

FEMA

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## **Consolidated FDI Policy Circular of 2020**

**DPIIT File Number 5(2)/2020-FDI Policy dated October 15, 2020**

**DPIIT has issued Consolidated FDI Policy Circular 2020 which amends the Consolidated FDI Policy Circular of 2017.**

The present consolidation subsumes and supersedes all Press Notes/Press Releases/Clarifications/Circulars issued by the DPIIT, which were in force as on October 15, 2020 and reflects the FDI Policy as on October 15, 2020. This Circular accordingly will take effect from October 15, 2020 and will remain in force until superseded in totality or in part thereof. Reference to any statute or legislation made in this Circular shall include modifications, amendments or re-enactments thereof.

Notwithstanding the rescission of earlier Press Notes/Press Releases/Clarifications/Circulars, anything done or any action taken or purported to have been done or taken under the rescinded Press Notes/Press Releases/Clarifications/Circulars prior to October 15, 2020, shall, in so far as it is not inconsistent with those Press Notes/Press Releases/Clarifications/Circulars, and applicable provisions under

the FEMA and Rules/Regulations there under, be deemed to have been done or taken under the corresponding provisions of this circular and shall be valid and effective.

Detailed FDI Policy Circular Of 2020 can be accessed at following link – [https://dipp.gov.in/sites/default/files/FDI-PolicyCircular-2020-29October2020\\_1.pdf](https://dipp.gov.in/sites/default/files/FDI-PolicyCircular-2020-29October2020_1.pdf)

**RBI Notification No. RBI/2020-21/57, DOR.CO.RRB.No. 25/31.04.002/ 2020-21 Dated October 20, 2020**

Names of ten amalgamated Regional Rural Banks have been included and names of 21 erstwhile Regional Rural Banks (RRBs) have been excluded to/from the Second Schedule to the Reserve Bank of India Act, 1934, respectively, by Notification DOR.CO.RRB.No.138/31.04.002/2020-21 and DOR.CO.RRB.No.139/31.04.002/2020-21 dated July 27, 2020 published in the Extraordinary Gazette of India (Part III - Section 4) dated October 19, 2020.

**RBI Notification No. RBI/2020-21/59, DPSS.CO.PD.No.497/02.14.003/2020-21 Dated October 22, 2020**

Digital Payment Transactions – Streamlining QR Code infrastructure

Directive is issued under Section 10 (2) read with Section 18 of the Payment and Settlement Systems Act, 2007 (Act 51 of 2007) for following matters:

- i. The two interoperable QR codes in existence – UPI QR and Bharat QR – shall continue as at present.
- ii. Payment System Operators (PSOs) that use proprietary QR codes shall shift to one or more interoperable QR codes; the process of migration shall be completed by March 31, 2022.
- iii. No new proprietary QR codes shall henceforth be launched by any PSO for any payment transaction.
- iv. RBI shall continue a consultative process to standardise and improve interoperable QR codes, to enable beneficial features identified by the Phatak Committee.
- v. PSOs may take initiative to increase awareness about interoperable QR codes.

The above measures are expected to reinforce the acceptance infrastructure, provide better user convenience due to interoperability and enhance system efficiency.

**RBI Notification No. RBI/2020-21/64, A.P. (DIR Series) Circular No. 04 Dated November 05, 2020**

a. Export-Import Bank of India (Exim Bank) has entered into an agreement dated June 12, 2020 with the Government of the Republic of Nicaragua, for making available to the latter, Government of India supported Line of Credit (LoC) of USD 20.10 million (USD Twenty million One Hundred thousand only) for the purpose of reconstruction of Aldo Chavarria Hospital in the Republic of Nicaragua. Under the arrangement, financing of export of eligible goods and services from India, as defined under the agreement, would be allowed subject to their being eligible for export under the Foreign Trade Policy of the Government of India and whose purchase may be agreed to be financed by the Exim Bank under this agreement. Out of the total credit by Exim Bank under the agreement, goods, works and services of the value of at least 75 per cent of the contract price shall be supplied by the seller from India, and the remaining 25 per cent of goods and services may be procured by the seller for the purpose of the eligible contract from outside India.

