

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

Notification No. FEMA 179 / 2008-RB

Dated August 22, 2008

Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) (second Amendment) Regulations, 2008

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 3rd 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, 2008.
- (ii) Save as otherwise provided in these Regulations, the provisions of these Regulations shall come into force from the date of their publication in the Official Gazette.

2. Amendment of Regulation 2 - 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 3rd May, 2000) (hereinafter referred to as 'the principal Regulations'), in Regulation 2,

(A) for clause (ii) , the following clause shall be substituted and shall be deemed to have been substituted with effect from the 1st day of May 2007, namely:-

“(ii) ‘Capital’ means equity shares, preference shares and convertible debentures

(B) after clause (iia), the following new clause shall be inserted and shall be deemed to have been inserted with effect from the 1st day of May 2007, namely :-

"(iib) "preference shares" mean compulsorily and mandatorily convertible preference shares."

(C) after clause (iib) as so inserted , the following new clause shall be inserted and shall be deemed to have been inserted with effect from the 8th day of June, 2007, namely :-

"(iic) "debenture" means compulsorily and mandatorily convertible debenture"

3. Amendment of Regulation 5

In the principal Regulations, in Regulation 5, for sub-regulation 6 the following new sub-regulation shall be substituted and shall be deemed to have been substituted with effect from the 31st day of December 2007, namely;

“ 6. A registered Foreign Institutional Investor (FII) having valid approval under the Foreign Exchange Regulation Act, 1973 or under the Foreign Exchange Management Act, 1999 may trade in all exchange traded derivative contracts approved by RBI/SEBI subject to the limits and margin requirement prescribed by RBI/SEBI as well as the stipulations regarding collateral securities as directed by the Reserve Bank from time to time”.

4. Amendment of Regulation 6B

In the principal Regulations, for Regulation 6B, the following shall be substituted, namely :-

“ 6B . A company issuing rights shares or bonus shares in terms of these Regulations shall report to the Reserve Bank in form FC-GPR as stipulated in Paragraph 9 (1)(B) of Schedule 1 to these Regulations.”

5. Amendment of Regulation 10

In the principal Regulations, in Regulation 10, in sub-Regulation A, after clause (b), before the Explanation, the following new clause shall be inserted and shall be deemed to have been inserted with effect from 10th day of February, 2006, namely:-

"(c) any security by way of sale, shall make an application to the Reserve Bank for its approval if,

- (i) the activity of the Indian company, whose securities are being transferred, falls outside the Automatic Route, and the approval of the FIPB has been obtained for the said transfer;
- (ii) the activity of the Indian company whose securities are being transferred, falls under the financial services sector;
- (iii) the transfer falls within the purview of the provisions of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997;and
- (iv) the transfer is to take place at a price which falls outside the pricing guidelines specified by Reserve Bank, from time to time."

6. Amendment of Schedule 1

In the principal Regulations, in Schedule 1,

i) in paragraph 1,

(a) for sub-paragraph (2), the following shall be substituted, namely :-

"(2) If the person purchasing the shares under this Scheme proposes to be a collaborator or proposes to acquire the entire shareholding of a new Indian company, he should obtain prior permission of Central Government if he has, as on January 12, 2005, an existing joint venture or technology transfer/trademark agreement in the same field as that of such Indian company."

(b) after sub-paragraph (2), the following provisos shall be inserted and shall be deemed to have been inserted with effect from the 12th day of January 2005¹, namely:

" Provided that no prior permission of Central Government shall be required for investments to be made by Venture Capital Funds registered with SEBI; investments by multinational financial institutions; or where in the existing joint-venture investment by either of the parties is less than 3%; or where the existing joint venture/ collaboration is defunct or sick or for transfer of shares of an Indian company engaged in Information Technology sector or in the mining sector, if the existing joint venture or technology transfer/trade mark agreement of the person to whom the shares are to be transferred are also in the Information Technology sector or in the mining sector for same area/mineral".

ii) in paragraph 2, for sub-paragraph (1) the following shall be substituted and shall be deemed to have been substituted with effect from the 10th day of February 2006, namely:

"(1) An Indian company, not engaged in any activity/sector mentioned in Annex A to this schedule, may issue shares or convertible debentures to a person resident outside India, subject to the limits prescribed in Annex B to this schedule, in accordance with the Entry Routes specified therein and the provisions of Foreign Direct Investment Policy, as notified by the Ministry of Commerce & Industry, Government of India, from time to time.

Provided that the shares or convertible debentures are not being issued by the Indian company with a view to acquire existing shares of any Indian company.

Explanation: A company which proposes to embark on expansion programme to undertake activities or manufacture items included in

¹ This Regulation is given retrospective effect from 12th day of January, 2005, that is, from the date on which Press Note No. 1 (2005 Series) was issued by Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India.

Annex B to this Schedule may issue shares or debentures out of fresh capital proposed to be issued by it for the purpose of financing expansion programme, up to the extent indicated in Annex B, subject to compliance with the provisions of this paragraph."²

- iii) in paragraph 2, sub-paragraph (2) shall be omitted.
- iv) in paragraph 2, sub-paragraphs (3), (4) and (5) shall be renumbered as sub-paragraphs (2), (3) and (4) respectively.
- v) for paragraph 3, the following shall be substituted, namely:-
"3. Issue of shares by a company requiring the Government approval
An Indian company intending to issue shares to a person resident outside India in accordance with these Regulations shall obtain prior approval of the Foreign Investment Promotion Board of Government of India if the company;
 - (a) is engaged or proposes to engage, in any activity given in Annex A (A) to this schedule; or
 - (b) falls under the FIPB route as stipulated under the column "Entry Route" in Annex B to this schedule; or
 - (c) proposes to issue shares to a person resident outside India against considerations other than inward remittance i.e. against royalty/lumpsum fee due for payment; or
 - (d) proposes to issue shares to a person resident outside India, on or after 28th day of November 2003, against External Commercial Borrowings(ECBs){excluding those deemed as ECBs} received in convertible foreign currency".³
- vi) in paragraph 4,

² This amendment is given retrospective effect from 10th day of February, 2006, that is, from the date on which Press Note No. 4 (2006 Series) was issued by Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India.

