

**Permission to open Project Office in India and Remittance of Assets - Project Office
A.P.(DIR Series) Circular No. 37 (Nov 15, 2003)**

**Reserve Bank of India
Exchange Control Department
Central Office
Mumbai 400 001**

A.P.(DIR Series) Circular No. 37

November 15, 2003

To

All Authorised Dealers in Foreign Exchange

Madam / Sirs,

**Permission to open Project Office in India
and Remittance of Assets - Project Office**

Attention of Authorised Dealers is invited to Notification No. FEMA 22/2000-RB dated May 3, 2000 [Foreign Exchange Management (Establishment in India of Branch or Office or other Place of Business) Regulations, 2000] regarding establishment in India of a branch or office or other place of business by a person resident outside India and Notification No. FEMA 13/2000-RB dated May 3, 2000 [Foreign Exchange Management (Remittance of Assets) Regulations, 2000] regarding remittance outside India by a person whether resident in India or not, of assets in India. In terms of the Notification No.FEMA.22, the foreign entities intending to set up Project Offices were required to submit an application in Form FNC-1 to the concerned Regional Office of the Reserve Bank and such approvals would be granted by the Reserve Bank on a case-to-case basis.

2. With a view to liberalising and simplifying the procedures for establishment of Project Offices, the Reserve Bank has issued Notification No. FEMA 95/2003-RB dated July 2, 2003 (copy enclosed) amending certain provisions of Notification No. FEMA 22/ 2000-RB dated May 3, 2000 and granting general permission to a foreign entity for setting up a Project Office in India subject to the following conditions :

- (a) It has secured from an Indian company a contract to execute a project in India; and
- (b) the project is funded by inward remittance from abroad; or
- (c) the project is funded by a bilateral or multilateral International Finance Agency; or
- (d) the project has been cleared by an appropriate authority; or
- (e) a company or entity in India awarding the contract has been granted Term Loan by a Public Financial Institution or a bank in India for the project.

3. The foreign company shall furnish a report to the concerned Regional Office of Reserve Bank of India under whose jurisdiction the Project Office is set up comprising the following details :

- (a) Name and address of the Foreign Company

- (b) Reference Number and date of letter awarding the contract referred to in clause (ii) of Regulation 5 of Notification No. FEMA 22/2000-RB dated May 3, 2000
- (c) Particulars of authority awarding the projects/contract
- (d) Total amount of contract
- (e) Address and tenure of Project Office
- (f) Nature of Project undertaken

4. Further, the Project Office established in terms of the above mentioned provisions may approach Regional Offices of Reserve Bank of India for granting permission for opening Foreign Currency Accounts, if required. Such applications may be accompanied by the following details:

- (a) The reasons for opening a foreign currency account.
- (b) The excerpts of contract of the concerned project office to ascertain whether it provides for payment / receipt of Funds in foreign currency.
- (c) The total amount involved therein.

5. The Reserve Bank has also issued Notification No.96/2003-RB dated July 2, 2003 (copy enclosed) amending the provisions of Regulation 6 (iii) of Notification No. FEMA 13/2000-RB dated May 3, 2000 granting general permission to foreign entities to remit the surplus on winding up/completion of projects through Authorised Dealers. Authorised Dealers may allow such remittances on receipt of requests from their respective constituents subject to the conditions prescribed in Regulation 7 II of RBI Notification FEMA No. 22 dated May 3, 2000. It is further advised that in case of request by the Project Office for intermittent remittance of temporary surplus, Authorised Dealers may approach the concerned Regional Office of the Reserve Bank for necessary approval.

6. The above instructions come into force with immediate effect.

7. The directions contained in this Circular have been issued under Sections 10 (4) and 11 (1) of the FEMA 1999 (42 of 1999).

Yours faithfully,

F.R. Joseph
Chief General Manager