



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

RBI/2013-14/192

A. P. (DIR Series) Circular No.29

August 20, 2013

To

All Category-I Authorised Dealer Banks

Madam / Sir,

Investments by Non-resident Indians (NRIs)
under Portfolio Investment Scheme (PIS)
Liberalisation of Policy

Attention of Authorised Dealers Category-I (AD Category - I) banks is invited to Schedule 3 of 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](#) (hereinafter referred to as Notification No. FEMA 20), as amended from time to time in terms of which, NRIs can invest under PIS on repatriation and/or non-repatriation basis in shares and convertible debentures of listed Indian companies on a recognized stock exchange in India through a registered stock broker. Further, NRIs may purchase and sell shares/convertible debentures under the PIS through a branch designated by an Authorised Dealer for the purpose and duly approved by the Reserve Bank of India.

2. As a measure of further liberalisation, it has been decided to

- i) allot Unique Code number only to Link office of the AD Category - I bank;
and
- ii) dispense with the allotment of Unique Code number to each branch designated by that AD Category - I bank administering the Scheme. Accordingly, henceforth in accordance with the policy approved by the Board, AD Category - I bank shall be free to permit its branches to administer the Portfolio Investment Scheme for NRIs subject to the following:

- a) the AD Category - I bank while granting permission to NRI for investment under PIS shall allow them to operate the scheme as per the terms and conditions are as Annex-A;
- b) the designated link office shall continue to report on a daily basis PIS transactions undertaken on behalf of NRIs for their entire bank to the Reserve Bank under the Online Report Filing System (ORFS) in form LEC (NRI) as per present practice in vogue web site (<https://secweb.rbi.org.in/ORFSMainWeb/Login.jsp>);
- c) the AD Category - I bank shall provide to the Reserve Bank the complete contact details of such link office in advance before commencing operations;
- d) the AD Category - I bank shall sensitise the branches administering the Scheme to ensure that NRIs are not allowed to invest in any Indian company which is engaged or proposes to engage in the business of chit fund, Nidhi company, agricultural or plantation activities, real estate business (does not include development of townships, construction of residential / commercial premises, roads or bridges, educational institutions, recreational facilities, city and regional level infrastructure, townships), construction of farm houses, manufacturing of cigars, cheroots, cigarillos and cigarettes, of tobacco or of tobacco substitutes and trading in Transferable Development Rights (TDRs) and in sectors/ activities as specified in terms of [Notification No. FEMA.1/2000-RB dated May 3, 2000](#), as amended from time to time; and
- e) ensure compliance with instructions issued through A.D.(M.A. Series) Circulars, EC.CO.FID circulars annexed as Annex-B and the regulatory requirements under FEMA, 1999. It may be noted that Overseas Corporate Bodies(OCBs) have been derecognized as an eligible 'class of investor' under various routes/scheme available under the extant Foreign Exchange Management Regulations in terms of the Foreign Exchange Management [withdrawal of General Permission to Overseas Corporate Bodies(OCBs)] Regulations, 2003 notified vide [Notification No. FEMA.101/2003-RB dated October 3, 2003](#).

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

4. Reserve Bank has since amended the Regulations and notified vide [Notification No. FEMA.261/2013-RB dated February 27, 2013](#) vide G.S.R. 515(E) dated July 30, 2013.

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,

(Rudra Narayan Kar)
Chief General Manager-in-Charge

**Salient features of Portfolio Investment Scheme (PIS)
for investments by a Non Resident Indian (NRI)**

- a) An NRI intending to buy and sell shares / convertible debentures of an Indian company through a registered broker on a recognized stock exchange in India will apply in prescribed form to the designated branch of AD bank for participating in the Scheme on repatriation and / or non-repatriation basis.
- b) While applying, the NRI should also undertake that
 - i) the particulars furnished are true and correct;
 - ii) he has no dealing with/ he will not deal with any other designated branch/bank under PIS;
 - iii) he will ensure that total holding in shares / convertible debentures, both on repatriation and non-repatriation basis in any one Indian company at no time shall exceed 5 per cent of the paid up capital/ paid up value of each series of convertible debentures of that company.
- c) The designated branch of the AD bank will grant one time permission to the NRI applicant for purchase and sale of shares / convertible debentures of an Indian company. Two distinct permission letters (for repatriation basis and non-repatriation basis) shall be issued as per the prescribed format.
- d) Designated branch shall open a separate sub account of NRE/NRO account (opened and maintained by an NRI in terms of the Foreign Exchange Management (Deposit) Regulations, 2000) for the exclusive purpose of routing the transactions under PIS on behalf of an NRI. NRE(PIS) account for investment made by the NRI on repatriation basis and NRO(PIS) account for investment made on non-repatriation basis under the Scheme. The designated branch shall ensure that amounts due to sale proceeds of shares / convertible debentures which have been acquired by modes other than PIS, such as underlying shares acquired on conversion of ADRs/GDRs, shares/ convertible debentures acquired under FDI Scheme, shares/ convertible debentures purchased outside India from other NRIs, shares/ convertible debentures acquired under private arrangement from residents / non-residents, shares/ convertible debentures purchased while resident in India, do not get credited/debited in the accounts opened exclusively for routing the PIS transactions.

- e) The permissible credits and debits in the NRE (PIS) account for routing PIS transactions will be as under:

Permissible Credits

- (i) Inward remittances in foreign exchange through normal banking channels;
- (ii) Transfer from applicant's other NRE accounts or FCNR (B) accounts maintained with AD bank in India ;
- (iii) Net sale proceeds (after payment of applicable taxes) of shares and convertible debentures which were acquired on repatriation basis under PIS and sold on stock exchange through registered broker;
- (iv) dividend or income earned on investments under PIS.

Permissible debits

- (i) Outward remittances of dividend or income earned;
- (ii) Amounts paid on account of purchase of shares and convertible debentures on repatriation basis on stock exchanges through registered broker under PIS; and
- (iii) Any charges on account of sale/ purchase of shares or convertible debentures under PIS.

- f) The permissible credits and debits in the NRO(PIS) account for routing PIS transactions will be as under;

Permissible Credits

- (i) Inward remittances in foreign exchange through normal banking channels;
- (ii) Transfer from applicant's other NRE accounts or FCNR (B) accounts or NRO accounts maintained with AD bank in India;
- (iii) Net sale proceeds (after payment of applicable taxes) of shares and convertible debentures which were acquired on repatriation (at the NRI's option) and non repatriation basis under PIS and sold on stock exchange through registered broker; and
- (iv) dividend or income earned on investments under PIS.

Permissible debits

- (i) Outward remittances of dividend or income earned;
- (ii) Amounts paid on account of purchase of shares and convertible debentures on non- repatriation basis on stock exchanges through registered broker under PIS.
- (iii) Any charges on account of sale/ purchase of shares or convertible debentures under PIS.

- g) The purchase of equity shares in an Indian company, both repatriation and non-repatriation basis by each NRI shall not exceed 5 per cent of the paid up capital of the company subject to an overall ceiling of 10 per cent of the total paid-up capital of the company concerned by all NRIs both on repatriation and non-repatriation basis taken together.
- h) The purchase of convertible debentures of each series of an Indian company both repatriation and non-repatriation basis by each NRI shall not exceed 5 per cent of the total paid -up value of convertible debentures subject to an overall ceiling of 10 per cent of the total paid –up value of each series of the convertible debentures issued by the Indian company concerned by all NRIs both on repatriation and non-repatriation basis taken together.
- i) Shares /convertible debentures purchased shall be held and registered in the name of the NRI.
- j) Shares /convertible debentures acquired by the NRI under this permission can be sold on recognized stock exchange in India through registered broker without any lock in period. NRI shall not engage in short selling and shall take delivery of the shares and convertible debentures purchased and give the delivery of the shares and debentures sold.
- k) Shares /convertible debentures acquired by the NRI under the Scheme shall not be transferred out of his name by way of gift except to his close relatives as defined in Section 6 of the Companies Act, 1956, as amended from time to time or Charitable Trust duly registered under the laws in India with prior approval of AD bank Shares /convertible debentures acquired by the NRI under the Scheme shall not be transferred out of his name by way of sale under private arrangement without prior approval of the Reserve Bank .
- l) Shares /convertible debentures acquired by the NRI under the Scheme shall not be pledged for giving loan to a third party without prior permission of the Reserve Bank.
- m) NRI is permitted to buy or sale shares/convertible debentures through his own broker who is an authorized member of a recognized stock exchange. Both purchase and sale contract notes, in original, should be submitted by the NRI within 24/48 hours of execution of the contract to his designated branch with whom his PIS account is maintained. The onus is on the NRI for submission of contract notes to the designated branch of the AD bank.
- n) NRI is at a liberty to change the designated branch / AD bank. The designated branch / AD bank from whom the PIS account is being transferred should
 - i) issue no objection certificate to the new designated branch / AD bank

- ii) furnish the list of all the existing holding as also the dates of reporting the transaction in LEC(NRI) to the Reserve Bank to that designated branch/ AD bank to whom the PIS account is being transferred.
- o) In cases, where an NRI is eligible to make investment in India, his resident Power of Attorney holder can be permitted by AD bank to operate NRE(PIS)/NRO (PIS) account to facilitate investment under the Scheme.