³ This amendment is given retrospective effect from 29th day of November 2003, that is, from the date on which Press Note 5(2003) was issued by Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India.

- i. in sub-paragraph (2), for the words "form specified in Annexure C", the words "Form DR" shall be substituted.
 - ii. in sub-paragraph (3), for the words "form specified in Annexure D", the words "Form DR-Quarterly" shall be substituted.

- vii) for paragraph 4B, the following new paragraph shall be substituted, namely:

"4B. An Indian company may sponsor an issue of ADRs/GDRs with an overseas depository against shares held by its shareholders at a price to be determined under the provisions of the Scheme for Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993 and guidelines issued by the Government of India and the reporting requirements as directed by Reserve Bank, from time to time."

- viii) paragraph 5A shall be omitted

- ix) for paragraph 6, the following new paragraph shall be substituted, namely:-

"6. Issue price of ADRs/ GDRs

The pricing of ADRs/GDRs to be issued to a person resident outside India shall be determined under the provisions of the Scheme for Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993 and guidelines issued by the Government of India from time to time."

- x) in paragraph 9,
 - (i) in sub-paragraph (1),
 - (a) in clause (A), for the word "report", the words "report in form specified in Annex C to this schedule" shall be substituted
 - (b) in clause (B), for sub. clause (d), for the words and figure " In accordance with paragraph 9", the words and figure " in accordance with paragraph 8" shall be substituted.

 - (ii) after clause (B), at the end, the following new clause (C), shall be inserted, namely;-

" C) the amount of consideration received by Indian company as advance against equity shall be reported to the Regional Office of the Reserve Bank under whose jurisdiction the Registered Office of the Company operates in the form specified in "Annex C " within 30 days of receipt thereof."

- xi) for [Annexure](#) A and Annexure B, "Annex A" and 'Annex B' respectively to these regulations shall be substituted.
- xii) Annexure C and Annexure D shall be renamed as "Form DR" and "Form DR-Quarterly", respectively.
- xiii) Annexure E shall be omitted.
- xiv) for 'Form FC-GPR', "Annex D " to these regulations shall be substituted.

7. Amendment of Schedule 4

In the principal Regulations, in Schedule 4, in paragraph 2, for the provisos, the following provisos shall be substituted, namely:-

"Provided that the person to whom the shares are being transferred, shall obtain prior permission of the Central Government to acquire the shares if he has, as on 12th day of January 2005, an existing joint venture or technology transfer/trademark agreement in the same field as that of the company of which the shares or convertible debentures to be acquired by him.

Provided further that no prior permission of Central Government shall be required for:

- (a) transfer of shares to multinational financial institutions such as Asian Development Bank (ADB), International Finance Corporation (IFC), Commonwealth Development Corporation (CDC), Deutsche Entwicklungs Gescelschaft (DEG).
- (b) transfer of shares of an Indian company engaged in Information Technology sector or in the mining sector, if the existing joint venture or technology transfer/trade mark agreement of the

person to whom the shares are to be transferred are also in the Information Technology sector or in the mining sector for same area/mineral.

- (c) investments to be made by Venture Capital Funds registered with SEBI; investments by multinational financial institutions or where in the existing joint-venture investment by either of the parties is less than 3%; or where the existing joint venture/ collaboration is defunct or sick.”

8. Amendments of Schedule 5

In the principal Regulations, in Schedule 5,

- (i) for paragraph 1, the following new paragraph shall be substituted, namely:-

“1. Permission to Foreign Institutional Investors for purchase of securities -

A registered Foreign Institutional Investor may purchase, on repatriation basis, dated Government securities/treasury bills, listed non-convertible debentures/bonds, commercial papers issued by an Indian company and units of domestic mutual funds, Security Receipts issued by Asset Reconstruction Companies and Perpetual Debt instruments eligible for inclusion as Tier I capital and Debt capital instruments as upper Tier II capital issued by banks in India to augment their capital (the definitions of Tier I capital and Tier II capital will be the same as clarified by Reserve Bank, Department of Banking Operations and Development and modified from time to time); subject to the limits prescribed by RBI and SEBI from time to time; either directly from the issuer of such securities or through a registered stock broker on a recognised Stock Exchange in India:

Provided that;

- i) the FII shall restrict allocation of its total investment between equity and debt instruments (including dated Government Securities and Treasury Bills in the Indian capital market) in the ratio of 70:30;

- ii) if the FII desires to invest up to 100 per cent in dated Government Securities including Treasury Bills, listed non-convertible debentures/ bonds issued by an Indian company, it shall form a 100% debt fund and get such fund registered with SEBI;
- iii) The total holding by a single FII in each tranche of scheme of Security Receipts shall not exceed 10 per cent of the issue and the total holdings of all FIIs put together shall not exceed 49 percent of the paid up value of each tranche of scheme of Security Receipts issued by the Asset Reconstruction Companies; and
- iv) The investment by all FIIs in Perpetual Debt instruments (Tier I) should not exceed an aggregate ceiling of 49 per cent of each issue, and investment by individual FII should not exceed the limit of 10 per cent of each issue. The investment by FIIs in Debt capital instruments (Tier II) shall be within the limits stipulated by SEBI for FII investment in corporate debt.

