



FOREIGN EXCHANGE LAWS

N. A. SHAH
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EXECUTIVE SUMMARY

- Relaxation has been provided under the External Commercials Borrowings (ECB) Policy to the Resolution applicants under Corporate Insolvency Resolution Process.
- NGO, NPO, Body / Agency / Department of a Foreign Government which comply with FCRA can establish place of business in India without obtaining prior approval from RBI.

1. Relaxation provided in External Commercial Borrowings (ECB) Policy

The Reserve Bank of India has relaxed the end-use restrictions under the ECB policy for resolution applicants under Corporate Insolvency Resolution Process. These applicants are now permitted to raise ECBs from the recognised lenders, except the branches/overseas subsidiaries of Indian bank, for the purpose of repayment of rupee term loans of the target company under the approval route. Accordingly the resolution applicants, who are otherwise eligible borrowers, can forward such proposals to raise ECBs, through their AD bank for approval.

2. Relaxation for certain Foreign Entities for Offices in India

Requirement of obtaining prior approval from RBI for establishment of Branch Office (BO)/Liaison Office (LO)/Project Office (PO) or any other place of business in India in case of Non-Government Organization, Non-Profit Organization, Body / Agency / Department of a Foreign Government has been done away with provided such entities are engaged in activities covered under Foreign Contribution (Regulation) Act, 2010 and has obtained a certificate of registration under the said Act.

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