



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

RBI/2011-12/541

A. P. (DIR Series) Circular No.120

May 08, 2012

To

All Category-I Authorised Dealer Banks

Madam / Sir,

**Foreign Direct Investment (FDI) in India - Issue of equity shares under the FDI scheme allowed under the Government route**

Attention of Authorised Dealers Category – I (AD Category - I) banks is invited to the [A.P. \(DIR Series\) Circular No. 74 dated June 30, 2011](#), and [A.P. \(DIR Series\) Circular No. 55 dated December 09, 2011](#), on issue of equity shares/ preference shares under the Government route by conversion of import of capital goods / machineries / equipments (including second-hand machineries) and pre-operative / pre-incorporation expenses (including payments of rent, etc.), subject to the terms and conditions stated therein.

2. With a view to incentivising use of machinery embodying the latest state-of-the-art technology, compliant with international standards, in terms of being green, clean and energy efficient, it has now been decided to exclude conversion of imported second-hand machinery from the purview of this provision.

3. All the other instructions contained in the above referred A.P. (DIR Series) Circulars shall remain unchanged.

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

5. 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.

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,

**(Rudra Narayan Kar)**  
**Chief General Manager**