

A P (DIR Series) CIRCULAR NO 02/RBI.

Dated: July 15, 2011

Regularization of Liaison / Branch Offices of foreign entities established during the pre-FEMA period

Attention of Authorised Dealer Category - I (AD Category-I) banks is invited to Notification No. FEMA 22/2000-RB dated May 3, 2000 viz. Foreign Exchange Management (Establishment in India of Branch or Office or other Place of Business) Regulations, 2000, as amended from time to time, read with A.P. (DIR Series) Circular Nos. 23 and 24 dated December 30, 2009, in terms of which a person resident outside India requires the prior approval of the Reserve Bank of India for establishing a Liaison Office (LO) /Branch Office (BO) in India. Further, attention of the AD Category - I banks is invited to A.P. (DIR Series) Circular No. 23 dated December 30, 2009 in terms of which applications from foreign Non-Government Organisations (NGOs) / Non-Profit Organisations (NPOs) / Government bodies / Departments for establishing BO / LOs in India are considered by the Reserve Bank in consultation with the Government of India, Ministry of Finance.

2. It has come to the notice of the Reserve Bank that certain BOs / LOs established by the foreign NGOs, NPOs, news agencies and other foreign entities are continuing to function in India, without the approval of the Reserve Bank, after the Foreign Exchange Management Act (FEMA), 1999 came into force from June 1, 2000. Under the provisions of FEMA, 1999, *ibid*, the request of such entities to open an office in India is considered by the Reserve Bank in consultation with the Government of India, wherever required.

3. Accordingly, the foreign entities who have established LO or BO in India and continuing to function without obtaining permission from the Reserve Bank of India should approach the Reserve Bank within a period of 90 days from the date of issue of this circular for regularization of establishment of such offices in India, in terms of the extant FEMA provisions.

4. The foreign entities who may have established LO or BO with the permission from the Government of India may also approach the Reserve Bank along with a copy of the said approval for allotment of a Unique Identification Number (UIN) by the Reserve Bank of India.

5. All such applications/ requests should be submitted to the Chief General Manager-in-Charge, Reserve Bank of India, Foreign Exchange Department, Foreign Investment Division, Central Office, Fort, Mumbai - 400 001 in form FNC and should be routed through the AD Category - I bank where the account of such LO /BO is maintained.

6. AD Category - I banks may bring the contents of this circular to the notice of their constituents/ customers concerned and forward such application/ request to the Reserve

Bank, after complying with the instructions contained in A.P. (DIR Series) Circular Nos. 23 and 24 dated December 30, 2009. Further, they may also ensure that their constituents operating LO/ BO in India have valid approval from the Reserve Bank for the same and that a copy of such approval is kept on record.

7. The directions contained in this circular have been issued under sections 10(4) and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and are without prejudice to permissions / approvals, if any, required under any other law.

RBI/2011-12/112

(Meena Hemchandra)
Chief General Manager-in-Charge