

Business Standard

Foreign firms in telecom, 3 other sectors need not obtain RBI nod to open branch offices

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Foreign companies in defence, telecom, information & broadcasting, and private security sectors will not require the Reserve Bank of India's (RBI) nod to open branch offices, provided they have an approval of the regulator and the ministry concerned.

The RBI has made amendments to this effect in the FEMA regulations concerning the opening of branch and liaison offices by foreign entities.

"... approval of the Reserve Bank of India is not required in case where government approval or license/permission by the concerned ministry/ regulator has already been granted," according to the amendments to the Foreign Exchange Management (Establishment in India of a branch office or a liaison office or a project office or any other place of business) Regulations notified by the RBI.

The amendments follow the Press Note issued by the Commerce and Industry Ministry in 2016.

To improve the ease of doing business, the ministry while reviewing the foreign direct investment (FDI) policy had relaxed the norms for opening of branch and liaison and project offices by foreign companies.

As per the Press Note, a foreign entity having businesses in telecom, private security, defence or information and broadcasting can establish branch liaison or project offices if they had the approval of the concerned Ministry / regulator.

It also clarified that the foreign entities fulfilling the specified conditions will not require the approval of the RBI for opening of branch offices.

Nangia Advisors Director (Regulatory) Nischal Arora said: "Going forward, foreign companies operating in India in any of the 4 sectors, namely, Defence, Telecom, Private Security and Information & Broadcasting and operating under government approval (for FDI) or under a license/ permission from the nodal ministry/ regulator will not require any additional approval from RBI for establishing the foreign company's extension office in India. The change has been issued on a prospective basis."

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BY PTI | JAN 23, 2019, 06:04 PM IST

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NEW DELHI: Foreign companies in defence, telecom, information & broadcasting, and private security sectors will not require the [Reserve Bank of India's](#) (RBI) nod to open branch offices, provided they have an approval of the regulator and the ministry concerned.

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NEW DELHI, Jan 23 (PTI)

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