Provided further that FIIs may offer such securities as permitted by the Reserve Bank from time to time as collateral to the recognized Stock Exchanges in India for their transactions in exchange traded derivative contracts as specified in sub-Regulation 6.”

(ii) in paragraph 2, for sub-paragraph (1) the following shall be substituted and shall be deemed to have been substituted with effect from the 25th day of January 2006, namely :-

“1A. A Non-resident Indian may, without limit, purchase on repatriation basis,

- i) Government dated securities (other than bearer securities) or treasury bills or units of domestic mutual funds;
- ii) bonds issued by a public sector undertaking (PSU) in India;
- iii) shares in Public Sector Enterprises being disinvested by the Government of India, provided the purchase is in accordance

with the terms and conditions stipulated in the notice inviting bids.

1B. A Non-resident Indian may purchase on repatriation basis perpetual debt instruments eligible for inclusion as Tier I capital and Debt capital instruments as upper Tier II capital issued by banks in India to augment their capital, as stipulated by Reserve Bank from time to time. The investments by all NRIs in Perpetual Debt instruments (Tier I) should not exceed an aggregate ceiling of 24 per cent of each issue and investments by a single NRI should not exceed 5 percent of each issue. Investment by NRIs in Debt capital instruments (Tier II) shall be in accordance with the extant policy for investment by NRIs in other debt instruments. "

(Salim Gangadharan)
Chief General Manager-in-Charge

Foot Note: The Principal Regulations were published in the Official Gazette vide G.S.R.No. 406 (E) dated May 8, 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. 712(E) dated 14.11.2007
G.S.R.No. 713(E) dated 14.11.2007
G.S.R.No. 737(E) dated 29.11.2007
G.S.R.No. 575(E) dated 05.08.2008

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Sub-Section (i) dated 30.12.2008 - G.S.R.No. 896 (E)**

Annex A

(See paragraph 2 of schedule 1)

(A) All Activities/ Sectors would require prior approval of the Government of India for FDI in the following circumstances:

- i) where provisions of Press Note 1 (2005 Series) issued by the Government of India are attracted;
- ii) where more than 24 per cent foreign equity is proposed to be inducted for manufacture of items reserved for the Small Scale sector.

(B) Sectors prohibited for FDI

- i. Retail Trading (except single brand product retailing)
- ii. Atomic Energy
- iii. Lottery Business
- iv. Gambling and Betting
- v. Business of chit fund
- vi. Nidhi Company
- vii. Trading in Transferable Development Rights (TDRs).
- viii. Activities/sector not opened to private sector investment

Annex B

(See paragraph 2 of schedule 1)

Sector-specific policy for foreign investment

In the following sectors/activities, FDI up to the limit indicated below is allowed subject to other conditions as indicated. In Sectors/Activities not listed below, FDI is permitted up to 100 per cent on the automatic route subject to sectoral rules/regulations applicable.

Sr. No.	Sector/Activity	FDI Cap / Equity	Entry Route	Other conditions
	AGRICULTURE			
1.	Floriculture, Horticulture, Development of Seeds, Animal Husbandry, Pisciculture, Aquaculture, Cultivation of Vegetables & Mushrooms under controlled conditions and services related to agro and allied sectors. NB: Besides the above, FDI is not allowed in any other agricultural sector /activity	100%	Automatic	---
2.	Tea Sector , including tea plantation NB: Besides the above, FDI is not allowed in any other plantation sector /activity	100%	FIPB	Subject to divestment of 26% equity in favour of Indian partner/Indian public within 5 years and prior approval of State Government concerned in case of any change in future land use.
	INDUSTRY			
	MINING			
3.	Mining covering	100%	Automatic	Subject to Mines & Minerals

	exploration and mining of diamonds & precious stones; gold, silver and minerals.			(Development & Regulation) Act, 1957 (www.mines.nic.in) Press Note 18 (1998) and Press Note 1 (2005) are not applicable for setting up 100% owned subsidiaries in so far as the mining sector is concerned, subject to a declaration from the applicant that he has no existing joint venture for the same area and /or the particular mineral.
4.	Coal & Lignite mining for captive consumption by power projects, and iron & steel, cement production and other eligible activities permitted under the Coal Mines (Nationalisation) Act, 1973.	100%	Automatic	Subject to provisions of Coal Mines(Nationalization) Act, 1973. (www.coal.nic.in)
5.	Mining and mineral separation of titanium bearing minerals and ores, its value addition and integrated activities. NB: FDI will not be allowed in mining of “prescribed substances” listed in Government of India notification No. S.O. 61(E) dated 18.1.2006 issued by the Department of Atomic Energy.	100%	FIPB	Subject to sectoral Regulations and the Mines and Minerals (Development & Regulation) Act, 1957 and the following conditions – i. value addition facilities are set up within India along with transfer of technology; ii. disposal of tailings during the mineral separation shall be carried out in accordance with Regulations framed by the Atomic Energy Regulatory Board such as Atomic Energy (Radiation Protection) Rules, 2004 and the Atomic Energy (Safe Disposal of Radioactive Wastes)