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

A.D.(M.A.Series) Circular No.27

August 31, 1999

To

All Authorised Dealers in Foreign Exchange

Dear Sirs,

Amendments to Exchange Control Manual (ECM)

It has been decided to amend/modify the Exchange Control regulations as stated in the following paragraphs.

1. Imports through courier - submission of documentary evidence of import

In terms of paragraph 7A.23 of Exchange Control Manual (ECM), authorised dealers are required to obtain from importers, a copy of Bill of Entry, in the prescribed form issued by the Customs in the name of the registered courier company, where C.I.F. value of the consignment imported through Courier Service is less than Rs.1 lakh, duly certified by the authorised dealer of the courier company, indicating thereon the particulars of consignment for which remittance was/is sought to be made. It has now been decided that for imports through courier service, for value less than Rs.1 lakh, authorised dealers may accept a copy of Bill of Entry in the prescribed form issued by the Customs in the name of the Courier Company, duly certified by the courier company itself.

2. Import of Drawings and Designs

In terms of paragraph 7A.26 authorised dealers have been permitted to allow remittance towards import of drawings and designs through E-mail or Fax, subject to certain conditions. In these cases authorised dealers should advise importers to keep Customs authorities informed of such imports made by them. It is also clarified that irrespective of mode of import of drawings and designs, Research and Development Cess has to be paid if Research and Development Cess Act, 1986 is applicable.

3. Issue of Commercial Paper to Overseas Corporate Bodies by Indian companies on non-repatriation basis

In terms of paragraph 10C.10(ii) of ECM, Reserve Bank vide its Notification No.F.E.R.A.85/89-RB of 9th October 1989 has granted general permission to Indian companies to issue Commercial Papers to NRIs subject to certain conditions laid down in the above referred paragraph/notification. Reserve Bank has since issued a Notification No.F.E.R.A.205/99-RB dated 3rd July 1999 amending its earlier Notification dated 9th October 1989 referred to above extending the general permission to Indian companies to issue Commercial Paper to Overseas Corporate Bodies (OCBs) also, on non-repatriation basis subject to same terms and conditions.

4. LEC (NRI) Statement

In terms of paragraph 10C.23(i) of ECM, the link offices of authorised dealers submit a statement in form LEC (NRI) giving details of purchases/sales of shares/debentures (company-wise) made by all the designated branches on daily basis. NRIs/OCBs have been now permitted to buy or sell the equity shares/debentures through **their** own brokers who are authorised members of registered stock exchanges and thereafter report such purchases/sales to the bank with whom their portfolio account is maintained. Consequently, form LEC (NRI) has been suitably amended so as to include, the number of shares purchased/sold by NRIs/OCBs through their brokers.

5. The following consequential amendments may be carried out in Exchange Control Manual.

Volume I

- i) In item (b) of paragraph 7A.1(iii) the words "& 7A.23 of ECM" may be substituted by "7A.23 & 7A.26 of ECM".
- ii) The existing paragraph 7A.23 may be replaced by Slip 1.
- iii) A note may be added under paragraph 7A.26 as per Slip 2.
- iv) The existing paragraph 10C.10(ii) may be substituted by Slip 3.

Volume II

- v) The existing Notification No. F.E.R.A.85/89-RB dated 9th October 1989, under Section 9 may be substituted by Slip 4.
- vi) Form LEC (NRIs) may be replaced by Slip 5.

6. Authorised dealers may bring the contents of this circular to the notice of their concerned constituents.

7. The directions contained in this circular have been issued under Section 73(3) of the Foreign Exchange Regulation Act, 1973 (46 of 1973) and any contravention or non-observance thereof is subject to the penalties prescribed under the Act.

Yours faithfully,

B. MAHESHWARAN

Chief General Manager

Imports through Courier

7A.23 Under the current Exim Policy, import of goods through courier is permitted, in accordance with the Courier Imports (Clearance) Regulations, 1995, as amended by the Courier Imports (Clearance) Amendment Regulations, 1997, notified by the Government of India, Department of Revenue, Central Board of Excise & Customs (CBEC), New Delhi. Where the C.I.F. value of the consignment imported through courier service, does not exceed Rupees one lakh, the relative Bill of Entry is required to be filed by the registered courier service. However, where the value of the consignment is Rupees one lakh or more, importers are required to file separate Bill of Entry, as in the case of other imports. Accordingly, in respect of remittances for imports through courier services, authorised dealers should ensure submission of Exchange Control Copy of Bill of Entry for home consumption in the case of imports valued at Rupees one lakh or more. Where the value of import is less than Rupees one lakh, authorised dealers may obtain from the importer, a copy of Bill of Entry in the prescribed Form, issued by the Customs in the name of the registered courier, duly certified by the courier company, indicating thereon the particulars of the consignment for which the copy has been issued.

7A.26

NOTE :- *Authorised dealers should advise importers to keep Custom authorities informed of the imports made by them under this paragraph.*

Acceptance of deposits by proprietorship concerns/firms/companies in India on Non-repatriation basis

10C.10

(ii) Indian companies wishing to raise deposits by issue of Commercial Paper (CP) have to comply with the Non-Banking Companies (Acceptance of Deposits through Commercial Paper) Directions, 1989 issued by Reserve Bank (IECD). Reserve Bank (IECD) has granted general permission to Indian companies for issue of CP to NRIs/OCBs vide Notification No.F.E.R.A.85/89-RB dated 9th October 1989 as amended by Notification No.F.E.R.A.205/99-RB dated 3rd July 1999 subject to the company complying with the conditions stipulated by Reserve Bank (IECD) and (ECD). Indian companies may accordingly raise deposits from NRIs/OCBs through issue of CP without obtaining specific permission of Reserve Bank (ECD) provided the amount invested will not be allowed to be repatriated outside India and the CP will not be transferable. Payment of investment in CP should be received by remittance from abroad through normal banking channel or by debit to investor's NRE/FCNR/NRO/NRSR account and maturity proceeds should be paid by credit to NRO/NRSR account of the non-resident investor with a bank in India.

**Notification No.F.E.R.A.85/89-RB dated 9th October
1989 as amended up to 3rd July 1999**

Issue of Commercial Paper

In pursuance of sub-section (1) of Section 9 of the Foreign Exchange Regulation Act, 1973 (46 of 1973), the Reserve Bank hereby directs that the prohibition imposed by clause (c) of that sub-section, shall not apply to the issue of commercial paper to non-residents of Indian nationality or origin (NRIs) and to Overseas Corporate Bodies (OCBs) by a company which issues commercial paper in accordance with the terms and conditions stipulated by the Reserve Bank in that regard:

Provided that

- (i) the amount invested in such commercial paper and the income earned thereon shall not be allowed to be repatriated out of India;

and

- (ii) that commercial paper issued to NRIs or OCBs shall not be transferable.

Explanation:

A person (not being a citizen of Pakistan or Bangladesh) shall be deemed to be of 'Indian origin', if

- (i) he, at any time, held Indian passport;

or

- (ii) he or either of his parents or any of his grandparents was a citizen of India by virtue of the Constitution of India or the Citizenship Act, 1955(57 of 1955);

or

- (iii) that person is the spouse of an Indian citizen or of a person of Indian origin (not being a citizen of Pakistan or Bangladesh)
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**LEC (NRIs)
[Paragraph 10C.23(i)]**

Statement showing company-wise details of total purchases and sales of equity shares/convertible debentures made through designated branches of ADs under Portfolio Investment Scheme on behalf of their NRI/OCB clients

Name and address of the Link Office _____
Sr.No. _____

INSTRUCTIONS

- i) This statement should be serially numbered and must be submitted to the Reserve Bank on the following working day.
- ii) If no purchases/sales are made on any particular day, a 'nil' statement need not be submitted to the Reserve Bank.
- iii) All purchase and sale transactions for which a firm commitment has been made to acquire or transfer equity shares/convertible debentures in the form of the broker's contract notes issued by recognised stock exchange brokers, should be included in this statement on the same day, irrespective of whether the actual deliveries have been effected or not.
- iv) Designated bank branches should obtain the broker's contract notes/intimations of actual purchase/sale transaction on the date of the transaction itself so that such purchases/sales could be included in the daily statement.
- v) All purchases/sales of shares/convertible debentures both on repatriation and non-repatriation basis under Portfolio Investment Scheme only should be included in this statement. Sale of shares/debentures acquired out of new issues directly from Indian companies should not be reported in this statement.

| Name of the company (indicate full name) | Type of security | Whether Repatriable or Non-Repatriable | PURCHASES | | | | SALES | | | |
|---|--|--|-----------|----------------------------------|---|----------------------|-------|----------------------------------|---|---------------------|
| | | | No. | Face Value per share / debenture | Debtenture Series No. (indicate the Series No.) | Total purchase price | No. | Face Value per share / debenture | Debtenture Series No. (indicate the Series No.) | Total sale proceeds |
| 1. | 2. | 3. | 4. | 5. | 6. | 7. | 8. | 9. | 10. | 11. |
| | 1. Equity shares 2. PCDs/ FCDs 3. Others (to be specified) | Repatriable | | | | | | | | |
| | 1. Equity shares 2. PCDs/ FCDs 3. Others (to be specified) | Non-repatriable | | | | | | | | |

We hereby certify that the above statement includes all the purchases and sales of equity shares and convertible debentures made on _____ by all the designated branches in India of our bank through stock exchanges in India on behalf of non-residents of Indian nationality/origin (NRIs) and overseas companies, partnership firms, societies and other corporate bodies owned by such persons to the extent of at least 60 per cent (OCBs) or NRIs/OCBs themselves. We also certify that the investments in each company by any single NRI does not exceed 5% of the paid up capital/each series of convertible debentures.

