Circular 1 of 2012 dated April 10, 2012, on Consolidated FDI Policy, therefore, shall not apply to downstream subsidiaries.</p> <p>(v) Joint Venture operating NBFCs that have 75% or less than 75% foreign investment can also set up subsidiaries for undertaking other NBFC activities, subject to the subsidiaries also complying with the applicable minimum capitalisation norm mentioned in (i), (ii) and (iii) above and (vi) below.</p>		



Sl. No.	Sector / Activity	% of Equity/FDI Cap <sup>36</sup>	Entry Route
	<p>(vi) Non- Fund based activities : US\$ 0.5 million to be brought upfront for all permitted non-fund based NBFCs irrespective of the level of foreign investment subject to the following condition:</p> <p>It would not be permissible for such a company to set up any subsidiary for any other activity, nor it can participate in any equity of an NBFC holding/operating company.</p> <p>Note: The following activities would be classified as Non-Fund Based activities:</p> <ul style="list-style-type: none"> <li>(a) Investment Advisory Services</li> <li>(b) Financial Consultancy</li> <li>(c) Forex Broking</li> <li>(d) Money Changing Business</li> <li>(e) Credit Rating Agencies</li> </ul> <p>(vii) This will be subject to compliance with the guidelines of RBI.</p> <p>Note: (i) Credit Card business includes issuance, sales, marketing &amp; design of various payment products such as credit cards, charge cards, debit cards, stored value cards, smart card, value added cards etc.</p> <p>(ii) Leasing &amp; Finance covers only financial leases and not operating leases.</p> <p>(2) The NBFC will have to comply with the guidelines of the relevant regulator/ s, as applicable</p>		
<b>F.9</b>	<b>Power Exchanges</b>		
F.9.1	Power Exchanges under the Central Electricity Regulatory Commission (Power Market) Regulations, 2010	49% (FDI + FII/RFPI)	Automatic <sup>62</sup>
F.9.2	<b>Other conditions:</b>		
	(i) Such foreign investment would be subject to an FDI limit of 26 per cent and an FII/RFPI limit of 23 per cent of the paid-up capital;		

<sup>62</sup> PN 6 of 2013

Sl. No.	Sector / Activity	% of Equity/FDI Cap <sup>36</sup>	Entry Route
	(ii) FII/RFPI purchases shall be restricted to secondary market only; (iii) No non-resident investor/ entity, including persons acting in concert, will hold more than 5% of the equity in these companies; and (iv) The foreign investment would be in compliance with SEBI Regulations; other applicable laws/ regulations; security and other conditionalities.		
<sup>67</sup> 17	Pharmaceuticals		
17.1	Greenfield	100%	Automatic
17.2	Brownfield	100%	Government
17.3	<b>Other Conditions<sup>63</sup></b>		
17.3.1	I. 'Non-compete' clause would not be allowed except in special circumstances with the approval of the Foreign Investment Promotion Board. II. The prospective investor and the prospective investee are required to provide a certificate along with the FIPB application. III. Government may incorporate appropriate conditions for FDI in brownfield cases, at the time of granting approval. <b>Note :</b> i. FDI upto 100% under the automatic route is permitted for manufacturing of medical devices. The abovementioned conditions, will, therefore, not be applicable to greenfield as well as brownfield projects of this industry. ii. Medical device means :- a) Any instrument, apparatus, appliance, implant, material or other article, whether used alone or in combination, including the software intended by its manufacturer to be used specially for human beings or animals for one or more of the specific purposes of :- (aa) Diagnosis, prevention, monitoring, treatment or alleviation of any disease or disorder; (ab) diagnosis, monitoring, treatment, alleviation of, or assistance for, any injury or handicap; (ac) investigation, replacement or modification or support of the anatomy or of a physiological process; (ad) supporting or sustaining life; (ae) disinfection of medical devices; (af) control of conception; and which does not achieve its primary intended action in or on the human body or animals by any pharmacological or immunological		

<sup>63</sup> [Notification No. FEMA. 334/2015-RB dtd Jan 9, 2015](#)

Sl. No.	Sector / Activity	% of Equity/FDI Cap <sup>36</sup>	Entry Route
			<p>or metabolic means, but which may be assisted in its intended function by such means;</p> <p>b) an accessory to such an instrument, apparatus, appliance, material or other article;</p> <p>c) a device which is reagent, reagent product, calibrator, control material, kit, instrument, apparatus, equipment or system whether used alone or in combination thereof intended to be used for examination and providing information for medical or diagnostic purposes by means of in vitro examination of specimens derived from the human body or animals.</p> <p>iii. The definition of medical device at Note(ii) above would be subject to the amendment in Drugs and Cosmetics Act.</p>

**Annex - 2**  
**(PART I, Section I, para 7 (c ) (iii)**

**(A) All Activities/ Sectors would require prior approval of the Government of India for FDI in accordance with the FDI policy issued by Government of India from time to time.**

**(B) Sectors prohibited for FDI**

- (a) (a) Lottery Business including Government/ private lottery, online lotteries, etc.<sup>64</sup>
- (b) Gambling and Betting including casinos etc.
- (c) Chit funds
- (d) Nidhi company
- (e) Trading in Transferable Development Rights (TDRs)
- (f) Real Estate Business or Construction of Farm Houses
- (g) Manufacturing of Cigars, cheroots, cigarillos and cigarettes, of tobacco or of tobacco substitutes
- (h) Activities / sectors not open to private sector investment e.g. (I) Atomic energy and (II) Railway operations (other than permitted activities mentioned in entry 18 of Annex B).

**Note:** Foreign technology collaboration in any form including licensing for franchise, trademark, brand name, management contract is also prohibited for Lottery Business and Gambling and Betting activities.

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<sup>64</sup> [Notification No.FEMA.320/2014-RB dtd Sep 5, 2014](#)

**Terms and conditions for Transfer of Shares /Convertible Debentures, by way of Sale, from a Person Resident in India to a Person Resident Outside India and from a Person Resident Outside India to a Person Resident in India**

**1.1** In order to address the concerns relating to pricing, documentation, payment/ receipt and remittance in respect of the shares/ convertible debentures of an Indian company, in all sectors, transferred by way of sale, the parties involved in the transaction shall comply with the guidelines set out below.

**1.2 Parties involved in the transaction are** (a) seller (resident/non-resident), (b) buyer (resident/non-resident), (c) duly authorized agent/s of the seller and/or buyer, (d) Authorised Dealer bank (AD) branch and (e) Indian company, for recording the transfer of ownership in its books.

**2. Responsibilities / Obligations of the parties**

All the parties involved in the transaction would have the responsibility to ensure that the relevant regulations under FEMA are complied with and consequent on transfer of shares, the relevant individual limit/sectoral caps/foreign equity participation ceilings as fixed by Government are not breached. Settlement of transactions will be subject to payment of applicable taxes, if any.

**3. Method of payment and remittance/credit of sale proceeds**

**3.1** The sale consideration in respect of the shares purchased by a person resident outside India shall be remitted to India through normal banking channels. In case the buyer is a NRI, the payment may be made by way of debit to his NRE/FCNR (B)/Escrow accounts. However, if the shares are acquired on non-repatriation basis by NRI, the consideration shall be remitted to India through normal banking channel or paid out of funds held in NRE/FCNR (B)/NRO/Escrow accounts.

