

Schedule 4

[See Regulation 5(4)]

Investment on non-repatriation basis

A. Purchase or Sale of Capital Instruments or convertible notes of an Indian company or Units or contribution to the capital of an LLP by Non-Resident Indian (NRI) or Overseas Citizen of India (OCI) on Non-Repatriation basis

1. Purchase/ sale of capital instruments or convertible notes or units or contribution to the capital of an LLP

(1) A Non-resident Indian (NRI) or an Overseas Citizen of India (OCI), including a company, a trust and a partnership firm incorporated outside India and owned and controlled by NRIs or OCIs, may purchase/ contribute, as the case may be, on non-repatriation basis the following:

1. Any capital instrument issued by a company without any limit either on the stock exchange or outside it.
2. Units issued by an investment vehicle without any limit, either on the stock exchange or outside it.
3. The capital of a Limited Liability Partnership without any limit.
4. Convertible notes issued by a startup company in accordance with these Regulations.

(2) The investment detailed at sub-para 1 above will be deemed to be domestic investment at par with the investment made by residents

2. Prohibition on purchase of capital instruments of certain companies.

Notwithstanding anything contained in paragraph 1, an NRI or an OCI including a company, a trust and a partnership firm incorporated outside India and owned and controlled by NRIs or OCIs, shall not make any investment, under this Schedule, in capital instruments or units of a Nidhi company or a company engaged in agricultural/ plantation activities or real estate business or construction of farm houses or dealing in Transfer of Development Rights.

Explanation: Real estate business will have the same meaning as laid down in regulation 16.

3. Mode of Payment

The amount of consideration shall be paid as inward remittance from abroad through banking channels or out of funds held in NRE/ FCNR(B)/ NRO account maintained in accordance with the Foreign Exchange Management (Deposit) Regulations, 2016.

4. Sale/ maturity proceeds

1. The sale/ maturity proceeds (net of applicable taxes) of capital instruments purchased or disinvestment proceeds of a LLP shall be credited only to the NRO account of the investor, irrespective of the type of account from which the consideration was paid;
2. The amount invested in capital instruments of an Indian company or the consideration for contribution to the capital of a LLP and the capital appreciation thereon shall not be allowed to be repatriated abroad.

B. Investment in a firm or a proprietary concern

1. Contribution to capital of a firm or a proprietary concern

An NRI or an OCI may invest, on a non-repatriation basis, by way of contribution to the capital of a firm or a proprietary concern in India provided such firm or proprietary concern is not engaged in any agricultural/ plantation activity or print media or real estate business.

Explanation: Real estate business will have the same meaning as laid down in regulation 16.

2. Mode of payment

The amount of consideration shall be paid as inward remittance from abroad through banking channels or out of funds held in NRE/ FCNR(B)/ NRO account maintained in accordance with the Foreign Exchange Management (Deposit) Regulations, 2016.

3. Sale/ maturity proceeds

1. The disinvestment proceeds shall be credited only to the NRO account of the person concerned, irrespective of the type of account from which the consideration was paid;
2. The amount invested for contribution to the capital of a firm or a proprietary concern and the capital appreciation thereon shall not be allowed to be repatriated abroad.