



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

RBI/2009-10/376
A.P. (DIR Series) Circular No.45

April 01, 2010

To

All Category – I Authorised Dealer Banks

Madam / Sir,

Overseas Investments - Liberalisation

Attention of Authorised Dealer Category - I (AD Category - I) banks is invited to para 3 of [A.P. \(DIR Series\) Circular No. 48](#) dated June 03, 2008, in terms of which Indian entities are permitted to invest in overseas unincorporated entities in the oil sector, up to 400 per cent of the net worth of the Indian company, under the automatic route.

2. As a measure of further liberalisation, it has now been decided, in consultation with the Government of India, to allow Indian companies to participate in a consortium with other international operators to construct and maintain submarine cable systems on co-ownership basis under the automatic route. Accordingly, AD Category - I banks may allow remittances by Indian companies for overseas direct investment, after ensuring that the Indian company has obtained necessary licence from the Department of Telecommunication, Ministry of Telecommunication & Information Technology, Government of India to establish, install, operate and maintain International Long Distance Services and also by obtaining a certified copy of the Board Resolution approving such investment. Accordingly, these transactions may be reported by the Indian entities investing in the consortium to the AD Category - I banks in the format laid down in [A.P. \(DIR Series\) Circular No. 68](#) dated June 1, 2007 and by the AD Category –I banks to the Reserve Bank in terms of [A.P. \(DIR Series\) Circular No. 36](#) dated February 24, 2010 for allotment of Unique Identification Number.

3. All such investments would be subject to the reporting requirements as prescribed in Regulation 15 (iii) of [Notification No. FEMA 120/RB-2004](#) dated July 7, 2004 [Foreign Exchange Management (Transfer or Issue of any Foreign Security) Regulations, 2004], as amended from time to time.

4. AD Category - I banks may bring the contents of this circular to the notice of their constituents and customers 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 is without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

(Salim Gangadharan)

Chief General Manager-in-Charge