

Update in Master Directions on Foreign Investment in India

The Reserve Bank of India has updated its Master Directions on Foreign Investment in India (FED Master Direction No.11/2017-18) as of August 08, 2024, introducing key definitions and clarifying various provisions.

Among these updates, the validity of the Valuation Certificate is particularly noteworthy.

According to para 8.11 of the Master Directions, the validity of valuation certificate is clarified as follows:

8. 11 Validity of valuation certificate

The valuation certificate issued by a Chartered Accountant or a SEBI registered Merchant Banker or a practicing Cost Accountant, for application of pricing guidelines, must not be more than ninety days (90) old as on the date of the investment;

Provided the above shall not apply in case where the price is determined in accordance with SEBI guidelines.

This will ensure that the pricing aligns with the current market conditions and foreign investments in equity instruments are conducted fairly.

Ref.: https://rbi.org.in/scripts/bs_viewmasdirections.aspx?id=11200

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