Place _____

Date _____

Stamp

(Signature of Authorised Official
Name: _____
Designation: _____)

Forwarded to the Chief General Manager, Exchange Control Department (Foreign Investment Division), Reserve Bank of India, Central Office, Central Office Building, 11th Floor, Shahid Bhagat Singh Road, Fort, Mumbai-400 001.

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

A.D.(M.A.Series) Circular No.32)

November 1, 1999

To

All Authorised Dealers in Foreign Exchange

Dear Sirs,

Amendments to Exchange Control Manual (ECM)

It has been decided to amend/modify the Exchange Control regulations as stated in the following paragraphs.

1. Investment in Non-Convertible Debentures by NRIs/OCBs on non-repatriation/repatriation basis

In terms of paragraph 10C.7(ii) and 10C.15 of ECM, proposals for investment in non-convertible debentures of Indian companies by Non-Resident Indians (NRIs)/Overseas Corporate Bodies (OCBs) on non-repatriation/repatriation basis are considered by Reserve Bank on a case to case basis.

With a view to further simplifying the procedure for NRI/OCB investment in India, Reserve Bank has, by issue of a Notification (copy enclosed) granted general permission to Indian companies for issuing non-convertible debentures to such investors on non-repatriation/repatriation basis. Accordingly, it will be in order for Indian companies to issue, by way of public issue, non-convertible debentures on non-repatriation/repatriation basis to NRIs/OCBs without prior permission of Reserve Bank, subject to the conditions mentioned in the Notification.

2. Portfolio investment in shares/debentures of Indian companies by non-resident Indians/Overseas Corporate Bodies through designated branches of authorised dealers

In terms of paragraph 10C.21(iv) and (v) of ECM, Non-Resident Indians (NRIs)/ Overseas Corporate Bodies (OCBs) intending to make portfolio investment in shares and debentures of Indian companies on non-repatriation/repatriation basis are required to apply to Reserve Bank in form NRI/NRC or RPI/RPC, as applicable, through a designated branch of an authorised dealer. The Reserve Bank grants permission to the designated branch to purchase such shares/debentures/Government Securities (other than bearer securities) and Treasury Bills on behalf of the NRI/OCB subject to certain conditions. It has now been decided that all **portfolio investments** made by NRIs and/or OCBs on non-repatriation/ repatriation basis in shares/debentures of Indian companies and other securities through **designated branches** of authorised dealers will not require specific permission from Reserve Bank. Such NRIs/OCBs who make portfolio investment in shares/debentures etc. through a designated branch of an authorised dealer will have Reserve Bank's permission under Section 29(1)(b) of Foreign Exchange Regulation Act, 1973 to acquire such shares/ debentures etc.. Accordingly, NRIs/OCBs desirous of making portfolio investment in shares/ debentures of Indian companies and other securities on non-repatriation/repatriation basis may apply in form NRI/NRC or RPI/RPC, as applicable, to designated branch of an authorised dealer.

3. Loans in India to Non-residents against shares/securities/properties held by them in India

In terms of paragraph 10D.2(i) of ECM, prior approval of Reserve Bank is required for grant of loans/overdrafts in India to non-residents against the security of shares/securities/ immovable property held by them in India. It has now been decided that authorised dealers may grant loans and advances to Non-Resident Indians (NRIs) and Persons of Indian Origin (PIOs) against the security of

shares/debentures/immovable property held by them in India, according to their commercial judgement and subject to the conditions mentioned in the said paragraph.

4. Foreign Currency (Non-Resident) Accounts (Banks) Scheme [FCNR(B)]

In terms of paragraph 14B.1(b) of ECM, authorised dealers have been permitted to open FCNR(B) accounts in the form of term deposit for four maturity periods which includes maturity of six months and above but less than one year. It has now been decided that the minimum maturity for FCNR(B) deposits be raised to one year. Accordingly, FCNR(B) deposits may be accepted by authorised dealers for three maturity periods viz. one year and above but less than two years, two years and above but less than 3 years and three years only.

5. The following consequential amendments may be carried out in Exchange Control Manual.

Volume I

- i) The existing paragraph 10C.7(ii) may be substituted by Slip 1.
- ii) The existing paragraph 10C.15 may be substituted by Slip 2.
- iii) Slips incorporating changes in paragraph 10C.21 are being issued separately.
- iv) The existing paragraph 10D.2(i) may be replaced by Slip 3.
- v) The existing paragraph 14B.1(b) may be substituted by Slip 4.

Volume II

- vi) A new notification No.F.E.R.A.213/99-RB dated 1st November 1999 may be added under Section 19 as per Slip 5.
- vii) Formats of revised form NRI, NRC RPI and RPC are being issued separately.

6. Authorised dealers may bring the contents of this circular to the notice of their constituents concerned.

7. The directions contained in this circular have been issued under Section 73(3) of the Foreign Exchange Regulation Act, 1973 (46 of 1973) and any contravention or non-observance thereof is subject to the penalties prescribed under the Act.

Yours faithfully,

B. MAHESHWARAN

Chief General Manager

Investment in New Issues of Shares/Debentures of Indian Companies

10C.7(ii) Reserve Bank of India vide its Notification No.F.E.R.A.213/99/RB dated 1st November 1999, has granted general permission to Indian companies to issue, by way of public issue, non-convertible debentures (NCDs) to NRIs/PIOs/OCBs on non-repatriation basis subject to the following conditions:

- i) The amount of subscription should be received by inward remittance from abroad through normal banking channels or by debit to the non-resident's NRE/FCNR/NRO/NRSR account, as the case may be, with an authorised dealer in India. The principal amount representing the investment is not repatriable. If the investment is made out of funds held in NRSR account, the principal as well as interest earned are not repatriable.
 - ii) The rate of interest on such NCDs shall not exceed prime lending rate of State Bank of India, plus 300 basis points.
 - iii) The minimum period for redemption of such NCDs should be three years.
 - iv) The company raising funds through NCDs should not be engaged in agricultural/plantation activity, real estate business, trading in transferable development rights (TDRs) or act as Nidhi/Chit Fund company.
 - v) The issuer company files with the Regional Office of Reserve Bank, not later than thirty days from the date of receipt of remittance, a report containing the following:-
 - (a) A list containing names of NRIs/OCBs.
 - (b) Country of residence or incorporation of the non-resident investor;
 - (c) Amount and date of receipt of remittance and its rupee equivalent;
 - (d) Name and address of the authorised dealer in India through whom the remittance is received.
 - vi) The issuer company files with Regional Office of Reserve Bank, not later than thirty days from the date of issue of NCDs, the following:-
 - (a) A list containing names of NRIs/OCBs and the number and face value of NCDs issued to each of them on non-repatriation basis.
 - (b) Certified true copy of resolution passed in the meeting of the Board of Directors of the company, indicating the quantum and value of NCDs issued to NRIs/OCBs and residents and other details of the issue such as coupon rate, date of redemption, etc.
 - (c) Original Foreign Inward Remittance Certificate (FIRC)/Bank Certificate evidencing receipt of funds, from abroad or from the NRE/FCNR/NRO/NRSR accounts as the case may be, of the NRI/PIO/OCB.
 - (d) Memorandum and Articles of the issuer company.
 - (e) Certificate in Form OAC/OAC1 indicating the NRI shareholding to the extent of atleast 60% either directly or indirectly in case of investment by OCB.
 - (f) Any information sought by the Reserve Bank with reference to the issue of NCDs within such time as may be stipulated.
 - (g) An undertaking that the issuer company is not and shall not be engaged in agricultural/plantation activity, real estate business, trading in TDRs or act as Nidhi/Chit Fund company.
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Investment in non-convertible Debentures of Indian Companies

10C.15 Reserve Bank of India vide its Notification No.F.E.R.A.213/99-RB dated 1st November 1999, has granted permission to Indian companies to issue, by way of public issue, non-convertible debentures (NCDs) to NRIs/PIOs/OCBs on repatriation basis subject to the following conditions:

