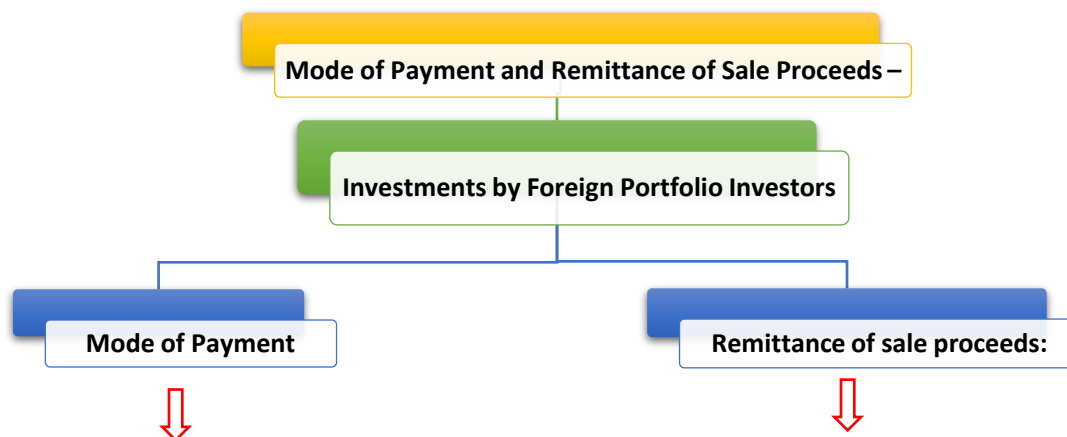
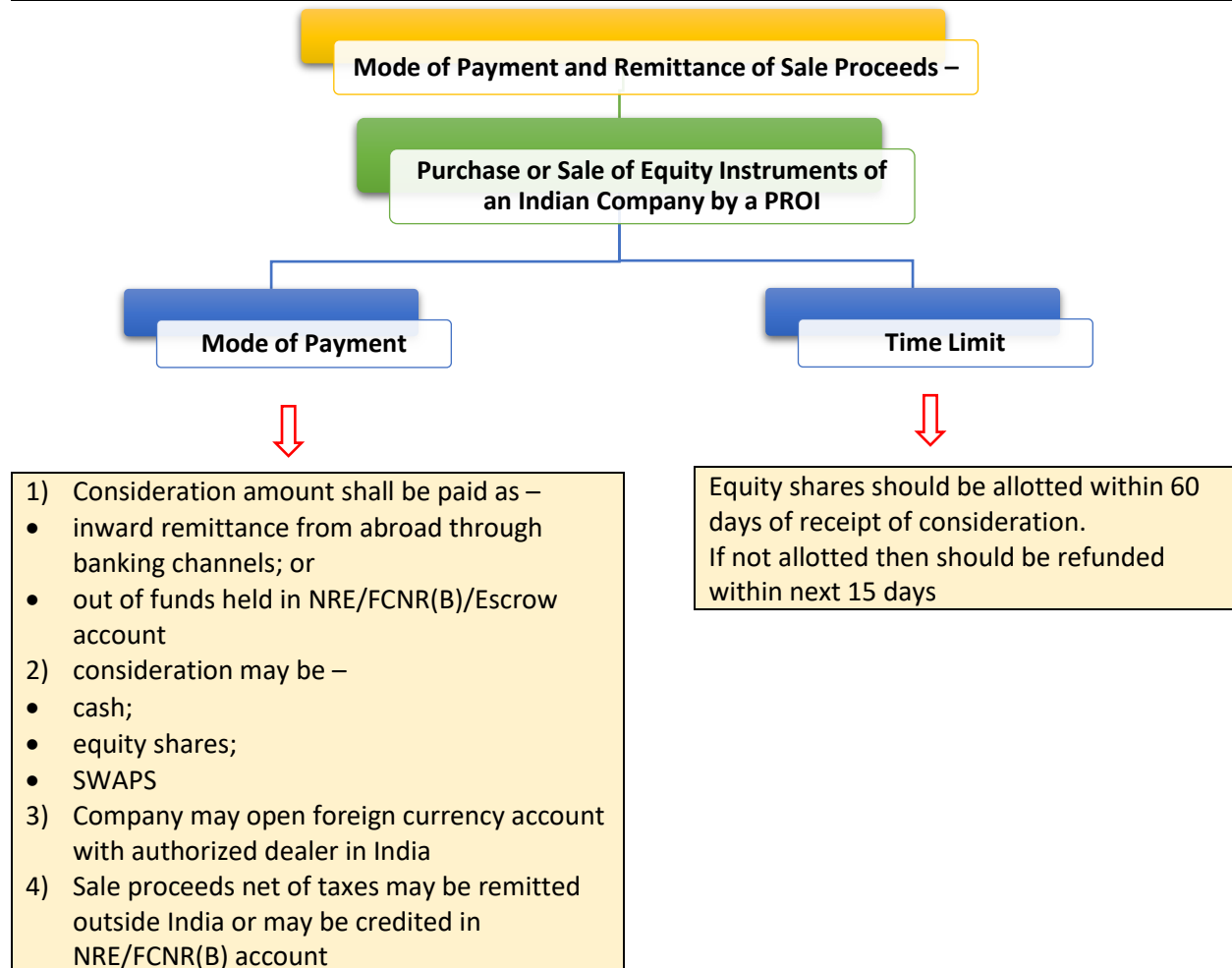


