

FEMA

CA. Manoj Shah, CA. Sudha G. Bhushan, CA. Mitesh Majithia

Relaxation in realization and repatriation of Exports proceeds

A.P. (DIR Series) Circular No. 27 dated April 01, 2020

In view of the outbreak of COVID – 19 pandemic RBI has, in consultation with GOI, decided to extend the period of realization and repatriation to India of the amount representing the full value of exports of goods or software or services from 9 months to 15 months from the date of export, for the exports made up to or on July 31, 2020.

The provisions in regard to period of realization and repatriation to India of the full export value of goods exported to warehouses established outside India remain unchanged.

Rupee Drawing Arrangement: Remittance to PM CARES Fund

A.P. (DIR Series) Circular No. 28 dated April 03, 2020

In wake of the outbreak of COVID – 19 pandemic RBI has, in consultation with GOI, decided to permit receipt of foreign inward remittances from non-residents through non-resident exchange houses in favour of 'Prime Minister's Citizen Assistance and Relief in Emergency Situations (PM-CARES)' subject to condition that AD Category-I Banks shall directly credit the remittances to the fund and maintain full details of the remitters.

Review of Foreign Direct Investment (FDI) Policy for curbing opportunistic takeovers/acquisitions of Indian Companies due to COVID 19 pandemic

Press Note No. 3 (2020 Series) dated April 17, 2020 issued by Department for Promotion of Industry and Internal Trade (DPIIT) and Notification No. 1278(E) dated April 22, 2020 issued by the Ministry of Finance, Government of India

In order to curb opportunistic takeovers and acquisitions of Indian companies due to COVID 19 pandemic, GOI has reviewed FDI Policy and amended para 3.1.1 of extant FDI Policy as contained in Consolidated FDI Policy, 2017.

It has now been decided that an entity of a country, which shares land border with India or where beneficial owner of an investment into India is situated in or is a citizen of any such country, can invest only under Government Approval Route. Further in the event of transfer of ownership of any existing or future FDI in an entity in India, directly or indirectly, resulting in the beneficial ownership

falling within the restriction/purview of the para 3.1.1(a) such subsequent change in beneficial ownership will also require Government approval.

Consequently, GOI has, on April 22, 2020, issued Foreign Exchange Management (Non-debt Instruments) Amendment Rules, 2020 to amend Foreign Exchange Management (Non-debt Instruments) Rules, 2019 to give effect of the above change in FDI Policy.

Investment Limits for Investment by Foreign Portfolio Investors (FPI) and Fully Accessible Route (FAR) for investment by Non-residents in Government securities

A.P. (DIR Series) Circular No. 24 dated March 30, 2020; A.P. (DIR Series) Circular No. 25 dated March 30, 2020 and A.P. (DIR Series) Circular No. 30 dated April 15, 2020

(i) The limit for FPI investment in corporate bonds is increased 15% of outstanding stock for F.Y. 2020-21. The revised limits for FPI investment in corporate bonds shall be as under:

Limits for FPI in Corporate Bonds for FY 2020-21	(Rs. in crore)
Current FPI Limit	3,17,000
Revised limit for HY Apr 2020 – Sep 2020	4,29,244
Revised limit for HY Oct 2020 – Mar 2021	5,41,488

(ii) The limits for FPI investment in Government securities (G-secs) and State Development Loans (SDLs) shall remain unchanged at 6% and 2%, respectively, of outstanding stocks of securities for F.Y. 2020-21.

(iii) As announced in the Union Budget 2020-21 that certain specified categories of Central Government securities would be opened fully for non-resident investors without any restriction apart from being available to domestic investors as well, it has been decided in consultation with the Government of India (GOI), to introduce a separate route viz. FAR for investment by non-residents in securities issued by GOI. These directions shall come into effect from April 1, 2020.

All investments by eligible investors in the specified securities will be under the Fully Accessible Route (FAR) from the date on which the FAR comes into effect. Also, all existing FPI investments in the specified securities shall be reckoned under the FAR. The calculation of outstanding stock of G-secs and utilization levels of limits under the Medium Term Framework (MTF) has accordingly been adjusted.

The detailed scheme can be referred in the aforesaid circular available at below link:
<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11849&Mode=0#AN1>