



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

RBI/2012-13/502

A.P. (DIR Series) Circular No. 104

May 17, 2013

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 against pre-operative/pre-incorporation expenses

Attention of Authorised Dealers Category – I banks is invited to Para 3 (II) of [A.P. \(DIR Series\) Circular No. 74 dated June 30, 2011](#) read with [A.P. \(DIR Series\) Circular No. 55 dated December 9, 2011](#), allowing thereby issue of equity shares/ preference shares under the Government route by conversion of import of capital goods, etc., subject to terms and conditions stated therein.

2. On review of the policy, it has now been decided to amend condition at (c) in the aforesaid para. The amended condition is given in the Annex.

3. All the other conditions contained in the A.P. (DIR Series) Circulars No. 74 dated June 20, 2011 and No. 55 dated December 9, 2011, 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](#)) have been notified vide [Notification No. FEMA.229/2012-RB dated April 23, 2012](#).

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-in-Charge

Annex

[A. P. (DIR Series) Circular No. 104
dated May 17 , 2013]

c.f. A.P.(DIR Series) Circular No. 74 dated June 30, 2011	Earlier Condition	Revised condition
Para 3(II)(c)	Payments should be made directly by the foreign investor to the company. Payments made through third parties citing the absence of a bank account or similar such reasons will not be eligible for issuance of shares towards FDI; and	Payments should be made by the foreign investor to the company directly or through the bank account opened by the foreign investor as provided under FEMA Regulations; and