

**RESERVE BANK OF INDIA**  
**EXCHANGE CONTROL DEPARTMENT**  
**CENTRAL OFFICE**  
**MUMBAI**

Notification No. FEMA 102/2003-RB

Dated 3rd October 2003

**Foreign Exchange Management (Establishment in India of branch or office or other place  
of business) (Second Amendment) Regulations, 2003**

In exercise of the powers conferred by sub-section (6) of Section 6 of the Foreign Exchange Management Act, 1999 (42 of 1999), and in partial modification of its Notification No. FEMA 22/2000-RB dated 3rd May 2000, the Reserve Bank makes the following amendments in the Foreign Exchange Management (Establishment in India of Branch or Office or other Place of Business) Regulations, 2000, as amended from time to time namely:

**Short title and commencement:-**

1. (i) These Regulations may be called the Foreign Exchange Management (Establishment in India of Branch or Office or other Place of Business) (Second Amendment) Regulations, 2003.
- (ii) They shall come into force from the date of their publication in the Official Gazette of Government of India.

**Amendment of the Regulations:**

2. In the Foreign Exchange Management (Establishment in India of Office or other Place of Business) Regulations 2000, in Regulation 2, the following clause shall be inserted after (g) namely: -
  - (h) 'Stand alone basis' means such branch offices would be isolated and restricted to the Special Economic Zone alone and no business activity/ transaction will be allowed outside the Special Economic Zones in India which includes branches/subsidiaries of its parent office in India. The existing clause (h) may be renumbered as (i).

3. In Regulation 3, the following proviso shall be added.

“Provided that no approval shall be necessary from RBI for a company to establish a branch/unit in Special Economic Zones (SEZs) to undertake manufacturing and service activities. Provided further that:

- I. such units are functioning in those sectors where 100% FDI is permitted,
- II. such units comply with part XI of the Companies Act (Section 592 to 602),
- III. such units function on a stand-alone basis,
- IV. in the event of winding-up of business and for remittance of winding-up proceeds, the branch shall approach an Authorised Dealer in Foreign Exchange with the documents except (A) listed in Regulation 6 (I) (iii) of Notification No. FEMA 13/2000-RB dated 3rd May 2000.”

**(Usha Thorat)**  
**Executive Director**

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