3.2. The sale proceeds of shares (net of taxes) sold by a person resident outside India may be remitted outside India. In case of FII/RFPI, the sale proceeds may be credited to its special Non-Resident Rupee Account. In case of NRI, if the shares sold were held on repatriation basis, the sale proceeds (net of taxes) may be credited to his NRE /FCNR(B) accounts and if the shares sold were held on non repatriation basis, the sale proceeds may be credited to his NRO account subject to payment of taxes.

3.3 The sale proceeds of shares (net of taxes) sold by an OCB may be remitted outside India directly if the shares were held on repatriation basis and if the shares sold were held on non-repatriation basis, the sale proceeds may be credited to its NRO (Current) Account subject to payment of taxes, except in the case of OCBs whose accounts have been blocked by Reserve Bank.

#### **4. Documentation**

Besides obtaining a declaration in the enclosed Form FC-TRS (in quadruplicate), the AD branch should arrange to obtain and keep on record the following documents:

##### **4.1 For sale of shares by a person resident in India**

- i. Consent Letter duly signed by the seller and buyer or their duly appointed agent indicating the details of transfer i.e. number of shares to be transferred, the name of the investee company whose shares are being transferred and the price at which shares are being transferred. In case there is no formal Sale Agreement, letters exchanged to this effect may be kept on record.
- ii. Where Consent Letter has been signed by their duly appointed agent, the Power of Attorney Document executed by the seller/buyer authorizing the agent to purchase/sell shares.
- iii. The shareholding pattern of the investee company after the acquisition of shares by a person resident outside India showing equity

participation of residents and non-residents category-wise (i.e. NRIs/OCBs/foreign nationals/incorporated non-resident entities/FII/RFPIs) and its percentage of paid up capital obtained by the seller/buyer or their duly appointed agent from the company, where the sectoral cap/limits have been prescribed.

- iv. Certificate indicating fair value of shares from a Chartered Accountant.
- v. Copy of Broker's note if sale is made on Stock Exchange
- vi. Undertaking from the buyer to the effect that he is eligible to acquire shares/ convertible debentures under FDI policy and the existing sectoral limits and Pricing Guidelines have been complied with.
- vii. Undertaking from the FII/RFPI to the effect that the individual FII/RFPI ceiling as prescribed by SEBI has not been breached.

#### **4.2 For sale of shares by a person resident outside India**

- i. Consent Letter duly signed by the seller and buyer or their duly appointed agent indicating the details of transfer i.e. number of shares to be transferred, the name of the investee company whose shares are being transferred and the price at which shares are being transferred.
- ii. Where the Consent Letter has been signed by their duly appointed agent the Power of Attorney Document authorizing the agent to purchase/sell shares by the seller/buyer. In case there is no formal Sale Agreement, letters exchanged to this effect may be kept on record.
- iii. If the sellers are NRIs/OCBs, the copies of RBI approvals evidencing the shares held by them on repatriation/non-repatriation basis. The sale proceeds shall be credited to NRE/NRO account, as applicable.
- iv. Certificate indicating fair value of shares from a Chartered Accountant.
- v. No Objection / Tax Clearance Certificate from Income Tax authority/Chartered Accountant.

- vi. Undertaking from the buyer to the effect that the Pricing Guidelines have been adhered to.

Shares/convertible debentures of Indian companies purchased under Portfolio Investment Scheme by NRIs, OCBs cannot be transferred, by way of sale under private arrangement.

Compliance is also to be ensured of the pricing and the reporting guidelines as stated under para 5 (Section I) and para 2 (Section V) respectively.



**Documents to be submitted by a person resident in India for transfer of shares to a person resident outside India by way of gift**

- i. Name and address of the transferor (donor) and the transferee (donee).
- ii. Relationship between the transferor and the transferee.
- iii. Reasons for making the gift.
- iv. In case of Government dated securities and treasury bills and bonds, a certificate issued by a Chartered Accountant on the market value of such security.
- v. In case of units of domestic mutual funds and units of Money Market Mutual Funds, a certificate from the issuer on the Net Asset Value of such security.
- vi. In case of shares and convertible debentures, a certificate from a Chartered Accountant on the value of such securities according to the guidelines issued by Securities & Exchange Board of India or fair value worked out as per any internationally accepted pricing methodology for valuation of shares<sup>65</sup> for listed companies and unlisted companies, respectively.
- vii. Certificate from the concerned Indian company certifying that the proposed transfer of shares/ convertible debentures by way of gift from resident to the non-resident shall not breach the applicable sectoral cap/ FDI limit in the company and that the proposed number of shares/convertible debentures to be held by the non-resident transferee shall not exceed 5 per cent of the paid up capital of the company.<sup>66</sup>
- viii. An undertaking from the resident transferor that the value of security to be transferred together with any security already transferred by the transferor, as gift, to any person residing outside India does not exceed the rupee equivalent of USD 50,000 during a financial year.

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<sup>65</sup> [A. P. \(DIR Series\) Circular No. 4 dated July 15, 2014](#)

<sup>66</sup> [AP \(DIR Series\) Circular No. 08 dated August 25, 2005](#)

**Definition of "relative" as given in Section 6 of Companies Act, 1956.**

A person shall be deemed to be a relative of another, if, and only if:

- (a) they are members of a Hindu undivided family ; or
- (b) they are husband and wife ; or
- (c) the one is related to the other in the manner indicated in Schedule IA

(as under)

1. Father.
2. Mother (including step-mother).
3. Son (including stepson).
4. Son's wife.
5. Daughter (including step-daughter).
6. Father's father.
7. Father's mother.
8. Mother's mother.
9. Mother's father.
10. Son's son.
11. Son's son's wife.
12. Son's daughter.
13. Son's daughter's husband.
14. Daughter's husband.
15. Daughter's son.
16. Daughter's son's wife.
17. Daughter's daughter.
18. Daughter's daughter's husband.
19. Brother (including step-brother).
20. Brother's wife.
21. Sister (including step-sister).
22. Sister's husband.





