

**Branch/Project/Liaison Offices in
India of person resident outside India
A.P.(DIR Series) Circular No.3 (July 6, 2002)**

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

A.P.(DIR Series) Circular No.3

July 6, 2002

To,

All Authorised Dealers in Foreign Exchange

Madam / Sirs,

**Branch/Project/Liaison Offices in
India of person resident outside India**

Attention of Authorised Dealers is invited to Regulation 5 (iii) of Reserve Bank Notification No. FEMA 22/2000-RB dated 3rd May 2000 in terms of which Reserve Bank imposes certain terms and conditions while granting approval to a person resident outside India to establish a branch/project/liaison office in India. One of the conditions of the approval pertains to the permissible credits and debits to the bank account in India of the resident outside India. Authorised Dealers are also aware that in terms of Paragraph 4 of A.D.(M.A. Series) Circular No.10 dated 17th February 1998, a branch/office in India of foreign firm/company may keep funds, which are rendered surplus temporarily, in term deposits with a maturity not exceeding three months with the same branch of the authorised dealer with whom the QA-22 account was maintained prior to introduction of FEMA.

2. Reserve Bank has been receiving requests from some branches/offices to allow branch/project/liaison offices in India of foreign firms/companies for keeping temporary surplus funds lying in their non-interest bearing account in term deposits with any Authorised Dealer. Accordingly, it has now been decided to permit Authorised Dealers to open term deposit account for a period not exceeding 6 months in favour of a branch/office of a person resident outside India provided the Authorised Dealer is satisfied that the term deposit is out of temporary surplus funds and the branch/office furnishes an undertaking that the maturity proceeds of the term deposit will

be utilised for their business in India within 3 months of maturity. However, such facility may **not** be extended to shipping/airline companies.

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

4. 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