

# Compliance with RBI reporting for FDI

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By

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## Streamlining of Reporting Norms: Foreign Investment

To strengthen two of the major agendas currently being perused by the Government of India i.e. “**Identification of Beneficial Ownership**” and “**Ease of Doing Business**”, The Reserve Bank of India (“**RBI**”), apex Central Bank of India, in pursuance of regulation of foreign capital flows, has issued a Circular No. 30 dated June 7, 2018, streamlining the reporting requirement for entities which presently have Foreign capital contribution and/or entities contemplating to have foreign investments.

In this regard, RBI has announced **two major forms i.e. Entry Master Form (“EMF”) and Single Master Form (“SMF”)**.

**1) Entry Master Form (EMF):** This is a one-time reporting form which needs to be filed online at RBI’s website by all the Indian Entities having foreign capital contribution.

The **main purpose** of such a reporting is to identify the investee entities having foreign capital and thereby ensure availability of information, enhancing transparency. EMF comprises basic details about the investee entity, its business activity, & sector in which it operates and details of foreign investment.

**A short window commenced from June 28, 2018, to July 20, 2018 has been provided by RBI on its website during which these entities can submit the EMF.**

If an Indian entity having foreign investment fails to submit EMF during the prescribed period, then such entity shall be debarred from further raising of any foreign capital contribution and shall be treated as a non-compliant entity.

**2) Single Master Form (SMF):** This is an integrated form for reporting combined foreign investment in an Indian entity viz. Company, LLP and other investment vehicles (Real Estate Investment Trusts viz. (**REITs**)/Infrastructure Investment Trusts (**InvITs**), etc.

The single form subsumes the following existing forms:

- FC-GPR (Issue of Equity shares/Compulsory convertible securities)
- FC-TRS (Transfer of securities between resident and non-resident)
- LLP-I (FDI in LLP through capital contribution and profit shares)
- LLP-II (Disinvestment/Transfer of capital contribution in LLP)
- Form ESOP (issue of ESOP/sweat-equity to non-resident employees)
- Form CN (Issue/transfer of Convertible Notes)
- Form DRR (Issue/transfer of Depository Receipts.
- Form InvITs (Investment by Non-resident in an investment vehicle)

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RBI is yet to notify the said integrated SMF and it is likely that same would be available soon on RBI's website for the filing purpose.

The existing filing requirements of **Advance Remittance form (ARF)** (to be filed within 30 days from the date of receiving foreign funds in the Indian entity) **and Annual Return on Foreign Liabilities and Assets (FLA)** (to be filed on or before July 15 of every year by all the Indian entities having foreign holding in it), **are still in operation and have to be filed in usual course, in addition to the above announcements.**

### **Contact US**

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