**Annex - 7**  
**[PART I, Section V, para 1 (i) ]**

**Know Your Customer (KYC) Form in respect of the non-resident investor**

Registered Name of the Remitter / Investor (Name, if the investor is an Individual)	
Registration Number (Unique Identification Number* in case remitter is an Individual)	
Registered Address (Permanent Address if remitter Individual)	
Name of the Remitter's Bank	
Remitter's Bank Account No.	
Period of banking relationship with the remitter	

\* Passport No., Social Security No, or any Unique No. certifying the bonafides of the remitter  
as prevalent in the remitter's country

***We confirm that all the information furnished above is true and accurate as provided by the overseas remitting bank of the non-resident investor.***

(Signature of the Authorised Official  
of the AD bank receiving the remittance)

Date :

Place:

Stamp :



	If existing company, give registration number allotted by RBI for FDI, if any	
	Telephone	
	Fax	
	e-mail	
2.	Description of the main business activity  NIC Code <sup>67</sup>	
	Location of the project and NIC code for the district where the project is located  a)Detailed address including Name, City,District and State  b)Code for District <sup>68</sup>  c)Code for State	
	Percentage of FDI allowed as per FDI policy (Sectoral Cap under FDI Policy)	
	State whether FDI is allowed under Automatic Route or Approval Route (strike out whichever is not applicable) If under Approval Route, give SIA/FIPB approval No. with date	Automatic Route / Approval Route
3	<b>Details of the foreign investor / collaborator* (Details of foreign residence to be given. Indian address, if any, should not be given)</b>	
	Name	
	Address	

<sup>67</sup> In terms of [AP \(DIR Series\) Circular No 5 dated July 17, 2014](#), NIC 2008 codes may be reported

<sup>68</sup> The list of State and District Codes may be downloaded from our website [www.rbi.org.in/Notifications/FEMA/State](http://www.rbi.org.in/Notifications/FEMA/State) and District Code

\* If there is more than one foreign investor/collaborator, separate Annex may be included for items 3 and 4 of the Form.

	<p>Country</p> <p>Constitution / Nature of the investing Entity [Specify whether</p> <ol style="list-style-type: none"> <li>1. Individual</li> <li>2. Company (PI specify if erstwhile OCB)</li> <li>3. FII</li> <li>4. FVCI<sup>#</sup></li> <li>5. Foreign Trust</li> <li>6. Private Equity Fund</li> <li>7. Pension / Provident Fund</li> <li>8. Sovereign Wealth Fund (SWF)<sup>69</sup></li> <li>9. Partnership / Proprietorship Firm</li> <li>10. Financial Institution</li> <li>11. NRIs / PIO</li> <li>12. Others (please specify)]</li> </ol> <p>Date of incorporation</p>	
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<b>4</b>	<b>Particulars of Shares / Convertible Debentures/Others Issued</b>		
(a)	<b>Nature and date of issue</b>		
	<b><i>Nature of issue</i></b>	<b><i>Date of issue</i></b>	<b><i>Number of shares/ convertible debentures/Others</i></b>
01	IPO / FPO		
02	Preferential allotment / private placement		
03	Rights		
04	Bonus		
05	Conversion of ECB		
06	Conversion of royalty (including lump sum payments)		
07	Conversion against import of capital goods by units in		

<sup>69</sup> SWF means a Government investment vehicle which is funded by foreign exchange assets, and which manages those assets separately from the official reserves of the monetary authorities.

<sup>#</sup> The investment/s is made by FVCI under FDI scheme in terms of Schedule I to [Notification No. FEMA 20/2000-RB dated May 3, 2000](#)



		SEZ					
	08	ESOPs					
	09	Share Swap					
	10	Others (please specify)					
		<b>Total</b>					
(b)	<b>Type of security issued</b>						
	<b>No</b>	<b>Nature of Security</b>	<b>Number</b>	<b>Maturity</b>	<b>Face value</b>	<b>Premium</b>	<b>Issue Price per share</b>
	01	Equity					
	02	Compulsorily Convertible Debentures					
	03	Compulsorily Convertible Preference shares					
	04	Others (please specify)					
		<b>Total</b>					

i) In case the issue price is greater than the face value, please give break up of the premium received.

ii) \* In case the issue is against conversion of ECB or royalty or against import of capital goods by units in SEZ, a Chartered Accountant's Certificate certifying the amount outstanding on the date of conversion

(c)	<b>Break up of premium</b>	<b>Amount</b>
	Control Premium	
	Non competition fee	
	Others <sup>@</sup>	
	<b>Total</b>	

<sup>@</sup> please specify the nature

(d)	<p><b>Total inflow</b> (in Rupees) on account of issue of shares / convertible debentures to non-residents (including premium, if any) vide</p> <p>(i) Remittance through AD:  (ii) Debit to NRE/FCNR A/c with Bank _____  (iii) Others (please specify)</p> <p>Date of reporting of (i) and (ii) above to RBI under Para 9 (1) A of Schedule I to Notification No. FEMA 20 /2000-RB dated May 3, 2000, as amended from time to time.</p>	
(e)	<b>Disclosure of fair value of shares issued**</b>	
	We are a listed company and the market value of a share as on date of the issue is*	
	We are an un-listed company and the fair value of a share is*	

\*\* before issue of shares

\*(Please indicate as applicable)

<b>5. Post issue pattern of shareholding</b>							
		<b>Equity</b>			<b>Compulsorily convertible Preference Shares/ Debentures</b>		
Investor category	No. of shares	Amount (Face)	%	No. of shares	Amount (Face Value) Rs.	%	
<b>a)</b>	<b>Non-Resident</b>						
<b>01</b>	<b>Individuals</b>						
<b>02</b>	<b>Companies</b>						
<b>03</b>	<b>FIs</b>						
<b>04</b>	<b>FVCIs<sup>#</sup></b>						
<b>05</b>	<b>Foreign Trusts</b>						
<b>06</b>	<b>Private Equity Funds</b>						
<b>07</b>	<b>Pension/ Provident Funds</b>						
<b>08</b>	<b>Sovereign Wealth Funds</b>						
<b>09</b>	<b>Partnership/ Proprietorship Firms</b>						
<b>10</b>	<b>Financial Institutions</b>						
<b>11</b>	<b>NRIs/PIO</b>						

	<b>12</b>	<b>Others (please specify)</b>						
		<b>Sub Total</b>						
<b>b)</b>	<b>Resident</b>							
<b>Total</b>								

# The investment/s is/are made by FVCI under FDI scheme in terms of Schedule I to Notification No. FEMA 20/2000-RB dated May 3, 2000

**DECLARATION TO BE FILED BY THE AUTHORISED REPRESENTATIVE OF THE INDIAN COMPANY: *(Delete whichever is not applicable and authenticate)***

We hereby declare that:

1. We comply with the procedure for issue of shares / convertible debentures as laid down under the FDI scheme as indicated in Notification No. FEMA 20/2000-RB dated 3<sup>rd</sup> May 2000, as amended from time to time.

2. The investment is within the sectoral cap / statutory ceiling permissible under the Automatic Route of RBI and we fulfill all the conditions laid down for investments under the Automatic Route namely (strike off whichever is not applicable).

a) Shares issued on rights basis to non-residents are in conformity with Regulation 6 of the RBI Notification No FEMA 20/2000-RB dated 3<sup>rd</sup> May 2000, as amended from time to time.

**OR**

b) Shares issued are bonus.

**OR**

c) Shares have been issued under a scheme of merger and amalgamation of two or more Indian companies or reconstruction by way of de-merger or otherwise of an Indian company, duly approved by a court in India.

**OR**

d) Shares are issued under ESOP and the conditions regarding this issue have been satisfied

3. Shares have been issued in terms of SIA /FIPB approval No. \_\_\_\_\_ dated \_\_\_\_\_

4 The foreign investment received and reported now will be utilized in compliance with the provision of a Prevention of Money Laundering Act 2002 (PMLA) and Unlawful Activities(Prevention) Act, 1967 (UAPA). We confirm that the investment complies with the provisions of all applicable Rules and Regulations.





