

**RESERVE BANK OF INDIA
FOREIGN EXCHANGE DEPARTMENT
CENTRAL OFFICE
Mumbai 400 001**

Notification No. FEMA 395(3)/2025-RB

January 14, 2025

Foreign Exchange Management (Mode of Payment and Reporting of Non- Debt Instruments) (Third Amendment) Regulations, 2025

In exercise of the powers conferred by Section 47 of the Foreign Exchange Management Act, 1999 (42 of 1999), the Reserve Bank of India hereby makes the following amendments to the Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) Regulations, 2019 [[Notification No. FEMA.395/2019-RB dated October 17, 2019](#)] (hereinafter referred to as 'the Principal Regulations') namely:-

1. Short Title & Commencement.-- (1) These Regulations may be called the Foreign Exchange Management (Mode of Payment and Reporting of Non- Debt Instruments) (Third Amendment) Regulations, 2025.

(2) They shall come into force from the date of their publication in the [Official Gazette](#).

2. In the principal regulations, in regulation 3.1, for the existing provision at Sl. No. I, II, VI, VII, VIII and IX the following shall be substituted, namely:

Schedule of the Rules	Instructions on Mode of payment and Remittance of sale proceeds
I. Schedule I (Purchase or sale of equity instruments of an Indian company by a person resident outside India)	A. Mode of payment (1) The amount of consideration shall be paid as inward remittance from abroad through banking channels or out of funds held in any repatriable foreign currency or Rupee account maintained in accordance with the Foreign Exchange Management (Deposit) Regulations, 2016 . Explanation: The amount of consideration shall include: (i) Issue of equity shares by an Indian company against any funds payable by it to the investor. (ii) Swap of equity instruments or equity capital. (2) Equity instruments shall be issued to the person resident outside India making such investment within sixty days from the date of receipt of the consideration. Explanation: In case of partly paid equity shares, the period of 60 days shall be reckoned from the date of receipt of each call payment. (3) Where such equity instruments are not issued within sixty days from the date of receipt of the consideration the same shall be refunded to the person concerned by outward remittance through banking channels or by credit to his repatriable foreign currency or Rupee account maintained in accordance with the Foreign Exchange Management (Deposit) Regulations, 2016 , as the case may be within fifteen days from the date of completion of sixty days. (4) An Indian company issuing equity instruments under this Schedule may open a foreign currency account with an Authorised Dealer in India in accordance with Foreign Exchange Management (Foreign currency accounts by a person resident in India) Regulations, 2016. B. Remittance of sale proceeds

	The sale proceeds (net of taxes) of the equity instruments may be remitted outside India or may be credited to any repatriable foreign currency or Rupee account of the person concerned, maintained in accordance with the Foreign Exchange Management (Deposit) Regulations, 2016.
II. Schedule II (Investments by Foreign Portfolio Investors)	A. Mode of payment (1) The amount of consideration shall be paid as inward remittance from abroad through banking channels or out of funds held in a foreign currency account and/ or a Special Non-Resident Rupee (SNRR) account maintained in accordance with the Foreign Exchange Management (Deposit) Regulations, 2016. (2) Unless otherwise specified in these regulations or the relevant Schedules, the foreign currency account shall be used only and exclusively for transactions under this Schedule. B. Remittance of sale proceeds The sale proceeds (net of taxes) of equity instruments and units of REITs, InViTs and domestic mutual fund may be remitted outside India or credited to the foreign currency account or a SNRR account of the FPI.
VI. Schedule VI (Investment in a Limited Liability Partnership)	A. Mode of payment Payment by an investor towards capital contribution of an LLP shall be made by way of an inward remittance through banking channels or out of funds held in any repatriable foreign currency or Rupee account maintained in accordance with the Foreign Exchange Management (Deposit) Regulations, 2016. B. Remittance of disinvestment proceeds The disinvestment proceeds may be remitted outside India or may be credited to any repatriable foreign currency or Rupee account of the person concerned, maintained in accordance with the Foreign Exchange Management (Deposit) Regulations, 2016.
VII. Schedule VII (Investment by a Foreign Venture Capital Investor)	A. Mode of payment (1) The amount of consideration shall be paid as inward remittance from abroad through banking channels or out of funds held in a foreign currency account and/ or a Special Non-Resident Rupee (SNRR) account maintained in accordance with the Foreign Exchange Management (Deposit) Regulations, 2016. (2) Unless otherwise specified in these regulations or the relevant Schedules, the foreign currency account shall be used only and exclusively for transactions under this Schedule. B. Remittance of sale/ maturity proceeds The sale/ maturity proceeds (net of taxes) of the securities may be remitted outside India or may be credited to the foreign currency account or a Special Non-resident Rupee Account of the FVCI.
VIII. Schedule VIII (Investment by a person resident outside India in an Investment Vehicle)	A. Mode of payment: The amount of consideration shall be paid by the person concerned as inward remittance from abroad through banking channels or by way of swap of shares of a Special Purpose Vehicle or out of funds held in any repatriable foreign currency or Rupee account maintained in accordance with the Foreign Exchange Management (Deposit) Regulations, 2016.

	B. Remittance of sale/ maturity proceeds: The sale/ maturity proceeds (net of taxes) of the units may be remitted outside India or may be credited to any repatriable foreign currency or Rupee account of the person concerned, maintained in accordance with the Foreign Exchange Management (Deposit) Regulations, 2016.
IX. Schedule X (Issue of Indian Depository Receipts)	A. Mode of Payment NRIs or OCIs may invest in the IDRs out of funds held in their NRE/ FCNR(B) account, maintained in accordance with the Foreign Exchange Management (Deposit) Regulations, 2016. An FPI may invest in the IDRs out of funds held in a foreign currency account and/or an SNRR account, maintained in accordance with the Foreign Exchange Management (Deposit) Regulations, 2016, as amended from time to time. B. Remittance of sale/ maturity proceeds Redemption/ conversion of IDRs into underlying equity shares of the issuing company shall be in compliance with the Foreign Exchange Management (Overseas Investment) Rules, 2022.

3. In the principal regulations, in regulation 3, for the existing sub-regulation 3.2 the following shall be substituted, namely;

“Issue of Convertible Notes by an Indian start-up company:

A start-up company issuing convertible notes to a person resident outside India shall receive the amount of consideration by inward remittance through banking channels or by debit to any repatriable foreign currency or Rupee account of the person concerned, maintained in accordance with the [Foreign Exchange Management \(Deposit\) Regulations, 2016](#). Repayment or sale proceeds may be remitted outside India or credited to any repatriable foreign currency or Rupee account of the person concerned, maintained in accordance with the [Foreign Exchange Management \(Deposit\) Regulations, 2016](#).

4. In the principal regulations, in regulation 3, after sub-regulation 3.2, the following paragraph may be inserted, namely;

“Explanation: For the purpose of these regulations, “banking channels” shall include any rupee vostro accounts, including Special Rupee Vostro Accounts, permitted to be held by a person resident outside India, in terms of Regulation 7(1) of [Foreign Exchange Management \(Deposit\) Regulations, 2016](#).”

(Dr. Aditya Gaiha)
Chief General Manager-in-Charge

The principal regulations were published in the Official Gazette of Government of India – Extraordinary – Part-II, Section 3, Sub-Section (i) vide number G.S.R. 795 (E) dated 17th October, 2019. and subsequently amended vide the following, namely;

[Notification No. FEMA. 395\(1\)/2020-RB dated June 15, 2020](#)

[Notification No. FEMA. 395\(2\)/2024-RB dated April 23, 2024](#)