



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

RBI/2010-11/199
A.P. (DIR Series) Circular No. 13

September 14, 2010

To

All Category - I Authorised Dealer Banks

Madam / Sir,

Reporting under Foreign Direct Investment (FDI) Scheme

Attention of Authorised Dealer Category-I (AD Category - I) banks is invited to para 9 of Schedule 1 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 (the Notification), as amended from time to time, and [A.P. \(DIR Series\) Circular No. 44 dated May 30, 2008](#).

2. In terms of para 9 of Schedule 1 to the Notification, Indian companies are required to report, the details of the amount of consideration received for issue of FDI instruments, viz. equity shares, fully and mandatorily convertible preference shares and debentures under the FDI scheme, in the Advance Reporting Format along with the KYC report on the non-resident investor, to the Regional Office of the Reserve Bank in whose jurisdiction the Registered Office of the company operates, within 30 days of receipt of the amount of consideration. Further, the Indian company is required to issue the FDI instruments to the non-resident investor within 180 days of the receipt of the inward remittance and report the same in Form FC-GPR, to the Regional Office concerned of the Reserve Bank, within 30 days from the date of issue of shares.

3. FDI is an important component of the Balance of Payments (BoP) statistics, which is being compiled and published on a quarterly basis. Any delay in submission of the FDI data results in under-reporting of FDI in the BoP statistics. Further, delay in reporting of the FDI transactions (receipt of advance consideration and issue of FDI compliant instruments) and issuance of shares/ refund of advance consideration

beyond 180 days of receipt of the same without the Reserve Bank's approval are considered as violations under the provisions of the Foreign Exchange Management Act, 1999 (FEMA). Therefore, AD Category - I banks are advised to sensitise and impress upon their clients the importance of strict adherence to the FDI reporting requirements including the KYC report. In this regard, AD Category-I banks may make suitable internal arrangements to monitor / track the inward remittances reported through Advance Reporting Format and the subsequent issue of shares or refund of share application money by the companies.

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

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 is without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

(Salim Gangadharan)

Chief General Manager-in- Charge