

**RESERVE BANK OF INDIA
FOREIGN EXCHANGE DEPARTMENT
CENTRAL OFFICE
MUMBAI 400 001**

Notification No. FEMA 10 (R)/(1)/2016-RB

June 01, 2016

Foreign Exchange Management (Foreign Currency Accounts by a person resident in India) (Amendment) Regulations, 2016

In exercise of the powers conferred by Section 9 and clause (e) of sub-section (2) of section 47 of the Foreign Exchange Management Act, 1999 (42 of 1999), the Reserve Bank of India makes the following amendments in the Foreign Exchange Management (Foreign Currency Accounts by a person resident in India) Regulations, 2015 [[Notification No. FEMA 10\(R\)/2015-RB dated January 21, 2016](#)], namely:

1. Short Title & Commencement:-

- (i) These Regulations may be called the Foreign Exchange Management (Foreign Currency Accounts by a person resident in India) (Amendment) Regulations, 2016.
- (ii) They shall come into force from the date of publication in the official Gazette.

2. Amendment to Regulation 5

A. The existing sub-regulation (E) shall be re-numbered as (F).

B. In the re-numbered regulation (F), the existing sub-regulation (3) shall be substituted by the following namely:

“Insurance/reinsurance companies registered with Insurance Regulatory and Development Authority of India (IRDA) to carry out insurance/reinsurance business may open, hold and maintain a Foreign Currency Account with a bank outside India for the purpose of meeting the expenditure incidental to the insurance/reinsurance business carried on by them and for that purpose, credit to such account the insurance/reinsurance premia received by them outside India.”

C. After the existing sub-regulation (D), the following shall be inserted namely:-

“(E) Accounts in respect of Startups

An Indian startup or any other entity as may be notified by the Reserve Bank in consultation with the Central Government, having an overseas subsidiary, may open a foreign currency account with a bank outside India for the purpose of crediting to it foreign exchange earnings out of exports/ sales made by the said entity and/ or the receivables, arising out of exports/ sales, of its overseas subsidiary.

Provided that the balances in the account shall be repatriated to India within the period prescribed in Foreign Exchange Management (Export of Goods and Services) Regulations, 2015 dated January 12, 2016, as amended from time to time, for realization of export proceeds.

Explanation: For the purpose of this sub-regulation a ‘startup’ means an entity which complies with the conditions laid down in Notification No. G.S.R 180(E) dated February 17, 2016 issued by Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India.”

3. Amendment to Schedule 1

In Paragraph 1, in sub-paragraph (1), after the existing clause (vi), the following shall be inserted namely:-

“vii) Payments received in foreign exchange by an Indian startup, or any other entity as may be notified by the Reserve Bank in consultation with the Central Government, arising out of exports/ sales made by the said entity or its overseas subsidiaries, if any.

Explanation: For the purpose of this schedule a ‘startup’ means an entity which complies with the conditions laid down in Notification No. G.S.R 180(E) dated February 17, 2016 issued by Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India.”

(J. K. Pandey)

General Manager (Officer- in- charge)

Foot Note:-

The Principal Regulations were published in the Official Gazette vide G.S.R. No.96 (E) dated January 21, 2016 in Part II, Section 3, sub-Section (i).

Published in the Official Gazette of Government of India – Extraordinary – Part-II, Section 3, Sub-Section (i) dated 01.06.2016- G.S.R.No.570(E)