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1. Introduction

Foreign investments into Indian companies are subject to detailed reporting and compliance obligations under the Foreign Exchange Management Act, 1999 (FEMA). One of the central compliance requirements is the submission of **Form FC-GPR (Foreign Currency – Gross Provisional Return)**, which is the prescribed format for reporting the issuance of equity or convertible securities by an Indian company to a person resident outside India.

The **Reserve Bank of India (RBI)** has streamlined the reporting of such transactions through its **FIRMS (Foreign Investment Reporting and Management System) Portal**, which integrates various forms, including FC-GPR, under the **Single Master Form (SMF)** system. The FC-GPR filing acts as a crucial mechanism for regulatory oversight over inbound foreign direct investment (FDI), ensuring adherence to pricing guidelines, sectoral caps, and FEMA-compliant inflows. It captures key information such as the identity of the foreign investor, the terms of the allotment, and the valuation of the capital instruments issued.

2. Regulatory Framework and Key Notifications

The legal foundation for FC-GPR reporting is anchored in a combination of **FEMA regulations**, **RBI Master Directions**, and **central government rules**. Key instruments include:

- **FEMA 20(R)/2017**: Governs the transfer or issue of securities to persons resident outside India.
- **Foreign Exchange Management (Non-Debt Instruments) Rules, 2019**: Provides the framework for FDI and foreign portfolio investment.
- **RBI Master Directions on Foreign Investment in India**: Consolidates procedures for reporting and operational guidelines.
- **A.P. (DIR Series) Circular No.30 dated June 7, 2018**: Introduced the FIRMS Portal to consolidate all FDI reporting.
- **Circular No.22/2022-23 dated January 4, 2023**: Enabled auto-acknowledgement and timestamping of submissions on the FIRMS platform, while setting strict timelines for verification by Authorised Dealer (AD) banks.

Under these norms, any issuance of equity instruments to a person resident outside India requires FC-GPR filing through the FIRMS Portal. Non-compliance may attract **Late Submission Fees (LSF)** or **compounding penalties** under FEMA. In essence, the updated compliance regime requires companies to operate within the digital FIRMS interface, following the prescribed forms, timelines, and documentary requirements laid down under FEMA and RBI guidelines.

3. Applicability of FC-GPR Filing

The obligation to file Form FC-GPR applies to **all Indian companies** and certain **LLPs** that receive foreign investment in the form of **equity instruments** or **compulsorily convertible securities**. This includes:

- Equity shares
- Compulsorily Convertible Preference Shares (CCPS)
- Compulsorily Convertible Debentures (CCDs)

Filing shall be completed within **30 days from the date of allotment** of the instruments. For example, if an Indian company allots shares to a foreign investor — defined as a “person resident outside India” (PROI) — it shall report the transaction by filing FC-GPR within the specified time.

Importantly, this requirement extends to allotments made at the time of **incorporation** where a foreign entity or individual is among the initial subscribers. The reporting obligation also arises in cases of **bonus issues** or **rights issues** made to foreign shareholders, subject to separate procedural compliance under FC-GPR if there is a remittance involved.

There are **no exemptions based on investor category** — whether the foreign investor is an NRI, PIO, or FPI, the determinative factor is their **residency status** under FEMA. However, investments made through secondary markets — such as stock exchange purchases by foreign portfolio investors — are outside the FC-GPR framework and are reported via other prescribed forms (e.g., **LEC-FII/NRI**).

4. Filing Fees and Penalties for Delayed Submission

The **Reserve Bank of India does not levy any fee** for timely submission of Form FC-GPR. However, in the event of a delay, companies are subject to **Late Submission Fees (LSF)**, which are automatically computed by the FIRMS portal.

The fee structure for delayed filings is as follows:

- **INR 5,000 or 1% of the investment amount** (whichever is higher), subject to a **cap of ₹5 lakh**, for delays up to **six months** from the due date.
- For delays beyond six months and up to three years, the LSF is typically **doubled**.
- In cases where the delay exceeds **three years**, companies shall seek **compounding approval** from RBI.