				Rules, 1987.
	MANUFACTURING			
6.	Alcohol-Distillation & Brewing	100%	Automatic	Subject to license by appropriate authority.
7.	Cigars & Cigarettes-Manufacture	100%	FIPB	Subject to industrial license under the Industries (Development & Regulation) Act, 1951.
8.	Coffee & Rubber processing & warehousing	100%	Automatic	--
9.	Defence production	26%	FIPB	Subject to licensing under Industries (Development & Regulation) Act, 1951 and guidelines on FDI in production of arms & ammunition.
10.	Hazardous chemicals, viz., hydrocyanic acid and its derivatives; phosgene and its derivatives; and isocyanates and diisocyanates of hydrocarbon.	100%	Automatic	Subject to industrial license under the Industries (Development & Regulation) Act, 1951 and other sectoral Regulations.
11.	Industrial explosives-Manufacture	100%	Automatic	Subject to industrial license under the Industries (Development & Regulation) Act, 1951 and Regulations under Explosives Act, 1898
	POWER			
12.	Power including generation (except Atomic energy); transmission, distribution and Power trading.	100%	Automatic	Subject to provisions of the Electricity Act, 2003 (www.powermin.nic.in)
	SERVICES			
	CIVIL AVIATION SECTOR			

13.	Airports-			
a.	Greenfield projects	100%	Automatic	Subject to sectoral Regulations notified by Ministry of Civil Aviation (www.civilaviation.nic.in)
b.	Existing projects	100%	FIPB beyond 74%	Subject to sectoral Regulations notified by Ministry of Civil Aviation (www.civilaviation.nic.in)
14.	Air Transport Services including Domestic Scheduled Passenger Airlines; Non-Scheduled Airlines; Chartered Airlines; Cargo Airlines; Helicopter and Seaplane Services			
a.	Scheduled Air Transport Services/ Domestic Scheduled Passenger Airline	49%- FDI; 100%- for NRIs investment	Automatic	Subject to no direct or indirect participation by foreign airlines and sectoral Regulations. (www.civilaviation.nic.in)
b.	Non-Scheduled Air Transport Service/ Non-Scheduled airlines, Chartered airlines, and Cargo airlines	74%- FDI 100%- for NRIs investment	Automatic	Subject to no direct or indirect participation by foreign airlines in Non-Scheduled and Chartered airlines. Foreign airlines are allowed to participate in the equity of companies operating Cargo airlines. Also subject to sectoral Regulations. (www.civilaviation.nic.in)
c.	Helicopter Services / Seaplane services requiring DGCA approval	100%	Automatic	Foreign airlines are allowed to participate in the equity of companies operating Helicopter and seaplane services. Also subject to sectoral Regulations. (www.civilaviation.nic.in)
15.	Other services under Civil Aviation Sector			
a.	Ground Handling Services	74%- FDI 100%- for NRIs investment	Automatic	Subject to sectoral Regulations and security clearance.
b.	Maintenance and Repair organizations; flying training institutes; and	100%	Automatic	--

	technical training institutions			
16.	Asset Reconstruction Companies	49% (only FDI)	FIPB	Where any individual investment exceeds 10% of the equity, provisions of Section 3(3)(f) of Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 should be complied with. (www.finmin.nic.in)
17.	Banking - Private sector	74% (FDI+FII) Within this limit, FII investment not to exceed 49%	Automatic	Subject to guidelines for setting up branches / subsidiaries of foreign banks issued by RBI. (www.rbi.org.in)
18.	Broadcasting			
a.	FM Radio	FDI +FII investment up to 20%	FIPB	Subject to guidelines notified by Ministry of Information & Broadcasting. (www.mib.nic.in)
b.	Cable network	49% (FDI+FII)	FIPB	Subject to Cable Television Network Rules (1994), notified by Ministry of Information & Broadcasting. (www.mib.nic.in)
c.	Direct-To-Home	49% (FDI+FII). Within this limit, FDI component not to exceed 20%	FIPB	Subject to guidelines issued by Ministry of Information & Broadcasting. (www.mib.nic.in)
d.	Setting up hardware facilities such as up-linking, HUB, etc	49% (FDI+FII)	FIPB	Subject to Up-linking Policy notified by Ministry of Information & Broadcasting. (www.mib.nic.in)
e.	Up-linking a	26% (FDI+FII)	FIPB	Subject to guidelines issued by Ministry of Information &

	News & Current Affairs TV Channel			Broadcasting. (www.mib.nic.in)
f.	Up-linking a Non-news & Current Affairs TV Channel	100%	FIPB	Subject to guidelines issued by Ministry of Information & Broadcasting. (www.mib.nic.in)
19.	Commodity Exchanges	49% (FDI+FII) FDI – 26% FII – 23%	FIPB	FII purchases shall be restricted to secondary market. Subject to regulations specified by concerned Regulators.
20.	Construction Development projects , including housing, commercial premises, resorts, educational institutions, recreational facilities, city and regional level infrastructure, townships. NB: FDI is not allowed in Real Estate Business	100%	Automatic	Subject to conditions notified vide Press Note 2 (2005 Series) including: a. Minimum capitalization of US\$ 10 million for wholly owned subsidiaries and US\$ 5 million for joint venture. The funds would have to be brought within six months of commencement of business of the Company. b. Minimum area to be developed under each project- 10 hectares in case of development of serviced housing plots; and built-up area of 50,000 sq. mts. in case of construction development project; and any of the above in case of a combination project. [Note 1: For investment by NRIs, the conditions mentioned in Press Note 2 (2005) are not applicable. Note 2: For investment in SEZs, Hotels & Hospitals, conditions mentioned in Press Note 2(2005) are not applicable]

21.	Courier services for carrying packages, parcels and other items which do not come within the ambit of the Indian Post Office Act, 1898.	100%	FIPB	Subject to existing laws and exclusion of activity relating to distribution of letters, which is exclusively reserved for the State. (www.indiapost.gov.in)
22.	Infrastructure companies in securities markets namely, Stock Exchanges, Depositories and Clearing Corporations	49% (FDI+FII) FDI – 26% FII – 23%	FIPB	FII purchases shall be restricted to secondary market. Subject to regulations specified by concerned Regulators.
23.	Credit Information Companies	49% (FDI+FII) Within this limit, FII investment not to exceed 24%	FIPB	Foreign Investment in CIC will be subject to Credit Information Companies (Regulation) Act, 2005. Subject to regulations specified by concerned Regulators.
24.	Industrial Parks both setting up and in established Industrial Parks	100%	Automatic	Conditions in Press Note 2(2005) applicable for construction development projects would not apply provided the Industrial Parks meet with the under-mentioned conditions- i. it would comprise of a minimum of 10 units and no single unit shall occupy more than 50% of the allocable area and ; ii. the minimum percentage of the area to be allocated for industrial activity shall not be less than 66% of the total allocable area.

