



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

RBI/2013-14/629
A.P. (DIR Series) Circular No.139

June 5, 2014

To

All Category – I Authorised Dealer Banks

Madam/ Sir,

Foreign investment in the Insurance Sector – Amendment to the Foreign Direct Investment Scheme

Attention of Authorised Dealers Category – I (AD Category - I) banks is invited to Annex B of Schedule 1 to the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 (the Principal Regulations), notified vide [Notification No. FEMA. 20/2000-RB dated May 3, 2000](#), as amended from time to time, wherein entry route, sectoral cap and other conditions for sectors/activities in which FDI is permitted are specified. In terms of the Schedule *ibid*, Foreign Direct Investment (FDI) up to 26 per cent is permitted under automatic route in insurance sector.

2. The extant FDI policy for insurance sector has since been reviewed. Accordingly, effective from February 4, 2014, foreign investment by way of FDI, investment by FIIs/FPIs and NRIs up to 26% under automatic route shall be permitted in insurance sector subject to the conditions specified in the Press Note 2 (2014 Series) dated February 4, 2014.

3. A copy of [Press Note No.2](#) (2014 Series) dated February 4, 2014 issued in this regard by Department of Industrial Policy and Promotion, Ministry of Commerce & Industry, Government of India is enclosed.

4. Reserve Bank has since amended the Principal Regulations through the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) (Fourth Amendment) Regulations, 2014 notified vide [Notification No. FEMA. 301/2014-RB dated April 4, 2014](#) c.f. G.S.R. No. 361(E) dated May 27, 2014.

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

6. 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,

(B P Kanungo)
Principal Chief General Manager