- i) The amount of subscription should be received by inward remittance from abroad through normal banking channels or by debit to the non-resident's NRE/FCNR account, as the case may be, with an authorised dealer in India. Further, the percentage of such NCDs issued to NRIs/OCBs to the total paid-up value of each series of NCDs issued should not exceed the ceiling applicable for issue of equity shares/convertible debentures as prescribed by the Reserve Bank from time to time, under the respective schemes viz. 24%/51%/100% etc. for investment by NRIs/OCBs on repatriation basis in the capital of the issuer company.
 - ii) The rate of interest on such NCDs shall not exceed prime lending rate of State Bank of India, plus 300 basis points.
 - iii) The minimum period for redemption of such NCDs should be three years.
 - iv) The company raising funds through NCDs should not be engaged in agricultural/plantation activity, real estate business, trading in transferable development rights (TDRs) or act as Nidhi/Chit Fund company.
 - v) The issuer company files with the Regional Office of Reserve Bank, not later than thirty days from the date of receipt of remittance, a report containing the following:-
 - (a) A list containing names of NRIs/OCBs.
 - (b) Country of residence or incorporation of the non-resident investor;
 - (c) Amount and date of receipt of remittance and its rupee equivalent;
 - (d) Name and address of the authorised dealer in India through whom the remittance is received.
 - vi) The issuer company files with Regional Office of Reserve Bank, not later than thirty days from the date of issue of NCDs, the following:-
 - (a) A list containing names of NRIs/OCBs and the number and face value of NCDs issued to each of them on non-repatriation basis.
 - (b) Certified true copy of resolution passed in the meeting of the Board of Directors of the company, indicating the quantum and value of NCDs issued to NRIs/OCBs and residents and other details of the issue such as coupon rate, date of redemption, etc.
 - (c) Original Foreign Inward Remittance Certificate (FIRC)/Bank Certificate evidencing receipt of funds, from abroad or from the NRE/FCNR accounts as the case may be, of the NRI/PIO/OCB.
 - (d) Memorandum and Articles of the issuer company.
 - (e) Certificate in Form OAC/OAC1 indicating the NRI shareholding to the extent of at least 60% either directly or indirectly in case of investment by OCB.
 - (f) Any information sought by the Reserve Bank with reference to the issue of NCDs within such time as may be stipulated.
 - (g) An undertaking that the issuer company is not and shall not be engaged in agricultural/plantation activity, real estate business, trading in TDRs or act as Nidhi/Chit Fund company.
-

**Loans in India to Non-residents against
Shares/Securities/Properties held by them in India**

10D.2 (i) Authorised dealers may grant loans and overdrafts to Non-resident persons of Indian nationality/origin against the security of shares/debentures and immovable property held by them in India, according to their commercial judgement provided:

- (a) Shares/Securities are held in the name of the concerned NRI with the general or special permission of Reserve Bank. In the case of loans against security of immovable properties (other than agricultural/plantation property or farm house) to persons of Indian origin holding foreign passport, the properties have been acquired with the general or special permission of Reserve Bank.
- (b) The loan is utilised for meeting the borrower's personal requirements and/or for his own business purposes and not for (i) re-lending or investment in shares/securities/immovable property, or (ii) investment in agricultural/plantation activities or farm house and in real estate business (i.e. dealing in land and other immovable property for commercial purposes either singly or in association with others).
- (c) The quantum of loan, margin, interest, etc., are in accordance with the guidelines issued by Department of Banking Operations and Development regarding advances against shares/securities/immovable properties.
- (d) The loan amount is retained in India and not remitted abroad. The loan amount should not be credited to NRE/FCNR/NRNR account of the non-resident.
- (e) The repayment of the loan is made by way of remittances from abroad through normal banking channel or by debt to the NRO/NRSR/NRE/FCNR account of the borrower or out of the sale proceeds of the shares/securities/immovable property against which such loan was granted.

Regulations governing grant of loans/overdrafts against balances held in NRO/NRSR/NRE/FCNR accounts have been laid down in Chapter 13 and 14.

14B.1

(b) FCNR(B) accounts are permitted to be opened only in the form of term deposits. The deposits may be accepted for three maturities viz. one year and above but less than 2 years, two years and above but less than 3 years and three years only.

Notification No.F.E.R.A.213/99-RB dated 1st November 1999

Investment in Non-Convertible Debentures (NCDs)

In pursuance of clause (a) and clause (d) of sub-section (1) of Section 19 read with clause (b) of sub-section (1) of Section 29 of the Foreign Exchange Regulation Act, 1973 (46 of 1973), the Reserve Bank is pleased to permit a company incorporated in India to issue, by way of public issue, Non-Convertible Debentures (NCDs) to non-residents of Indian nationality or origin (NRIs) or Overseas Corporate Bodies (OCBs), on repatriation basis as well as on non-repatriation basis, and to send such NCDs out of India to their place of residence or location, as the case may be.

2. The General permission granted herein to issue NCDs is subject to the following conditions:-
- i) The payment for the NCDs issued to NRIs/OCBs **on repatriation basis** should be received by remittance from abroad through normal banking channels or by transfer of funds held in the investor's NRE/FCNR accounts maintained with an authorised dealer in India. Further, the percentage of such NCDs issued to NRIs/OCBs to the total paid-up value of each series of NCDs issued should not exceed the ceiling applicable for issue of equity shares/convertible debentures as prescribed by the Reserve Bank from time to time, under the respective schemes viz. 24%/51%/100% etc. for investment by NRIs/OCBs **on repatriation basis** in the capital of the issuer company.
 - ii) The payment for the NCDs issued to NRIs/OCBs **on non-repatriation basis** should be received by remittance from abroad through normal banking channels or by transfer of funds held in the investor's NRE/FCNR/NRO/NRSR accounts maintained with an authorised dealer in India. In such cases the amount of capital invested will not be allowed to be repatriated outside India. If the investment in NCDs is made out of funds held in NRSR accounts, the interest on such NCDs will **also not** be repatriable outside India.
 - iii) The rate of interest on such NCDs shall not exceed SBI prime lending rate plus 300 basis points as on the date of resolution in the company's General Body Meeting approving the issue.
 - iv) The minimum period for redemption of such NCDs should be three years.
 - v) The company raising funds through NCDs should not carry on agricultural/plantation/real estate business/Trading in Transferable Development Rights (TDRs) or should not act as Nidhi/Chit Fund Company.
 - vi) The issuer company files with the Regional Office of Reserve Bank, not later than 30 days from the date of receipt of remittance, a report containing the following:-
 - (a) Name of the non-resident investor;
 - (b) Country of residence or incorporation of the non-resident investor;
 - (c) Date of receipt of remittance and its rupee equivalent;
 - (d) Name and address of the authorised dealer in India through whom the remittance is received.
 - vii) The issuer company files with Regional Office of Reserve Bank, not later than thirty days from the date of issue of NCDs, the following:
 - (a) A list containing names of NRIs/OCBs and the number and face value of NCDs issued to each of them on repatriation / non-repatriation basis.

- (b) Certified true copy of resolution passed in the meeting of the Board of Directors of the company, indicating the quantum and value of NCDs issued to NRIs/OCBs and residents and other details of the issue such as coupon rate and redemption date.
- (c) Original Foreign Inward Remittance Certificate (FIRC)/Bank Certificate evidencing receipt of funds, from abroad or from the NRE/FCNR/NRO/NRSR account, as the case may be, of the NRI/OCB.
- (d) Memorandum and Articles of Association of the issuer company.
- (e) In the case of investment by OCBs, a certificate in Form OAC/OAC1 showing that it is an OCB within the meaning of Explanation II of this Notification.
- (f) An undertaking that the issuer company is not and shall not be engaged in any of the prohibited activities specified in condition 2(v) above.
- (g) Any other information sought by the Reserve Bank with reference to the issue of NCDs within such time as may be stipulated.

Explanation:-

I. A person (not being a citizen of Pakistan and Bangladesh or Sri Lanka) shall be deemed to be of "Indian Origin", if:-

i) he, at any time, held Indian passport;

or

ii) he or either of his parents or any of his grandparents was a citizen of India by virtue of the Constitution of India or the Citizenship Act, 1955 (57 of 1955)

or

iii) that person is the spouse of an Indian citizen or of a person of Indian origin (not being a citizen of Pakistan or Bangladesh or Sri Lanka).

II. "Overseas Corporate Body" means any overseas company, partnership firm, society and other corporate body predominantly owned directly or indirectly to the extent of at least sixty percent by NRIs and includes overseas trust in which not less than sixty percent beneficial interest is irrevocably held by NRIs, either directly or indirectly.

III. "Transferable Development Rights (TDRs) are certificates issued in respect of category of land acquired for public purpose either by Central or State Government in consideration of surrender of land by the owner without monetary compensation, which are transferable in part or whole."

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

Ref.No.EC.CO.FID(II)/NRIC/ /212/99-2000

17 Dec 1999

To all L.O.