**Annex – 9- I**  
**[PART I, Section V, para 2 ]**

<b>Form FC-TRS</b>	
<b>Declaration regarding transfer of shares / compulsorily and mandatorily convertible preference shares (CMCPS) / debentures/others by way of sale from resident to non resident / non-resident to resident</b>	
(to be submitted to the designated AD branch in quadruplicate within 60 days from the date of receipt of funds)	
<p><b>The following documents are enclosed</b></p> <p><i>For sale of shares / compulsorily and mandatorily convertible preference shares / debentures/others by a person resident in India</i></p> <ul style="list-style-type: none"> <li>i. Consent Letter duly signed by the seller and buyer or their duly appointed agent and in the latter case the Power of Attorney Document.</li> <li>ii. The shareholding pattern of the investee company after the acquisition of shares by a person resident outside India.</li> <li>iii. Certificate indicating fair value of shares from a Chartered Accountant.</li> <li>iv. Copy of Broker's note if sale is made on Stock Exchange.</li> <li>v. Declaration from the buyer to the effect that he is eligible to acquire shares / compulsorily and mandatorily convertible preference shares / debentures/others under FDI policy and the existing sectoral limits and Pricing Guidelines have been complied with.</li> <li>vi. Declaration from the FII/sub account to the effect that the individual FII / Sub account ceiling as prescribed has not been breached.</li> </ul> <p><i>Additional documents in respect of sale of shares / compulsorily and mandatorily convertible preference shares / debentures/others by a person resident outside India</i></p> <ul style="list-style-type: none"> <li>vii. If the sellers are NRIs/OCBs, the copies of RBI approvals, if applicable, evidencing the shares held by them on repatriation/non-repatriation basis.</li> <li>viii. No Objection/Tax Clearance Certificate from Income Tax Authority/ Chartered Account.</li> </ul>	
<b>1</b>	<b>Name of the company</b>

	Address (including e-mail , telephone Number, Fax no)	
	Activity	
	NIC Code No. <sup>70</sup>	
<b>2</b>	<b>Whether FDI is allowed under Automatic route</b>	
	Sectoral Cap under FDI Policy	
<b>3</b>	<b>Nature of transaction</b> <i>(Strike out whichever is not applicable)</i>	Transfer from resident to non resident / Transfer from non resident to resident
<b>4</b>	<b>Name of the buyer</b>	
	<b>Constitution / Nature of the investing Entity</b> Specify whether 1. Individual 2. Company 3. FII 4. FVCI <sup>#</sup> 5. Foreign Trust 6. Private Equity Fund 7. Pension/ Provident Fund 8. Sovereign Wealth Fund (SWF <sup>π</sup> )	

<sup>70</sup> In terms of [AP \(DIR Series\) Circular No 5 dated July 17, 2014](#), NIC 2008 codes may be reported

<sup>#</sup> The initial investment/s was/were made by FVCI under FDI scheme in terms of Schedule 1 to [Notification No. FEMA.20/2000-RB dated May 3, 2000](#).

<sup>π</sup> SWF means a Government investment vehicle which is funded by foreign exchange assets, and which manages those assets separately from the official reserves of the monetary authorities.



	9. Partnership / Proprietorship firm 10. Financial Institution 11. NRIs / PIOs 12. Others	
	Date and Place of Incorporation	
	Address of the buyer <i>(including e-mail, telephone number. Fax no.)</i>	
<b>5</b>	<b>Name of the seller</b>	
	<b>Constitution / Nature of the disinvesting entity</b> Specify whether <ol style="list-style-type: none"> <li>1. Individual</li> <li>2. Company</li> <li>3. FII</li> <li>4. FVCI<sup>##</sup></li> <li>5. Foreign Trust</li> <li>6. Private Equity Fund</li> <li>7. Pension/ Provident Fund</li> <li>8. Sovereign Wealth Fund (SWF<sup>¶</sup>)</li> <li>9. Partnership/ Proprietorship firm</li> <li>10. Financial Institution</li> <li>11. NRIs/PIOs</li> <li>12. others</li> </ol>	
	Date and Place of Incorporation	
	Address of the seller	

<sup>##</sup> The initial investment/s was/were made by FVCI under FDI scheme in terms of Schedule I to [Notification No.FEMA.20/2000-RB dated May 3, 2000](#)

<sup>¶</sup> SWF means a Government investment vehicle which is funded by foreign exchange assets, and which manages those assets separately from the official reserves of the monetary authorities.

	<i>(including e-mail, telephone Number Fax no)</i>				
<b>6</b>	<b>Particulars of earlier Reserve Bank / FIPB approvals</b>				
<b>7</b>	<b>Details regarding shares / compulsorily and mandatorily convertible preference shares (CMCPS) / debentures/others (such as FDI compliant instruments like participating interest/ rights in oil fields, etc.) to be transferred</b>				
	<b><i>Date of the transaction</i></b>	<b><i>Number of shares CMCPS / debentures/others</i></b>	<b><i>Face value in Rs.</i></b>	<b><i>Negotiated Price for the transfer**in Rs.</i></b>	<b><i>Amount of consideration in Rs.</i></b>
<b>8</b>	<b>Foreign Investments in the company</b>		<i>No. of shares</i>	<i>Percentage</i>	
		Before the transfer			
		After the transfer			
<b>9</b>	<b>Where the shares / CMCPS / debentures/others are listed on Stock Exchange</b>				
	<i>Name of the Stock exchange</i>				
	<i>Price Quoted on the Stock exchange</i>				
	<b>Where the shares / CMCPS / debentures/others are Unlisted</b>				
	<i>Price as per Valuation guidelines*</i>				
	<i>Price as per Chartered</i>				

<i>Accountants * / ** Valuation report (CA Certificate to be attached)</i>	
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**Declaration by the transferor / transferee**

**I / We hereby declare that :**

- i. The particulars given above are true and correct to the best of my/our knowledge and belief.
- ii. I/ We, was/were holding the shares compulsorily and mandatorily convertible preference shares / debentures/others as per FDI Policy under FERA/ FEMA Regulations on repatriation/non repatriation basis.
- iii. I/ We, am/are eligible to acquire the shares compulsorily and mandatorily convertible preference shares / debentures/others of the company in terms of the FDI Policy.
- iv. The Sectoral limit under the FDI Policy and the pricing guidelines have been adhered to.

**Signature of the Declarant or  
his duly authorised agent**

**Date:**

**Note:**

*In respect of the transfer of shares / compulsorily and mandatorily convertible preference shares / compulsorily and mandatorily convertible debentures/others from resident to non resident the declaration has to be signed by the non resident buyer, and in respect of the transfer of shares / compulsorily and mandatorily convertible preference shares / compulsorily and mandatorily convertible debentures/others from non-resident to resident the declaration has to be signed by the non-resident seller.*

**Certificate by the AD Branch**

It is certified that the application is complete in all respects.

The receipt /payment for the transaction are in accordance with FEMA Regulations / Reserve Bank guidelines.

