

EASE OF DOING BUSINESS – DISCONTINUATION OF REPORTS/RETURNS UNDER FEMA, 1999

The Reserve Bank of India (“**RBI**”) in its circular¹ dated November 13, 2020, notified, that subsequent to the reviewal of the existing forms and reports prescribed under the Foreign Exchange Management Act, 1999 (“**FEMA**”), it has decided for the discontinuation of 17 (seventeen) reports and returns that were earlier mandated to be filed by the concerned entities. This is in pursuance to improve the ease of doing business and reducing the cost of compliance on the part of entities, as stated in the circular.

The circular further, provides that the Authorized Dealer (“**AD**”) Banks may bring the contents of the circular to the notice of their constituents. Furthermore, the Master Direction – Reporting under FEMA dated January 1, 2016, shall accordingly be updated to reflect the changes as mentioned in the circular.

List of the reports discontinued by the RBI is mentioned below:

- Category-wise transaction where the amount exceeds USD 5,000 per transaction;
- Category-wise, transaction-wise statement where the amount exceeds USD 25,000 per transaction;
- Statement of Purchase transactions of USD 10,000 and above (including transactions of their franchises);
- Extension of Liaison Offices (LOs);
- Extension of Project Offices (POs);
- FII/FPI daily: Daily inflow/outflow of foreign fund on account of investment by FPIs;
- FII/FPI Return (Monthly): Data relating to actual inflow /outflow of remittances on account of investments by Foreign Institutional Investors (FIIs) in the Indian Capital market;
- FVCI reporting: Inflows/outflows of remittances on account of investments by Foreign Venture Capital Investor (FVCIs) and Market value of Investments made by FVCIs;



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¹ RBI/2020-21/66 A.P. (DIR Series) Circular No. 05

- Reporting of Inflow/Outflow details in respect of Mutual Fund by Asset Management Companies;
- Market value of FII Investment in India on fortnightly basis;
- Market value of FII Investment in India on Monthly basis;
- FII holdings as percentage of floating stock;
- Form DRR for Issue/transfer of sponsored/unsponsored Depository Receipts (DRs)-Hardcopy;
- ADR/GDR Movement Report- two-way fungibility;
- Repatriation of Sales proceeds of underlying shares represented by FCCBs/GDRs/ ADRs;
- GDR/ADR underlying shares issued, re deposited and released monthly reporting; and
- Monitoring of disinvestments by Overseas Corporate Bodies

Whilst, some of these reports were to be reported to the AD Category I/II Banks, others were to be reported to custodian banks, FFMCs or Asset Management Companies. Moreover, the frequency of filings these reports varied from daily, fortnightly, quarterly, monthly or on an extension basis.

The circular also mentions that it is only the hardcopy filing of Form DRR that has been discontinued. The domestic custodian may continue to report the same on an application in terms of Regulation 4(5) of FEM (Mode of Payment and Reporting of Non-Debt Instruments) Regulations, 2019.

With technology known as the major driver of efficiency enhancement, this program is expected to decrease the substantial load on corporate paperwork and compliance by making the existing procedures more simple and reducing the need for unnecessary reporting.

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