Dear Sir,

Portfolio Investment in shares/
debentures of Indian companies by NRIs/OCBs
through designated branches of Authorised Dealers

Please refer to paragraph 2 of our AD (MA Series) Circular No.32 dated 1st November 1999 on the captioned subject.

As advised therein, you may implement the Portfolio Investment Scheme (PIS) through the designated branches of your bank to whom we have already granted permission, on the terms and conditions mentioned in the Annexure I and II. In addition to the above, the designated bank may note the following.

- i) The designated branch will obtain an undertaking from the NRI/OCB applicant to the effect that the applicant has no dealing/will not deal with any other designated branch/bank under PIS.
- ii) The NRI/OCB investor acquiring shares/debentures/bonds of Indian companies, Government Securities, Treasury Bills and units of Public Sector/Private Sector Mutual Fund Scheme including units of UTI under Portfolio Investment Scheme through your designated branch have our permission to hold such shares/debentures etc. under Section 29(1)(b) of FERA 1973.
- iii) The permission granted hereby may also be treated as our permission under Section 19 of FERA 1973 to the investee companies and Mutual Funds for export of shares/debentures etc. and for registering transfer of such shares etc. in favour of NRIs/OCBs.

You may obtain the application in forms (revised) NRI/NRC or RPI/RPC as applicable from the NRI/OCB intending to participate in the portfolio investment scheme.

You may advise all the designated branches of your bank accordingly.

Yours faithfully,

(R.Murlidharan)
Dy General Manager
Encl: As above – 6

Annexure - I

Terms and condition on Investments under PIS on repatriation basis

- a) The funds for investment shall be provided out of fresh remittances received from abroad through normal banking channel and/or out of funds held in the applicant's Non-Resident External (NRE)/FCNR Account maintained with the bank.
- b) The purchase of equity shares in each company with repatriation benefits shall not exceed 5% (five percent) of the paid-up-capital of the company subject to an overall ceiling of 10% (ten percent) of the total paid-up capital of the company concerned both on repatriation and non repatriation basis taken together. Purchases of convertible debentures can also be made with repatriation benefits upto 5% (five percent) of the total paid-up value of the convertible debentures subject to an overall ceiling of 10% (ten percent) of the total paid-up value of each series of the convertible debentures issued by the company concerned both on repatriation and non-repatriation basis taken together. The purchase of non-convertible debentures/bonds of any company, Government dated securities and treasury bills, and units of domestic Mutual Fund may, however, be made without any limit on the quantum and value thereof.
- c) Shares etc. purchased shall be held and registered either in the name/s of the non-resident investor/s Overseas Corporate Body with his/her/its permanent address outside India or where necessary in the name of the bank or the investor's nominee/s.
- d) The shares etc. acquired by NRI/OCB under this permission can be sold through stock exchange in India without any lock-in-period. However, NRI/OCB shall not engage in short selling and shall take delivery of the shares etc. purchased and give delivery of the shares etc. sold. Sale proceeds of such shares etc. or dividend or income earned thereof may be repatriated or credited to the NRE/FCNR/NRO/NRSR Account of the NRI/OCB subject to payment of applicable taxes. [as prescribed in para 10C.27 of the Exchange Control Manual (1993 Edition)].
- e) Shares etc. acquired shall not be transferred out of the name or beneficial ownership of NRI/OCB, by way of gift (except by NRIs to their relatives as defined in Section 6 of Companies Act, 1956 or to a Charitable Trust duly registered under the laws in India) or sale under private arrangement without prior approval of Reserve Bank.

...2

- f) Shares etc. acquired may be kept in safe custody with your bank or may be delivered to the local representative of the NRI/OCB subject to the condition that the shares etc. are not pledged for giving loan to a third party without obtaining prior permission from the Reserve Bank.
- g) The permission in case of OCBs, will remain valid so long as at least 60% (sixty percent) of the beneficial interest in the OCB is held either directly or indirectly but ultimately by non-residents of Indian nationality/origin. The designated branch will obtain from the OCB, a certificate in form OAC/OAC-1 duly completed and signed by Overseas Auditor/Chartered Accountant/Certified Public Accountant to the effect and obtain such certificates, on annual basis as well so as to ensure that the ownership by Non-residents of Indian nationality/origin continues to be at least 60% (sixty percent) in the OCB.
- h) The designated branch may submit companywise investments made by NRIs/OCBs to its Link office on a daily basis and Link office in turn will submit a daily statement in form LEC(NRI) to the Reserve Bank.
- i) A separate record of the purchases made on non-repatriation basis on behalf of the NRI/OCB applicant should be maintained if the applicant has our permission to invest in shares etc. on non-repatriation basis as well.

**Terms and conditions on
Investment under PIS on non-repatriation basis**

- a) The funds for investment shall be provided out of fresh remittances received from abroad through normal banking channel and/or out of funds held in the applicant's Non-Resident External (NRE) /FCNR/Non-Resident Ordinary(NRO)/Non-Residential Special Rupee (NRSR) Account maintained with the bank.
- b) The purchase of equity shares in each company shall be subject to an overall ceiling of 10% (Ten percent) of the total paid-up-capital of the company concerned both on repatriation and non-repatriation basis taken together. Purchases of convertible debentures can also be made without repatriation benefits subject to an overall ceiling of 10% (ten percent) of the total paid-up value of each series of the convertible debentures issued by the company concerned both on repatriation and non-repatriation basis taken together. The purchase of non-convertible debentures/bonds of any company, Government dated Securities and treasury bills, and units of domestic Mutual Fund may, however, be made without any limit on the quantum and value thereof.
- c) Shares etc. purchased shall be held and registered either in the name/s of the Non-Resident Investor/s Overseas Corporate Body with his/her/its permanent address outside India or where necessary in the name of the bank or investor's nominee/s.
- d) The shares etc. acquired by NRI/OCB under this permission can be sold through stock exchange in India without any lock-in-period. However, NRI/OCB shall not engage in short selling and shall take delivery of the shares etc. purchased and give delivery of the shares etc. sold.
- e) The funds invested in shares etc., under this permission will not be allowed to be repatriated outside India at any time in future.
- f) In case where the investment is made out of inward remittance or from funds held in NRE/FCNR/NRO account of the investor, the sale proceeds/dividend or income earned may be credited (net of taxes) to NRO or NRSR Account maintained with the bank. In cases where the investment is made out of NRSR Account, the sale proceeds/dividend or income earned will be credited (net of taxes) to NRSR Account maintained with the bank.
- g) Shares etc. acquired shall not be transferred out of the name or beneficial ownership of NRI/OCB, by way of gift (except by NRIs to their relatives as defined in Section 6 of Companies Act, 1956 or to a Charitable Trust duly registered under the laws in India) or sale under private arrangement without prior approval of Reserve Bank.

...2

- h) Shares etc. acquired may be kept in safe custody with the bank or may be delivered to the local representative of the NRI/OCB subject to the condition that the shares etc. are not pledged for giving loan to a third party without obtaining prior permission from the Reserve Bank.
- i) The permission, in the case of OCBs will remain valid so long as at least 60% (sixty percent) of the beneficial interest in the OCB is held either directly or indirectly but ultimately by non-residents of Indian nationality/origin. The designated branch will obtain from the OCB a certificate in form OAC/OAC-1 duly completed and signed by Overseas Auditor/Chartered Accountant/Certified Public Accountant to the effect and obtain such certificate on annual basis as well so as to ensure that the ownership by Non-residents of Indian nationality/origin continues to be at least 60% (sixty percent) in the OCB.
- j) The branch may submit companywise investments made by NRIs/OCBs to its Link Office on a daily basis and Link Office in turn will submit a daily statement in form LEC(NRI) to the Reserve Bank.
- k) A separate record of the purchases made on non-repatriation basis on behalf of the captioned NRI/OCB should be maintained if the applicant has our permission to invest in shares etc. on non-repatriation basis as well.

RPI

(To be submitted to designated branch of an Authorised Dealer)

Application from non-resident Individuals of Indian nationality or origin (NRIs) for purchase of eligible securities @ through stock exchange/s in India with repatriation benefits

1. Particulars of the NRI : First holder Second holder Third holder

- i) Full Name
- ii) Overseas address *
- iii) Nationality
- iv) Details of current passport
 - (a) Passport number
 - (b) Place & date of issue
 - (c) Issued by
 - (d) Country of residence as stated in the passport
 - (e) Country of birth
- v) If the applicant is not a citizen of India, the basis on which he/she claims to be a person of 'Indian Origin' (Please see footnote)
- vi) Whether resident outside India permanently; if not, since when residing abroad
- vii) Occupation (employment business, vocation etc.)
- viii) Relationship with other joint holders

2. Source of funds from which payment for shares/ debentures to be purchased will be made:

- (i) By remittances from abroad
- (ii) From non-resident bank account in India
 - (a) Nature of account viz. NRE/FCNR account
 - (b) Account number

....2

(c) Address of the bank
branch maintaining
the account.

3. Whether the NRI applicant already holds any eligible securities acquired through stock exchange with benefit of repatriation/without benefit of repatriation. If so, please attach a complete list of such shares/convertible debentures indicating the name and address of the company, total number and face value of the shares/convertible debentures held alongwith reference number and date of RBI approval.

