

**Foreign Exchange Management Act, 1999 –
Investment in Indian Venture Capital Undertakings
by registered Foreign Venture Capital Investors
A.P. (DIR Series) Circular No.24 (January 6, 2001)**

**RESERVE BANK OF INDIA
EXCHANGE CONTROL DEPARTMENT
CENTRAL OFFICE
MUMBAI – 400 001**

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January 6, 2001

To

All Authorised Dealers in Foreign Exchange

Dear Sirs,

**Foreign Exchange Management Act, 1999 –
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by registered Foreign Venture Capital Investors**

Attention of authorised dealers is invited to “Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000 notified under Notification No.FEMA 20/2000-RB dated 3rd May 2000. In terms of Regulation 5 of the Notification, certain persons resident/entities outside India may purchase shares/convertible debentures in Indian companies under various Foreign Direct Investment Schemes such as Automatic Route, Government Route, Foreign Institutional Investment etc. It has now been decided to permit registered Foreign Venture Capital Investors to invest in Indian Venture Capital Undertakings/Venture Capital Funds in accordance with regulations framed therefor. Accordingly, the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, have been amended vide Notification No.FEMA 32/2000-RB dated 26th December 2000 (copy enclosed) to include investments by Foreign Venture Capital investors.

2. Authorised Dealers may bring the contents of this circular to the notice of their constituents concerned.

3. The directions contained in this circular have been issued under Section 10(4) and Section 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999). Any contravention or non-observance of these directions is subject to the penalties prescribed under the Act.

Yours faithfully,

K. J. UDESHI

Chief General Manager