The LSF is communicated to the applicant via email upon submission of the delayed form. Accordingly, while the cost of **on-time FC-GPR submission is nil**, the financial and regulatory burden of non-compliance can be significant. Entities are therefore advised to institute internal compliance checks to monitor allotment dates and ensure timely reporting.

5. Types of FC-GPR Filings: Initial vs. Revised Submissions

There are **two primary categories** of FC-GPR filings under the FIRMS Portal:

1. **Initial Filings**: These are made following each infusion of foreign capital against which equity or convertible instruments are issued. The form shall be submitted **within 30 days** from the date of allotment.
2. **Revised Filings**: The FIRMS system now permits **modification** of previously submitted FC-GPR forms. This allows companies to correct inadvertent errors in the earlier filing without the need for a fresh submission. Such revisions are processed by the **Authorised Dealer (AD) Bank** on a case-by-case basis.

It is equally important to distinguish FC-GPR filings from other forms under the SMF system. For instance:

- **Form FC-TRS**: Used to report the **transfer of shares** between a resident and a non-resident.
- **LLP-I and LLP-II**: Applicable to LLPs receiving foreign capital contribution.
- **Other SMF Forms**: Cover downstream investment, rights issues, and employee stock options (ESOPs).

The **correct categorisation of the transaction** and selection of the appropriate form on the FIRMS portal is essential to ensure regulatory clarity and timely approval.

6. Step-by-Step Filing Process for FC-GPR on FIRMS Portal

The **Form FC-GPR** (Foreign Currency-Gross Provisional Return) shall be filed online through the **RBI's FIRMS portal** by companies receiving foreign direct investment (FDI) in India. Below is a comprehensive step-by-step guide:

1. Registration on FIRMS Portal

To begin, the Indian company shall ensure that its **Entity Master Form (EMF)** is duly updated on the FIRMS portal. This includes basic corporate information and the current status of foreign investments. Following this, the company shall register at least one **Business User (BU)** who will be authorized to file on behalf of the company. Each BU registration shall be supported by an authorization letter signed by the company and approved by the **Authorized Dealer (AD) Bank**.

2. Compilation of Mandatory Documents

Before filing FC-GPR, the following documents shall be compiled:

- **Foreign Inward Remittance Certificate (FIRC)** issued by the AD Bank
- **Know Your Customer (KYC) report** of the remitting foreign investor, obtained from the investor's foreign bank
- **Certificate from a Company Secretary (CS)** confirming that the issue of shares complies with the Companies Act, 2013 and applicable rules

- **Valuation certificate** issued by a Chartered Accountant (CA), SEBI-registered Merchant Banker, or Category I Banker, confirming that the pricing of the shares complies with applicable FEMA pricing guidelines
- **Board Resolution** authorizing the allotment of shares
- **FIPB/SIA approval**, if applicable
- **Power of Attorney (PoA)** authorizing the person to sign and submit the form
- **Declaration and debit authorization letter** addressed to the AD Bank
- Any other document mandated by the RBI or AD Bank for the specific transaction

The FIRMS portal will prompt the uploader to attach these documents during the filing process. Ensure all documents are scanned and signed as required.

3. Filing through the SMF-FC-GPR Module

Once the Business User login is activated, the filer should log in to the FIRMS portal, navigate to the **Single Master Form (SMF)** module, and select the FC-GPR form type. The form requires the following inputs:

- Basic details of the foreign investor
- Amount and date of remittance
- Date of share allotment
- Class and number of shares issued
- Pricing and valuation details

All required documents shall be uploaded in PDF format. Once the form is completed and reviewed, it should be **submitted electronically** through the portal.

