

PRAVAAH

**(Platform for Regulatory Application, Validation And
Authorization)**

FEMA Updates by Tirthesh Bagadia



Launch of PRAVAAH Portal by the Reserve Bank of India – A Game-Changer for Foreign Investors

In a major move towards ease of doing business in India, the Reserve Bank of India – regulator responsible for the Foreign Exchange Control Regulations in India, have come up with an online portal called “PRAVAAH” ((Platform for Regulatory Application, Validation and Authorisation). PRAVAAH is a secure and centralised web-based portal for any individual or entity to seek authorisation, license or regulatory approvals from the Reserve Bank of India.

Unlike previously the applications which were required to be routed through the AD Banks, now the applications can be directly made to the Reserve Bank of India. At present 60 applications forms covering different regulatory and supervisory departments of RBI have been made available on the portal.

From FEMA perspective, following applications can now be made online on the new PRAVAAH portal:

- Approval for Opening of Special Rupee Vostro Account
- Regulatory Approvals pertaining to LO or BO or PO in India
- Approval for Acquisition or Sale of Immovable Property
- Regulatory Approvals under FEMA - five R and FEMA ten R
- Approval for Bank Guarantees beyond limit available to AD Banks
- ECB proposals under Approval route
- Compounding application

Benefits of PRAVAAH portal:

1) Enhanced Compliance:

Simplified Processes: By digitizing the submission and processing of applications, the portal simplifies compliance with FEMA regulations, making it easier for entities to adhere to the rules.

2) Improved Efficiency:

Faster Processing: The digital platform accelerates the processing time for regulatory approvals, benefiting businesses that require timely decisions to operate smoothly. Previously, all communications for FEMA approvals had to be routed through AD banks, which followed their own internal due diligence measures, which often made the process complex and time-consuming. This method will remove this limitation.

Streamlined Workflows: The portal integrates various regulatory workflows, reducing the need for manual intervention and multiple follow-ups.

3) Transparency and Tracking:

Real-Time Updates: Applicants can track the status of their submissions in real-time, providing greater transparency and predictability in the approval process.

Clear Documentation: Digital records of submissions and communications ensure that all interactions are well-documented and easily accessible.

4) Cost Savings:

Bypassing the need for intermediaries like authorized dealer (AD) banks, which will

sprightly save the cost for FEMA Compliances and also reduce the time for taking approval under FEMA.

Reduced Paperwork: The move to a digital platform cuts down on the need for physical documents, reducing costs associated with printing, storage, and courier services.

Lower Administrative Burden: Automating processes and reducing the need for manual oversight helps lower administrative costs for both the RBI and applicants.

5) **Accessibility and Convenience:**

24/7 Access: The online portal is accessible at any time, allowing entities to submit applications and queries outside of traditional office hours.

User-Friendly Interface: Designed to be user-friendly, the portal simplifies the navigation and submission processes, even for users who may not be tech-savvy.

6) **Better Data Management:**

Centralized Database: The portal centralizes data management, making it easier to retrieve information and maintain comprehensive records of all regulatory interactions.

Enhanced Security: Digital submissions are more secure, reducing the risk of data loss or tampering compared to physical documents.

7) **Support for Foreign Investors and Businesses:**

Attracting Foreign Investment: By making regulatory processes more transparent and efficient, the portal can help attract more

foreign investors and businesses to India, fostering a favourable business environment.

Facilitating Business Operations:

Streamlined regulatory processes make it easier for foreign businesses to navigate India's regulatory landscape, encouraging smoother operations and expansions.

Comments:

We can say it was the "need of the hour" and RBI and the Government has done a splendid job in launching this portal. This will help Foreign Companies entering in to the Indian Market in a big way – Like for setting up a BO/PO/LO it used to take lots of time & the foreign companies had to incur significant costs because of the involvement of intermediaries (AD Banks) and manual processes. In summary the [PRAVAAH](#) portal could be a game changer in a way and could potentially be a big plus in bringing more Foreign Direct Investment (FDI) in to India. We also hope that with the passage of time RBI would also allow other FEMA applications (not covered presently) to route it through the [PRAVAAH](#) portal thereby reducing the time & cost for those matters as well!



Contact Us

Tirthesh Bagadia

Partner

Bagadiya & Jain

908 Aditya Building, Nr. Gruh Finance,

Opp. Sardar Patel Seva Samaj,

Navrangpura, Ahmedabad,

Gujarat, India - 380009,

Tel: +91 (79) 26560867/68, 40070867

tirthesh@bagadiyanjain.com

<https://www.bagadiyanjain.com>

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