

**Repatriation of refund of funds received for purchase of shares  
A.P. (DIR Series) Circular No.45 (November 12, 2002)**

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

A.P. (DIR Series) Circular No.45

November 12, 2002

To

All Authorised Dealers in Foreign Exchange

Madam/Sirs,

**Repatriation of refund of funds received for purchase of shares**

Under the current exchange control regulations authorised dealers require prior permission of the Reserve Bank to allow repatriation of funds received for purchase of shares.

2. It has now been decided to delegate the authority to authorised dealers to allow repatriation of surplus funds/refund of remittance received for purchase of shares to a person resident outside India in the following cases:

- (a) Refund of funds received towards allotment of shares under Regulation 5 (1) of the Reserve Bank Notification No. FEMA20/ 2000-RB dated May 3, 2000.
- (b) Remittance of surplus funds received for purchase of shares offered on rights basis.
- (c) Remittance on account of surplus funds received for purchase of shares or on account of cancellation of trade, under Two-way fungibility of ADRs/GDRs.

3. Authorised dealers may, accordingly allow remittances representing refund of funds received from a person resident outside India for purchase of shares, in the cases listed in paragraph 2 above, provided that the authorised dealers are satisfied :

- (i) with the bonafides of the applicant;

- (ii) that the repatriation represents refund of funds received for purchase of shares, by way of inward remittance from outside India or by debit to NRE/FCNR account maintained with an authorised dealer in India;
- (iii) that no part of remittance represents interest on the funds received.

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

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

Yours faithfully,  
**Grace Koshie**  
Chief General Manager