

Overseas Direct Investment - Liberalisation
A.P. (DIR Series) Circular No. 42 (December 6 , 2003)

Reserve Bank of India
Exchange Control Department
Central Office
Mumbai 400 001

A.P. (DIR Series) Circular No. 42

December 6 , 2003

To
All Authorised Dealers in Foreign Exchange

Madam / Sirs,

Overseas Direct Investment - Liberalisation

Attention of Authorised Dealers is invited to AP (DIR Series) Circular No.41 dated December 6, 2003 permitting Indian companies to transfer shares of their JV/WOS abroad by way of sale under Automatic Route. As Authorised Dealers are aware, such disinvestment is permitted only in case of full repatriation of investment made and other entitlements, if any.

2. As a further measure of liberalisation, it has been decided to permit Indian listed companies to disinvest their investment in a JV/WOS abroad even in case where such disinvestment may result in a write-off of the capital invested to the extent of 10% of the previous year's export realisation. Other terms and conditions and reporting requirements listed in the annexure to our AP (DIR) Circular mentioned above remain unchanged.
3. Necessary amendments to the Foreign Exchange Management (Transfer or issue of any foreign security) Regulations, 2000 vide Notification No.FEMA.19/RB-2000 dated May 3, 2000 and other relevant Notifications are being issued separately.
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