

A.D. (M.A. Series) Circular No.9

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

A.D. (M.A. Series) Circular No.9

March 30, 1999

To

All Authorised dealers in foreign exchange

Dear Sirs,

**Simplification of procedures applicable to Non-Residents of
Indian Nationality (NRIs)/Persons of Indian Origin (PIOs)/
Overseas Corporate Bodies (OCBs)**

In order to facilitate participation by NRIs/PIOs/OCBs in India's economic development over a period of time the Government of India and Reserve Bank have provided number of facilities to them. Reserve Bank has now decided to carry forward this process with a view to simplifying the procedures applicable to NRIs//PIOs/OCBs for undertaking certain financial/investment transactions. These measures are set out in the following paragraphs.

**1. General permission to domestic Mutual Funds for seeking
investment from Non-Residents of Indian Nationality/Persons
of Indian Origin/Overseas Corporate Bodies on repatriation/
non-repatriation basis**

1.1 Please refer to paragraph 10C.9 of ECM in terms of which Reserve Bank considers applications from domestic Mutual Funds for seeking investment from NRIs/PIOs/OCBs in schemes floated by them on non-repatriation basis. Further, in terms of paragraph 10C.16A of ECM, Reserve Bank considers applications from domestic Mutual Funds for seeking investments from NRIs/PIOs/OCBs in the schemes floated by them on repatriation basis.

1.2 Reserve Bank vide its Notification No.F.E.R.A.195/99-RB dated 30th March 1999 (copy enclosed) has granted general permission to domestic Mutual Funds referred to in clause (23 D) of Section 10 of the Income Tax Act, 1961 to issue units or any other similar instrument under the schemes floated by them with the approval of Securities and Exchange Board of India, where required, to NRIs/PIOs/OCBs on non-repatriation/repatriation basis subject to certain conditions. Accordingly, NRIs/PIOs/OCBs may invest in the schemes floated by Mutual Funds subject to the following conditions :-

a) Issue of units on repatriation basis

The investment should be made by the eligible Non-resident investors out of funds remitted from abroad in free foreign exchange through normal banking channels or out of balances held in their NRE/FCNR accounts maintained with authorised dealers in India.

b) Issue of units on non-repatriation basis

- i) The funds for investment should be provided by eligible non-resident investors by way of inward remittance or by debit to their NRE/FCNR/NRO/NRSR accounts maintained with authorised dealer in India.
- ii) In cases where the investment is made out of inward remittance or from funds held in NRE/FCNR/NRO accounts of the investor, the maturity proceeds/repurchase price of units and/or dividend or income earned may be credited to NRO/NRSR account of the non-resident investor maintained with an authorised dealer in India. In cases where the investment is made out of NRSR account, the maturity proceeds and/or the dividend or income earned should be credited to the NRSR account maintained by the investor with an authorised dealer in India.

1.3 The maturity proceeds/repurchase value of units issued on repatriation basis, dividend or income earned thereon, net of taxes, may be credited to NRE/FCNR account of the non-resident investor or remitted to the non-resident investor. Credit of such proceeds to NRE/FCNR account or remittance thereof may be permitted by authorised dealer only on production of a certificate from the Mutual Fund that the investment was made out of inward remittance or from the funds held in NRE/FCNR account of the investor maintained with an authorised dealer in India. There is no objection to credit of such proceeds to NRO/NRSR account of the investor if he so desires.

2. General permission to Indian companies to accept deposits from NRIs/PIOs/OCBs on repatriation basis and to Indian proprietorship concerns, firms and companies for accepting deposits from NRIs/PIOs on non-repatriation basis

2.1 In terms of paragraph 10C.10(i) and 10C.19 of ECM, approval of Reserve Bank is required for acceptance of deposits by firms/companies in India from NRIs/PIOs and OCBs both on repatriation and non-repatriation basis.