25	Insurance	26%	Automatic	Subject to licensing by the Insurance Regulatory & Development Authority (www.irda.nic.in)
26.	Investing companies in infrastructure / services sector (except telecom sector)	100%	FIPB	Where there is a prescribed cap for foreign investment, only the direct investment will be considered for the prescribed cap and foreign investment in an investing company will not be set off against this cap provided the foreign direct investment in such investing company does not exceed 49% and the management of the investing company is with the Indian owners.
27.	Non Banking Finance Companies			
i)	Merchant banking	100%	Automatic	<p>Subject to:</p> <p>a. Minimum capitalization norms for fund based NBFCs - US\$ 0.5 million to be brought upfront for FDI up to 51%; US\$ 5 million to be brought upfront for FDI above 51% and up to 75%; and US\$ 50 million out of which US\$ 7.5 million to be brought upfront and the balance in 24 months, for FDI beyond 75% and up to 100%.</p> <p>b. Minimum capitalization norms for non-fund based NBFC activities- US\$ 0.5 million.</p> <p>c. Foreign investors can set up 100% operating subsidiaries without</p>
ii)	Underwriting			
iii)	Portfolio Management Services			
iv)	Investment Advisory Services			
v)	Financial Consultancy			
vi)	Stock Broking			
vii)	Asset Management			
viii)	Venture Capital			
ix)	Custodial Services			

x)	Factoring			<p>the condition to disinvest a minimum of 25% of its equity to Indian entities subject to bringing in US\$ 50 million without any restriction on number of operating subsidiaries without bringing additional capital.</p> <p>d. Joint venture operating NBFCs that have 75% or less than 75% foreign investment will also be allowed to set up subsidiaries for undertaking other NBFC activities subject to the subsidiaries also complying with the applicable minimum capital inflow.</p> <p>e. Compliance with the guidelines of the RBI.</p>
xi)	Credit Rating Agencies			
xii)	Leasing & Finance			
xiii)	Housing Finance			
xiv)	Forex Broking			
xv)	Credit card Business			
xvi)	Money changing business			
xvii)	Micro credit			
xviii)	Rural credit			
28	Petroleum & Natural Gas sector			
a.	Refining	<p>49% in case of PSUs.</p> <p>100% in case of Private companies</p>	<p>FIPB (in case of PSUs)</p> <p>Automatic (in case of private companies)</p>	<p>Subject to Sectoral policy and no divestment or dilution of domestic equity in the existing PSUs. (www.petroleum.nic.in)</p>
b.	Other than Refining and including market study and formulation; investment/ financing; setting up infrastructure for marketing in Petroleum & Natural Gas	100%	Automatic	<p>Subject to sectoral Regulations issued by Ministry of Petroleum & Natural Gas. (www.petroleum.nic.in)</p>

	sector.			
29	Print Media-			
a.	Publishing of newspaper and periodicals dealing with news and current affairs	26%	FIPB	Subject to guidelines notified by Ministry of Information & Broadcasting. (www.mib.nic.in)
b.	Publishing of scientific magazines/ specialty journals/ periodicals	100%	FIPB	Subject to guidelines issued by Ministry of Information & Broadcasting. (www.mib.nic.in)
30.	Telecommunications			
a.	Basic and cellular, Unified Access Services, National/ International Long Distance, V-Sat, Public Mobile Radio Trunked Services (PMRTS), Global Mobile Personal Communications Services (GMPCS) and other value added telecom services	74% (Including FDI, FII, NRI, FCCBs, ADRs, GDRs, convertible preference shares, and proportionate foreign equity in Indian promoters/ Investing Company)	Automatic up to 49%. FIPB beyond 49%.	Subject to guidelines notified in the Press Note 3(2007 Series) dated April 19, 2007.
b.	ISP with gateways, radio-paging, end-to-end bandwidth.	74%	Automatic up to 49%. FIPB beyond 49%.	Subject to licensing and security requirements notified by the Department of Telecommunications. (www.dotindia.com)
c.	(a) ISP without gateway, (b) infrastructure provider providing dark fibre, right of	100%	Automatic up to 49%. FIPB beyond 49%.	Subject to the condition that such companies shall divest 26% of their equity in favour of Indian public in 5 years, if these companies are listed in other parts of the world. Also subject to licensing

	way, duct space, tower (Category I); (c) electronic mail and voice mail.			and security requirements, where required. (www.dotindia.com)
d.	Manufacture of telecom equipments	100%	Automatic	Subject to sectoral requirements. (www.dotindia.com)
31	Trading			
a.	Wholesale/cash & carry trading	100%	Automatic	Subject to guidelines for FDI in trading issued by Department of Industrial Policy & Promotion vide Press Note 3 (2006 Series) dated February 10, 2006. Subject to the condition that the test marketing approval will be for a period of two years and investment in setting up manufacturing facilities commences simultaneously with test marketing.
b.	Trading for Exports	100%	Automatic	
c.	Trading of items sourced from small scale sector	100%	FIPB	
d.	Test marketing of such items for which a company has approval for manufacture	100%	FIPB	
e.	Single Brand Product retailing	51%	FIPB	
32.	Satellites - Establishment and operation	74%	FIPB	Subject to sectoral guidelines issued by Department of Space / ISRO. (www.isro.org)
33.	Special Economic Zones and Free Trade Warehousing Zones covering setting up of these Zones and setting up units in the Zones	100%	Automatic	Subject to Special Economic Zones Act, 2005 and the Foreign Trade Policy. (www.sezindia.nic.in)
34.	Drugs & Pharmaceutical Including those involving recombinant DNA technology	100%	Automatic	--

