



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA
www.rbi.org.in

RBI/2018-19/132

A.P. (DIR Series) Circular No. 20

February 27, 2019

To,

All Category - I Authorized Dealer Banks

Madam / Sir

Establishment of Branch Office (BO) / Liaison Office (LO) / Project Office (PO) or any other place of business in India by foreign entities

Attention of the Authorised Dealer (AD - Category I) banks is invited to the Foreign Exchange Management (Establishment in India of a Branch Office or a Liaison Office or a Project Office or any Other Place of Business) Regulations, 2016, notified by the Reserve Bank vide [Notification No FEMA 22\(R\)/RB-2016 dated March 31, 2016](#), as amended from time to time.

2. In terms of extant Regulations, applications received from a Non-Government Organisation, Non-Profit Organization, Body/Agency/Department of a foreign Government for opening of a branch office or a liaison office or a project office or any other place of business in India are to be forwarded to the Reserve Bank for prior approval and be considered in consultation with the Government of India. This has since been reviewed and as notified through Notification No FEMA 22(R)(1), it is advised that if such an entity is engaged, partly or wholly, in any of the activities covered under Foreign Contribution (Regulation) Act, 2010 (FCRA), it shall obtain a certificate of registration under the said Act and shall not seek permission under FEMA 22(R).

3. Accordingly, the Form FNC has also been suitably modified and the following phrase added under the heading 'Declaration' in Part II clause (ii), at the end of the existing sentence.

"We will not undertake either partly or fully, any activity that is covered under Foreign Contribution Regulation Act, 2010 (FCRA) and we understand that any misrepresentation made or false information furnished by us in this behalf would render the approval granted under the Foreign Exchange Management (Establishment in India of a branch office or liaison office or a project office or any

other place of business) Regulations, 2016, automatically as void ab initio and such approval by the Reserve Bank shall stand withdrawn without any further notice”.

4. All other provisions of the LO/BO/PO policy shall remain unchanged. AD Category - I banks may bring the contents of this circular to the notice of their constituents and customers.

5. The [Master Direction No. 10 dated January 1, 2016](#) is being updated simultaneously to reflect the changes.

6. The directions contained in this circular have been issued under Section 10(4) and 11(2) of the Foreign Exchange Management Act, 1999 (42 of 1999) and are without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully

(R. K. Moolchandani)
Chief General Manager