

IN THE NEWS

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The Government of India further liberalized the policy on the issue of shares by foreign companies to Indian employees under the ESOP/ESPP scheme. It has, vide A.P. (DIR Series) Circular No.90 dated May 3 2004, permitted an Indian resident, working for the India office, branch or subsidiary of a foreign company or an Indian company with a foreign holding of not less than 51 percent, to acquire shares issued by the foreign company, which may or may not be at a concessional price, without any prior approval of the RBI. There is no monetary limit on such acquisition.

The RBI has also allowed the sale of such shares by the employees without any prior approval provided the proceeds of the transaction are repatriated to India.