# FOREIGN EXCHANGE MANAGEMENT (MODE OF PAYMENT AND REPORTING OF NONDEBT INSTRUMENTS) REGULATIONS, 2019 – FDI Part 5

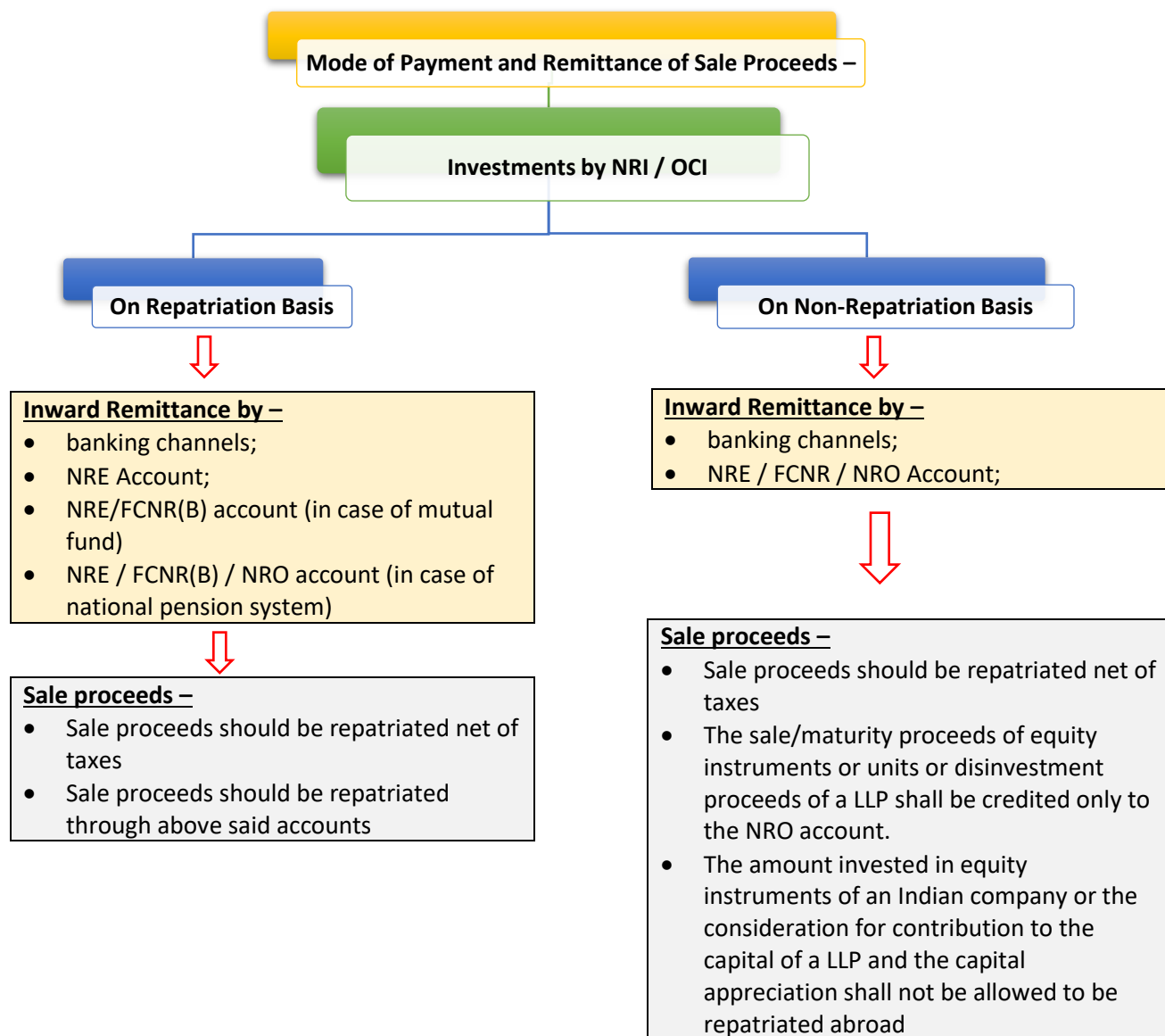
## Mode of Payment and Remittance of Sale Proceeds –



