

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

A. P.(DIR Series) Circular No.57

January 13, 2004

To

All Authorised Dealers in Foreign Exchange

Madam / Sirs,

Overseas Investment by Indian Companies/Partnership Firms –

- **Liberalisation of the Automatic Route**
 - **Facilities for Investment in Agriculture**
-

Attention of Authorised Dealers is invited to the 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 as amended from time to time.

a) **Liberalisation - Removal of Monetary Ceiling for Overseas Investment**

Under the existing FEMA Regulations, resident corporates are allowed to invest overseas upto 100 per cent of their net worth or USD 100 million in an overseas Joint Venture (JV) or Wholly Owned Subsidiary (WOS) (USD 10 million in the case of registered partnership firms).

As a part of the ongoing liberalisation process, it has been decided to allow resident corporates and registered partnership firms to invest upto 100 per cent of their net worth in overseas JV/WOS without any separate monetary ceiling, subject to reporting in form ODR.

b) **Liberalisation - Investment in Agriculture**

At present resident corporates and registered partnership firms are permitted to invest in agricultural activity overseas including purchase of land incidental to this activity only through a Joint Venture (JV) / Wholly Owned Subsidiary (WOS) abroad. In order to enable the Indian companies to take advantage of global opportunities and also to acquire technological and other skills for adoption in India, it has now been decided to allow resident corporates and registered partnership firms to undertake agricultural activities overseas including purchase of land incidental to this activity either directly or through their overseas offices (i.e. other than through JV/WOS) within the overall limit available for investment overseas under the Automatic Route viz. upto 100 per cent of their net worth, subject to reporting in form ODR.

2. Necessary amendments to the Foreign Exchange Management (Transfer or issue of any foreign security) Regulations, 2000 are being issued separately.
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 Sections 10(4) and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999).

Yours faithfully,

Grace Koshie

Chief General Manager