



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

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**RBI/2011-12/177**  
**A.P. (DIR Series) Circular No.16**

**September 15, 2011**

To

All Banks Authorised to Deal in Foreign Exchange

Madam / Sir,

**Credit of sale proceeds of Foreign Direct Investments in India to  
NRE/FCNR (B) accounts - Clarification**

Attention of the Authorised Dealer (AD) banks is invited to Regulation 11 of the [Notification No. FEMA 20/2000-RB dated May 3, 2000](#) viz. Foreign Exchange Management (Transfer or issue of Security by a Person Resident outside India) Regulations, 2000, as amended from time to time.

2. The Committee constituted to Review the Facilities for Individuals under the Foreign Exchange Management Act, 1999 in its Report has recommended that sale proceeds of FDI investments may be permitted to be credited to NRE/FCNR accounts as there is no provision under Regulation 11, *ibid*, for credit of the sale proceeds of FDI investments into NRE/FCNR accounts.

3. Hitherto, in terms of Schedule 3, 4 and 5 of the FEMA Notification No. 20/2000-RB dated May 3, 2000, sale proceeds of Foreign Investments in India were treated as eligible credit to NRE/FCNR (B) accounts, where the purchase consideration was paid by the Non-resident Indians / Persons of Indian Origin out of inward remittance or funds held in their NRE/FCNR (B) accounts and subject to applicable taxes, if any. It is now clarified that the same facility would be available to NRIs/ PIOs under Regulation 11 of the said Notification.

4. AD banks may be accordingly guided and bring the contents of this circular to the notice of their constituents/customers concerned.

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

Yours faithfully,

**(Meena Hemchandra)**

**Chief General Manager In-Charge**