b. The Agreement under the LoC is effective from September 15, 2020. Under the LoC, the terminal utilization period is 60 months after the scheduled completion date of the project.

c. Shipments under the LoC shall be declared in Export Declaration Form as per instructions issued by the Reserve Bank from time to time.

d. No agency commission is payable for export under the above LoC. However, if required, the exporter may use his own resources or utilize balances in his Exchange Earners' Foreign Currency Account for payment of commission in free foreign exchange. Authorised Dealer Category- I (AD Category- I) banks may allow such remittance after realization of full eligible value of export subject to compliance with the extant instructions for payment of agency commission.

e. AD Category – I banks may bring the contents of this circular to the notice of their exporter constituents and advise them to obtain complete details of the LoC from the Exim Bank's office at Centre One, Floor 21, World Trade Centre Complex, Cuffe Parade, Mumbai 400 005 or from their website [www.eximbankindia.in](http://www.eximbankindia.in).

f. The directions contained in this circular have been issued under section 10(4) and 11(1) of the Foreign Exchange Management Act (FEMA), 1999 (42 of 1999) and are without prejudice to permissions/ approvals, if any, required under any other law.

**RBI Notification No. RBI/2020-21/66, A.P. (DIR Series) Circular No. 05 Dated November 13, 2020**

With a view to improve the ease of doing business and reduce the cost of compliance, the existing forms and reports prescribed under FEMA, 1999, were reviewed by the Reserve Bank. Accordingly, it has been decided to discontinue the 17 returns/reports as listed in the Annexure with immediate effect. Annexure can be accessed at link <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11994&Mode=0>

The Master Direction - Reporting under Foreign Exchange Management Act, 1999 dated January 01, 2016, shall accordingly be updated to reflect the above changes.

**RBI Notification No. RBI/2020-21/67, A.P. (DIR Series) Circular No. 06 Dated November 17, 2020**

Foreign Exchange Management Act, 1999 (FEMA)- Compounding of Contraventions under FEMA, 1999

The Foreign Exchange Management (Non-Debt Instruments) Rules, 2019 and Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) Regulations, 2019 i.e. Notification No. FEMA.395/2019-RB, both notified on October 17, 2019, by Government of India and Reserve Bank of India respectively have since superseded the earlier Notification No. FEMA 20(R)/2017-RB. Accordingly, the compounding powers stand delegated to the Regional Offices/ Sub Offices of the Reserve Bank to compound the following contraventions.

In references to para 3.5 of A.P. (DIR Series) Circular No. 56 dated June 28, 2010 and para 2 of A.P. (DIR Series) Circular No.11 dated July 31, 2012 with respect to the classification of a contravention under FEMA by the Reserve Bank as 'technical' or 'material' or 'sensitive/serious in nature', It has been decided to discontinue the classification of a contravention as 'technical' that was dealt with by way of an administrative/ cautionary advice and regularize such contraventions by imposing minimal compounding amount as per the compounding matrix as contained in the 'Master Direction - Compounding of Contraventions under FEMA, 1999' dated January 01, 2016, as amended from time to time.

It has been decided that in respect of the Compounding Orders passed on or after March 01, 2020 a summary information, instead of the Compounding Orders, shall be published on the Bank's website

**RBI Notification No. RBI/2020-21/68, DPSS.CO.PD.No.660/02.14.008/2020-21 Dated November 17, 2020 on Maintenance of Escrow Account with a Scheduled Commercial Bank**

An authorised PPI Issuer or a PA is required to maintain an escrow account with a scheduled commercial bank on an ongoing basis. With a view to diversify risk and address business continuity concerns, it has been decided to allow one additional escrow account in a different scheduled commercial bank. The relevant instructions are being modified as per Annex 1 and 2 to this circular. Please use the link for further details <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=11996&Mode=0>