



RESERVE BANK OF INDIA
Mumbai - 400 001

RBI/2015-16/318
A.P. (DIR Series) Circular No. 51

February 11, 2016

To,

All Authorised Dealer Category – I Banks

Madam/Sir,

Regulatory relaxations for start-ups- Clarifications relating to acceptance of payments

Attention of Authorised Dealer Category - I (AD Category-I) banks is invited to the Foreign Exchange Management (Foreign currency accounts by a person resident in India) Regulations, 2000, notified by the Reserve Bank vide [Notification No. FEMA. 10 \(R\) /2015-RB dated January 21, 2016](#), as amended from time to time.

2. Pursuant to [paragraph 14](#) of the Sixth Bi-Monthly Monetary Policy Statement for 2015-16, Reserve Bank of India vide Press Release dated February 2, 2016, had announced that in case of start-ups, to facilitate ease of doing business, certain permissible transactions under the existing regime shall be clarified. One of the issues relate to the start-ups accepting payment on behalf of overseas subsidiaries.

3. In this connection, it is clarified as under:

- a. A start-up in India with an overseas subsidiary is permitted to open foreign currency account abroad to pool the foreign exchange earnings out of the exports/sales made by the concerned start-up;

- b. The overseas subsidiary of the start-up is also permitted to pool its receivables arising from the transactions with the residents in India as well as the transactions with the non-residents abroad into the said foreign currency account opened abroad in the name of the start-up;
 - c. The balances in the said foreign currency account as due to the Indian start-up should be repatriated to India within a period as applicable to realisation of export proceeds (currently nine months);
 - d. A start-up is also permitted to avail of the facility for realising the receivables of its overseas subsidiary or making the above repatriation through Online Payment Gateway Service Providers (OPGSPs) for value not exceeding USD 10,000 (US Dollar ten thousand) or up to such limit as may be permitted by the Reserve Bank of India from time to time under this facility; and
 - e. To facilitate the above arrangement, an appropriate contractual arrangement between the start-up, its overseas subsidiary and the customers concerned should be in place.
4. Authorised Dealer banks may bring the contents of this circular to the notice of their constituents and customers concerned and advise them to refer to the above notifications for further details.
5. The directions contained in this circular have been issued under sections 10(4) and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and are without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

(B. P. Kanungo)
Principal Chief General Manager