

FEMA Ke Fundae

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Overseas Portfolio
Investment (OPI)

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Mandavi
(Indian Investor)

Hello, Mr. FEMA Gyani. Recently, I came to know from a friend in US that Amazon is giving very good returns to its investors and I was also thinking to purchase the shares of Amazon but I was not sure whether I can do so or not?



Hi Mandavi! Of Course, you can purchase the shares of Amazon. Since you are investing in Amazon Inc. which is a **listed company**, the above investment shall be considered as **OPI**, i.e., Overseas Portfolio Investment. Let me brief you with the same.



The FEMA Gyani

“Overseas Portfolio Investment (OPI)” means investment by way of acquisition of **listed equity capital** of a foreign entity subject to the following conditions:

1 Such investment should be **less than 10% paid up capital** of the listed entity.

2 The Investor should have **no control** over the foreign entity.



**Mandavi
(Indian Investor)**



The FEMA Gyani

Okay! But what exactly do we mean by control? 🤔

“**Control**” means the right to appoint majority of the directors or to control the management or policy decisions by holding **ten percent or more** of voting rights in the entity.



The FEMA Gyani

Obviously Mr. FEMA Gyani! How could I have control in Amazon. My investment is like peanuts for Amazon. 😂



**Mandavi
(Indian Investor)**

Haha. Yes, Mandavi! But you should also take care that the investment should be under the overall ceiling limit of **the Liberalised Remittance Scheme** which means that your investment along with all the LRS transactions should **not exceed USD 2,50,000.**



The FEMA Gyani



**Mandavi
(Indian Investor)**

I will keep that in mind. Tell me one thing, Do I need to report this transaction to Bank or to the RBI?

No Mandavi there is **no such reporting requirements** in case of OPI. However, when you remit funds out of India Form A2 is required to repatriate the funds.



The FEMA Gyani



**Mandavi
(Indian Investor)**

Okay Mr. FEMA Gyani. But I have one more doubt. I was thinking that instead of investing in my own name, Can I invest through my Indian company and in that case also everything will remain same?

In case where the investment is made by an Indian entity the reporting requirements shall be different. Let me brief you with them.



The FEMA Gyani

1

Such investment **shall not exceed fifty percent of the net worth** of the Indian entity as on the date of its last audited balance sheet.

2

The entity should report such investment **within sixty days** from the end of the half-year in which such investment is made as of September or March-end in the **Form OPI**.

I didn't understand the 2nd point. Exactly when do I have to report the investment?



Mandavi

(Indian Investor)



The FEMA Gyani

Let me explain to you with the help of an example. Suppose the FY that Indian Co. is following is April-March. So the half year ends in September. Now,

If an Indian co. makes OPI in June, then it should report such transaction within 60 days from the end of September, i.e, by November

Similarly, if OPI is made in December, then it should be reported within 60 days from the end of March, i.e by May.



**Mandavi
(Indian Investor)**

Okay. Got it. Thankyou so much, Mr. FEMA Gyani!!

Thank You



The FEMA Gyani

Comments

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Suggestions



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