



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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October 03, 2025

Draft Foreign Exchange Management (Establishment in India of a branch or office) Regulations, 2025

As announced in the [Statement on Developmental and Regulatory Policies dated October 01, 2025](#), the Reserve Bank had issued 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, 2016, vide [Notification No. FEMA 22\(R\)/2016-RB. dated March 31, 2016](#).

2. On a review, it has been decided to amend the extant regulations along the following lines:

- i) The eligibility criteria for establishment of a place of business in India, are proposed to be relaxed.
- ii) The draft proposals offer greater operational freedom by shifting from prescriptive to a principle-based framework, which is expected to result in greater operational freedom.
- iii) The process for closure of non-compliant and inactive branch/office, are proposed to be simplified.

3. Comments/feedback on the [draft regulations](#) may be submitted through the 'Connect 2 Regulate' Section available on the RBI's website or via [email](#) by **October 24, 2025**, with the subject line "Feedback on draft regulations on Branch or office".

Press Release: 2025-2026/1232

(Brij Raj)
Chief General Manager

DRAFT

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

Notification No. FEMA 22(XX)/2025-RB

October XX, 2025

**Foreign Exchange Management (Establishment in India of a branch or office)
Regulations, 2025**

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 supersession of [Notification No. FEMA 22\(R\)/2016-RB dated March 31, 2016](#), as amended from time to time, the Reserve Bank of India makes the following regulations to prohibit, restrict and regulate establishment in India of a branch or office by a person resident outside India (PROI).

1. Short title and commencement

- a. These Regulations may be called the Foreign Exchange Management (Establishment in India of a branch or office) Regulations, 2025.
- b. They shall come into force from the date of their publication in the Official Gazette.

2. Definitions

In these regulations, unless the context otherwise requires –

- a. 'Act' means the Foreign Exchange Management Act, 1999 (42 of 1999).
- b. 'Authorised Dealer bank or AD bank', for the purpose of these regulations, shall mean an AD category I bank authorized as such under sub-section (1) of section 10 of the Act. The AD bank with whom an Entity Resident Outside India (EROI) maintains banking relations in India would be identified as the Designated Bank in India.
- c. 'Branch' means a place of a business of an EROI in India.
- d. 'Entity resident outside India - EROI', for the purpose of these regulations, shall mean a PROI as defined in Section 2 (w) of FEMA 1999 but shall not include a natural person.
- e. 'Office' means any place of business in India, of an EROI, other than a branch. An office includes a 'Project Office' (PO) that is established only for executing projects in India.
- f. The words and expressions used but not defined in these Regulations, shall have the same meanings respectively assigned to them in the Act.

3. Prohibition against opening a branch or office in India

- a. Save as otherwise provided in the Act, Rules or Regulations made

thereunder, no EROI shall, without the general or specific permission of the Reserve Bank, establish in India a branch or office by whatever name called.

Provided that an EROI, whose activities come under the ambit of any financial sector regulator in India shall establish a branch or office in India only with the prior permission of the concerned financial sector regulator.

Provided further that a branch or office, whose activities will be subject to the provisions of the Special Economic Zones (SEZ) Act, 2005, or the Foreign Contribution (Regulation) Act, 2010, shall obtain permission under the respective acts.

- b. No EROI engaged in activities related to legal consultancy shall be allowed to establish a branch or office under these Regulations.
- c. No branch or office established in India under these Regulations shall carry out any activity, which is prohibited or is under approval route as per FDI policy unless specifically allowed under Regulation 4(b).
- d. No "Office" other than a PO shall undertake any commercial activity.