2.2 Reserve Bank vide its Notification No.F.E.R.A.196/RB-99 dated 30th March 1999 (copy enclosed) has granted general permission to a proprietorship concern or a firm in India to accept deposits from NRIs/PIOs on non-repatriation basis and to Indian companies (including non-banking finance companies registered with Reserve Bank) to accept deposits from NRIs/PIOs/OCBs on non-repatriation basis or with repatriation benefits subject to following conditions :-

A) Acceptance of deposits by Indian companies on repatriation basis

- i) The deposits are accepted under a public deposit scheme.
- ii) The amount representing the deposits should be received by inward remittance through normal banking channels or by debit to depositors'

NRE/FCNR account with an authorised dealer in India.

- iii) The rate of interest on deposits shall not exceed the ceiling rate prescribed from time to time under the Companies (Acceptance of Deposit) Rules, 1975.
- iv) The maturity period of deposit should not exceed 3 years.
- v) If the deposit accepting company is a non banking financial company, it should have obtained adequate credit rating as prescribed by the Department of Non-Banking Supervision of Reserve Bank.
- vi) The aggregate amount of deposits accepted by the company should not exceed 35% of the net owned funds of the company.
- vii) The company accepting the deposit should comply with the laws, rules, regulations issued by Government of India, Reserve Bank, the Company Law Board or any other competent authority as applicable.
- viii) The company accepting deposits should not utilise the funds representing such deposits for undertaking agricultural/plantation activities or real estate business or for investing in other concern/firm/company engaged in or proposing to engage in these activities or for relending.

B) Acceptance of deposits by proprietorship concerns, firms/companies in India on non-repatriation basis

- i) The period of deposit shall not exceed three years.
- ii) The rate of interest on such deposits should not exceed the ceiling rate prescribed from time to time under the Companies (Acceptance of Deposit) Rules, 1975.
- iii) The amount representing the deposit is received through normal banking channels or by debit to depositor's NRE/FCNR/NRO/NRSR account maintained with an authorised dealer in India.
- iv) In case the deposit is placed out of inward remittance or out of funds held in investor's NRE/FCNR/NRO accounts maintained with an authorised dealer in India, the maturity proceeds/interest may be credited to NRO/NRSR account of the non-resident depositor. If, however, the deposit was placed out of NRSR account of the depositor, interest as well as maturity proceeds should be credited to NRSR account.
- v) The amount of deposit on maturity will not be allowed to be remitted abroad.
- vi) The acceptance of deposit should be in compliance with the other applicable laws, rules and regulations issued by Government of India or the Reserve

Bank or the SEBI or any other competent authority, as applicable.

- vii) The concern or the firm or the company accepting the deposit should not utilise the funds representing deposits in agricultural/plantation activities and real estate business or for relending or should not invest such funds in any other concern/firm/company engaged in or proposing to engage in agricultural/plantation activities or real estate business.

2.3 It will be in order for authorised dealers to allow remittance of net interest/maturity proceeds of deposits accepted on repatriation basis or credit thereof to NRE/FCNR account of the depositor, provided a certificate from the company accepting deposit is furnished that the deposit was made out of funds remitted from abroad through normal banking channels or out of funds held in NRE/FCNR account of the depositor maintained with an authorised dealer in India.

3. General permission for investment by Non-Residents of Indian nationality(NRIs)/Persons of Indian Origin (PIOs)/ Overseas Corporate Bodies (OCBs) in Air Taxi operations

3.1 Please refer to paragraph 10C.14 of ECM in terms of which Reserve Bank considers applications from NRIs/OCBs to set up Indian companies with 100 percent equity participation for carrying on Air Taxi operations in India in terms of the guidelines issued by the Director General of Civil Aviation for carrying on Air Taxi operations.