N.B.: All the above sector / activities mentioned in Annex B above, are governed by the respective Press Notes / Releases issued by the Government of India, from time to time.

Know Your Customer (KYC) Form in respect of the non-resident investor

Registered Name of the Remitter / Investor (Name, if the investor is an Individual)	
Registration Number (Unique Identification Number* in case remitter is an Individual)	
Registered Address (Permanent Address if remitter Individual)	
Name of the Remitter's Bank	
Remitter's Bank Account No.	
Period of banking relationship with the remitter	

*Passport No., Social Security No, or any Unique No. certifying the bonafides of the remitter as prevalent in the remitter's country

We confirm that all the information furnished above is true and accurate as provided by the overseas remitting bank of the non-resident investor.

(Signature of the Authorised Official
of the AD bank receiving the remittance)

Date:

Place:

Stamp :

2.	Description of the main business activity	
	NIC Code	
	Location of the project and NIC code for the district where the project is located	
	Percentage of FDI allowed as per FDI policy	
	State whether FDI is allowed under Automatic Route or Approval Route (strike out whichever is not applicable)	Automatic Route / Approval Route
3	Details of the foreign investor/ collaborator*	
	Name	
	Address	
	Country	
	Constitution / Nature of the investing Entity [Specify whether	
	1. Individual	
	2. Company	
	3. FII	
	4. FVCI	
	5. Foreign Trust	
	6. Private Equity Fund	
	7. Pension/ Provident Fund	
	8. Sovereign Wealth Funds ⁴	
	9. Partnership/ Proprietorship firm	
	10. Financial Institution	
	11. NRIs/PIOs	
	12. others (please specify)]	
	Date of incorporation	

* If there are more than one foreign investor/collaborator, separate Annex may be included for items 3 and 4.

⁴ SWF is a government investment vehicle which is funded by foreign exchange assets and manages overseas assets such as stocks, property or other financial instruments, separately from the official reserves of the monetary authorities.

4	Particulars of Shares / Convertible Debentures Issued							
(a)	Nature and date of issue							
		Nature of issue	Date of issue	Number of shares/ convertible debentures				
	01	IPO / FPO						
	02	Preferential allotment / private placement						
	03	Rights						
	04	Bonus						
	05	Conversion of ECB						
	06	Conversion of royalty (including lump sum payments)						
	07	Conversion against import of capital goods by units in SEZ						
	08	ESOPs						
	09	Share Swap						
	10	Others (please specify)						
		Total						
(b)	Type of security issued							
	No.	Nature of security	Number	Maturity	Face value	Premium	Issue Price per share	Amount of inflow*
	01	Equity						
	02	Compulsorily Convertible Debentures						
	03	Compulsorily Convertible Preference shares						
	04	Others (please specify)						
		Total						

i) In case the issue price is greater than the face value please give break up of the premium received.

ii) * In case the issue is against conversion of ECB or royalty or lumpsum payment or against import of capital goods by units in SEZ, a Chartered Accountant's Certificate certifying the amount of the outstanding on the date of conversion

(c)	Break up of premium	Amount
	Control Premium	
	Non competition fee	
	Others [@]	
	Total	

[@] please specify the nature

(d)	Total inflow (in Rupees) on account of issue of shares to non-residents (including premium, if any) vide	
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	(i) Remittance through AD: (ii) Debit to NRE/FCNR A/c with Bank _____ (iii) Others (please specify)	
	Date of reporting of (i) and (ii) above to RBI under Para 9 (1) A (i) of Notification No. FEMA 20/2000-RB dated May 3, 2000, as amended from time to time.	
(e)	Disclosure of fair value of shares issued**	
	We are a listed company and the market value of a share as on date of the issue is*	
	We are an un-listed company and the fair value of a share is*	

** before issue of shares

*(Please indicate as applicable)

5. Post issue pattern of shareholding							
		Equity			Compulsorily convertible Preference Shares/ Debentures		
Investor category		No. of shares	Amount (Face Value) Rs.	%	No. of shares	Amount (Face Value) Rs.	%
a)	Non-Resident						
	01	Individuals					
	02	Companies					
	03	FII's					
	04	FVCIs					
	05	Foreign Trusts					
	06	Private Equity Funds					
	07	Pension/ Provident Funds					
	08	Sovereign Wealth Funds					
	09	Partnership/ Proprietorship firms					
	10	Financial Institutions					
	11	NRIs/PIOs					
	12	Others (please specify)					
	Sub Total						
b)	Resident						
Total							

**DECLARATION TO BE FILED BY THE AUTHORISED REPRESENTATIVE OF THE
INDIAN COMPANY: *(Delete whichever is not applicable and authenticate)***

We hereby declare that:

1. We comply with the procedure for issue of shares as laid down under the FDI scheme as indicated in Notification No. FEMA 20/2000-RB dated 3rd May 2000 as amended from time to time
2. The investment is within the sectoral cap/statutory ceiling permissible under the Automatic Route of RBI and we fulfill all the conditions laid down for investments under the Automatic Route namely (strike off whichever is not applicable)

a) Foreign entity/entities—(other than individuals), to whom we have issued shares have existing joint venture or technology transfer or trade mark agreement in India in the same field and Conditions stipulated in Press Note 1 of 2005 Series dated January 12, 2005 have been complied with.

