

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

STARRED QUESTION NO:38  
ANSWERED ON:25.02.2000  
NORMS FOR ADR AND GDR ISSUES  
RENU KUMARI SINGH

**Will the Minister of FINANCE be pleased to state:**

- (a) whether the Government have done away with the requirement of taking the prior approval of the Ministry of Finance for floating ADR and GDR issues in the international share market for the Indian Companies;
- (b) if so, the details thereof;
- (c) the date of implementation of the decision;
- (d) the details of the policy likely to be followed by the Government in regard to the issues floated earlier; and
- (e) the details of procedure likely to be followed regarding approval from the Reserve Bank of India under the ForeignExchange Act by the companies floating the issues?

**Answer**

FINANCE MINISTER

(SHRI YASHWANT SINHA)

a) to (e) : A statement is laid on the Table of the House.

STATEMENT REFERRED IN REPLY TO LOK SABHA STARRED QUESTION 38 FOR 25.2.2000 ON NORMS FOR ADR AND GDR ISSUES BY SHRIMATI RENU KUMARI.

(a) to (e): Government, in pursuance of the ongoing liberalisation process, have issued guidelines on the 19th January 2000 dispensing with the requirement of obtaining the prior approval of the Ministry of Finance by Indian corporates for making ADR/GDR issues with fresh issue of underlying shares in the international markets. As investment through ADRs/GDRs are reckoned as part of Foreign Direct Investment (FDI), such issues would need to conform to the existing FDI Policy and permitted only in areas where FDI is permissible. Such ADR/GDR issues would, however, be governed by other mandatory approval requirements such as approvals under the Companies Act, approvals for overseas investments/business acquisition (where ADR/GDR proceeds are utilised for overseas investments), etc. which would need to be obtained by the company. The Reserve Bank of India have also issued notification under FERA on 20th January 2000 granting general permission whereby the issuer companies would need to comply with a post issue reporting requirement. As regards the issues floated earlier to the announcement, the issuer companies have to conform to the terms and conditions specific to the individual approvals.