

Setting up of branches of foreign entities now easier

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New Delhi, April 12:

Authorised Dealer Category-I banks – those dealing with forex – will now be empowered to approve establishment of branch office by foreign entities in India in most sectors, as the Centre tries to improve the ease of doing business.

“Further, anyone who has been awarded a contract for a project by a government authority or public sector unit will be automatically given approval to open a bank account,” said the Finance Ministry, adding that the Reserve Bank of India (RBI) has also notified the changes.

The dispensation will however, not be available to a few sensitive sectors, including defence, telecom, private security, information and broadcasting, and non-government organisations as well as to a few countries, said the Ministry.

Under earlier guidelines, foreign entities could set up a branch, liaison or project office in India without registering themselves as companies or trusts under Indian laws. But, they still needed approval from the RBI before setting up a branch, liaison or project office in the country.

While the RBI gave permission in the cases where 100 per cent FDI was allowed under automatic route, all other cases were referred to the Centre for approval.

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