



ESTABLISHMENT OF PROJECT OFFICE IN INDIA

I. Eligibility Criteria

The establishment of Project Office in India can be under the following two routes:

Automatic Route:

Reserve Bank has granted general permission to foreign companies to establish Project Offices in India, provided they have secured a contract from an Indian company to execute a project in India, and

- i. the project is funded directly by inward remittance from abroad; or
- ii. the project is funded by a bilateral or multilateral International Financing Agency; or
- iii. the project has been cleared by an appropriate authority; or
- iv. 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.

Approval Route:

If the above criteria (specified under automatic route) is not met, the foreign entity has to approach the Reserve Bank of India, Central Office, for approval.

Also, setting up of Project Offices by foreign Non-Government Organisations/Non-Profit Organisations/Foreign Government Bodies/Departments, by whatever name called, are under the Government Route. Accordingly, such entities are required to apply to the Reserve Bank for prior permission to establish an office in India, whether Project Office or otherwise.

Such applications may be forwarded by the AD Category-I bank to the General Manager, Reserve Bank of India, Central Office Cell, Foreign Exchange Department, 6, Sansad Marg, New Delhi-110 001 who shall process the applications in consultation with the Government of India.

II. Document Checklist for Project Office Establishment

List of documents required for setting up a Project office in India are given below:

1. Copy of the Certificate of Incorporation / Registration of the Parent Company (duly notarised and apostilled);

[If the original Certificate is in a language other than in English, the same may be translated into English and notarized as above and cross verified/attested by the Indian Embassy/ Consulate in the home country].
3. MOA and AOA (duly notarised and apostilled) of the Foreign Company. (English Translation of these documents required if they are in any other language.);
4. Board Resolution of the Company stating its intention to set up a Project office in India. (duly notarised and apostilled);
5. Power of Attorney (duly notarised and apostilled) in the favor of the local authorised representative;
6. Power of Attorney (duly notarised and apostilled) in the favor of V.V. Kale & Company for liaisoning with the Banks and various authorities for the opening and maintenance of the Project Office in India;
7. Audited Balance sheets of the applicant company for the last five years (duly notarised and apostilled). [If the applicants' home country laws/regulations do not insist on auditing of accounts, an Account Statement certified by a Certified Public Accountant (CPA) or any Registered Accounts Practitioner by any name, clearly showing the net worth may be submitted];
8. List of shareholders/debenture holders if any;
9. Banker's Report in original;
10. Brief profile/background of the parent company;

11. An undertaking for complying with the FEMA regulations;
12. Residential proof and passport copies of the authorised representative.
13. Copy of contract entered into with the Indian company / authority for the Project

Note: All documents should be in English language.

The above documents duly signed shall be submitted to the AD Bank with the application copy. The AD bank will thereafter process the application and may ask for some other documents after first review to issue the registration letter.

III. Post Incorporation Formalities

Once the foreign entity has received the no objection certificate from the RBI, tax and customs registration procedures can commence. The Project office will then have to apply for a permanent Account Number (PAN) and Tax deduction and Collection Account Number (TAN) as well as register with the Customs department, if required. Visas for foreign staff will also need to be sought at this time and company bank accounts can also be opened hereafter.

All new entities setting up Project Offices shall submit a report containing information, as per format provided in Annex 3 within five working days of the PO becoming functional to the Director General of Police (DGP) of the state concerned in which PO has established its office.

In addition, the foreign company establishing a Project Office in India is to furnish report through the concerned AD branch, to the concerned Regional Office of Reserve Bank of India under whose jurisdiction the Project Office is set up, incorporating 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 the authority awarding the projects / contract,
- d. The total amount of contract,
- e. Address / e-mail address / telephone number / fax number of the Project Office,
- f. Tenure of Project Office,
- g. Brief details of the Project undertaken,
- h. AD branch with whom the account has been opened and the foreign currency in which the account is opened,
- i. An undertaking to the effect that the Project Office is eligible to avail of the General Permission under Regulation 5(ii) to RBI Notification No.22/2000 – RB dated May 3, 2000 read with Notification No. FEMA 95 dated July 2, 2003 showing the reason thereof.

