



RESERVE BANK OF INDIA
Foreign Exchange Department
Central Office
Mumbai - 400 001

RBI/2011-12/452

A.P. (DIR Series) Circular No.93

March 19, 2012

To,

All Category – I Authorised Dealer banks

Madam / Sir,

Investment in Indian Venture Capital Undertakings and /or domestic Venture Capital Funds by SEBI registered Foreign Venture Capital Investors

Attention of Authorised Dealers Category – I (AD Category - I) banks is invited to Schedule 6 to the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000 notified vide [Notification No. FEMA 20 / 2000 -RB dated May 3, 2000](#) as amended from time to time, in terms of which, a SEBI registered Foreign Venture Capital Investor (FVCI) may invest in equity, equity linked instruments, debt, debt instruments, debentures of an Indian Venture capital Undertaking (IVCU) or of a Venture Capital Funds (VCF) through Initial Public Offer or Private Placement or in units of schemes / funds set up by a VCF, subject to such terms and conditions mentioned therein.

2. It has now been decided, to allow FVCIs to invest in the eligible securities (equity, equity linked instruments, debt, debt instruments, debentures of an IVCU or VCF, units of schemes / funds set up by a VCF) by way of private arrangement / purchase from a third party also, subject to terms and conditions as stipulated in Schedule 6 of Notification No. FEMA 20 / 2000 -RB dated May 3, 2000 as amended from time to time. It is also being clarified that SEBI registered FVCIs would also be allowed to invest in securities on a recognized stock exchange subject to the provisions of the SEBI (FVCI) Regulations, 2000, as amended from time to time, as well as the terms and conditions stipulated therein.

3. AD Category - I banks may bring the contents of the circular to the notice of their customers and constituents concerned.

4. Necessary amendments to Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000 (Notification No. FEMA 20/2000-RB dated May 3, 2000) are being notified separately.

5. 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) and are without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

(Meena Hemchandra)
Chief General Manager-in-Charge