Signature

Name and Designation of the Officer

**Date:** Name of the AD Branch

AD Branch Code

**Know Your Customer (KYC) Form in respect of the non-resident investor**

Registered Name of the Remitter / Investor (Name, if the investor is an Individual)	
Registration Number (Unique Identification Number* in case remitter is an Individual)	
Registered Address (Permanent Address if remitter Individual)	
Name of the Remitter's Bank	
Remitter's Bank Account No.	
Period of banking relationship with the remitter	

\*Passport No., Social Security No, or any Unique No. certifying the bonafides of the remitter as prevalent in the remitter's country.

***We confirm that all the information furnished above is true and accurate as provided by the overseas remitting bank of the non-resident investor.***

(Signature of the Authorised Official of the  
AD bank receiving the remittance)

Date:

Place:

**Stamp**

**Form DRR**

[Refer to paragraph III of Schedule 10]

**Return to be filed by the Domestic Custodian who has arranged issue/transfer of Depository Receipts**

**Instructions:** The Form should be completed and submitted by the Domestic Custodian to the Reserve Bank of India, Foreign Exchange Department, Foreign Investment Division, Central Office, Mumbai.

1. Name of the Domestic Custodian :
2. Address of the Domestic Custodian:
3. Details of the Security:
4. Details of the issuer of the security
5. Activity of the issuer of security (please give the NIC Code of the activity in which the company is predominantly engaged)<sup>71</sup>
6. Whether sponsored or unsponsored
7. If sponsored, name and address of the sponsorer.
8. Name and address of the Lead Manager/ Investment/Merchant Banker
9. Name and address of the Sub-Managers to the issue
10. Details of FIPB approval (If foreign investment in the company is subject to FIPB approval)
11. Whether any overall sectoral cap for

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<sup>71</sup> In terms of [AP \(DIR Series\) Circular No 5 dated July 17, 2014](#), NIC 2008 codes may be reported

foreign investment is applicable. If yes, please give details.

12. If the issue of DR increases the equity capital of the company or is sponsored by the company:

	<u>Before Issue</u>	<u>After Issue</u>
Details of the Equity Capital		
(a) Authorised Capital		
(b) Issued and Paid-up Capital		
(i) Held by persons Resident in India		
(ii) Held by foreign investors other than FIIs/NRIs/PIOs/ OCBs (a list of foreign investors holding more than 10 percent of the paid-up capital and number of shares held by each of them should be furnished)		
(iii) Held by NRIs/PIOs		
(iv) Held by FIIs/QFIs/registered FPIs		
Total Equity held by non-residents		
(c) Percentage of equity held by non-residents to total paid-up capital		
(d) Details of repatriation/utilisation of the proceeds		

13. Number of DRs issued

14. Ratio of DRs to underlying securities

15. Whether funds are kept abroad. If yes, name and address of the bank

16. Whether the DR is listed/traded on an International Exchange or trading platform. If so, details of the exchange/trading platform.

Name of Stock Exchange

Date of commencement of trading

- 17 The date on which DRs issue was launched

Certified that all the conditions laid down by Government of India and Reserve Bank of India have been complied with.

Sd/-  
Chartered Accountant

Sd/-  
Authorised Signatory of the  
Company





	RBI for FDI, if any.		
2	<b>Details of the foreign investor</b>		
	Name  Designated Partner Identification No. (DPIN):  Address  Country  Constitution / Nature of the investing Entity [Specify whether 1. Individual 2. LLP 3. Company 4. Foreign Trust 5. Private Equity Fund 6. Pension / Provident Fund 7. Sovereign Wealth Fund (SWF) <sup>72</sup> 8. Partnership / Proprietorship Firm 9. Financial Institution 10. NRIs / PIO 11. Others (please specify)]		
3.	Date of receipt of funds		
4.	Amount	In foreign currency	In Indian Rupees

<sup>72</sup> SWF means a Government investment vehicle which is funded by foreign exchange assets, and which manages those assets separately from the official reserves of the monetary authorities.





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(Signature of the Applicant)\*

\_\_\_\_\_

(Name in Block Letters)

\_\_\_\_\_

(Designation of the signatory)

\_\_\_\_\_

Place:

Date:

(\* To be signed by Designated Partner/Authorised Signatory of the LLP)



**Annex 12**  
**[PART I, Section I, para 16]**

<b>Form FOREIGN DIRECT INVESTMENT-LLP-(II)</b>	
<b>Declaration regarding transfer of capital contribution/profit shares of an Limited Liability Partnership from resident to non- resident / non-resident to resident</b>	
(to be submitted to the Authorised Dealer Category-1 bank branch in quadruplicate within 60 days from the date of receipt of funds)	
<p><b>The following documents are enclosed</b></p> <p><i>For transfer of capital contribution /profit shares of a Limited Liability Partnership by a person resident in India</i></p> <ol style="list-style-type: none"> <li>i. Consent Letter duly signed by the seller and buyer or their duly appointed agent and in the latter case the Power of Attorney Document.</li> <li>ii. The capital contribution/ profit share holding pattern of the investee LLP after the acquisition of capital contribution/ profit shares by a person resident outside India.</li> <li>iii. Certificate indicating fair value of shares from the Chartered Accountant/Cost Accountant/approved valuer from the panel maintained by the Central Government.</li> <li>iv. Declaration from the buyer to the effect that he is eligible to acquire capital contribution /profit shares i.e., necessary Government approval has been obtained by the buyer or seller and terms and conditions of the Government approval, the foreign investment limits mentioned therein as well as the pricing guidelines have been complied with.</li> </ol> <p><i>Additional documents in respect of capital contribution /profit shares of an Limited Liability Partnership by a person resident outside India.</i></p> <ol style="list-style-type: none"> <li>v. No Objection/Tax Clearance Certificate from Income Tax Authority/ Chartered Account//Cost Accountant/ Company Secretary in practice.</li> </ol>	
<b>1</b>	<p><b>Name of the Limited Liability Partnership</b></p> <hr/> <p>Address (including e-mail , telephone Number, Fax no)</p> <hr/> <p>Activity</p> <hr/> <p>Identification No.(LLPIN)</p>

<b>2</b>	<b>Nature of transaction</b> <i>(Strike out whichever is not applicable)</i>	Transfer from resident to non-resident /  Transfer from non-resident to resident
<b>3</b>	<b>Name of the buyer</b>	
	<b>Constitution / Nature of the investing Entity</b> Specify whether <ol style="list-style-type: none"> <li>1. Individual</li> <li>2. LLP</li> <li>3. Company</li> <li>4. Foreign Trust</li> <li>5. Private Equity Fund</li> <li>6. Pension/ Provident Fund</li> <li>7. Sovereign Wealth Fund (SWF<sup>π</sup>)</li> <li>8. Partnership / Proprietorship firm</li> <li>9. Financial Institution</li> <li>10. NRIs / PIOs</li> <li>11. Others</li> </ol>	
	Date and Place of Incorporation	
	Address of the buyer <i>(including e-mail, telephone number, Fax no.)</i>	
<b>5</b>	<b>Name of the seller</b>	
	<b>Constitution / Nature of the disinvesting partner</b> Specify whether <ol style="list-style-type: none"> <li>1. Individual</li> <li>2. LLP</li> <li>3. Company</li> <li>4. Foreign Trust</li> </ol>	

<sup>π</sup> SWF means a Government investment vehicle which is funded by foreign exchange assets, and which manages those assets separately from the official reserves of the monetary authorities.