Consideration amount shall be paid as –

- inward remittance from abroad through banking channels; or
- out of funds held in a foreign currency account and/ or a Special Non-Resident Rupee (SNRR) account

Sale proceeds can be remitted net of taxes by crediting to foreign currency account or a SNRR account of the FPI.



**Reporting Requirements –**

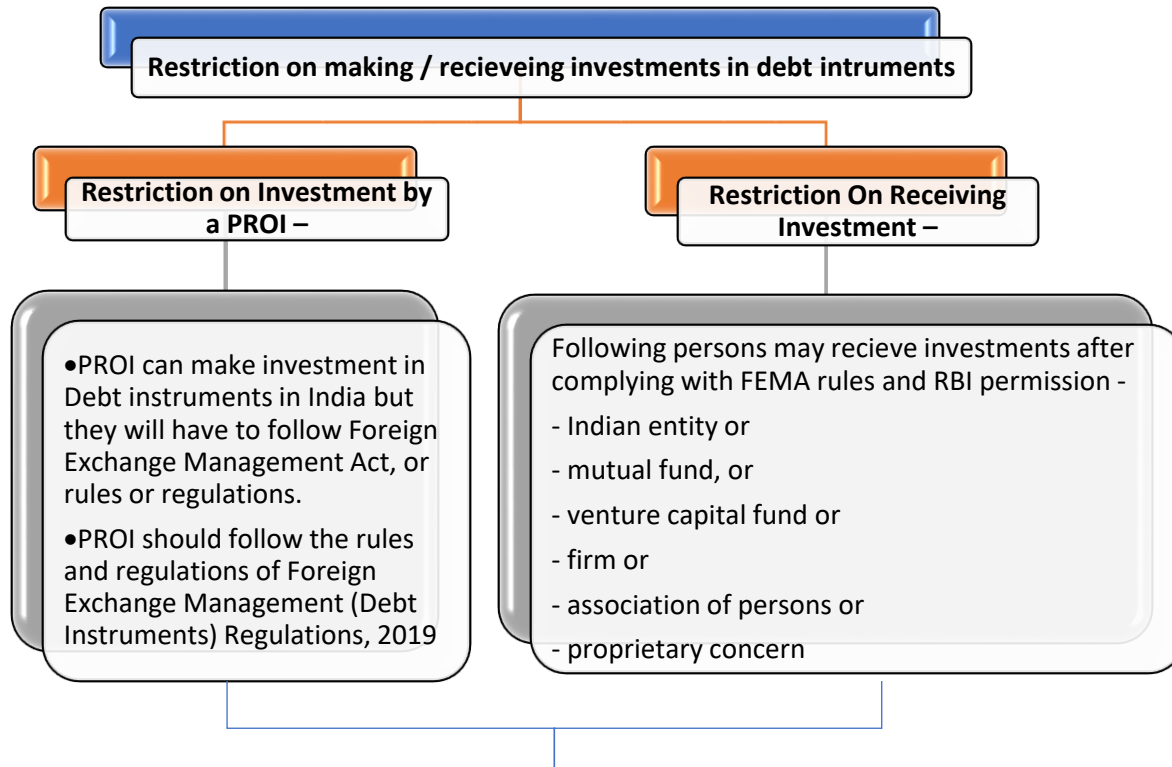
| Forms | Conditions |
|-------|------------|
|-------|------------|