-
- (i) I/we solemnly declare that the particulars given above are true and correct to the best of my/our knowledge and belief and that I/we am/are citizen/s of India/person/s of Indian origin.
- (ii) I/we hereby undertake that I/we have no dealing/will not deal with any other designated branch/bank under PIS.
- (iii) I/we agree and undertake to ensure that my/our total holding of equity/preference shares/convertible debentures in any one Indian company that may be allowed to be purchased through stock exchange/s (including the equity/preference shares/convertible debentures already held, if any, in that company) with repatriation benefits shall at no time, exceed five per cent of the paid-up capital/paid up value of each series of convertible debentures of that company.

Place :

Date :

(Signature of the applicant/s)

@ The eligible securities will include shares/debentures/bonds of Indian companies, Govt. securities (other than bearer securities) treasury bills/units of public sector/private sector Mutual Fund scheme including units of UTI.

*Local address may be given if the second, third holder is resident in India.

Note: For the purpose of the facility of investment in shares and securities, a person (not being a citizen of Pakistan or Bangladesh) shall be deemed to be of 'Indian origin' if (a) he, at any time, held Indian passport, or (b) he or either of his parents or any of his grandparents was an Indian and a permanent resident in undivided India at any time. A spouse (not being a citizen of Pakistan or Bangladesh) of a citizen of

India or of a person of India origin will so be deemed to be of Indian origin even though she may be of non-Indian origin.

NRI

(To be submitted to designated branch of an Authorised Dealer)

Application from non-resident individuals of Indian nationality or origin (NRIs) for purchase of eligible securities @ through stock exchange/s in India without repatriation benefits

| 1. Particulars of the NRI: | First holder | Second holder | Third holder |
|---|--------------|---------------|--------------|
| i) Full Name | | | |
| ii) Overseas address * | | | |
| iii) Nationality | | | |
| iv) Details of current passport | | | |
| (a) Passport number | | | |
| (b) Place & date of issue | | | |
| (c) Issued by | | | |
| (d) Country of residence as stated in the passport | | | |
| (e) Country of birth | | | |
| v) If the applicant is not a citizen of India, the basis on which he/she claims to be a person of 'Indian Origin' (Please see footnote) | | | |
| vi) Whether resident outside India permanently; if not, since when residing abroad | | | |
| vii) Occupation (employment business, vocation etc.) | | | |
| viii) Relationship with other joint holders | | | |
| 2. Source of funds from which payment for shares/ debentures to be purchased will be made: | | | |
| (i) By remittances from abroad | | | |
| (ii) From non-resident bank account in India | | | |
| (a) Nature of account viz. NRE/FCNR /Ordinary Non-resident account | | | |
| (b) Account number | | | |

(c) Address of the bank
branch maintaining
the account

-
- (i) I/we solemnly declare that the particulars given above are true and correct to the best of my/our knowledge and belief and that I/we am/are citizen/s of India/person/s of Indian origin.
- (ii) I/we hereby undertake that I/we have no dealing/will not deal with any other designated branch/bank under PIS.
- (iii) I/We also hereby agree and undertake that in the event of the designated bank permitting me/us to purchase shares/debentures in Indian companies. I/We, will not, at any time seek repatriation of the capital invested. This undertaking will also be binding on my/our heirs, executors, successors and assigns and they will not be entitled to seek repatriation of any capital so invested by me/us.

Place :

Date :

(Signature of the applicant/s)

@ The eligible securities will include shares/debentures/bonds of Indian companies, Govt. securities (other than bearer securities) treasury bills/units of public sector/private sector Mutual Fund scheme including units of UTI.

*Local address may be given if the second, third holder is resident in India.

Note: For the purpose of the facility of investment in shares and securities, a person (not being a citizen of Pakistan or Bangladesh) shall be deemed to be of 'Indian origin' if (a) he, at any time, held Indian passport, or (b) he or either of his parents or any of his grandparents was an Indian and a permanent resident in undivided India at any time. A spouse (not being a citizen of Pakistan or Bangladesh) of a citizen of India or of a person of India origin will so be deemed to be of Indian origin even though she may be of non-Indian origin.

RPC

(To be submitted to designated branch of an Authorised Dealer)

Application from an overseas company/partnership firm/society/trust or any other corporate body predominantly owned by non-residents of Indian nationality/origin for purchase of eligible securities @ through stock exchange/s in India with repatriation benefits

.....

DOCUMENTATION:

A certificate (in original) of a recent date in form OAC/OAC-1 from an Overseas Auditor/ Chartered Accountant/Certified Public Accountant.

-
1.
 - (i) Name and full address of the applicant
 - (ii) Whether the applicant is a company partnership firm, society or trust
 - (iii) Place of incorporation/registration
 - (iv) Date of incorporation/registration
 - (v) Percentage of ownership of the applicant company/firm/society (irrevocable beneficial interest in case of a trust) held directly or indirectly by individuals of Indian nationality/ origin resident outside India.

 2. Source of funds from which payment for shares/ debentures to be purchased will be made:
 - (i) By remittances from abroad
 - (ii) From non-resident bank account in India
 - (a) Nature of account viz. NRE/FCNR account
 - (b) Account number
 - (c) Name and address of the bank branch maintaining the account.

 3. Whether the applicant OCB already holds any eligible securities acquired through stock exchange with benefit of repatriation/ without benefit of repatriation. If so, please attach a complete list of such shares/convertible debentures indicating the name and address of the company, total number and face value of the shares/ convertible debentures held alongwith reference number and date of RBI approval.
-
- (i) We solemnly declare that the particulars given above are true and correct to the best of my/our knowledge and belief.
 - (ii) We hereby undertake that I/we have no dealing/will not deal with any other designated branch under PIS.

- (iii) We agree and undertake to ensure that our total holding of equity shares/preference shares/convertible debentures in any one Indian company that may be allowed to be purchased through stock exchange/s (including the equity shares/preference shares/convertible debentures already held, if any, in that company) with repatriation benefits shall, at no time, exceed five percent of the paid-up equity capital/paid-up value of each series of convertible debentures of that company.
- (iv) We undertake that if the ownership interest of the individuals of Indian nationality/origin resident outside India in our company/firm/society falls below the level of 60% at any time in future, we shall inform such a change to the designated bank promptly. (In the case of trust, this undertaking would relate to any change in the beneficial interest of individuals of Indian nationality/origin resident outside India).

Place :

Stamp

.....
(Signature of authorized official)

Date

Name.....

Designation

@ The eligible securities will include shares/debentures/bonds of Indian companies, Govt securities (other than bearer securities)/treasury bills/units of public sector/private sector Mutual Fund scheme including units of UTI

Note:

(i) To qualify for necessary permission for investment in shares/debentures at least 60% ownership of the applicant company/firm/society should, either directly or indirectly be with individuals of Indian nationality/origin resident outside India. In the case of trust, atleast 60% of the beneficial interest must either directly or indirectly be held irrevocably by individuals of Indian nationality/origin resident outside India.

(ii) For the purpose of the facility of investment in shares and securities, a person (not being a citizen of Pakistan or Bangladesh) shall be deemed to be of 'Indian origin', if (i) he at any time, held Indian passport, or (ii) he or either of his parents or any of his grandparents was a citizen of India by virtue of the Constitution of India or Citizenship Act, 1955 (57 of 1955). A spouse (not being a citizen of Pakistan or Bangladesh) of an Indian citizen or of a person of Indian origin is also deemed to be person of Indian origin.

NRC

(To be submitted to designated branch of an Authorised Dealer)

Application from an overseas company/partnership firm/society/ trust or any other corporate body predominantly owned by non-residents of Indian nationality/origin for purchase of eligible securities @ through stock exchange/s in India WITHOUT repatriation benefits.

DOCUMENTATION:

A certificate (in original) of a recent date in form OAC/OAC1 from an Overseas Auditor/ Chartered Accountant/Certified Public Accountant.

-
1.
 - (i) Name and full address of the applicant
 - (ii) Whether the applicant is a company partnership firm, society or trust
 - (iii) Place of incorporation/registration
 - (iv) Date of incorporation/registration
 - (v) Percentage of ownership of the applicant company/firm/society (irrevocable beneficial interest in case of a trust) held directly or indirectly by individuals of Indian nationality/ origin resident outside India.

 2. Source of funds from which payment for shares/ debentures to be purchased will be made:
 - (i) By remittances from abroad
 - (ii) From non-resident bank account in India
 - (a) Nature of account viz. NRE/FCNR account
 - (b) Account number
 - (c) Name and address of the bank branch maintaining the account

-
- (i) We solemnly declare that the particulars given above are true and correct to the best of our knowledge and belief.
 - (ii) We hereby undertake that we have no dealing/will not deal with any other designated branch/bank under PIS.