3.2 Reserve Bank vide its Notification No.F.E.R.A.197/RB-99 dated 30th March 1999 (copy enclosed) has since granted general permission to Indian companies holding approval issued by the Director General of Civil Aviation or any competent authority specified by the Government of India from time to time for carrying on Air Taxi operation in India to issue shares/convertible debentures upto 100 percent of paid-up capital to NRIs/PIOs/OCBs subject to the following conditions :-

- i) the company concerned should comply with the conditions stipulated by the Director General of Civil Aviation or the competent authority concerned in the letter of approval issued to the company for carrying on Air Taxi operations in India ;
- ii) in the case of issue of shares by an existing listed company the price of the issue is worked out according to SEBI guidelines and is duly certified by the company's statutory auditors and in the case of any other company, calculation of fair value of shares (as per erstwhile CCI guidelines) is made by an independent Chartered Accountant ;
- iii) payment for the shares issued to NRIs/PIOs/OCBs is received by remittance from abroad through normal banking channels or by transfer of funds held in the investor's NRE/FCNR account maintained with an authorised dealer in India ;
- iv) the company should submit to Reserve Bank, not later than 30 days from the date of

receipt of remittance, a report containing the following :

- a) Name of the investor ;
 - b) Country of residence ;
 - c) Date of receipt of remittance ;
 - d) Name and address of the authorised dealer in India through whom the remittance is received ;
- v) the company issuing the shares should submit a report to Reserve Bank in form ISD(R), not later than 30 days from the date of issue, togetherwith the documents specified in the Notification referred to above.

4. General permission for sale of shares acquired by NRIs/PIOs/OCBs under Direct Investment Scheme on stock exchanges

4.1 In terms of paragraph 10C.27(ii) of ECM, prior permission of Reserve Bank is required for sale/transfer of shares/bonds/debentures acquired by NRIs/OCBs with repatriation benefits under the Direct Investment Scheme, sold through stock exchange in India.

4.2 Reserve Bank has now issued a Notification No.F.E.R.A.198/99-RB dated 30th March 1999 (copy enclosed) in terms of which exemption has been granted for sale/transfer of shares, bonds or debentures of Indian companies by NRIs/PIOs/OCBs through stock exchanges in case where such transfers are made in favour of Indian citizens or persons of Indian origin resident in India or in favour of a company or body corporate incorporated under any law in force in India provided the transferor had purchased/acquired such shares/bonds/debentures in accordance with the terms and conditions of the permission granted under clause (d) of sub-section (1) of Section 19 of the Act by the Reserve Bank.

4.3 It will accordingly be in order for NRIs/PIOs/OCBs to sell/transfer shares acquired by them under Direct Investment Scheme, on Stock Exchanges in India without prior permission of Reserve Bank.

4.4 It will also be in order for authorised dealer to allow remittance of net sale proceeds of such shares sold by NRIs/PIOs/OCBs on stock exchange subject to the following conditions :-

- i) The shares are sold on stock exchange and broker's contract note showing the sale price is produced.
- ii) A documentary evidence is produced to show that the original investment was permitted on repatriation basis specifically by Reserve Bank or was under the general permission granted by Reserve Bank and was made out of funds remitted from abroad or out of funds held in NRE/FCNR account of the non-resident investor.

- iii) A no objection certificate or undertaking/certificate regarding payment of income tax (cf. Paragraph 3B.10 of ECM) has been produced.

4.5 Net sale proceeds (after payment of applicable taxes) in respect of shares issued to non-resident investors on non-repatriation basis should be credited to NRO/NRSR account of the seller.

5. General permission for transfer by way of gift of rupee securities, shares, bond, debentures held by Non-Resident of Indian nationality(NRIs)/Persons of Indian Origin(PIOs) to registered Charitable Trusts/Organisations in India

Reference is invited to paragraph 10C.28 of ECM regarding general exemption for transfer of rupee securities by Non-residents as gift to relatives. The Reserve Bank vide its Notification No.F.E.R.A.199/99-RB dated 30th March 1999 (copy enclosed) has since granted general permission to NRIs/PIOs to transfer by way of gift any rupee security, share, bond or debenture of a company registered in India held by them to a registered charitable trust/organisation subject to the condition that provisions of any other laws, as applicable, including Foreign Contribution (Regulation) Act, 1976 are duly complied with.

