



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

**RBI/2013-14 /241
A.P. (DIR Series) Circular No. 41**

September 10, 2013

To

All Category - I Authorised Dealer Banks

Madam/ Sir,

Overseas Direct Investment – Amendment

Attention of the Authorised Dealer (AD - Category I) banks is invited to para 2(iv)(b) of [A. P. \(DIR Series\) Circular No. 69 dated May 27, 2011](#) on Overseas Direct Investment – Liberalization / Rationalization, which reads as under:

“(b) Further, it has also been decided that issue of corporate guarantee on behalf of second generation or subsequent level step down operating subsidiaries will be considered under the Approval Route, provided the Indian Party directly or indirectly holds 51 per cent or more stake in the overseas subsidiary for which such guarantee is intended to be issued.”

2. The contents of the paragraph are amended to read as under:

“(b) Further, it has also been decided that issue of corporate guarantee on behalf of second generation or subsequent level step down operating subsidiaries will be considered under the Approval Route, provided the Indian Party indirectly holds 51 per cent or more stake in the overseas subsidiary for which such guarantee is intended to be issued.”

3. All other contents of the A.P. (DIR Series) Circular No. 69 dated May 27, 2011 shall remain un-changed.

4. AD - Category I banks may bring the contents of this circular to the notice of their constituents and 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,

(C.D.Srinivasan)

Chief General Manager