

**Indian Direct Investment outside India**  
**A.P.(DIR Series) Circular No.27(March 2 , 2002)**

RESERVE BANK OF INDIA  
EXCHANGE CONTROL DEPARTMENT  
CENTRAL OFFICE  
MUMBAI 400 001

A.P.(DIR Series) Circular No.27

March 2 , 2002

To

All Authorised Dealers in Foreign Exchange

Madam/Sirs,

**Indian Direct Investment outside India**

Attention of authorised dealers is invited to Foreign Exchange Management (Transfer or Issue of any Foreign Security) Regulations, 2000 notified by the Reserve Bank vide Notification No.FEMA 19/RB-2000 dated May 3, 2000 and amended from time to time.

2. With a view to further liberalising and broadbasing the policy on overseas direct investment by Indian parties, the Reserve Bank has, vide Notification No. FEMA 53/2002-RB dated March 1, 2002 (copy enclosed) further amended the said Regulations. The salient features of the amendments are as under :

- (i) Under the Automatic Route as per Regulation 6 of the Notification No.FEMA 19 dated May 3, 2000, Indian parties may now invest in JV/WOS outside India, an amount not exceeding US\$ 100 mn. or its equivalent in a financial year as against the existing limit of US\$ 50 mn. in a financial year.
- (ii) As per the existing provisions of Notification No.FEMA 19, investment under the automatic route as per Regulation 6 may be funded by drawal of foreign exchange from an authorised dealer not exceeding 25% of the net worth of the Indian party as on the date of last audited balance sheet. This limit has now been raised to 50% of the net worth.

3. Authorised dealers may bring the contents of this circular to the notice of their constituents concerned.

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

Yours faithfully,  
Satish Kakar  
Chief General Manager