4. Opening a branch or office in India

- a. An EROI shall establish a branch or office in India in terms of these Regulations and in accordance with the applicable provisions of the Companies Act, 2013. The procedure shall be as follows:
 - 1. An EROI shall submit an application in Form FNC ([Annex A](#)) to an AD bank, who may grant approval as per these Regulations.
 - 2. Post approval and opening of an account for the branch or office, the AD bank (now 'designated bank') shall report establishment of such office to the Reserve Bank of India as per [Annex \(B\)](#) of these regulations.
 - 3. The RBI shall allot a Unique Identification Number (UIN) to the branch or office on the basis of the data submitted by the designated bank (through [Annex B](#) of these regulations).
- b. An application for establishing a branch or office in India shall require prior approval of the Government of India in the following cases:
 - 1. The EROI is a person resident in Pakistan.
 - 2. The EROI is a person resident in Afghanistan, Bangladesh, China, Hong Kong or Macau, or Sri Lanka and is intending to establish a branch or office in Jammu and Kashmir, Ladakh, North-East region and Andaman and Nicobar Islands.
 - 3. The EROI is a Non-Profit Organisation, or is owned or controlled by the Government of a foreign country.
 - 4. The EROI's principal business falls in the sectors of Defence, Telecom, Private Security and Information and Broadcasting or in any other Sector where Foreign Direct Investment is either prohibited or is under the 'approval route' as per the extant FDI policy.

Provided such prior approval will not be required in cases where the Government of India or the Regulator concerned has already issued an approval or license/permission, subject to the conditions specified therein.

Provided further that in the case of opening of a PO relating to the defence sector, no prior approval will be required if an EROI has been awarded a contract or has entered into an agreement with the Ministry of Defence or Service Headquarters or Defence Public Sector Undertakings.

- c. In case the application for establishing a branch or office falls under the ambit of Regulation 4(b), the AD bank shall forward the same to RBI. The decision regarding the application in such cases shall be conveyed by the RBI to the AD bank after consulting the Government of India. In case of these applications, the UIN would be conveyed to the AD bank along with the approval.
- d. An EROI seeking to convert its office into a branch may apply to the designated bank. The designated bank shall grant the approval after satisfying itself that the conversion of an office to a branch by the EROI is in conformity with these regulations
- e. Any change in the name of an existing Branch or Office established under these regulations shall be reported to the RBI through the designated bank.
- f. Whenever a change in ownership and/or control of the EROI due to acquisition/merger/corporate restructuring of the EROI results in the EROI falling under Regulation 4(b) of these Regulations, the EROI shall make an application to the designated bank, which shall be dealt as per Regulation 4(c) of these regulations.
- g. In case a branch or office intends to undertake activities in addition to what was initially permitted or if any additional project is undertaken by a PO and such activity or project falls under the ambit of Regulation 4(b) of these Regulations, then the branch or office (including PO) shall apply for an approval under Regulation 4(c).

5. Opening and maintaining bank accounts

- a. An EROI who has established a branch or office (including a PO) under these Regulations may open non-interest-bearing INR current account(s) with an AD bank ('designated bank' after opening of account) for its operations in India.
- b. A PO may also open non-interest-bearing foreign currency account(s) for undertaking transactions related to the projects executed by it in India.
- c. The designated bank shall ensure that in cases where a PO has been established to execute multiple projects in India, the PO maintains separate books of accounts for each of its projects.
- d. All financial transactions undertaken by such branch or office shall be related to the activities for which such branch or office has been established.

- e. Branches and POs may avail fund/non-fund-based facilities from AD banks, who shall adhere to the guidelines issued by the Reserve Bank of India, in this regard.
- f. Designated bank may allow a branch or office to hold term deposits for a period not exceeding 6 months, provided the bank is satisfied that the deposit is out of temporary surplus.
- g. **Change in designated bank:** An EROI, who has established a branch or office under these Regulations may change its designated bank subject to both the AD banks giving consent in writing for the transfer and the transferring AD bank confirming submission of all Annual Activity Certificates (AACs) and absence of any adverse features in conducting the account by the branch or office. The intimation regarding change in the designated bank shall be reported to RBI by the acquiring AD bank.

6. Additional place of business

- a. A branch or office established in India under these Regulations, may establish additional place of business in India under intimation to its designated bank.

Provided that establishment of additional place of business by such branch or office that was established as per Regulation 4(b) shall be as per Regulation 4(c).

Provided further that if establishment of additional place of business by a branch or office established under Regulation 4(a) falls under Regulation 4(b)(2), the same shall be dealt with as per Regulation 4(c).