- (iii) We undertake that if the ownership interest of the individuals of Indian nationality/origin resident outside India in our company/firm/society falls below the level of 60% at any time in future, we shall inform such a change to the designated bank promptly. (In the case of trust, this undertaking would relate to any change in the beneficial interest of individuals of Indian nationality/origin resident outside India).
- (iv) We also hereby agree and undertake that in the event of designated branch permitting us to purchase shares/debentures in Indian companies, we will not, at any time, seek repatriation of the capital invested. This undertaking will also be binding on our executors, successors and assignee and they will not be entitled to seek repatriation of any capital so invested by us.

Place :

Stamp

.....
(Signature of authorized official)

Date

Name.....

Designation

@ The eligible securities will include shares/debentures/bonds of Indian companies, Govt securities (other than bearer securities)/treasury bills/units of public sector/private sector Mutual Fund scheme including units of UTI

Note:

(i) To qualify for necessary permission for investment in shares/debentures at least 60% ownership of the applicant company/firm/society should, either directly or indirectly be with individuals of Indian nationality/origin resident outside India. In the case of trust, atleast 60% of the beneficial interest must either directly or indirectly be held irrevocably by individuals of Indian nationality/origin resident outside India.

(ii) For the purpose of the facility of investment in shares and securities, a person (not being a citizen of Pakistan or Bangladesh) shall be deemed to be of 'Indian origin', if (i) he at any time, held Indian passport, or (ii) he or either of his parents or any of his grandparents was a citizen of India by virtue of the Constitution of India or Citizenship Act, 1955 (57 of 1955). A spouse (not being a citizen of Pakistan or Bangladesh) of an Indian citizen or of a person of Indian origin is also deemed to be person of Indian origin.

NRC

(To be submitted to designated branch of an Authorised Dealer)

Application from an overseas company/partnership firm/society/trust or any other corporate body predominantly owned by non-residents of Indian nationality/origin for purchase of eligible securities @ through stock exchange/s in India WITHOUT repatriation benefits.

DOCUMENTATION:

A certificate (in original) of a recent date in form OAC/OAC1 from an Overseas Auditor/ Chartered Accountant/Certified Public Accountant.

-
1.
 - (i) Name and full address of the applicant
 - (ii) Whether the applicant is a company partnership firm, society or trust
 - (iii) Place of incorporation/registration
 - (iv) Date of incorporation/registration
 - (v) Percentage of ownership of the applicant company/firm/society (irrevocable beneficial interest in case of a trust) held directly or indirectly by individuals of Indian nationality/origin resident outside India.

 2. Source of funds from which payment for shares/ debentures to be purchased will be made:
 - (i) By remittances from abroad
 - (ii) From non-resident bank account in India
 - (a) Nature of account viz. NRE/FCNR account
 - (b) Account number
 - (c) Name and address of the bank branch maintaining the account
-
- (i) We solemnly declare that the particulars given above are true and correct to the best of our knowledge and belief.
 - (ii) We hereby undertake that we have no dealing/will not deal with any other designated branch/bank under PIS.

- (iii) We undertake that if the ownership interest of the individuals of Indian nationality/origin resident outside India in our company/firm/society falls below the level of 60% at any time in future, we shall inform such a change to the designated bank promptly. (In the case of trust, this undertaking would relate to any change in the beneficial interest of individuals of Indian nationality/origin resident outside India).
- (iv) We also hereby agree and undertake that in the event of designated branch permitting us to purchase shares/debentures in Indian companies, we will not, at any time, seek repatriation of the capital invested. This undertaking will also be binding on our executors, successors and assignee and they will not be entitled to seek repatriation of any capital so invested by us.

Place :
Date
Stamp
Name.....
Designation

.....
(Signature of authorized official)

@ The eligible securities will include shares/debentures/bonds of Indian companies, Govt securities (other than bearer securities)/treasury bills/units of public sector/private sector Mutual Fund scheme including units of UTI

Note:

(i) To qualify for necessary permission for investment in shares/debentures at least 60% ownership of the applicant company/firm/society should, either directly or indirectly be with individuals of Indian nationality/origin resident outside India. In the case of trust, atleast 60% of the beneficial interest must either directly or indirectly be held irrevocably by individuals of Indian nationality/origin resident outside India.

(ii) For the purpose of the facility of investment in shares and securities, a person (not being a citizen of Pakistan or Bangladesh) shall be deemed to be of 'Indian origin', if (i) he at any time, held Indian passport, or (ii) he or either of his parents or any of his grandparents was a citizen of India by virtue of the Constitution of India or Citizenship Act, 1955 (57 of 1955). A spouse (not being a citizen of Pakistan or Bangladesh) of an Indian citizen or of a person of Indian origin is also deemed to be person of Indian origin.

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

Ref.No.EC.CO.FID(II)/NRIC/4828/212/99-2000

24 MAR 2000

Dear Sir,

**Portfolio Investment in shares/debentures, etc.
of Indian Companies by NRIs/OCBs through
designated branches of Authorised Dealers in
terms of AD(MA Series) Circular No.32 dated 1.11.1999**

In continuation of our letter No.EC.CO.F.I.D(II)/NRIC/ /212/99-2000 dated 17th December 1999, we forward herewith the format of the permission letter to be issued by the designated branches of Authorised Dealers under portfolio investment scheme to their NRI/OCB clients desirous of making Portfolio Investment in shares/debentures, etc. of Indian Companies on repatriation/non-repatriation basis in terms of AD(MA Series) Circular No.32 dated 1st November 1999.

You may advise all the designated branches of your bank accordingly.

Yours faithfully,

(J.S.Patel)
for Chief General Manager

Encl.: as above

RBI-RPC – on Repatriation basis

RPI-RPC/ 99-2000

Dear Sirs,

Permission for purchase of shares/debentures/bonds of Indian companies, Government dated securities, treasury bills and units of public sector/private sector Mutual Fund Scheme including units of UTI through stock exchanges with repatriation benefits in terms of AD(MA Series) Circular No.32 dated 1st November 1999

Please refer to your letter No. _____ dated _____ enclosing the application in form RPI/RPC of the above name Non-resident Investor of Indian nationality/origin (NRI)/Overseas Corporate Body (OCB) on the captioned subject.

2. We on behalf of Reserve Bank of India, in terms of AD (MA Series) Circular No.32 dated 1st November 1999 hereby grant you permission to purchase shares/debentures/bonds of Indian Companies, Government dated securities (both Government of India and State Governments) of all maturities and Treasury Bills of Government of India and units of Mutual Funds (including units of UTI) through stock exchanges in India at the ruling market price as determined on the floor of the stock exchanges on behalf of _____ as first holder/OCB and _____ as the second holder on **repatriation basis** subject to the following conditions:

...2

- a) The funds for investment shall be provided out of remittances received from abroad through normal banking channel and/or out of funds held in the applicant's Non-Resident External (NRE)/Foreign Currency Non-Resident (FCNR) Account No. _____ maintained with us/our branch at _____.
- b) The purchase of equity shares in each company with repatriation benefits shall not exceed 5% (five percent) of the paid-up capital of the company subject to an overall ceiling of 10% (ten percent) of the total paid-up capital of the company concerned both on repatriation and non-repatriation basis taken together. Purchase of convertible debentures can also be made with repatriation benefits upto 5% (five percent) of the total paid-up value of the convertible debentures subject to an overall ceiling of 10% (ten percent) of the total paid-up value of each series of the convertible debentures issued by the company concerned both on repatriation and non-repatriation basis taken together. The purchase of non-convertible debentures/bonds of any company, Government dated securities and Treasury Bills and units of domestic Mutual Fund may, however, be made without any limit on the quantum and value thereof.
- c) Shares etc. purchased shall be held and registered either in the name/s of the Non-Resident Investor/s, Overseas Corporate Body with his/her/its permanent address outside India or where necessary in the name of the bank or investor's nominee/s.
- d) The shares etc. acquired by NRI/OCB under this permission, can be sold through stock exchange in India without any lock-in-period. However, NRI/OCB shall not engage in short selling and shall take delivery of the shares etc. purchased and

...3

give delivery of the shares etc. sold. Sale proceeds of such shares etc. or dividend or income earned thereof may be repatriated or credited to the NRE/FCNR/NRO/NRSR Account of the NRI/OCB subject to payment of applicable taxes (as prescribed in para 10C.27 read with 3B.10 of the Exchange control Manual 1993 Edition).

- e) Shares etc. acquired shall not be transferred out of the name or beneficial ownership of NRI/OCB, by way of gift (except by NRIs to their relatives as defined in Section 6 of Companies Act, 1956 or to a Charitable Trust duly registered under the laws in India) or sold under private arrangement without prior approval of Reserve Bank.
- f) Shares etc. acquired may be kept in safe custody with the bank or may be delivered to the local representative of the NRI/OCB subject to the condition that the shares etc. are not pledged for giving loan to a third party without obtaining prior permission from Reserve Bank.
- g) The permission, in the case of OCBs will remain valid so long as at least 60% (sixty percent) of the beneficial interest in the OCB is held either directly or indirectly but ultimately by non-residents of Indian nationality/origin. The OCB should submit to the bank a certificate in form OAC/OAC-1 duly completed and signed by Overseas Auditor/Chartered Accountant/Certified Public Accountant to the effect on annual basis as well so as to ensure that the ownership by Non-residents of Indian nationality/origin continues to be at least 60% (sixty percent) in the OCB.
- h) The permission granted hereby will be valid for a period of five years from the date of this letter subject to renewal for a further period of five years at the discretion of the bank. In the case of OCBs this permission can be renewed subject to OCB submitting the latest certificate in form OAC/OAC-1 in original evidencing the prescribed beneficial interest of NRI in it.

