

## FEMA norms eased to spur investment from overseas

The Reserve Bank of India (RBI) has simplified the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, by putting all the 93 amendments under one notification, a move that will significantly make it easier for foreign investors to invest in the country.

The Foreign Exchange Management Act (FEMA), introduced in 1999, was amended 93 times.

### 'Guide to investors'

"Anyone who wants to invest in India, from this notification, he will know in which company he can invest, who can invest, how they can invest, how the money should come in, what the reporting is...everything is there," a banker, who did not wish to be identified, said about the notification. "Earlier it was in a very disjointed manner in various places."

The new notification combines two regulations on foreign investments — one which is popularly called investment in an Indian company or a partnership, or in a limited liability partnership, or FEMA 20, and the other — FEMA 24, which is investment in a partnership firm. Another significant change is the introduction of a late submission fee that could allow an investor to regularise any contravention due to non-reporting, by paying the fee.

"The person/entity responsible for filing the reports provided in regulation shall be liable for payment of late submission fee, as may be decided by the Reserve Bank, in consultation with the Central government, for any delays in reporting," the notification said.

### 'Big impact'

"It is going to impact in a very big manner because 60-70% of the contravention cases which RBI receives are due to delays in reporting," said another banker.

In addition, any transfer of investment from non-resident Indians to any non-residents has been brought under the automatic route, subject to reporting.

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