- b. A branch/office with additional place of business shall identify one of its places of business in India as Nodal branch/office for ensuring compliance of all its offices with the provisions of the Act, Regulations and Directions issued under the Act and inform its designated bank.

7. Registration with State Police Authorities

An EROI resident in Pakistan, Bangladesh, Sri Lanka, Afghanistan, Iran, China, Hong Kong or Macau opening a branch or office (including a PO) shall register with the police authority of the State Government concerned. Intimation on setting up of such offices and opening of bank accounts by such 'entities' shall be sent by the designated banks to the Ministry of Home Affairs, Internal Security Division-I, Government of India, New Delhi.

8. Annual Activity Certificate (AAC)

- a. A branch or office established in accordance with these regulations shall submit Annual Activity Certificate (AAC) ([Annex C](#)) along with the audited financial statements, within six months from the date of the financial statements, to its designated bank and to the Director General of Income Tax (International Taxation). Branch or Office having additional place(s) of

business in India shall file a combined AAC in respect of all offices in India.

- b. POs executing multiple projects concurrently shall submit a list of projects along with the AAC.
- c. In case of non-submission of AAC by a Branch or Office within the specified time period (six months from the date of the financial statements), the designated bank shall follow up with such entities for submission of AACs. Designated banks may ensure that no transactions are allowed in the bank accounts of such Branch or Office after expiry of thirty calendar days from the completion of the specified time period.

9. Closure of Branch or Office

- a. An EROI who has established a branch or office (including a PO) under these Regulations may close the same under intimation to its designated bank, subject to compliance, if any, with other applicable laws including tax laws.
- b. A branch or office (including a PO) that has not submitted AAC for three consecutive years shall become liable for closure. In such eventuality, the designated AD bank of the branch or office (including PO) shall issue a notice for closure of the branch or office (including PO) advising that in case of no response within 30 calendar days from the date of issue of the notice, the branch/office shall be closed in terms of these regulations. The designated bank shall report the information on closure to RBI for cancellation of UINs. The designated banks shall adhere to the guidelines on inoperative and inactive bank accounts issued by the Department of Regulation, RBI for handling the bank accounts of such branches/offices. Information on such closure of branch or office (including PO) shall also be reported by the designated banks to Directorate of Enforcement and Registrar of Companies.
- c. Notwithstanding anything contained in these regulations or any approval granted by an AD bank, the Reserve Bank of India shall, in consultation with the Government of India, wherever considered necessary, direct the closure of any Branch or Office established in India under these Regulations. Such directions may be issued in circumstances including, but not limited to the following reasons:
 - i. Violation of the provisions of the FEMA, 1999, or the regulations made thereunder;
 - ii. If the operation of any branch or office in India is detrimental to public interest; and
 - iii. if the operation of any branch or office in India is detrimental to the sovereignty, integrity and security of India.
- d. Appeal against closure: In case of closure of a branch or office by the AD bank or the Reserve Bank of India in terms of Regulations 9(b) and 9(c) above, the appeal mechanism shall be as follows:
 - i. An EROI whose branch or office has been closed by the AD bank may appeal against the closure to the Appellate Authority namely, the Chief General Manager, Foreign Exchange

Department, Reserve Bank of India, Mumbai.

- ii. An EROI whose branch or office has been closed by RBI may appeal against the closure to the Appellate Authority namely, the Executive Director in charge of the Foreign Exchange Department, Central Office, Reserve Bank of India, Mumbai.
- iii. An appeal under sub-regulation (i) or (ii) shall be filed within forty-five calendar days from the date of receipt of letter intimating closure of the branch or office.
- iv. On receipt of an appeal, the Appellate Authority may, after giving the parties to the appeal an opportunity of being heard, pass such reasoned order thereon as he deems fit, within ninety calendar days from the date of receipt of appeal.

