

Ministry of Finance-Press Release dated 12/04/2016

As a measure towards improving the ease of doing business, procedure for Establishment of Branch Office (BO)/Liaison Office (LO)/Project Offices (PO) in India by Foreign entities simplified

As a measure towards improving the ease of doing business, it has now been decided that except for a few sectors viz. Defence, Telecom, Private Security, Information and Broadcasting and Non-government organization and except a few countries, the power to grant approvals for establishment of Branch Office (BO)/Liaison Office (LO)/Project Offices (PO) in India by foreign entities, would be delegated to the Authorised Dealers Category-I Banks. Further, anyone who has been awarded a contract for a project by a Government authority/PSU would be automatically given approval to open a bank account.

Regulations in this regard have been notified by RBI vide G.S.R. 384 dated March 31, 2016.

Earlier these entities used to seek the approval of Reserve Bank of India (RBI) before setting-up their BO/LO/PO office in India. While Reserve Bank of India (RBI) gives permission in those cases where 100% FDI is allowed under automatic route, all other cases are referred to the Government for approval.

The establishment of Branch Office (BO)/Liaison Office (LO)/Project Offices (PO) in India by foreign entities is regulated in terms of FEMA 22/2000-RB dated May 3, 2000, as amended from time to time. The foreign entities can set-up their BO/LO/PO in India without registering themselves as companies/trusts etc. under Indian Laws.

DSM/KA
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