

FEMA, 2018

An NRI or an OCI holding capital instruments of an Indian company on repatriation basis is allowed to transfer the same by way of sale or gift to any person resident outside India in terms of the limits applicable for such acquisition and subject to the sectoral limits.

However, the NRI/ OCIs are provided with certain liberty in the event that such acquisition by the NRI/ OCI resulted in a breach of the applicable aggregate NRI/ OCI limit or sectoral limits, by a proviso being added under Sub-Regulation 2 of Regulation 10 of the Foreign Exchange Management (Transfer or Issue of Security by a person resident outside India) Regulations, 2017.

By the addition of such proviso, such NRI/ OCI is now (w.e.f. June 2, 2018) provided a stipulated time period by the RBI within which they shall have to sell these instruments to a person resident in India eligible to hold such instruments and such breach shall not be reckoned as a contravention under the Regulations.

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