4. Post-Submission Verification by AD Bank

Upon submission, the FIRMS system immediately generates an **Acknowledgment with timestamp**, and a confirmation email is sent to the company. The FC-GPR is automatically routed to the concerned **Authorized Dealer Bank**, which has **five working days** to scrutinize and either approve or reject the filing.

If discrepancies are found, the AD Bank will return the form with remarks, and the company shall re-submit the corrected version. If the submission was made after the prescribed timeline, the AD Bank will indicate this on the portal, and **Late Submission Fees (LSF)** will be computed automatically.

7.Additional Documentation Required for FC-GPR Filing

To ensure a compliant and complete FC-GPR filing, the following **mandatory documents** shall accompany the submission on the FIRMS portal:

- **Declaration by the Authorised Representative of the Company**

  A duly signed declaration stating that the particulars furnished in the Form FC-GPR are true and correct, along with confirmation of compliance with the Foreign Exchange Management Act, 1999, and applicable rules and regulations.

- **Board Resolution for Allotment of Shares**

  A certified true copy of the board resolution authorising the issue and allotment of shares to the foreign investor(s), as well as authorisation for filing the form.

- **Company Secretary Certificate (CS Certificate)**

  A certificate from a practicing Company Secretary confirming:

  - Compliance with the Companies Act, 2013;
  - Eligibility of the company to receive foreign investment;
  - That the terms and conditions of the FDI have been complied with;
  - Shareholding pattern before and after the issue.

- **Declaration Regarding FDI Compliance**

  A declaration that the company is not under investigation under FEMA, SEBI, Income Tax, or any other regulatory authority in India.

8. Optional/Conditional Documents Based on Case-Specific Scenarios

Depending on the nature of the FDI transaction, the following documents may also be required:

- **Valuation Certificate**: A certificate from a SEBI-registered Category-I Merchant Banker or Chartered Accountant (as applicable), certifying that the shares are issued at a price not less than the fair valuation determined in accordance with internationally accepted pricing methodology.
- **Shareholder Agreement / Term Sheet** (if applicable): In cases where rights such as put/call options or other special rights are granted to the foreign investor, the relevant agreement/term sheet should be enclosed.
- **FIRC and KYC Documents**: Already covered in the main article but reiterated here:

  - ✓ Foreign Inward Remittance Certificate (FIRC) from the AD bank;
  - ✓ Know Your Customer (KYC) report from the foreign investor's banker.

9. AD Bank's Role in FC-GPR Compliance

- A cover letter should be submitted to the Authorised Dealer (AD) bank confirming submission of Form FC-GPR.
- The AD bank may also provide a confirmation letter stating that it has verified the documents and found them in order.

10. Regulatory Timelines and FEMA Compliance

As per RBI guidelines:

- **Share allotment shall occur within 60 days** of receipt of the inward remittance.
- **Form FC-GPR shall be filed within 30 days** from the date of share allotment.

Failure to adhere to these timelines constitutes a contravention under FEMA and may attract compounding proceedings, penalties, and delay in regulatory recognition of the investment. The system also automatically flags delayed filings and calculates applicable LSF. Therefore, companies shall maintain strict internal tracking and compliance systems to meet these statutory deadlines.

11. Related Annual Compliance

The obligation to file Form FC-GPR is part of a larger FEMA compliance framework. Companies that have received FDI shall also file the **Annual Foreign Liabilities and Assets (FLA) Return** by **July 15** of every financial year, reflecting the position as of March 31.

Additionally, where downstream investments or foreign joint ventures exist, the Indian entity may also need to file the **Annual Performance Report (APR)**, generally within **60 days from the date of the Annual General Meeting (AGM)**. These filings help ensure accurate tracking of FDI and are necessary for continued compliance under FEMA.

12. Exchange Rate Fluctuation and RBI Tolerance Limits

A frequent practical issue is the difference between the rupee equivalent of remittance on the receipt date and at the time of share allotment due to **exchange rate fluctuations**. The RBI permits a **tolerance limit of ±0.5% or ₹10,000**, whichever is lower, for such variances.

