

**Maintenance of foreign currency account
abroad by a company/firm/a body corporate
registered or incorporated in India
A.P. (DIR Series) Circular No.54 (June 29, 2002)**

RESERVE BANK OF INDIA
EXCHANGE CONTROL DEPARTMENT
CENTRAL OFFICE
MUMBAI 400 001

A.P. (DIR Series) Circular No.54

June 29, 2002

To,

All Authorised Dealers in Foreign Exchange

Madam/Sirs,

**Maintenance of foreign currency account
abroad by a company/firm/a body corporate
registered or incorporated in India**

Attention of authorised dealers is invited to the Reserve Bank Notification No.FEMA.10/2000-RB dated 3rd May 2000 relating to Foreign Exchange Management (Foreign Currency Accounts by a person resident in India) Regulations, 2000, which has now been amended vide Notification No.FEMA 47/2001-RB dated December 5, 2001 (copy enclosed).

2. Now an Indian entity has been permitted to open, hold and maintain in the name of its office/branch set up outside India, a foreign currency account with a bank outside India by making remittance for the purpose of normal business operations of the said office/branch or representative subject to conditions stated in the Notification.

3. The authorised dealers may, therefore, allow remittances for the purpose of normal business operations of the office (trading/non-trading)/branch or representative outside India as per the provisions of the Regulations in this regard subject to the following terms and conditions:-

- i) The overseas office (trading/ non-trading)/ branch/ representative should not create any financial liabilities contingent or otherwise for Head Office in India.
- ii) The overseas office (trading/non-trading)/ branch /representative should not invest surplus funds abroad without prior approval of Reserve Bank of India. Any funds rendered surplus should be repatriated to India.

- iii) The overseas office/branch of software exporter company/ firm, may repatriate to India 100% of the contract value of each `off-site' contract as also atleast 30% of the contract value of each `on-site' contract and may utilise the balance amount (70%) of the contract value of `on-site' contracts for contract related expenses including office/branch expenses abroad. A duly audited yearly statement showing receipts under `off-site' and `on-site' contracts undertaken by the overseas office, expenses and repatriation thereon may be sent to the authorised dealer.
- iv) The details of bank account opened in the overseas country should be promptly reported to authorised dealer.

4 . Authorised Dealers may bring the contents of the circular to the notice of their concerned constituents.

5. The directions contained in this circular have been issued under Section 10(4) and Section 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999).

Yours faithfully,

Grace Koshie
Chief General Manager