

RBI introduces FDI reporting in Single Master Form

Issued on 11 June 2018

Summary

The Reserve Bank of India (RBI) through a circular¹ dated 7 June 2018 has initiated the process of integrating the various extant Foreign Investment (FI) reporting forms into a Single Master Form (SMF). The form will include facilities of reporting all FI in an Indian company, LLP or investment vehicle to RBI through an online portal.

In this respect, RBI would provide an interface through a master form to input total FI in a specified format from 28 June 2018 to 12 July 2018. All Indian entities having FI need to report total FI within this period. Entities not complying with this prerequisite will not be able to receive direct and indirect FI and shall be treated as non-compliant with FEMA regulations. Drafts of the [master form](#) and [SMF](#) have been released and the final form when hosted on the website will also be available in the Master Direction – Reporting under FEMA, 1999.

Background

FEMA FDI regulations² prescribe different forms for foreign investments received by an Indian entity. However, all forms were not notified (eg Form DI for downstream investment). RBI has now consolidated all forms into SMF for ease of reporting and tracking. The following reporting forms for FI to be submitted with RBI have now been included in the SMF:

- Form FC-GPR - issue of capital instruments by an Indian company to a person resident outside India
- Form FC-TRS - transfer of capital instruments between a person resident outside India and a person resident in India (both ways)
- Form LLP-I - FDI in LLP through capital contribution and profit shares
- Form LLP-II - disinvestment/transfer of capital contribution and profit shares in LLP (both ways)

¹ A.P. (DIR Series) Circular No. 30

² Foreign Exchange Management (Transfer or issue of security by a person resident outside India) Regulations 2017, dated 7 November 2017

- Form ESOP - issue of ESOPs/sweat equity shares/shares against exercise of ESOP by an Indian company to an employee resident outside India
- Form CN - issue or transfer of convertible notes
- Form DRR - issue/transfer of depository receipts
- Form DI - reporting of downstream investment (indirect foreign investment) in a company or LLP
- Form InVi - reporting of investment by a person resident outside India in an investment vehicle

Our comments

RBI will now have a single interface for all compliances that need to be undertaken for FI-recipient entities as part of the FDI regulations. As part of this transition, RBI will also have consolidated data of all the FIs in India till date. This would form the basis for RBI to track all non-compliant entities, as the form requires entities to provide the final registration number post receipt of FI. RBI will have the power to not allow further FI in such entities.

The consolidated SMF will be a common form for entities receiving FI henceforth. This is a welcome step as all entities will now have a common form and interface where they can track compliance of all reporting of FI without the need to refer to additional forms/RBI interface.

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