OR

b) Foreign entity/entities—(other than individuals), to whom we have issued shares do not have any existing joint venture or technology transfer or trade mark agreement in India in the same field.

c) We are not an SSI unit.

OR

We are a SSI unit and the investment limit of 24 % of paid-up capital has been observed/ requisite approvals have been obtained.

d) Shares issued on rights basis to non-residents are in conformity with Regulation 6 of the RBI Notification No. FEMA 20/2000-RB dated 3rd May 2000, as amended from time to time.

OR

e) Shares issued are bonus shares.

OR

f) Shares have been issued under a scheme of merger and amalgamation of two or more Indian companies or reconstruction by way of de-merger or otherwise of an Indian company, duly approved by a court in India.

OR

g) Shares are issued under ESOP and the conditions regarding this issue have been satisfied

3. Shares have been issued in terms of SIA/FIPB approval No. _____
dated _____

4. We enclose the following documents in compliance with Paragraph 9 (1) (B) of Schedule 1 to Notification No. FEMA 20/2000-RB dated 3rd May, 2000.:

- (i) A certificate from our Company Secretary certifying that
 - (a) all the requirements of the Companies Act, 1956 have been complied with;
 - (b) terms and conditions of the Government approval, if any, have been complied with;
 - (c) the company is eligible to issue shares under these Regulations; and
 - (d) the company has all original certificates issued by authorised dealers in India evidencing receipt of amount of consideration in accordance with paragraph 8 of Schedule 1 to Notification No. FEMA 20/2000-RB dated 3rd May, 2000.
- (ii) A certificate from Statutory Auditors / Chartered Accountant indicating the manner of arriving at the price of the shares issued to the persons resident outside India.

5. Unique Identification Number given for all the remittances received as consideration for issue of shares/convertible debentures (details as above), by RBI :

R																			
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(Signature of the Applicant)* : _____

(Name in Block Letters) : _____

(Designation of the signatory) : _____

Place:

Date:

(* To be signed by Managing Director/Director/Secretary of the Company)

**CERTIFICATE TO BE FILED BY THE COMPANY SECRETARY⁵ OF THE INDIAN
COMPANY ACCEPTING THE INVESTMENT:**

(As per Para 9 (1) (B) (i) of Schedule 1 to Notification No. FEMA 20/2000-RB dated 3rd May, 2000)

In respect of the above-mentioned details, we certify the following :

1. All the requirements of the Companies Act, 1956 have been complied with.
2. Terms and conditions of the Government approval, if any, have been complied with.
3. The company is eligible to issue shares under these Regulations.
4. The company has all original certificates issued by AD Category – I banks in India, evidencing receipt of amount of consideration in accordance with paragraph 8 of Schedule 1 to Notification No. FEMA 20/2000-RB dated 3rd May, 2000.

(Name & Signature of the Company Secretary) (Seal)

FOR USE OF THE RESERVE BANK ONLY:

Unique Identification Number for the FC-GPR:

G																			
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⁵ If the company doesn't have full time Company Secretary, a certificate from practising CS may be submitted

	unlisted company			
5.1	If listed, i) Market value per share as at end-March ii) Net Asset Value per share as on date of latest Audited Balance Sheet			
5.2	If unlisted, Net Asset Value per share as on date of latest Audited Balance Sheet			
6. Foreign Direct Investment (FDI)				
		Amount in Lakhs of Rupees		
		Foreign Liabilities In India *		Foreign Assets Outside India &
		Outstanding at end-March of Previous Year	Outstanding at end-March of Current Year	Outstanding at end-March of Previous Year
		Outstanding at end-March of Previous Year	Outstanding at end-March of Current Year	Outstanding at end-March of Current Year
	6.0 Equity Capital			
	6.1 Other Capital ^Ω			
	6.2 Disinvestments during the year			
	6.3 Retained earnings during the year ⁺			

* Please furnish the outstanding investments of **non-resident investors (Direct Investors)** who were holding **10 per cent or more** ordinary shares of your Company on the reporting date.

& Please furnish your total investments outside the country in each of which **your Company** held **10 per cent or more** ordinary shares of that non-resident enterprise on the reporting date.

^Ω Other Capital includes transactions between the non-resident direct investor and investee / reporting company, relating to i) Short Term Borrowing from overseas investors, ii) Long Term Borrowing from overseas investors, iii) Trade Credit, iv) Suppliers Credit, v) Financial Leasing, vi) Control Premium, vii) Non-Competition Fee in case of transactions not involving issue of shares, viii) Non-cash acquisition of shares against technical transfer, plant and machinery, goodwill, business development and similar considerations and ix) investment in immovable property made during the year.

⁺ Under foreign liabilities, for retained earnings (undistributed profit), please furnish the proportionate amount as per the share holding of non-resident investors (Direct investors). Similarly under foreign assets outside India, the retained earnings of your company would be proportionate to your shareholding of ordinary shares in the non-resident enterprise.

