

## **Reserve Bank of India**

### **MASTER CIRCULAR ON FOREIGN INVESTMENT IN INDIA**

The RBI has issued a Master Circular on Foreign Investment in India bearing number 02/2008-09 dated July 1, 2008. This Master Circular consolidates the existing instructions issued by the RBI from time to time in relation to the following activities of non-residents:

- (i) Foreign investment in India;
- (ii) Acquisition of immovable property;
- (iii) Establishment of Branch/Liaison Office in India;
- (iv) Investment in capital of partnership firms or property.

This Master Circular will be in force for a period of one year and will stand withdrawn on July 1, 2009 when it will be replaced by an updated Master Circular on the subject on that date.

While the Master Circular has consolidated all the existing instructions on the above subject, the following clarification as inserted in this Master Circular is highlighted below for your information and guidance:

*“Remittance on winding-up/liquidation of Companies:*

*AD Category- 1 banks have been allowed to remit winding up proceeds of companies in India, which are under liquidation, subject to payment of applicable taxes. Liquidation may be subject to any order issued by the court winding up the company or the official liquidator in case of voluntary winding up under the provisions of the Companies Act, 1956. AD Category – 1 banks shall allow the remittance, provided the applicant submits:-*

- i. No objection clearance certificate from Income Tax Department for the remittance.*
- ii. Auditor’s certificate confirming that all liabilities in India have been either fully paid or adequately provided for.*
- iii. Auditor’s certificate to the effect that the winding up is in accordance with the provisions of the Companies Act, 1956.*
- iv. In case of winding up otherwise than by a court, an auditor’s certificate to the effect that there is no legal proceedings pending in any court in India against the applicant or the company under liquidation and there is no legal impediment in permitting the remittance”.*

A copy of this Master Circular is available on the web-site [www.rbi.org.in](http://www.rbi.org.in)