|  |  |
|--|--|
| <b>Form Foreign Currency-Gross Provisional Return (FC-GPR)</b> | Indian Company issuing equity instruments to a PROI shall file form FC-GPR within 30 days  |
| <b>Annual Return on Foreign Liabilities and Assets (FLA)</b>   | Indian Company which has received FDI or an LLP which has received investment by way of capital contribution shall submit form FLA to the Reserve Bank on or before the 15th day of July of each year.   |
| <b>Form Foreign Currency-Transfer of Shares (FC-TRS)</b>       | Form FCTRS shall be filed for transfer of equity instruments within 60 days of transfer between PROI to PROI (non-repatriable basis) or PROI to PRI (repatriable basis).<br>Form shall be filed by the person who is resident.<br>Note –<br>Transfer between PROI and PRI (non-repatriable basis) is not required to be filed in form FC-TRS |
| <b>Form Employees' Stock Option (ESOP)</b>                     | Indian company issuing employees' stock option to PROI shall file Form-ESOP, within 30 days from the date of issue of employees' stock option.   |
| <b>Form Depository Receipt Return (DRR)</b>                    | Domestic Custodian shall report in Form DRR, the issue / transfer of depository receipts within 30 days of close of the issue.   |
| <b>Form LLP (I)</b>  | A Limited Liability Partnerships (LLP) receiving amount of consideration for capital contribution shall file Form LLP (I), within 30 days from the date of receipt of the amount of consideration.   |
| <b>Form LLP (II)</b>   | The disinvestment/transfer of capital contribution or profit share between a resident and a non-resident (or vice versa) shall be filed in Form LLP(II) within 60 days from the date of receipt of funds.  |
| <b>LEC(FII)</b>  | The Authorised Dealer Category I banks shall report to the Reserve Bank in Form LEC (FII) the purchase/transfer of equity instruments by FPIs on the stock exchanges in India.   |
| <b>LEC(NRI)</b>  | The Authorised Dealer Category I banks shall report to the Reserve Bank in Form LEC (NRI) the purchase/transfer of equity instruments by Non-Resident Indians or Overseas Citizens of India on stock exchanges in India.   |
| <b>Form InVI</b>   | An Investment vehicle which has issued its units to a person resident outside India shall file Form InVI within 30 days from the date of issue of units.   |
| <b>Form DI</b>   | An Indian entity or an investment Vehicle making downstream investment in another Indian entity shall file Form DI with the Reserve Bank within 30 days from the date of allotment of equity instruments.  |
| <b>Form Convertible Notes (CN)</b>                             | Indian Start-up Company issuing Convertible Notes to PROI shall file Form CN within 30 days of such issue.   |

**Note –**

**If there is delay in reporting or filing forms as specified above then the person/entity responsible for filing the reports shall be liable for payment of late submission fee, as may be decided by the Reserve Bank**

## Foreign Exchange Management (Debt Instruments) Regulations, 2019 –



Any investment made by a PROI shall be in compliance with –

- a) entry routes
- b) investment limits
- c) other conditions.