This Report shall be forwarded through the AD branch to the Regional Office concerned of the Reserve Bank of India within 2 months of establishment of the Project Office.

Further, the Project offices shall be required to file with Registrar of Companies the following documents within 30 days of establishment of place of business-

1. Form FC-1;
2. Permission to establish Project office in India;
3. Notarised and apostilled copy of the certificate of incorporation and MOA and AOA of the Foreign Company. (English Translation of these documents required if they are in any other language.);
4. Notarized and apostilled copy of the Power of Attorney in favor of a person resident in India, authorizing him to accept on behalf of a company service of process and any notices or other documents required to be served on the company;
5. Notarized and apostilled copy of list of directors of the Company, containing particulars regarding name & surname in full, his usual residential address, nationality, business occupation and if he has no business occupation but holds any other directorships, particulars of that directorship or of some one of those directorships;
6. Notarized and apostilled copy of list of secretary(s) of the Company (if any), containing particulars regarding name & surname in full, his usual residential address.
7. Notarized and apostilled copy of the extracts of Board Resolutions of the Foreign Company;
8. A declaration in the prescribed format as per Companies Act, 2013;
9. Documentary Proof of Establishment of office (E.g.: – Rent agreement, lease deed etc.)
10. DSC of the authorised representative (if not available, then requirements will be sent separately)

In around 7-8 working days, the form will be approved and FCRN will be allotted to the Company.

Opening of Bank Account by PO

AD Category – I banks can open non-interest bearing Foreign Currency Account for Project Offices in India subject to the following:

- i. The Project Office has been established in India, with the general / specific permission of Reserve Bank, having the requisite approval from the concerned Project Sanctioning Authority concerned.
- ii. The contract, under which the project has been sanctioned, specifically provides for payment in foreign currency.
- iii. Each Project Office can open two Foreign Currency Accounts, usually one denominated in USD and other in home currency, provided both are maintained with the same AD category–I bank.
- iv. The permissible debits to the account shall be payment of project related expenditure and credits shall be foreign currency receipts from the Project Sanctioning Authority, and remittances from parent/group company abroad or bilateral / multilateral international financing agency.
- v. The responsibility of ensuring that only the approved debits and credits are allowed in the Foreign Currency Account shall rest solely with the branch concerned of the AD. Further, the Accounts shall be subject to 100 per cent scrutiny by the Concurrent Auditor of the respective AD banks.
- vi. The Foreign Currency accounts have to be closed at the completion of the Project.

Registration with Police authorities

Applicants from Bangladesh, Sri Lanka, Afghanistan, Iran, China, Hong Kong, Macau or Pakistan desirous of opening BO/LO/PO in India shall have to register with the State Police authorities. Copy of approval letter for 'persons' from these countries shall be marked by the AD Category-I bank to the Ministry of Home Affairs, Internal Security Division-I, Government of India, New Delhi for necessary action and record.

IV. Estimated Timeliness

The estimated timeliness are indicated below:

S.No	Area	Estimated Time*
1.	Sharing document requirement list with the Foreign Entity	1 Day
2.	Preparation of all the required documents by the Foreign Entity	15 Days**
3.	Review and working on the documents prepared by the Foreign Entity and preparation of applications to be submitted to the Foreign Entity	4-5 Days
4.	Obtaining signature from the Foreign Entity on the applications prepared	2-3 Days**
5.	Submission of documents to AD Bank	2-3 Days
6.	Processing and approval of application by AD Bank and forwarding to RBI	30 - 35 Days
7.	Approval of application by RBI	30-35 Days
8.	Post incorporation formalities for registration with Registrar of Companies	7-10 Days

Expected total time including document preparation time by the Foreign Entity and receiving the documents from Foreign Entity is around 3.5 months.

*Days mentioned below represent working days

**This has been assumed. The Foreign Entity may take more or even less time