6. General permission for resident individuals/ proprietorship concerns/partnership firm for raising rupee loans from non-residents of Indian nationality/persons of Indian origin

6.1 Please refer to paragraph 10D.8 of ECM, regarding grant of general permission to Persons (individuals) resident in India to avail of interest free loans on non-repatriation basis from their non-resident relatives abroad for personal purposes and business activities, subject to certain conditions stipulated therein.

6.2 Reserve Bank has by issue of a Notification No.F.E.R.A.200/99-RB dated 30th March 1999 (copy enclosed) now granted general permission to resident individuals/proprietorship concerns/partnership firms to avail of interest bearing loans from NRIs/PIOs on non-repatriation basis subject to the following conditions:-

- i) Such loan may be granted out of funds remitted from abroad in foreign exchange by NRIs/PIOs through normal banking channels or out of NRE/FCNR/NRO/NRSR accounts maintained with authorised dealers in India.
- ii) The rate of interest on such loans should not exceed two percentage points over the Bank Rate prevailing on the date of granting the loan.
- iii) The maturity period of the loan should not exceed 3 years.
- iv) In cases where the amount of loan was received by way of remittance from abroad through normal banking channel or out of funds held in the lender's

NRE/FCNR/NRO account maintained with an authorised dealer in India, payment of interest/repayment of loan should be made by credit to NRO/NRSR account of the non-resident lender with an authorised dealer in India. In cases where such loan was granted out of funds held in NRSR account of the lender, payment of interest/repayment of loan should be made by credit to NRSR account of the lender maintained with an authorised dealer in India.

- v) The amount of loan will not be allowed to be repatriated abroad.
- vi) The amount of loan should not be utilised for the purpose of carrying on agricultural/plantation activities, purchase of immovable property, shares, debentures, bonds or for relending.

7. General permission for transfer by way of gift of immovable property held in India by non-resident persons of Indian origin to registered Charitable Trusts/Organisations in India

Please refer to paragraph 11E.6 of Exchange Control Manual on the above subject. In terms of its Notification No.FERA.152/93-RB dated 26th May 1993, Reserve Bank has granted general permission to foreign citizens of Indian origin to acquire by way of purchase or inheritance and disposal by way of sale any immovable property not being agricultural land/farm house/plantation property situate in India subject to certain conditions. Reserve Bank has now vide its Notification No.F.E.R.A.201/99-RB dated 30th March 1999 (copy enclosed) granted general permission to non-resident persons (foreign citizens) of Indian origin (PIOs) to transfer by way of gift immovable property held by them in India to relatives and registered charitable trusts/organisations subject to the condition that the provisions of any other law, including Foreign Contribution (Regulation) Act, 1976, as applicable, are duly complied with.

8. Amendments to ECM will be issued separately. In the meantime authorised dealers may bring the contents of this circular to the notice of their constituents concerned.

9. 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

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

Notification No.F.E.R.A.195/99-RB dated 30th March 1999

**Permission for issue of units of Mutual Fund to
NRIs/OCBs with repatriation/non-repatriation basis**

In pursuance of clause (a) and clause (d) of sub-section (1) of Section 19 read with clause (a) of sub-section (1) of Section 9 of the Foreign Exchange Regulation Act, 1973 (46 of 1973), the Reserve Bank is pleased to permit, Mutual Funds as referred to in Clause (23D) of Section 10 of Income-tax Act 1961

- (a) to issue, to non-residents of Indian nationality or origin (NRIs) or Overseas Corporate Bodies (OCBs) Units or similar other instruments of Schemes approved by Securities and Exchange Board of India subject to conditions in paragraph 2;
- (b) to send such units/instruments out of India to their place of residence or location as the case may be and
- (c) to make payment to non-resident investor, on repurchase of units or other instruments subject to conditions in paragraph 3.

