

Can You Open a Buying Office in India?

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A foreign importer can open a liaison office in India through an Indian bank if the parent has three profitable years and US\$50,000 net worth. The office can promote trade and talk to suppliers, but it cannot earn income or act as your buying agent, which is a branch office activity with stricter tests.

Key takeaways

- A liaison office can represent you, visit factories and follow orders, but it cannot trade or earn commission.
- Its bank account may receive only head office funds for its expenses.
- Acting as a buying agent needs a branch office: five profitable years and US\$100,000 net worth.
- Approval normally comes through an authorised dealer bank, and one adviser estimates 20 to 24 weeks.
- RBI draft rules from October 2025 may change the tests, so check the current position first.

Yes, but probably not the kind you're picturing. A foreign importer can open a liaison office with a bank's approval under Reserve Bank of India rules, if it has three profitable years and a net worth of at least US\$50,000. That office may promote trade and act as your link to Indian suppliers, but it can't earn income in India, and acting as your buying agent is listed for a branch office, which needs five profitable years and US\$100,000.



Growing importers ask me this once their India orders get big enough to feel risky from a distance. The instinct is right. Someone on the ground does change things. But the office is the heaviest way to get that someone. Below is what the rules allow, read from the RBI's own Master Direction, and the lighter routes most buyers end up taking. The honest caveat is that the RBI has had new draft rules out since October 2025, so check the current position before you plan around any of this.

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01 A liaison office may promote "export / import from / to India" and act as "a communication channel between the parent company and Indian companies", which makes it a legal home for a buyer's QC and sourcing staff. (*RBI Master Direction on branch, liaison and project offices, updated 18 May 2021, still the current version on 13 October 2026*)

02 It can't earn income in India. Its bank account may receive only "Funds received from Head Office ... for meeting the expenses of the office". (*Same source*)

03 Acting "as buying/ selling agent in India" is a branch office activity, and a branch needs five profitable years and US\$100,000 net worth, against three years and US\$50,000 for a liaison office. (*Same source*)

What we don't know yet

- When the RBI's October 2025 draft rules will be finalised. They weren't on the RBI's list of FEMA notifications when we checked on 13 October 2026.

What Is a Liaison Office Allowed to Do?

Think of it as a representative office. Under the RBI's Master Direction it can represent the parent company in India, promote exports and imports, promote technical or financial collaboration, and act as the communication channel between the parent and Indian companies (*RBI Master Direction*). For a buyer, that covers the useful jobs: visiting factories, following orders, running quality checks and talking to suppliers in their own time zone.



What it can't do is trade. It doesn't sell, it doesn't charge your suppliers anything, and it doesn't earn a commission. Its running costs come from head office, through the one kind of money its bank account is allowed to receive. If you were hoping the office would pay for itself by taking a cut from Indian factories, that's exactly what the rules close off.

What Do I Need to Qualify?

For a liaison office, the parent needs "a profit making track record during the immediately preceding three financial years in the home country and net worth of not less than USD 50,000" (same Direction). A subsidiary that falls short can rely on a letter of comfort from a parent that meets the tests.

Approval normally comes from your Indian bank (an authorised dealer bank), not the RBI itself. Prior RBI approval is needed only in listed cases, which include applicants from certain countries, some sectors and regions, NGOs

and foreign government bodies. The permission is "generally for three years", extendable, and the office files an annual activity certificate every year. One adviser estimates approval at 20 to 24 weeks ([Mondaq](#), an adviser's estimate). Have an Indian chartered accountant or lawyer run the filing, because the forms and the annual reporting are the part people underestimate.

What If I Want It to Act as My Buying Agent?

Then the liaison office is the wrong vehicle. The Direction lists acting "as buying/ selling agent in India" among the activities of a branch office, and a branch needs five years of profit and at least US\$100,000 net worth (same Direction). A branch is a bigger commitment, with more reporting and Indian tax questions that a liaison office mostly avoids. Get Indian tax advice before you go there.

So the line to remember: a liaison office can watch, check and talk. It can't buy on your behalf as a commercial agent, and it can't make money.



Is the Rule About to Change?

Possibly. On 3 October 2025 the RBI released draft Foreign Exchange Management (Establishment in India of a Branch or Office) Regulations, 2025, for comment ([RBI press release](#)). Advisers summarising it say it would merge the office types and drop the net-worth and profit tests ([EY, Dec 2025](#)). On 13 October 2026 it still wasn't on the RBI's [list of FEMA notifications](#), and the Master Direction still showed its May 2021 update. Until it is, the 2016 rules and the Master Direction apply. Check with your Indian bank before you file.

Liaison Office or Branch Office?

	Liaison office	Branch office
Profit record	Three years	Five years
Net worth	At least US\$50,000	At least US\$100,000
Can act as your buying agent	No	Yes
Can earn income in India	No	Get Indian tax advice first

(RBI Master Direction, as above)

Do I Actually Need an Office?

Most importers don't, and I'd say that even if we didn't run a service that competes with one. Here are the realistic options, lightest first.

- **A sourcing agent.** One person or a small team working for you on a fee or commission. Good for one category and a handful of suppliers. More on [sourcing agents](#).
- **A buying house.** The same idea at scale, with merchandisers and a quality team. Know who pays it and how, as set out on [buying house](#). We found no official regulatory category for buying houses in India. They're ordinary Indian businesses, so check them like a supplier.
- **A third-party inspector.** If what you really need is eyes on the goods before they ship, an inspection does that without anyone on your payroll.
- **A liaison office.** Worth it when you have steady volume across many suppliers, want your own staff with your own standards, and are happy to fund it from home.

The question that sorts it is simple. Do you need control, or presence? Control comes from contracts, inspections and paying against documents. Presence costs an office. Most buyers need the first and pay for the second.

If you'd like a team on the ground without setting up anything, that's what SourcingSync does for importers: supplier visits, order follow-up and quality checks in India, run as a service. The longer view of all the ways to buy is on [ways to source from India](#).

FAQ

Can a foreign company open a sourcing office in India? ^

Yes, as a liaison office approved through an Indian bank, if the parent has three profitable years and US\$50,000 net worth. It can't earn income in India.

Can a liaison office earn commission from Indian suppliers? v

How long does a liaison office approval take? v

Is there an easier alternative? v