

A P (DIR Series) CIRCULAR NO 55/RBI

Dated: December 9, 2011

Foreign Direct Investment (FDI) in India - Issue of equity shares under the FDI scheme allowed under the Government route

Attention of Authorised Dealers Category - I (AD Category - I) banks is invited to the A.P. (DIR Series) Circular No. 74 dated June 30, 2011 , allowing thereby issue of equity shares/ preference shares under the Government route by conversion of import of capital goods, / machineries / equipments (including second-hand machineries) and pre-operative / pre-incorporation expenses (including payments of rent, etc.), subject to terms and conditions stated therein.

2. It has now been decided to amend certain conditions in the aforesaid A.P. (DIR Series) Circular. The amended conditions are given in the Annex .

3. All the other instructions contained in the A.P. (DIR Series) Circular No. 74 dated June 30, 2011 shall remain unchanged.

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

5. Necessary amendments to Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000 (Notification No. FEMA 20/2000-RB dated May 3, 2000) are being notified separately.

6. 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.

RBI/2011-12/295

(Rashmi Fauzdar)
Chief General Manager

Annex

c.f. A.P.(DIR Series) Circular No. 74 dated June 30, 2011	Earlier condition	Revised condition
Para 3 (I) (d)	All such conversions of import payables for capital goods into FDI should be completed within 180 days from the date of shipment of goods.	Applications complete in all respects, for conversions of import payables for capital goods into FDI being made within 180 days from the date of shipment of goods.
Para 3 (II) (d)	The capitalization should be completed within the stipulated period of 180 days permitted for retention of advance against equity under the extant FDI policy.	The applications, complete in all respects, for capitalisation being made within the period of 180 days from the date of incorporation of the company.