2. The general permission granted herein to issue units is subject to the following conditions;

- (a) the Mutual Fund complies with terms and conditions stipulated by Securities and Exchange Board of India;
- (b) In respect of investment made on repatriation basis, the amount representing the investment is received by inward remittance through normal banking channels or by debit to NRE/FCNR account of the non-resident investor maintained with an authorised dealer in India;
- (c) in respect of investment made on non-repatriation basis, the amount representing the investment is received by inward remittance through normal banking channel or by debit to the NRE/FCNR/NRO/NRSR account of the non-resident investor maintained with an authorised dealer in India.

3. The general permission granted herein to repurchase units is subject to the following conditions

- (a) where the investment is made on repatriation basis, the amount representing the dividend/interest and maturity proceeds may be remitted through normal banking channel or credited to NRE/FCNR/NRO/NRSR account of the non-resident investor;

- (b) where the investment is made by remittance from abroad through normal banking channels or by debit to NRE/FCNR/NRO account of the non-resident investor on non-repatriation basis the interest/dividend and maturity proceeds may be credited to the NRO/NRSR account of the non-resident investor; and,
- (c) where the investment is made by debit to NRSR account of the non-resident investor the dividend/interest and maturity proceeds shall be credited to NRSR account of the non-resident investor.

Explanation:

I. A person (not being a citizen of Pakistan or 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 atleast sixty percent by NRIs and includes overseas trust in which not less than sixty percent beneficial interest is held by NRIs, directly/indirectly but irrevocably.

Sd/-
(Khizer Ahmed)
Executive Director

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

NOTIFICATION No.F.E.R.A.196/99 RB dated 30th March 1999

In pursuance of sub-section (1) of Section 9 of the Foreign Exchange Regulation Act, 1973 (46 of 1973), Reserve Bank hereby permits -

- (1) a proprietorship concern or a firm in India to accept rupee deposits on non-repatriation basis from Non-Residents of Indian nationality or origin (NRIs), and
- (2) a company incorporated in India (including a non-banking finance company registered with Reserve Bank) to accept rupee deposits on repatriation or non-repatriation basis from Non-residents of Indian nationality or origin (NRIs) or Overseas Corporate Bodies (OCBs).

Provided that -

- (A) In respect of deposits accepted on repatriation basis -
 - (a) company receives such deposits under a public deposit scheme;
 - (b) the amount representing the deposits is received by inward remittance through normal banking channels or by debit to the depositor's NRE/FCNR accounts with an Authorised Dealer in India;
 - (c) the rate of interest payable on deposits shall not exceed the ceiling rate prescribed from time to time under the Companies (Acceptance of Deposits) Rules, 1975;
 - (d) the maturity period of deposits does not exceed three years;
 - (e) if the deposit accepting company is a non-banking financial company, it has a credit rating as prescribed by the guidelines issued by Reserve Bank for such companies;
 - (f) the amount of aggregate deposits does not exceed 35% of net owned funds of the company.
- (B) In respect of deposits accepted on non-repatriation basis by proprietorship concern or a firm or a company -
 - (a) the maturity period of deposits does not exceed three years;
 - (b) the rate of interest payable on deposits does not exceed the ceiling rate prescribed from time to time for payment of interest by a company under the Companies (Acceptance of Deposits) Rules, 1975;
 - (c) if the amount of deposits is received by inward remittance through normal banking channels or by debit to the non-resident depositor's NRE/FCNR/NRO account with an authorised dealer in India, the payment of interest and repayment of deposit may be made by credit to the non-resident depositor's NRO or NRSR account maintained with an authorised dealer in India. If the amount of deposit is received by debit to the non-resident depositor's NRSR account, payment of interest and repayment of deposit shall be made by credit to NRSR account of the depositor.
- (C) In respect of deposits accepted on repatriation and non-repatriation basis, the following additional conditions are fulfilled, namely -

- (a) receipt of deposit is in accordance with the applicable law in India including the rules and regulations issued by Government of India or Reserve Bank or the SEBI or any other competent authority;
- (b) the proprietary concern or firm or company accepting deposit does not utilise the funds representing the deposit for undertaking agricultural/plantation activities or real estate business or for lending or for investing in any other concern, firm or company engaged in or proposing to engage in agricultural/plantation activities, real estate business or for relending.

