



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

RBI/2014-15/117
A.P. (DIR Series) Circular No.1

July 3, 2014

To

All Category – I Authorised Dealer Banks

Madam/ Sir,

Financial Commitment (FC) by Indian Party under Overseas Direct Investments (ODI) – Restoration of Limit

Attention of the Authorised Dealer (AD - Category I) banks is invited to the provisions of the Notification No. FEMA.120/RB-2004 dated July 7, 2004 [Foreign Exchange Management (Transfer or Issue of any Foreign Security) (Amendment) Regulations, 2004] (the Notification), as amended from time to time and the [A.P.\(DIR Series\) Circular No. 23 dated August 14, 2013](#) and [A.P.\(DIR Series\) Circular No. 30 dated September 04, 2013](#).

2. On a review, it has been decided to restore the limit of Overseas Direct Investments (ODI)/ Financial Commitment (FC) to be undertaken by an Indian Party under the automatic route to the limit prevailing, as per the extant FEMA provisions, prior to August 14, 2013. It has, however, been decided that any financial commitment exceeding USD 1 (one) billion (or its equivalent) in a financial year would require prior approval of the Reserve Bank even when the total FC of the Indian Party is within the eligible limit under the automatic route (i.e., within 400% of the net worth as per the last audited balance sheet).

3. All the other provisions under the Notification *ibid* shall remain unchanged.

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 (FEMA), 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