



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

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RBI/2004-05/176

A.P.(DIR Series) Circular No. 11

September 13, 2004

To

All Banks Authorised to Deal in Foreign Exchange

Madam/ Sirs,

**Foreign Investments in India**

Attention of Authorised Dealer Banks is invited to the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 relating to Foreign Investments in India notified vide FEMA 20/2000-RB dated May 3, 2000 as amended from time to time.

2. In terms of Regulation 5(1) of the Notification ibid, a person resident outside India (other than a citizen of Bangladesh or Pakistan or Sri Lanka) or an entity incorporated outside India (other than an entity in Bangladesh or Pakistan), may purchase shares or convertible debentures of an Indian company under Foreign Direct Investment Scheme, subject to the terms and conditions specified in Schedule I.

3. It has since been decided by the Government of India to lift the restriction imposed on investment in Indian companies by Sri Lankan citizens. Accordingly, persons resident outside India (other than a citizen of Bangladesh or Pakistan) including citizens of Sri Lanka would henceforth be eligible to purchase shares or convertible debentures of an Indian company under Foreign Direct Investment scheme subject to specified terms and conditions.

4. Amendment to the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 is being issued separately.

5. The direction contained in this circular has been issued under Sections 10(4) and 11(1) of the Foreign exchange Management Act, 1999(42 of 1999) and is without prejudice to permissions/approvals, if any, required under any other law.

6. Authorised Dealer Banks may bring the contents of this circular to the notice of their constituents and customers.

Yours faithfully,

**Grace Koshie**

Chief General Manager