Explanation:

For the purpose of this Notification -

- I. A person (not being a citizen of Pakistan or 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 held by NRIs, directly/indirectly but irrevocably.

Sd/-
(Khizer Ahmed)
Executive Director

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

Notification No. F.E.R.A.197/99-RB dated 30th March 1999

**Permission for issue of shares to NRIs/OCBs on
repatriation basis by Air-Taxi Operating Company**

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 holding a valid Air Taxi Operator's Permit granted by the Competent Authority specified by the Government of India from time to time to issue shares or convertible debentures to the extent of 100% of its paid-up capital and subject to the conditions mentioned in paragraph 2, to non-residents of Indian nationality or origin (NRIs) or Overseas Corporate Bodies (OCBs) and to send such shares out of India to their place of residence or location, as the case may be.

2. The general permission granted herein to issue shares and or convertible debentures is subject to following conditions :

- (i) the company complies with the conditions of permit granted by the competent authority for carrying on Air-Taxi operations in India and any directions/instructions issued by it from time to time;
- (ii) in the case of issue of shares by an existing listed company, the price for the issue is worked out according to SEBI guidelines and is duly certified by the Company's statutory auditors; and in the case of any other company, calculation of fair value of shares (as per erstwhile CCI guidelines) is made by an independent Chartered Accountant;
- (iii) payment for the shares issued to NRIs/OCBs is received by remittance from abroad through normal banking channels or by transfer of funds held in the investor's NRE/FCNR Account maintained with an authorised dealer in India.
- (iv) approval, wherever necessary, from any authority, statutory or otherwise, is obtained by the 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) 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.
- (vi) The issuer company files with Regional Office of Reserve Bank, not later than thirty days from the date of issue of shares/debentures, the following -
 - (a) One copy of Form ISD(R) duly completed .
 - (b) Original Foreign Inward Remittance Certificate (FIRC) /Bank Certificate evidencing receipt of funds, from abroad or from the NRE/FCNR account, as the case may be, of the NRI/OCB.
 - (c) Memorandum and Articles of Association of the issuer company.

- (d) Original certificate from the Chartered Accountant containing particulars of shares issued, date of issue, number of shares issued and the issue price.
- (e) Certified copy of Statutory Auditor's Certificate or the Chartered Accountant's calculation referred to in (ii) above.
- (f) Certificate in Form OAC/OAC1 indicating that NRI shareholding of atleast 60% either directly or indirectly in case of investment by OCB.
- (g) Such other particulars and documents as may be required by or specified by Reserve Bank from time to time.
- (h) An undertaking that the issuer company is not and shall not be engaged in agricultural/plantation activity, real estate business or as a Nidhi company.

Explanation :

- I. A person (not being a citizen of Pakistan or 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 atleast sixty percent by NRIs and includes overseas trust in which not less than sixty percent beneficial interest is held by NRIs, directly/indirectly but irrevocably.

Sd/-
(Khizer Ahmed)
Executive Director

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

Notification of F.E.R.A.198/99-RB dated 30th March 1999

In exercise of the powers conferred by sub-section (6) of section 19 of the Foreign Exchange Regulation Act, 1973 (46 of 1973) and in partial modification of its Notification No.FERA.150/93-RB dated 26th April 1993 amended from time to time (hereinafter referred to as "the said Notification"), the Reserve Bank, being of the opinion that it is necessary and expedient in the public interest so to do, hereby directs that the said Notification shall be amended in the following manner, namely -

In the said Notification,

- (a) in the proviso, after clause (ii), the following clause shall be added, namely;
 - “(iia) the transferor had purchased such share, bond or debenture from a company registered in India, in accordance with the terms and conditions of the permission granted under clause (d) of sub-section (1) of Section 19 of the Act, by the Reserve Bank.”
- (b) In the Explanation, in paragraph I, after the words “Pakistan or Bangladesh”, wherever they occur, the words “or Sri Lanka” shall be added.

Sd/-
(Khizer Ahmed)
Executive Director

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

Notification No.F.E.R.A.199/99 RB dated 30th March1999

In exercise of the powers conferred by sub-section (6) of section 19 of Foreign Exchange Regulation Act (46 of 1973) and in partial modification of its Notification No.FERA/151/93-RB dated 26th April 1993 (hereinafter referred to as the “said Notification”), the Reserve Bank, being of the opinion that it is necessary and expedient in the public interest so to do, hereby directs that the said Notification shall be amended in the following manner, namely:-

In the said Notification -

- (i) in the opening paragraph, after the words “a person of Indian origin and resident in India” the words “or to a charitable trust” shall be added;
- (ii) in the proviso, after clause (ii), the following clause shall be added, namely;
 - “(iii) in the case of a transfer in favour of a charitable trust, provisions of any other law, as applicable, are duly complied with;”

- (iii) in the Explanation, (a) in paragraph I, after the words “Pakistan or Bangladesh”, wherever they occur, the words “or Sri Lanka” shall be added; (b) after paragraph I, the following paragraph may be added namely;

“II. “Charitable trust” means a trust created or an institution established for charitable purposes and duly registered under the laws in India.”

Sd/-
(Khizer Ahmed)
Executive Director

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

Notification No.F.E.R.A.200/99-RB dated 30th March 1999

In pursuance of sub-section (1) of Section 9 of the Foreign Exchange Regulation Act, 1973 (46 of 1973) and in supercession of its Notification No.FERA.175/97-RB dated 27th February 1997, the Reserve Bank hereby permits an individual resident in India or a proprietorship concern or a firm in India to receive rupee loans on non-repatriation basis from Non-residents of Indian nationality or origin (NRIs) -

Provided that -

- (a) the amount representing the loan is received through normal banking channels or by debit to the non-resident lender's NRE/FCNR/NRO/NRSR account with an authorised dealer in India;
- (b) the maturity period of the loan does not exceed 3 years;
- (c) rate of interest on loan does not exceed 2% over the Bank Rate prevailing on the date of granting the loan;
- (c) the amount of loan shall not be allowed to be repatriated out of India;
- (d) if the amount of loan is received by inward remittance through normal banking channels or by debit to the lender's NRE/FCNR/NRO accounts, the payment of interest and repayment of loan may be made by credit to the lender's NRO/NRSR account maintained with an authorised dealer in India. If the amount of loan is received by debit to the lender's NRSR account, payment of interest and repayment of loan shall be made by credit to NRSR account of the lender;

- (e) the amount of loan is not utilised by the borrower for the purpose of carrying on agricultural/plantation activities, purchase of immovable property, shares, debentures, bonds or for relending.

Explanation:

For the purpose of this Notification a person (not being a citizen of Pakistan or 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 1995);
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).

Sd/-
(Khizer Ahmed)
Executive Director

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

Notification No.F.E.R.A.201/99 RB dated 30th March 1999

In pursuance of sub-section (1) of Section 31 of the Foreign Exchange Regulation Act, 1973 (46 of 1973) and in partial modification of its Notification No.FERA/152/93-RB dated 26th May 1993 (hereinafter referred to as the "said Notification"), the Reserve Bank hereby directs that the said Notification shall be amended in the following manner, namely;

- (1) In the said Notification, in clause 1, after sub-clause (b), the following sub-clause shall be inserted, namely;

“(ba) In the case of disposal by way of gift -

- (i) it is effected between relatives; or
(ii) it is effected in favour of a charitable trust;
(iii) provisions of any other law, as applicable, are duly complied with.”

- (2) In the Explanation, after paragraph B, the following paragraph shall be added, namely;

“C. “Charitable Trust” means a trust created or an institution established for charitable purposes and duly registered under the laws in India.”.

Sd/-
(Khizer Ahmed)
Executive Director