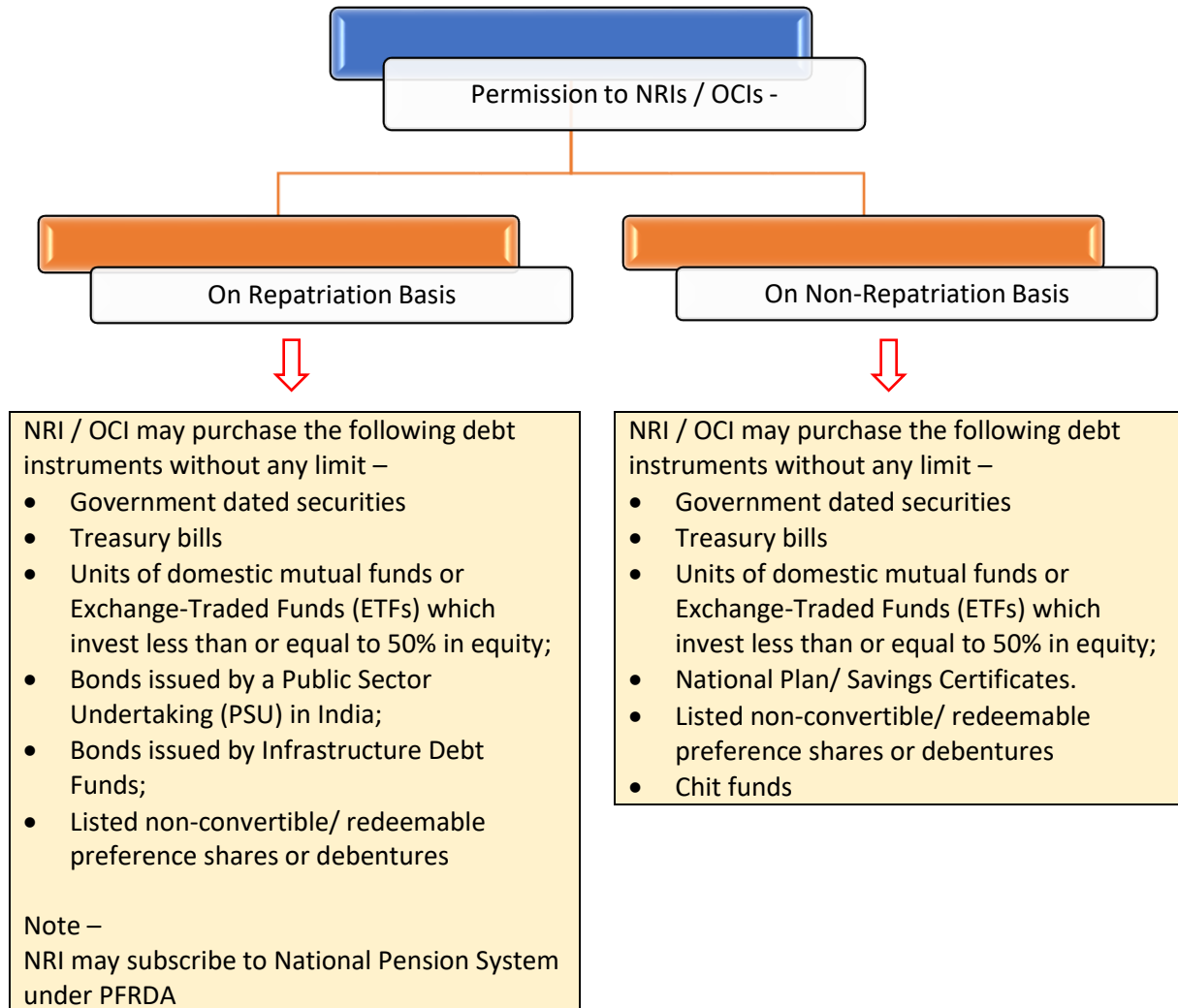
### Purchase and Sale of Debt Instruments by a Person Resident Outside India –

#### 1) Permission to Foreign Portfolio Investors –

An FPI may purchase the following debt instruments on repatriation basis –

- a) dated Government securities/ treasury bills;
- b) non-convertible debentures/ bonds issued by an Indian company;
- c) commercial papers issued by an Indian company;
- d) units of domestic mutual funds or Exchange-Traded Funds (ETFs) which invest less than or equal to 50 percent in equity;
- e) Security Receipts (SRs) issued by Asset Reconstruction Companies;
- f) debt instruments issued by banks, eligible for inclusion in regulatory capital;
- g) Credit enhanced bonds;
- h) Listed non-convertible/ redeemable preference shares or debentures
- i) Municipal Bonds.

#### 2) Permission to NRIs / OCIs –



### 3) **Permission to Foreign Central Banks or a Multilateral Development Bank for purchase of Government Securities –**

Foreign Central Banks, Multilateral Development Banks or any other entity permitted by the Reserve Bank, may purchase or sell dated Government Securities/treasury bills as per RBI guidelines.

### **Merger or Demerger or Amalgamation of Indian Companies –**

- 1) If a scheme of merger / demerger / amalgamation has been approved by NCLT / Competent authority then the Indian company may issue non-convertible redeemable preference shares or nonconvertible redeemable debentures to the shareholders resident outside India.
- 2) Following conditions should be satisfied –
  - a) the original investment made in the Indian company by a PROI shall be as per FEMA rules;
  - b) issue is as per Companies Act, 2013;
  - c) the Indian company shall not engage in any activity/ sector in which investment by a PROI is prohibited.