	5. Private Equity Fund 6. Pension/ Provident Fund 7. Sovereign Wealth Fund (SWF <sup>¶</sup> ) 8. Partnership/ Proprietorship firm 9. Financial Institution 10. NRIs/PIOs 11. others				
	Date and Place of Registration				
	Address of the seller (including e-mail, telephone Number, Fax no)				
<b>6</b>	<b>Particulars of earlier FIPB approvals.</b>				
<b>7</b>	<b>Details regarding capital contribution or profit shares of a Limited Liability Partnership to be transferred.</b>				
	<b><i>Date of the transaction</i></b>	<b><i>Percentage of capital contribution/profit share</i></b>	<b><i>Value in Rs.</i></b>	<b><i>Negotiated Price for the transfer* in Rs.</i></b>	<b><i>Amount of consideration in Rs.</i></b>
<b>8</b>	<b>Foreign Investments in the Limited Liability Partnership</b>		<i>capital contribution/ profit shares</i>	<i>Percentage</i>	
		Before the transfer			
		After the transfer			
	Price as per Valuation				

<sup>¶</sup> SWF means a Government investment vehicle which is funded by foreign exchange assets, and which manages those assets separately from the official reserves of the monetary authorities.



guidelines*. *Valuation report (certificate from the Chartered Accountant/Cost Accountant /approved valuer from the panel maintained by the Central Government to be attached).	
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**Declaration by the transferor / transferee**

**I / We hereby declare that :**

- i. The particulars given above are true and correct to the best of my/our knowledge and belief.
- ii. I/ We, was/were holding the capital contribution/profit shares of a Limited Liability Partnership as per foreign investment policy issued by the Government of India as well as notified under FEMA Regulations.
- iii. I/ We, am/are eligible to acquire the capital contribution /profit shares of a Limited Liability Partnership in terms of the foreign investment policy issued by the Government of India as well as notified under FEMA Regulations.
- iv. The foreign investment limit as per Government approval and the pricing guidelines have been adhered to.

**Signature of the Declarant or  
his duly authorised agent**

**Date:**

**Note:**

*In respect of the transfer of capital contribution /profit shares of a Limited Liability Partnership from resident to non- resident the declaration has to be signed by the non- resident buyer, and in respect of the transfer of capital contribution /profit shares of a Limited Liability Partnership from non-resident to resident the declaration has to be signed by the non-resident seller.*

**Certificate by the AD Bank Branch**

It is certified that the application is complete in all respects.

The receipt /payment for the transaction are in accordance with FEMA Regulations / Reserve Bank guidelines.

Signature

Name and Designation of the Officer

**Date:** Name of the AD Bank Branch

AD Bank Branch Code

## Appendix

**List of Important Circulars/Notifications which have been consolidated in the Master Circular on Foreign Investments in India and investments in proprietary / partnership firms**

## Notifications

Sl.No.	Notification	Date
1.	<a href="#">No. FEMA 32/2000-RB</a>	December 26, 2000
2.	<a href="#">No. FEMA 35/2001-RB</a>	February 16, 2001
3.	<a href="#">No. FEMA 41/2001-RB</a>	March 2, 2001
4.	<a href="#">No. FEMA 45/2001-RB</a>	September 20, 2001
5.	<a href="#">No. FEMA 46/2001-RB</a>	November 29, 2001
6.	<a href="#">No. FEMA 50/2002-RB</a>	February 20, 2002
7.	<a href="#">No. FEMA 55/2002-RB</a>	March 7, 2002
8.	<a href="#">No. FEMA 76/2002-RB</a>	November 12, 2002
9.	<a href="#">No. FEMA 85/2003-RB</a>	January 17, 2003
10.	<a href="#">No. FEMA 94/2003-RB</a>	June 18, 2003
11.	<a href="#">No. FEMA 100/2003-RB</a>	October 3, 2003
12.	<a href="#">No. FEMA 101/2003-RB</a>	October 3, 2003
13.	<a href="#">No. FEMA 106/2003-RB</a>	October 27, 2003
14.	<a href="#">No. FEMA 108/2003-RB</a>	January 1, 2004
15.	<a href="#">No. FEMA 111/2004-RB</a>	March 6, 2004
16.	<a href="#">No.FEMA.118/2004-RB</a>	June 29, 2004
17.	<a href="#">No.FEMA.122/2004-RB</a>	August 30, 2004
18.	<a href="#">No.FEMA.125/2004-RB</a>	November 27, 2004
19.	<a href="#">No.FEMA.130/2005-RB</a>	March 17, 2005
20.	<a href="#">No.FEMA.131/2005-RB</a>	March 17, 2005
21.	<a href="#">No.FEMA.138/2005-RB</a>	July 22, 2005
22.	<a href="#">No. FEMA.136 /2005-RB</a>	July 19, 2005
23.	<a href="#">No. FEMA.137/2005- RB</a>	July 22, 2005
24.	<a href="#">No.FEMA.138/2005-RB</a>	July 22, 2005
25.	<a href="#">No. FEMA.149/2006-RB</a>	June 9, 2006
26.	No. FEMA.153/2006-RB	May 31, 2007
27.	No. FEMA.167/2007-RB	October 23, 2007
28.	<a href="#">No. FEMA.170/2007-RB</a>	November 13, 2007
29.	<a href="#">No. FEMA.179/2008-RB</a>	August 22, 2008

30.	<a href="#">No. FEMA.202/2009-RB</a>	November 10,2009
31	<a href="#">No. FEMA.205/2010-RB</a>	April 7,2010
32.	<a href="#">No. FEMA.224/2012-RB</a>	March 07, 2012
33.	<a href="#">No. FEMA.229/2012-RB</a>	April 23, 2012
34.	<a href="#">No. FEMA.230/2012-RB</a>	May 29, 2012
35.	<a href="#">No. FEMA.242/2012-RB</a>	October 19, 2012
36.	<a href="#">No. FEMA.255/2013-RB</a>	January 19, 2013
37.	<a href="#">No. FEMA.266/2013-RB</a>	March 05, 2013
38.	<a href="#">No. FEMA.272/2013-RB</a>	March 26, 2013
39	<a href="#">No. FEMA.278/2013-RB</a>	June 07,2013
40.	<a href="#">No. FEMA.279/2013-RB</a>	July 10, 2013
41.	<a href="#">No. FEMA.285/2013-RB</a>	August 30, 2013
42.	<a href="#">No. FEMA.291/2013-RB</a>	October 4, 2013
43.	<a href="#">No. FEMA.294/2013-RB</a>	November 12, 2013
44.	<a href="#">No. FEMA.296/2013-RB</a>	March 3, 2014
45.	<a href="#">No. FEMA.297/2013-RB</a>	March 13, 2014
46.	<a href="#">No.FEMA.298/2013-RB</a>	March 13, 2014
47.	<a href="#">No. FEMA. 304/2014-RB</a>	May 22, 2014
48.	<a href="#">No. FEMA. 305/2014-RB</a>	May 22, 2014
49.	<a href="#">No. FEMA. 312/2014-RB</a>	July 2, 2014
50.	<a href="#">No. FEMA. 315/2014-RB</a>	July 10, 2014
51.	<a href="#">No. FEMA. 319/2014-RB</a>	Sep 5, 2014
52.	<a href="#">No. FEMA. 320/2014-RB</a>	Sep 5, 2014
53.	<a href="#">No. FEMA. 329/2014-RB</a>	Dec 8, 2014
54.	<a href="#">No. FEMA. 330/2014-RB</a>	Dec 15, 2014

