



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

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**RBI/2012-13/241**

**A. P. (DIR Series) Circular No. 41**

**October 10, 2012**

To

All Category-I Authorised Dealer Banks

Madam / Sir,

**Foreign investment in NBFC Sector -  
Amendment to the Foreign Direct Investment (FDI) Scheme**

Attention of Authorised Dealer Category – I (AD Category-I) banks is invited to Schedule 1 to Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000 notified by the Reserve Bank vide [Notification No. FEMA 20/2000-RB dated 3rd May 2000](#), as amended from time to time, read with Sr.No.24.2 of Annex B to [A.P. \(DIR Series\) Circular No. 137 dated June 28, 2012](#) pertaining to sector specific conditions for FDI in NBFCs .

2. It has now been decided in consultation with the Government to amend certain conditions in the aforesaid circular. The amended conditions are given in the Annex.
3. All other conditions contained in Sr. No. 24.2 in the A.P. (DIR Series) Circular No. 137 dated June 28, 2012 shall remain unchanged.
4. A copy of [Press Note No.9 \(2012 Series\) dated October 3, 2012](#) issued in this regard by Department of Industrial Policy and Promotion (DIPP), Ministry of Commerce and Industry, Government of India is enclosed.
5. AD Category - I banks may bring the contents of the circular to the notice of their customers/constituents concerned.

6. 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.

7. 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**

[A. P. (DIR Series) Circular No.  
dated October , 2012]

c.f. A.P.(DIR Series) Circular No. 137 dated June 28, 2012	Earlier Condition	Revised condition
Sr.No.24.2 (1) (iv)	100% foreign owned NBFCs with a minimum capitalisation of US\$ 50 million can set up step down subsidiaries for specific NBFC activities, without any restriction on the number of operating subsidiaries and without bringing in additional capital. <b>The minimum capitalization condition as mandated by para 3.10.4.1, therefore, shall not apply to downstream subsidiaries.</b>	NBFCs (i) having foreign investment more than 75% and up to 100%, and (ii) with a minimum capitalisation of US\$ 50 million, can set up step down subsidiaries for specific NBFC activities, without any restriction on the number of operating subsidiaries and without bringing in additional capital. <b>The minimum capitalization condition as mandated by para 3.10.4.1 of DIPP Circular 1of 2012 dated April 10, 2012 on Consolidated FDI Policy, therefore, shall not apply to downstream subsidiaries.</b>