

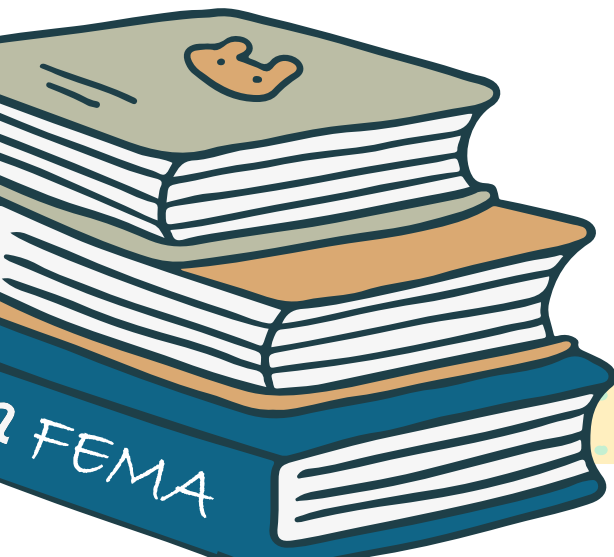
FEMA Ke Fundae

#FamiliarwithFEMA

Acquisition of
Foreign Entity
through Bidding
or Tender
Procedure

Date: 21/08/2024

Issue no: 115

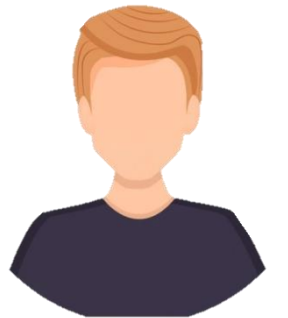




**Jackey Pandey
(CEO of a Indian
Company)**

Hey, Mr. FEMA Gyani! I am Jackey (CEO of a Indian Company). we are providing tech solutions to other businesses. We have a opportunity to establish presence in US by Participating in Bidding for a company. So, Can we Participate in Bidding for that Company?

Yes Jackey!
That's really a Great Opportunity,!
You can participate in bidding/tender for the
company situated in foreign entity.



The FEMA Gyani





**Jackey Pandey
(CEO of a Indian
Company)**

Okay! FEMA Gyani
To apply for the Bid we need to remit money in US.
So, How can we remit money for bidding?
Is this process Complicated?



Jackey, Its not Complicated!
You will have go to your AD Bank and tell your interest for bidding then, AD bank will allow remittance towards Earnest Money Deposit (EMD) or may issue Bid Bond Guarantee for participation in bidding before that you have to file Form A2.



The FEMA Gyani



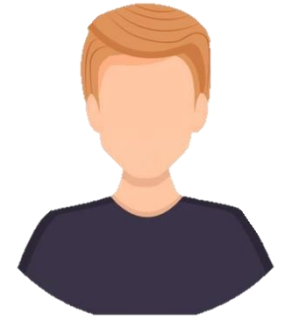
**Jackey Pandey
(CEO of a Indian
Company)**

Okay! FEMA Gyani
But, What is Earnest Money Deposit(EMD) & Bid Bond Guarantee?





Okay, Jackey Let me explain both :-



The FEMA Gyani

Earnest money deposit is an initial payment from a buyer to show serious interest in purchasing real estate. It indicates commitment and is typically held in escrow until closing . In many ways, earnest money can be considered a deposit on a home, an good faith money.

A bid bond guarantee is a form of assurance provided by a bidder to a project owner, ensuring that the bidder will follow through on their bid and execute the contract if awarded.

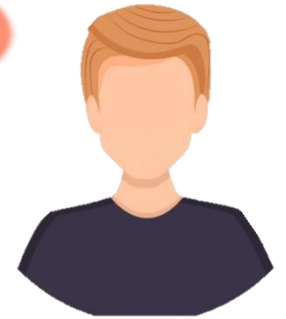




**Jackey Pandey
(CEO of a Indian
Company)**

Understood! FEMA Gyani
If our company will win the Bid then if we require
further remittance. Can we do so?

Yes Jackey!
AD bank will allow you further remittance after filling
of Form FC (It is required to be filed for every overseas
investment)



The FEMA Gyani



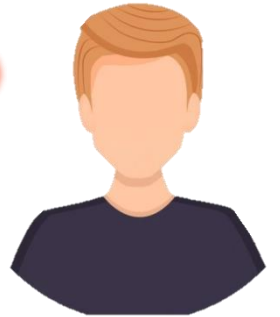


**Jackey Pandey
(CEO of a Indian
Company)**

Okay! FEMA Gyani
And If our company wins a bid or tender but
decides not to invest after winning?



Yes Jackey!
You can do that also but for that AD bank will check if a
transaction is real before letting you to use a bid-bond guarantee
or Forfeiture of EMD.



The FEMA Gyani



**Jackey Pandey
(CEO of a Indian
Company)**

Okay! FEMA Gyani,
Thank You



Thank You



The FEMA Gyani

Comments

Feedbacks

Suggestions



<https://in.linkedin.com/company/jscoca>

WEBSITE

<https://jainshrimal.com/>



International Tax Gyan
WhatsApp group



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