<b>Circulars</b>		
<b>SI.No.</b>	<b>Circulars</b>	<b>Date</b>
1.	<a href="#">A.P.DIR(Series) Circular No.14</a>	September 26, 2000
2.	<a href="#">A.P.DIR(Series) Circular No.24</a>	January 6, 2001
3.	<a href="#">A.P.DIR(Series) Circular No.26</a>	February 22, 2001
4.	<a href="#">A.P.DIR(Series) Circular No.32</a>	April 28, 2001
5.	<a href="#">A.P.DIR(Series) Circular No.13</a>	November 29, 2001
6.	<a href="#">A.P.DIR(Series) Circular No.21</a>	February 13, 2002
7.	<a href="#">A.P.DIR(Series) Circular No.29</a>	March 11, 2002
8.	<a href="#">A.P.DIR(Series) Circular No.45</a>	November 12, 2002
9.	<a href="#">A.P.DIR(Series) Circular No.52</a>	November 23, 2002

10.	<a href="#">A.P.DIR(Series) Circular No.68</a>	January 13, 2003
11.	<a href="#">A.P.DIR(Series) Circular No.69</a>	January 13, 2003
12.	<a href="#">A.P.DIR(Series) Circular No.75</a>	February 3, 2003
13.	<a href="#">A.P.DIR(Series) Circular No.88</a>	March 27, 2003
14.	<a href="#">A.P.DIR(Series) Circular No.101</a>	May 5, 2003
15.	<a href="#">A.P.DIR(Series) Circular No.10</a>	August 20, 2003
16.	<a href="#">A.P.DIR(Series) Circular No.13</a>	September 1, 2003
17.	<a href="#">A.P.DIR(Series) Circular No.14</a>	September 16, 2003
18.	<a href="#">A.P.DIR(Series) Circular No.28</a>	October 17, 2003
19.	<a href="#">A.P.DIR(Series) Circular No.35</a>	November 14, 2003
20.	<a href="#">A.P.DIR(Series) Circular No.38</a>	December 3, 2003
21.	<a href="#">A.P.DIR(Series) Circular No.39</a>	December 3, 2003
22.	<a href="#">A.P.DIR(Series) Circular No.43</a>	December 8, 2003
23.	<a href="#">A.P.DIR(Series) Circular No.44</a>	December 8, 2003
24.	<a href="#">AP (DIR Series) Circular No.53</a>	December 17, 2003
25.	<a href="#">A.P.DIR(Series) Circular No.54</a>	December 20, 2003
26.	<a href="#">A.P.DIR(Series) Circular No.63</a>	February 3, 2004
27.	<a href="#">A.P.DIR(Series) Circular No.67</a>	February 6, 2004
28.	<a href="#">A.P.DIR(Series) Circular No.89</a>	April 24, 2004
29.	<a href="#">A.P.DIR(Series) Circular No.11</a>	September 13, 2004
30.	<a href="#">A.P.DIR(Series) Circular No.13</a>	October 1, 2004
31.	<a href="#">A.P.DIR(Series) Circular No.15</a>	October 1, 2004
32.	<a href="#">A.P.DIR(Series) Circular No.16</a>	October 4, 2004
33.	<a href="#">AP (DIR Series) Circular No. 04</a>	July 29, 2005
34.	<a href="#">A.P. (DIR Series) Circular No. 06</a>	August 11, 2005
35.	<a href="#">A.P. (DIR Series) Circular No. 07</a>	August 17, 2005
36.	<a href="#">A.P. (DIR Series) Circular No. 08</a>	August 25, 2005
37.	<a href="#">A. P. (DIR Series) Circular No. 10</a>	August 30, 2005
38.	<a href="#">A.P. (DIR Series) Circular No. 11</a>	September 05, 2005
39.	<a href="#">A.P. (DIR Series) Circular No.16</a>	November 11, 2005
40.	<a href="#">A.P.( DIR Series) Circular No. 24</a>	January 25, 2006
41.	<a href="#">A.P.( DIR Series) Circular No. 4</a>	July 28, 2006
42.	<a href="#">A.P.( DIR Series) Circular No. 12</a>	November 16, 2006
43.	<a href="#">A.P.( DIR Series) Circular No. 25</a>	December 22, 2006
44.	<a href="#">A.P.( DIR Series) Circular No. 32</a>	February 8, 2007
45.	<a href="#">A.P.( DIR Series) Circular No. 40</a>	April 20, 2007
46.	<a href="#">A.P.( DIR Series) Circular No. 62</a>	May 24, 2007

47.	<a href="#">A.P.( DIR Series) Circular No. 65</a>	May 31, 2007
48.	<a href="#">A.P.( DIR Series) Circular No. 73</a>	June 8, 2007
49.	<a href="#">A.P.( DIR Series) Circular No. 74</a>	June 8, 2007
50.	<a href="#">A.P.( DIR Series) Circular No. 2</a>	July 19, 2007
51.	<a href="#">A.P.( DIR Series) Circular No. 20</a>	December 14, 2007
52.	<a href="#">A.P.( DIR Series) Circular No. 22</a>	December 19, 2007
53.	<a href="#">A.P.( DIR Series) Circular No. 23</a>	December 31, 2007
54.	<a href="#">A.P.( DIR Series) Circular No. 40</a>	April 28, 2008
55.	<a href="#">A.P.( DIR Series) Circular No. 41</a>	April 28, 2008
56.	<a href="#">A.P.( DIR Series) Circular No. 44</a>	May 30, 2008
57.	<a href="#">A.P.( DIR Series) Circular No. 25</a>	October 17, 2008
58.	<a href="#">A.P.( DIR Series) Circular No. 63</a>	April 22, 2009
59.	<a href="#">A.P.( DIR Series) Circular No. 5</a>	July 22, 2009
60.	<a href="#">A.P.( DIR Series) Circular No. 47</a>	April 12, 2010
61.	<a href="#">A.P.( DIR Series) Circular No. 49</a>	May 4, 2010
62.	<a href="#">A.P.( DIR Series) Circular No. 13</a>	September 14, 2010
63.	<a href="#">A.P.( DIR Series) Circular No. 45</a>	March 15, 2011
64.	<a href="#">A.P.( DIR Series) Circular No. 54</a>	April 29, 2011
65.	<a href="#">A.P.( DIR Series) Circular No. 55</a>	April 29, 2011
66.	<a href="#">A.P.( DIR Series) Circular No. 57</a>	May 2, 2011
67.	<a href="#">A.P.( DIR Series) Circular No. 58</a>	May 2, 2011
68.	<a href="#">A.P.(DIR Series) Circular No.74</a>	June 30, 2011
69.	<a href="#">A.P. (DIR Series) Circular No. 8</a>	August 9, 2011
70.	<a href="#">A.P. (DIR Series) Circular No. 14</a>	September 15, 2011
71.	<a href="#">A. P. (DIR Series) Circular No. 42</a>	November 3, 2011
72.	<a href="#">A. P. (DIR Series) Circular No. 43</a>	November 4, 2011
73.	<a href="#">A. P. (DIR Series) Circular No. 45</a>	November 16, 2011
74.	<a href="#">A.P. (DIR Series) Circular No. 49</a>	November 22, 2011
75.	<a href="#">A.P. (DIR Series) Circular No. 55</a>	December 9, 2011
76.	<a href="#">A.P. (DIR Series) Circular No. 56</a>	December 9, 2011
77.	<a href="#">A.P. (DIR Series) Circular No. 66</a>	January 13, 2012
78.	<a href="#">A.P. (DIR Series) Circular No. 67</a>	January 13, 2012
79.	<a href="#">A.P. (DIR Series) Circular No. 89</a>	March 1, 2012
80.	<a href="#">A.P. (DIR Series) Circular No. 93</a>	March 19, 2012
81.	<a href="#">A.P. (DIR Series) Circular No. 94</a>	March 19, 2012
82.	<a href="#">A.P. (DIR Series) Circular No. 120</a>	May 8, 2012
83.	<a href="#">A.P. (DIR Series) Circular No. 121</a>	May 8, 2012

