

**December 19, 2007**

To

All Category - I Authorised Dealer banks

Madam / Sir,

**Foreign Direct Investment by citizen / entity incorporated in Bangladesh**

Attention of Authorised Dealer (AD Category – I) banks is invited to the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000 notified vide Notification No. FEMA 20 / 2000 -RB dated May 3, 2000 and as amended from time to time.

2. In terms of sub-regulation (1) of Regulation 5 of the Notification *ibid*, a person resident outside India (other than a citizen of Bangladesh or Pakistan) 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 to the Notification No. FEMA 20. The Reserve Bank has since amended the Regulations and notified vide FEMA Notification No. 167 dated October 23, 2007 (copy enclosed).

3. Accordingly, a person who is a citizen of Bangladesh or an entity incorporated in Bangladesh may, with the prior approval of the Foreign Investment Promotion Board of the Government of India, purchase shares and convertible debentures of an Indian company under Foreign Direct Investment Scheme, subject to the terms and conditions specified in Schedule 1 to Notification No. FEMA 20 / 2000 -RB dated May 3, 2000 as amended from time to time.

4. AD Category - I banks may bring the contents of the circular to the notice of their customers and constituents concerned.

5. 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,

**(Salim Gangadharan)**  
**Chief General Manager**

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

**Notification No. FEMA. 167/2007-RB**

**Dated October 23, 2007**

**Foreign Exchange Management (Transfer or Issue of Security by A Person Resident Outside India) (Second Amendment) Regulations, 2007**

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 3<sup>rd</sup> 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) (Second Amendment) Regulations, 2007.

(ii) This would come into effect from the date of its publication in the official gazette.

**2. Amendment to the Regulations:-**

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 3<sup>rd</sup> May, 2000), in Regulation 5, sub-regulation (1), shall be re-numbered as clause (i) of sub-regulation (1) thereof and after clause (i) so re-numbered, the following clause shall be inserted, namely :-

(ii) Notwithstanding anything contained in sub-regulation (i) above, a person who is a citizen of Bangladesh or an entity incorporated in Bangladesh may, with the prior approval of the Foreign Investment Promotion Board of the Government of India, purchase shares and convertible debentures of an Indian company under Foreign Direct Investment Scheme, subject to the terms and conditions specified in Schedule 1.”

2. In Schedule 1, para1 (1) shall be substituted by the following;

“A person resident outside India referred to in clauses (i) and (ii) of sub-regulation (1) of Regulation 5, may purchase shares or convertible debentures issued by an Indian company up to the extent and subject to the terms and conditions set out in this Schedule.”

**(Salim Gangadharan)  
Chief General Manager**

- (i) **Foot Note:** The Principal Regulations were published in the Official Gazette vide G.S.R.No. 406 (E) dated May 3, 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. 713(E) dated November 14, 2007**