7. Portfolio and Other Investment				
<i>[Please furnish here the outstanding investments other than those mentioned under FDI above]</i>				
	Amount in Lakhs of Rupees			
	Foreign Liabilities In India		Foreign Assets Outside India	
	Outstanding at end-March of Previous Year	Outstanding at end-March of Current Year	Outstanding at end-March of Previous Year	Outstanding at end-March of Current Year
7.0 Equity Securities				
7.1 Debt Securities				
7.1.1 Bonds and Notes				
7.1.2 Money Market Instruments				
7.2 Disinvestments during the year				
8. Financial Derivatives (notional value)				
9. Other Investment				
9.1 Trade Credit				
9.1.1 Short Term				
9.1.2 Long Term				
9.2 Loans [∞]	Please see the note below			
9.3 Others				
9.3.1 Short Term				
9.3.2 Long Term				

[∞] **Note:** As the details of the Loans availed of by your company are collected through Authorised Dealers separately by Foreign Exchange Department of the Reserve Bank in ECB returns, the details of external loans availed by your company need not be filled in. However, the external loans extended by your company to non-resident enterprises other than WOS/JVs outside India should be reported under "Foreign Assets outside India".

10. Shareholding pattern as at end-March							
Investor category / Nature of investing entity		Equity			Compulsorily convertible Preference Shares/ Debentures		
		No. of shares	Amount (Face Value) Rs.	%	No. of shares	Amount (Face Value) Rs.	%
a)	Non-Resident						
	01 Individuals						
	02 Companies						
	03 FIs						
	04 FVCIs						
	05 Foreign Trusts						
	06 Private Equity Funds						
	07 Pension/ Provident Funds						
	08 Sovereign Wealth Funds ⁶						
	09 Partnership/ Proprietorship firms						
	10 Financial Institutions						
	11 NRIs/PIOs						
	12 Others (please specify)						
	Sub Total						
b)	Resident						
	Total						
11.	Persons employed during the financial year ending March 31 [®]						
	Directly						
	Indirectly						
	Total						

Signature of the authorised

Official : _____

Name (in block letters) : _____

Designation : _____

Place:

Date:

⁶ SWF is a government investment vehicle which is funded by foreign exchange assets and manages overseas assets such as stocks, property or other financial instruments, separately from the official reserves of the monetary authorities.

[®] Please indicate the number of persons recruited by your company during the financial year for which the return is being submitted. Under "Directly", indicate the number of persons on the roll of your company, whereas under "Indirectly", indicate the number of persons otherwise engaged by your company during the year.

Form DR

[Refer to paragraph 4(2) of Schedule 1]

Return to be filed by an Indian Company who has arranged issue of GDR/ADR

Instructions : The form should be completed and submitted to the Reserve Bank of India, Foreign Investment Division, Central Office, Mumbai.

1. Name of the Company
2. Address of Registered Office
3. Address for Correspondence
4. Existing Business (please give the NIC Code of the activity in which the company is predominantly engaged)
5. Details of the purpose for which GDRs/ADRs have been raised. If funds are deployed for overseas investment, details thereof
6. Name and address of the Depository abroad
7. Name and address of the Lead/ Manager Investment/Merchant Banker
8. Name and address of the Sub-Managers to the issue
9. Name and address of the Indian Custodians
10. Details of FIPB approval (please quote the relevant NIC Code if the GDRs are being issued under the Automatic Route)
11. Whether any overall sectoral cap for foreign investment is applicable. If yes, please give details
12. Details of the Equity Capital

	<u>Before Issue</u>	<u>After Issue</u>
(a) Authorised Capital		
(b) Issued and Paid-up Capital		
(i) Held by persons Resident in India		
(ii) Held by foreign investors other than FIIs/NRIs/PIOs/ OCBs (a list of foreign investors holding more than 10 percent of the paid-up capital and number of shares held by each of them should be furnished)		
(iii) Held by NRIs/PIOs/OCBs		
(iv) Held by FIIs		
Total Equity held by non-residents		

- (c) Percentage of equity held by non-residents to total paid-up capital
- 13. Whether issue was on private placement basis. If yes, please give details of the investors and GDRs/ADRs issued to each of them
- 14. Number of GDRs/ADRs issued
- 15. Ratio of GDRs/ADRs to underlying shares
- 16. Issue Related Expenses
 - (a) Fee paid/payable to Merchant Bankers/Lead Manager
 - (i) Amount (in US\$)
 - (ii) Amount as percentage to the total issue
 - (b) Other expenses
- 17. Whether funds are kept abroad. If yes, name and address of the bank
- 18. Details of the listing arrangement
 - Name of Stock Exchange
 - Date of commencement of trading
- 19. The date on which GDRs/ADRs issue was launched
- 20. Amount raised (in US \$)
- 21. Amount repatriated (in US \$)

Certified that all the conditions laid down by Government of India and Reserve Bank of India have been complied with.

Sd/-
Chartered Accountant

Sd/-
Authorised Signatory of the Company

Form DR - Quarterly

[Refer to paragraph 4(3) of Schedule 1]

Quarterly Return

(to be submitted to the Reserve Bank of India, Foreign Investment Division, Central Office, Mumbai)

1. Name of the Company
2. Address
3. GDR/ADR issue launched on
4. Total No. of GDRs/ADRs issued
5. Total amount raised
6. Total interest earned till end of quarter
7. Issue expenses and commission etc.
8. Amount repatriated
9. Balance kept abroad - Details
 - (i) Banks Deposits
 - (ii) Treasury Bills
 - (iii) Others (please specify)
10. No. of GDRs/ADRs still outstanding
11. Company's share price at the end of the quarter
12. GDRs/ADRs price quoted on overseas stock exchange as at the end of the quarter

Certified that the funds raised through GDRs/ADRs have not been invested in stock market or real estate.

Sd/-
Chartered Accountant

Sd/-
Authorised Signatory of the Company