84.	<a href="#">A.P. (DIR Series) Circular No. 127</a>	May 15, 2012
85.	<a href="#">A.P. (DIR Series) Circular No. 133</a>	June 20, 2012
86.	<a href="#">A.P. (DIR Series) Circular No. 135</a>	June 25, 2012
87.	<a href="#">A.P. (DIR Series) Circular No. 137</a>	June 28, 2012
88.	<a href="#">A.P. (DIR Series) Circular No. 7</a>	July 16, 2012
89.	<a href="#">A.P. (DIR Series) Circular No. 16</a>	August 22, 2012
90.	<a href="#">A.P. (DIR Series) Circular No.19</a>	August 28, 2012
91.	<a href="#">A.P. (DIR Series) Circular No. 32</a>	September 21, 2012
92.	<a href="#">A.P. (DIR Series) Circular No. 36</a>	September 26, 2012
93.	<a href="#">A.P. (DIR Series) Circular No. 41</a>	October 10, 2012
94.	<a href="#">A.P. (DIR Series) Circular No. 74</a>	January 10, 2013
95.	<a href="#">A.P. (DIR Series) Circular No. 80</a>	January 24, 2013
96.	<a href="#">A.P. (DIR Series) Circular No. 90</a>	March 14, 2013
97.	<a href="#">A.P. (DIR Series) Circular No. 94</a>	April 01, 2013
98.	<a href="#">A.P. (DIR Series) Circular No. 104</a>	May 17, 2013
99.	<a href="#">A.P. (DIR Series) Circular No. 110</a>	June 12, 2013
100.	<a href="#">A.P. (DIR Series) Circular No. 111</a>	June 12, 2013
101.	<a href="#">A.P.(DIR Series) Circular No. 1</a>	July 04, 2013
102.	<a href="#">A.P.(DIR Series) Circular No. 28</a>	August 19, 2013
103.	<a href="#">A.P.(DIR Series) Circular No. 29</a>	August 20, 2013
104.	<a href="#">A.P.(DIR Series) Circular No. 37</a>	September 5, 2013
105.	<a href="#">A.P.(DIR Series) Circular No. 38</a>	September 6, 2013
106.	<a href="#">A.P.(DIR Series) Circular No. 42</a>	September 12, 2013
107.	<a href="#">A.P.(DIR Series) Circular No. 44</a>	September 13, 2013
108.	<a href="#">A.P.(DIR Series) Circular No. 68</a>	November 01, 2013
109.	<a href="#">A.P.(DIR Series) Circular No. 69</a>	November 08, 2013
110.	<a href="#">A.P.(DIR Series) Circular No. 72</a>	November 11, 2013
111.	<a href="#">A.P.(DIR Series) Circular No. 74</a>	November 11, 2013
112.	<a href="#">A.P.(DIR Series) Circular No. 84</a>	January 6, 2014
113.	<a href="#">A.P.(DIR Series) Circular No. 86</a>	January 9, 2014
114.	<a href="#">A.P. (Dir Series) Circular No. 94</a>	January 16,2014
115.	<a href="#">A.P.(Dir Series) Circular No. 99</a>	January 29, 2014
116.	<a href="#">A.P.(DIR Seres) Circular No. 102</a>	February 11, 2014
117.	<a href="#">A.P.(DIR Series) Circular No.104</a>	February 14, 2014
118.	<a href="#">A.P.(DIR Series) Circular No. 107</a>	February 20, 2014
119.	<a href="#">A.P.(DIR Series) Circular No. 112</a>	March 25, 2014
120.	<a href="#">A.P.(DIR Series) Circular No. 118</a>	April 7, 2014
121.	<a href="#">A.P.(DIR Series) Circular No. 123</a>	April 16, 2014

122.	<a href="#">A.P. (DIR Series) Circular No. 124</a>	April 21, 2014
123.	<a href="#">A.P. (DIR Series) Circular No. 127</a>	May 2, 2014
124.	<a href="#">A.P. (DIR Series) Circular No. 140</a>	June 6, 2014
125.	<a href="#">A.P. (DIR Series) Circular No. 141</a>	June 6, 2014
126.	<a href="#">A.P. (DIR Series) Circular No. 145</a>	June 18, 2014
127.	<a href="#">A.P. (DIR Series) Circular No. 22</a>	August 28, 2014
128.	<a href="#">A.P. (DIR Series) Circular No. 31</a>	September 17,2014
129.	<a href="#">A.P. (DIR Series) Circular No.45</a>	December 8,2014
130.	<a href="#">A.P. (DIR Series) Circular No.46</a>	December 8,2014
131.	<a href="#">A.P. (DIR Series) Circular No.47</a>	December 8,2014
132.	<a href="#">A.P. (DIR Series) Circular No.60</a>	January 22, 2015
133.	<a href="#">A.P. (DIR Series) Circular No.61</a>	January 22, 2015
134.	<a href="#">A.P. (DIR Series) Circular No. 70</a>	February 2, 2015
135.	<a href="#">A.P. (DIR Series) Circular No. 71</a>	February 3, 2015
136.	<a href="#">A.P. (DIR Series) Circular No. 72</a>	February 5, 2015
137.	<a href="#">A.P. (DIR Series) Circular No. 73</a>	February 6, 2015
138.	<a href="#">A.P. (DIR Series) Circular No.94</a>	April 08, 2015