...4

i) Both purchase and sale contracts in original shall be submitted to the bank within 24/48 hours of the execution of the contract to enable us to report the same to Reserve Bank of India.

3. The permission granted hereby may also be treated as Reserve Bank of India's permission under Section 19 of FERA 1973 to the investee companies and Mutual Funds for export of shares/debentures etc. and for registering transfer of such shares etc. in favour of NRIs/OCBs.

4. Please ensure strict compliance of all the terms and conditions mentioned hereinabove as well as the extant General Exchange Control rules and regulations in force.

5. Please acknowledge receipt.

Yours faithfully,

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Manager/Chief Manager

NRI – NRC – on Non-Repatriation basis

NRI-NRC/ /99-2000

Dear Sirs,

Permission for purchase of shares/debentures/bonds of Indian companies, Government dated securities, Treasury Bills and units of public sector/private sector Mutual Fund Scheme including units of UTI through stock exchanges in India on non-repatriation basis in terms of AD (MA Series) Circular No.32 dated 1st November 1999

Please refer to your letter No. _____ dated _____ enclosing the application in form NRI/NRC of the above named Non-resident Investor of Indian nationality/origin (NRI)/Overseas Corporate Body (OCB) on the captioned subject.

2. We on behalf of Reserve Bank of India, in terms of AD (MA Series) Circular No.32 dated 1st November 1999 hereby grant you permission to purchase shares/debentures/bonds of Indian Companies, Government dated securities (both Government of India and State Governments) of all maturities and Treasury Bills of Government of India and units of Mutual Funds (including units of UTI) through stock exchanges in India at the ruling market price as determined on the floor of the stock exchanges on behalf of _____ as _____ first holder/OCB _____ and _____ as the second holder on **non-repatriation basis** subject to the following conditions:

...2

- a) The funds for investment shall be provided out of remittances received from abroad through normal banking channel and/or out of funds held in the applicant's Non-Resident External (NRE)/Foreign Currency Non-Resident (FCNR)/ Non-Resident Ordinary (NRO)/ Non-Resident Special Rupee (NRSR) Account No. _____ maintained with us/our branch at _____.
- b) The purchase of equity shares in each company shall be subject to an overall ceiling of 10% (ten percent) of the total paid-up capital of the company concerned both on repatriation and non-repatriation basis taken together. Purchase of convertible debentures can also be made without repatriation benefits subject to an overall ceiling of 10% (ten percent) of the total paid-up value of each series of the convertible debentures issued by the company concerned both on repatriation and non-repatriation basis taken together. The purchase of non-convertible debentures/bonds of any company, Government dated securities and Treasury Bills and units of domestic Mutual Fund may, however, be made without any limit on the quantum and value thereof.
- c) Shares etc. purchased shall be held and registered either in the name/s of the Non-Resident Investor/s, Overseas Corporate Body with his/her/its permanent address outside India or where necessary in the name of the bank or investor's nominee/s.
- d) The shares etc. acquired by NRI/OCB under this permission, can be sold through stock exchange in India without any lock-in-period. However, NRI/OCB shall not engage in short selling and shall take delivery of the shares etc. purchased and give delivery of the shares etc. sold.

...3

- e) The funds invested in shares etc. under this permission will not be allowed to be repatriated outside India at any time in future.
- f) In case where the investment is made out of inward remittance or from funds held in NRE/FCNR/NRO account of the investor, the sale proceeds/dividend or income earned will be credited to NRO or NRSR Account maintained with the bank. In case where the investment is made out of NRSR A/c, the Sale Proceeds/dividend or income earned will be credited to NRSR A/c maintained with the bank.
- g) Shares etc. acquired shall not be transferred out of the name or beneficial ownership of NRI/OCB, by way of gift (except by NRIs to their relatives as defined in Section 6 of Companies Act, 1956 or to a Charitable Trust duly registered under the laws in India) or sale under private arrangement without prior approval of Reserve Bank.
- h) Shares etc. acquired may be kept in safe custody with the bank or may be delivered to the local representative of the NRI/OCB subject to the condition that the shares etc. are not pledged for giving loan to a third party without obtaining prior permission from Reserve Bank.
- i) The permission, in the case of OCBs will remain valid so long as at least 60% (sixty percent) of the beneficial interest in the OCB is held either directly or indirectly but ultimately by non-residents of Indian nationality/origin. The OCB should submit to the bank a certificate in form OAC/OAC-1 duly completed and signed by Overseas Auditor/Chartered Accountant/Certified Public Accountant to the effect on annual basis as well so as to ensure that the ownership by Non-residents of Indian nationality/origin continues to be at least 60% (sixty percent) in the OCB.

...4

- j) The permission granted hereby will be valid for a period of five years from the date of this letter subject to renewal for a further period of five years at the discretion of the bank. In the case of OCBs this permission can be renewed subject to OCB submitting the latest certificate in form OAC/OAC-1 in original evidencing the prescribed beneficial interest of NRI in it.
- k) Both purchase and sale contracts in original shall be submitted to the bank within 24/48 hours of the execution of the contract to enable us to report the same to Reserve Bank of India.

3. The permission granted hereby may also be treated as Reserve Bank of India's permission under Section 19 of FERA 1973 to the investee companies and Mutual Funds for export of shares/debentures etc. and for registering transfer of such shares etc. in favour of NRIs/OCBs.

4. Please ensure strict compliance of all the terms and conditions mentioned hereinabove as well as the extant General Exchange Control rules and regulations in force.

5. Please acknowledge receipt.

Yours faithfully,

()
Manager/Chief Manager

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

Please quote Ref. in reply
EC.CO.FII(434)/43/11.01.01(18)/2001-02

17th August 2001

THE CHIEF EXECUTIVE OFFICER
ABN AMRO BANK N.V.,
DALAMAL HOUSE, & other banks
NARIMAN POINT,
MUMBAI-400021

Dear Sirs,

Purchase/sale of shares and/or convertible debentures by NRIs/OCBs on a Stock Exchange in India under Portfolio Investment Scheme

Attention of Authorised Dealers is invited to Schedule 3 of Reserve Bank Notification No.FEMA.20/2000-RB dated 3.5.2000.

2. Under the Portfolio Investment Scheme, NRIs/OCBs are permitted to purchase/sell shares and/or convertible debentures of an Indian company through a registered broker on a recognised Stock Exchange subject to conditions indicated in the above-mentioned schedule. One of the conditions under which shares/convertible debentures can be purchased/sold under Portfolio Investment Scheme is that the payment for such purchase is made by inward remittance in foreign exchange through normal banking channels or out of funds held in NRE/FCNR account maintained in India if the shares are purchased on repatriation basis. The consideration can be paid by inward remittance or out of fund held in NRE/FCNR/NRO/NRNR/NRSR account of the NRI/OCB concerned if the shares are purchased on non-repatriation basis. It has been observed that NRIs/OCBs use a single NRE/NRO/NRSR/NRNR account to route all transactions whether under PIS or not. Consequently, sale of shares acquired under modes other than PIS also get included in these accounts

3. It has been decided that henceforth designated branches may open a separate NRE/NRO/NRNR/NRSR account for the exclusive purpose of routing the transactions under Portfolio Investment Scheme. They may ensure that amounts due to sale of shares which have been acquired by modes other than Portfolio Investment Scheme (such as underlying shares acquired on conversion of ADRs/GDRs, shares acquired under direct investment schemes and shares purchased outside India from other NRIs/OCBs) do not get credited/debited in the account opened exclusively for routing the PIS transactions. By way

of further clarification, ADs are advised that the permissible credits and debits in the account for routing PIS transactions will be as under :

Permissible Credits

- (i) Inward remittance through normal banking channels;
- (ii) transfer from other NRE accounts or FCNR account;
- (iii) Sale proceeds of the shares which were acquired under Portfolio Investment Scheme and sold on Stock Exchange through a registered broker.

Permissible Debits

- (i) Outward remittance;
- (ii) Amounts paid on account of purchase of shares on Stock Exchange through a registered broker under Portfolio Investment Scheme;
- (iii) Any charges on account of sale/purchase of shares under the Portfolio Investment Scheme.

4. Link Offices may bring the contents of this circular to the notice of all their designated branches authorised to undertake transactions under Portfolio Investment Scheme.

5. Please acknowledge receipt and confirm that necessary action has been taken.

Yours faithfully,

(P. Saran)
General Manager

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