

How NRI can invest in Indian Shares:-

- ❖ NRIs can invest in shares and convertible debentures of Indian companies listed on NSE/BSE under the Portfolio Investment Scheme (PIS) route, which has been the most popular mode of investment for NRIs.
- ❖ Under this route, an NRI is permitted to invest up to a maximum of 5% of the paid-up share capital / value of each series of convertible debentures of listed Indian companies on repatriation and non repatriation basis.
- ❖ The aggregate investment by all NRIs cannot exceed 10% of the paid-up share capital / value of each series of convertible debentures of the company.
- ❖ The aggregate ceiling of 10% can be raised to 24%, if shareholders of the Indian company pass a special resolution to that effect.
- ❖ In addition to the PIS route, NRIs may also purchase shares convertible debentures of Indian companies, without any limit, if the purchase is made on a non-repatriation basis out of local funds of the NRI or inward remittance.
- ❖ Shares purchased under the PIS route can be sold through the stock exchange and the proceeds thereof can be remitted outside India.
- ❖ It will depend upon whether the original purchase was made by remittances from outside of India on a repatriation basis or local funds of the NRI were used.
- ❖ NRIs can invest in exchange-traded derivative contracts out of funds held in India only on a non-repatriation basis.
- ❖ Shares purchased by NRIs under the PIS route cannot be transferred by way of sale under private arrangement or by way of gift to a person residing in India or outside India without prior RBI approval.
- ❖ Though under the PIS route NRIs on their own can start making investments almost instantly with minimal paperwork, very often they may feel the need of professional assistance provided by the portfolio managers.
- ❖ NRIs are not permitted to make investments in Small Savings Schemes including PPF.
- ❖ On a repatriation basis, an NRI can purchase, without any limit, dated government securities, treasury bills, units of domestic mutual funds, bonds issued by a public sector undertaking in India and shares in public sector enterprises being disinvested by the Government of India.
- ❖ Another indirect mode of investment available to NRIs is by investing in India-focused offshore funds that invest as Foreign Venture Capital Investor (FVCI), Foreign Institutional Investor (FII) or Foreign Direct Investor