

**Reserve Bank of India
Foreign Exchange Department
Central Office
Mumbai- 400 001**

Notification No. FEMA. 230/2012-RB

Dated May 29, 2012

Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) (Fourth Amendment) Regulations, 2012

In exercise of the powers conferred by clause (b) of sub-section (3) of Section 6 and Section 47 of the Foreign Exchange Management Act, 1999 (42 of 1999), the Reserve Bank of India hereby makes the following amendments in the Foreign Exchange Management (Transfer or issue of Security by a Person Resident outside India) Regulations, 2000 ([Notification No. FEMA. 20/2000-RB dated 3rd May 2000](#)) namely:-

1. Short Title & Commencement

- (i) These Regulations may be called the Foreign Exchange Management (Transfer or Issue of Security by A Person Resident Outside India) (Fourth Amendment) Regulations, 2012.
- (ii) They shall be deemed to have come into force from the 27th day of February 2009.@

2. Amendment of Regulation 1

In the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, (Notification No.FEMA.20/2000-RB dated 3rd May 2000),

- (i) in Schedule 1, the sub-paragraph (2) of the paragraph 2 shall be substituted with the following namely:

"(2) A company which is reckoned as Micro and Small Enterprise (MSE) (earlier Small Scale Industrial Unit) in terms of the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006, including an Export Oriented Unit or a Unit in a Free Trade Zone or in an Export Processing Zone or in a Software Technology Park or in an Electronic Hardware Technology Park, and which is not engaged in any activity / sector mentioned in Annex A to this Schedule may issue shares or convertible debentures to a person referred to in paragraph 1, subject to the limits prescribed in Annex B to this Schedule, in accordance with the Entry Routes specified therein and the provision of the Foreign Direct Investment Policy, as

notified by the Ministry of Commerce & Industry, Government of India, from time to time."

(ii) in Schedule 1, the sub-paragraph (3) of the paragraph 2 shall be substituted with the following namely:

"(3) Any Industrial undertaking, with or without Foreign Direct Investment, which is not an MSE, having an industrial license under the provisions of the Industries (Development & Regulation) Act, 1951 for manufacturing items reserved for manufacture in the MSE sector may issue shares to persons resident outside India referred to in paragraph 1, to the extent of 24 per cent of its paid-up capital. Issue of shares in excess of 24 per cent of paid-up capital shall require prior approval of the Foreign Investment Promotion Board of the Government of India and shall be in compliance with the terms and conditions of such approval."

(Rudra Narayan Kar)
Chief General Manager

Foot Note:-

(i) The Principal Regulations were published in the Official Gazette vide G.S.R. No.406 (E) dated May 8, 2000 in Part II, Section 3, sub-Section (i) and subsequently amended as under:-

G.S.R.No. 158(E) dated 02.03.2001
G.S.R.No. 175(E) dated 13.03.2001
G.S.R.No. 182(E) dated 14.03.2001
G.S.R.No. 4(E) dated 02.01.2002
G.S.R.No. 574(E) dated 19.08.2002
G.S.R.No. 223(E) dated 18.03.2003
G.S.R.No. 225(E) dated 18.03.2003
G.S.R.No. 558(E) dated 22.07.2003
G.S.R.No. 835(E) dated 23.10.2003
G.S.R.No. 899(E) dated 22.11.2003
G.S.R.No. 12(E) dated 07.01.2004
G.S.R.No. 278(E) dated 23.04.2004
G.S.R.No. 454(E) dated 16.07.2004
G.S.R.No. 625(E) dated 21.09.2004
G.S.R.No. 799(E) dated 08.12.2004
G.S.R.No. 201(E) dated 01.04.2005
G.S.R.No. 202(E) dated 01.04.2005
G.S.R.No. 504(E) dated 25.07.2005
G.S.R.No. 505(E) dated 25.07.2005
G.S.R.No. 513(E) dated 29.07.2005
G.S.R.No. 738(E) dated 22.12.2005

G.S.R.No. 29(E) dated 19.01.2006
G.S.R.No. 413(E) dated 11.07.2006
G.S.R.No. 712(E) dated 14.11.2007
G.S.R.No. 713(E) dated 14.11.2007
G.S.R.No. 737(E) dated 29.11.2007
G.S.R.No. 575(E) dated 05.08.2008
G.S.R.No. 896(E) dated 30.12.2008
G.S.R.No. 851(E) dated 01.12.2009
G.S.R.No. 341 (E) dated 21.04.2010
G.S.R.No. _____ dated _____
G.S.R.No.606(E) dated 03.08.2012
G.S.R.No. _____ dated _____ and
G.S.R.No. _____ dated _____.

(ii)@ It is certified that no person will be adversely affected as a result of the retrospective effect being given to such regulations. These provisions have been notified by the Department of Industrial Policy & Promotion, Ministry of Commerce & Industry, Government of India, vide Notification No.S.O.563(E) dated February 27, 2009, published in the Official Gazette of Government of India on February 27, 2009.

**Published in the Official Gazette of Government
of India – Extraordinary – Part-II, Section 3,
Sub-Section (i) dated 30.10.2012- G.S.R.No.797 (E)**