

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

Notification No. FEMA. 173 / 2007-RB

dated December 19, 2007

**Foreign Exchange Management (Transfer or Issue of any
Foreign Security) (Third Amendment) Regulations, 2007**

In exercise of the powers conferred by clause (a) of sub-section (3) of Section 6 and sub-section (2) of Section 47 of the Foreign Exchange Management Act, 1999 (42 of 1999), the Reserve Bank of India hereby makes the following amendments in the Foreign Exchange Management (Transfer or Issue of Any Foreign Security) Regulations, 2004 (Notification No. FEMA.120/RB-2004 dated July 7, 2004) namely:-

1. Short Title & Commencement:-

- (i) These Regulations shall be called the Foreign Exchange Management (Transfer or Issue of Any Foreign Security) (Third Amendment) Regulations, 2007.
- (ii) These Regulations shall be deemed to have come into effect from the 26th Day of September, 2007.

2. Amendment of Regulation 6:-

In the Foreign Exchange Management (Transfer or Issue of Any Foreign Security) Regulations, 2004 (Notification No. FEMA.120/RB-2004 dated July 7, 2004) (hereinafter referred to as the 'principal regulations'), in Regulation 6,

- (i) in sub- regulation (2), for clause (i), the following shall be substituted :-
 - “(i) The total financial commitment of the Indian Party in Joint Ventures/Wholly Owned Subsidiaries shall not exceed 400% of the net worth of the Indian Party as on the date of the last audited balance sheet”.
- (ii) In sub-regulation (2), in clause (i), in the Explanation, for the words and figures "For the purpose of determining 'total financial commitment' within the limit of 200% or 300% of the net worth, as the case may be" the following shall be substituted :-

"For the purpose of determining 'total financial commitment' within the limit of 400 % of the net worth".

- (iii) in sub-regulation (3) in clause (ii) , for the words "shall not exceed 300 % of the net worth in case of corporates and shall not exceed 200 % of net worth in case of registered partnership firms", the words and figures " shall not exceed 400% of the net worth", shall be substituted.
- (iv) in sub-regulation (3), in clause (ii), in the explanation, for the words and figures " shall not exceed 300 % of the net worth in case of corporates and shall not exceed 200 % of the net worth in case of registered partnership firms " the words and figures "400 % of the net worth", shall be substituted.

4. Amendment of Regulation 6B:-

In the principal Regulations, in Regulation 6B,

- (i) in clause (a), the words and figures " and has in its name share holding of not less than 10% in any listed Indian company as on 1st January of the year of investment" shall be omitted.
- (ii) in clause (b), in sub clause (i), for the words and figures "35% of the net worth", the words and figures "50 % of the net worth", shall be substituted.

**(Salim Gangadharan)
Chief General Manager**

Foot Note:

(i) The Foreign Exchange Management (Transfer or Issue of Any Foreign Security) Regulations, 2004 were published in the Official Gazette vide G.S.R.No.757 (E) dated November 19, 2004 and subsequently amended vide:

G.S.R. No. 220(E) dated April 7, 2005,

G.S.R. No. 337(E) dated May 27, 2005,

G.S.R. No. 552(E) dated August 31, 2005,

G.S.R.No. 535(E) dated September 6, 2006,

G.S.R.No. 13(E) dated January 5, 2008.

(ii) It is clarified that no person will be adversely affected as a result of retrospective effect being given to these Regulations.

**Published in the Official Gazette of Government
of India – Extraordinary – Part-II, Section 3,
Sub-Section (i) dated 25.03.2008 - G.S.R.No.209 (E)**