In such cases, companies are not required to seek a refund or additional remittance. Instead, they shall attach a **Board-approved declaration letter** on the company's letterhead stating that the difference arises due to normal forex fluctuations. However, if the difference exceeds this limit, the company shall refund the excess amount or adjust the difference in future allotments, with due disclosure to the AD Bank.

13. Permissible Variation in Remittance Amount Due to Bank Charges

In practice, it is common for the amount received from a foreign holding company as share capital to be slightly reduced due to bank charges levied by intermediary or correspondent banks during international fund transfers. The Reserve Bank of India (RBI) permits a **tolerance of ±0.5% of the total consideration or up to ₹10,000**, whichever is lower, to account for such legitimate deductions and forex fluctuations.

For example, if a foreign investor remits USD 100,000 as share capital, and due to bank charges, the Indian company receives an amount that is short by up to ₹10,000 or 0.5% of the total remittance value, this difference is considered acceptable under FEMA regulations. In such cases, the company may still issue shares for the full intended amount, provided that it retains clear documentation—including the SWIFT remittance advice, proof of bank charges, and a declaration explaining the variance.

The authorized signatory or practising Company Secretary shall confirm in their certificate that the shortfall is due to bank charges and falls within the RBI-approved tolerance limits. This provision ensures that minor deductions do not delay FC-GPR filings or create compliance issues with the Authorised Dealer bank or RBI.

14. Frequently Asked Questions on FC-GPR Compliance

Is Form FC-GPR Mandatory for All FDI Transactions in India?

Yes. The filing of Form FC-GPR is mandatory for all foreign direct investments (FDI) involving the issue of equity instruments or compulsorily convertible instruments by an Indian company to a non-resident entity. The only exceptions are transactions involving pure portfolio investments, for which the LEC forms (not FC-GPR) are applicable, or when there is a transfer of shares between Indian residents, which falls outside the purview of FC-GPR filing.

What Happens if the Actual Remittance Exceeds the Reported Investment?

In cases where there is a marginal variation—typically within a range of approximately 0.5%—due to currency exchange fluctuations, the company may furnish a written clarification without the need for additional remittance. However, where a material excess remittance has occurred (for instance, if the foreign investor transfers an amount greater than the value of the proposed subscription), the company is required to either adjust the surplus against a future share allotment or refund the excess amount in compliance with FEMA regulations. In both scenarios, the arrangement shall be clearly disclosed to the Authorised Dealer (AD) Bank and, where applicable, to the Reserve Bank of India (RBI).

Can Errors in a Filed FC-GPR be Rectified?

The RBI's FIRMS portal now incorporates a "modification" facility, enabling Indian companies to revisit and amend previously submitted FC-GPR forms. Where the portal or AD Bank does not permit online modifications, a revised FC-GPR shall be submitted manually through the AD Bank along with updated supporting documentation. In practice, minor clerical errors are often rectifiable through correspondence with the AD Bank, while substantial or material changes warrant the filing of a fresh revised return.

15. Conclusion: Ensuring Regulatory Compliance Through Timely FC-GPR Filings

The submission of Form FC-GPR is an essential component of FEMA compliance for any Indian company receiving foreign direct investment. Adherence to the RBI's regulatory framework requires prompt filing of the form through the FIRMS portal, accurate documentation, and strict observance of forex-related thresholds.

Companies shall implement a robust compliance mechanism, including timely share allotment, collection of the FIRC, KYC reports, and a certificate from a practising Company Secretary. The FC-GPR shall be filed within 30 days from the date of share allotment, followed by necessary approvals from the AD Bank.

To mitigate regulatory risks and avoid penalties, businesses are strongly advised to consult the RBI's Master Directions on Foreign Investment and regularly monitor developments on the FIRMS portal. A well-structured and timely FC-GPR filing process ensures seamless FDI inflows and sustained compliance under India's foreign exchange management regime.

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