10. Remittances by branch or office of winding up proceeds

- a. A branch or office established under these Regulations may make remittances to its overseas Head Office during its operation in India, subject to compliance with applicable FEMA guidelines and payment of applicable taxes. The designated AD bank shall allow such remittances subject to the submission of a Chartered Accountant's certificate certifying the amount and manner of arriving at such remittable amount.
- b. A branch or office established under these Regulations may make remittance of winding up proceeds to its overseas Head Office upon closure of its branch or office(s) in India, subject to compliance with applicable laws including tax laws. Designated banks shall verify requests for such remittances before facilitating the same, by obtaining a certificate of the auditor/chartered accountant, which shall include the following:
 1. All liabilities in India as per applicable laws/statutes/ acts have been satisfied or provided for.
 2. No legal proceedings in any Court in India are pending against such entity and there is no legal impediment to the remittance.
 3. No income accruing from sources outside India (including proceeds of exports) has remained unrepatriated to India.
 4. EROI has obtained a certificate of closure of place of business in India issued by RoC.
 5. The permission of closure from the respective sectoral regulator(s) is obtained by the Branch or Office where such Branch or Office has been opened in terms of proviso to Regulation 3(a) of these Regulations.
- c. The bank accounts shall be closed after facilitation of the remittance under Regulation 10(b). Designated bank shall report closure of such offices to the Reserve Bank of India as per [Annex \(B\)](#) of these regulations.

11. Reporting Requirements

- a. All AD banks shall report establishment and closure of any branch or office to the Reserve Bank of India as per [Annex \(B\)](#) of these regulations.
- b. Branch or offices established under the provisos to Regulation 3(a) shall also

be reported by AD banks under [Annex \(B\)](#) of these regulations. However, UIN number shall not be allotted to such entities.

12.Directions to the AD bank

In terms of Section 11 of the Foreign Exchange Management Act (FEMA), 1999, the AD banks are directed to implement the necessary checks and balances in place to ensure compliance with these regulations.

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Chief General Manager-in-Charge

Form FNC

[See Regulation
4(a)(1)]

[This application form shall be completed and submitted to a AD bank by the applicant along with the documents mentioned in item (viii) of the Declaration.]

Part I

No.	Details	Particulars
1.	i. Full name and address of the applicant ii. Date and Place of incorporation / registration iii. Telephone Number(s) iv. E-mail ID	
2.	Brief description of the activities of the applicant	
3	i. Value of goods imported from and / or exported to India by the applicant during each of the last three years: <ul style="list-style-type: none"> a. Imports from India b. Exports to India ii. Particulars of existing arrangements if any, for representing the company in India. iii. Details of earlier approvals or rejections, if any, (ref. no. and date) iv. Particulars of the proposed branch/ office: <ul style="list-style-type: none"> a. Details of the activities/ services proposed to be undertaken/ rendered by the office b. Place where the office will be located c. Phone number 	

No.	Details	Particulars
	d. E-mail ID e. Expected number of employees (with number of foreigners) f. NIC code	
4.	i. Name and address of the banker of the applicant in the home country ii. Telephone number iii. E-mail ID	
5.	For Non-profit Organisations: i. Details of activities carried out in the host country and other countries by the applicant organisation ii. Expected level of funding for operations in India	
6.	For project offices: i. Reference no. and date of letter awarding the contract ii. Particulars of authority awarding the project/contract iii. Total amount of contract iv. Address/e-mail/telephone number of the project office v. Tenure of project office vi. Nature of project undertaken vii. NIC code	
7.	Any other information which the applicant company wishes to furnish in support of this application.	

Part II- Additional information to be submitted by applicants where Government of India's approval is necessary under Regulation 4(b) of Notification No. XX

I. Details in respect of Directors/Key Executives

Sr. No.	Full name of Directors and Key Executives (wherever applicable)	Present position held with date (since when)	Date of Birth	Parentage	Present and permanent address	Nationality	Passport Nos. and issue date	Contact address and telephone number

II. Details of shareholders of applicant company (all firms/ companies/entities/individuals having shareholding more than 10 %)

Sr. No.	Full name	Parentage Father/ Mother	Date of birth	Permanent address	Present address	Present position held	Nationality (if holding dual nationality, both must be clearly mentioned)	% of shares held in the company

III. Details of criminal cases, if any, against the applicant / Director (s) for which security clearance is sought

- a. Are the company owners, promoters or directors listed above, the subject of any

1. Preventive detention proceedings : Yes/No
2. Criminal proceedings : Yes/No

- b. If, Yes, please provide the following details

1. Detention/case/FIR/warrant number:
2. Police station/District/Agency :
3. Section of law :
4. Name and place of the court :

- c. The above mentioned details are in respect of both India and any foreign country.

