



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

**RBI/2011-12/542**

**A. P. (DIR Series) Circular No.121**

**May 08, 2012**

To

All Category-I Authorised Dealer Banks

Madam / Sir,

**Foreign investment in Commodity Exchanges and NBFC Sector -  
Amendment to the Foreign Direct Investment (FDI) Scheme**

Attention of Authorised Dealers Category – I (AD Category - I) banks is invited to Schedule 1 to 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](#), as amended from time to time read with para 2 of [A.P \(DIR Series\) Circular No.41 dated April 28, 2008](#), which allowed foreign investment in commodity exchanges, subject to a composite (FDI & FII) ceiling of 49 per cent with FDI limit of 26 per cent and FII limit of 23 per cent under Portfolio Investment Scheme (PIS), subject to conditions stated therein.

2. The extant policy for foreign investment in commodity exchanges, has since been reviewed and it has been decided that prior approval of the Government (FIPB) would be required only for FDI component and Government approval would not be required for investment by registered FIIs in commodity exchanges. All other conditions contained in A.P (DIR Series) Circular No.41 dated April 28, 2008 shall remain unchanged.

3. Further, under the extant FDI policy, 'leasing and finance' is one of the 18 NBFC activities wherein FDI up to 100 per cent is permitted under automatic route, subject to minimum capitalisation norms. It is hereby clarified that FDI is permitted only in 'financial leases' (financial leasing activity) and not in 'operating leases' (operating leasing activity).

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.

Yours faithfully,

**(Rudra Narayan Kar)**  
**Chief General Manager**