

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3986
ANSWERED ON:20.03.2015
RELAXATION OF NORMS BY RBI
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Will the Minister of FINANCE be pleased to state:

- (a) whether the Reserve Bank of India (RBI) has relaxed norms for foreign investments made by Indian corporates by raising their borrowing limit and increasing the ceiling for annual overseas investment for individuals;
- (b) if so, the details thereof and the reasons therefor;
- (c) whether the Government has issued any notification/ orders in this regard; and
- (d) if not, the steps taken by the Government in this regard for its speedy implementation ?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JAYANT SINHA)

(a)& (b) The limit of Overseas Direct Investment (ODI) under the automatic route was reduced by Reserve Bank of India (RBI), on August 14, 2013, from 400% of the net worth of the Indian party to 100%. The limit was restored back to the level of 400% by RBI on July 03, 2014. On August 14, 2013, resident individuals were permitted to undertake ODI in equity of the overseas Joint Ventures/Wholly Owned Subsidiaries under the automatic route within the overall ceiling under Liberalised Remittance Scheme (LRS), subject to the compliance with certain conditions. Further, on June 3, 2014, in respect of resident individuals, the ceiling under LRS has been increased from US\$ 75,000 to US \$125,000 per financial year per head for any permitted capital or current account transaction or a combination of both.

(c)& (d) Notification No. 283/2013-RB dated August 14, 2013, indicating that the total financial commitment of the Indian Party in Joint Ventures/ Wholly Owned Subsidiaries shall not exceed 100%, or as decided by the Reserve Bank of India from time to time, of the networth of the Indian Party as on date of the last audited balance sheet and Notification No. FEMA 263/RB-2013 dated March 05, 2013 (enabling resident individuals to undertake ODI within the LRS limit) were published in the official gazette by the Government of India on August 14, 2013 and August 5, 2013, respectively.