DECLARATION

We hereby declare that:

- i. The particulars given above are true and correct to the best of our knowledge and belief.
- ii. Our activities in India would be confined to the activities indicated in column 3(iv)(a)/6(vi) above. We will not undertake either partly or fully, any activity that is covered under Foreign Contribution Regulation Act, 2010 (FCRA) and we understand that any misrepresentation made or false information furnished by us in this behalf would render the approval granted under the Foreign Exchange Management (Establishment in India of a branch or office) Regulations, 2025, automatically as *void ab initio* and such approval by the Reserve Bank shall stand withdrawn without any further notice.
- iii. If we shift the office to another place we shall intimate the designated AD Category - I bank.
- iv. If there is a change in our name and ownership, such information will be intimated to the AD bank.
- v. We will abide by the terms and conditions that may be stipulated by the Government of India / Reserve Bank / designated bank from time to time.
- vi. We, hereby commit that we are agreeable to a report /opinion sought from our bankers abroad by the Government of India /Reserve Bank.
- vii. We understand that the approval, if granted, is from FEMA angle only. Any other approvals / clearances, statutory or otherwise, required from any other Government Authority/ Department/ Ministry will be obtained before commencement of operations in India.
- viii. We have no objection to the Reserve Bank placing the details of approval in public domain.
- ix. We enclose the following documents:
 - a. Copy of the Certificate of Incorporation / Registration; Memorandum of Association and Articles of Association attested by the Notary Public in the country of registration.

[If the original Certificate is in a language other than in English, the same shall be translated into English and notarized as above and cross verified/attested by the

Indian Embassy/ Consulate in the home country].

[Bankers' Report from the applicant's banker in the host country / country of registration showing the number of years the applicant has had banking relations with that bank.]

- b. Power of Attorney in favour of signatory of Form FNC in case the Head of the overseas entity is not signing the Form FNC.

(Signature of Authorised Official of the Applicant Company)

Name:

Designation:

Place:

Date:

Annex B (to be submitted on monthly basis)

Format of Information to be reported by AD bank on establishment of a branch or office in India by EROI

S. no	Full name of EROI	Date & Place of Incorporation abroad	Branch /Office	Date of approval granted by AD bank under reg 4(a)	Date of approval granted by RBI under reg 4(b), if applicable	Whether approval granted by any other regulator (As per proviso to Reg 3(a)). If yes, provide the following:		Place of office in India*	Nodal Office, in case of multiple offices	Remarks, if any
						Name of Regulator	Date of approval			

*In case of shifting office, information regarding new address is to be intimated to RBI

Additional information to be reported by AD bank on closure of a branch or office in India by EROI

S.no	Full name of EROI	Date & Place of Incorporation abroad	Type of office established	Place/ Location of office established in India	Established under approval from: i. AD bank under Reg 4(a) ii. RBI under Reg 4(b) iii Other regulator under proviso to Reg 3(a))	Date of closure of office in India	UIN, if applicable	Remarks, if any

Annual Activity Certificate (See Regulation 08]

To whomsoever it may concern

This is to certify and confirm that during the period from ____
_____ to _____, the branch/ office with PAN No. _____
_____ of M/s_____, UIN-_____ (wherever applicable) has/ have
undertaken only those activities which are in compliance with the FEMA
(Establishment of Branch or office in India), 2025. If there is any change in
address and other contact details, the same has been brought to the notice of
the Authorised Dealer Category-I bank.

2. The branch or office established in India is in a position to meet all its liabilities
as on date.

For Project Office only

S.No.	Name of the Project	Project awarding authority	Date of commencement of project	Date of completion of project	Status of the project

(Signature of the Statutory Auditor/s)

(Name of the
Chartered
Accountant) ICAI
Membership No.:
UDIN:
Address:

Place:

Date: