

RBI/2004-05/16 A.P.(DIR Series) Circular No.1

July 5, 2004

To

All Authorised Dealers in Foreign Exchange

Madam/Sirs,

Exim Bank's Line of Credit for USD 5 million to Government of Angola

The Export-Import Bank of India (Exim Bank) has concluded an agreement with the Government of Angola on February 20, 2004, making available to the latter a Line of Credit (LOC) upto an aggregate sum of USD 5 million (U.S.Dollar five million only). The credit agreement has become effective from June 16, 2004. The credit is available for financing export of goods and services, which are permitted under the 'Exim Policy' of the Government of India and agreed upon between the Exim Bank and the borrower.

- The last dates for opening letters of credit and disbursement of credit are June 15, 2006 and December 15, 2006 respectively.
- 3. Shipments under the credit will have to be declared on GR/SDF Forms as per instructions issued from time to time.
- 4. While no agency commission shall be payable in respect of exports financed under the above line of credit, Reserve Bank may consider, on merit, requests for payment of commission upto a maximum extent of 5 per cent of the f.o.b./ c&f /c.i.f. value in respect of goods exported and which require after sales service. In such cases, commission will have to be paid in Angola only by deduction from the invoice of relevant shipment and the reimbursable amount by the Exim Bank to the negotiating bank will be 90 per cent of the f.o.b./ c&f /c.i.f value minus commission paid. Approval for the payment of commission should be obtained before the relevant shipment is effected. In other cases (i.e. exports not involving after sales service), if the exporter is required to pay agency commission, he will have to use his own resources for such payments.
- 5. Authorised Dealers may bring the contents of this circular to the notice of their exporter constituents and advise them to obtain full details of the Line of Credit from Exim Bank's office or its website.
- 6. The directions contained in this circular have been issued under Sections 10(4) and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999).

Yours faithfully.

Grace Koshie



RBI/2004-05/30 A.P.(DIR Series) Circular No.2

July 9, 2004

To,

All Scheduled Commercial Banks which are Authorised Dealers in Foreign Exchange

Madam/Sirs,

Import of Gold by (i) Export Oriented Units (EOUs), (ii) Units in SEZ/EPZ, and (iii) Nominated Agencies

Please refer to our A.D. (G.P. Series) Circular No.7 dated March 6, 1998 (copy enclosed) wherein nominated agencies and approved banks were permitted to import gold under different arrangements.

- 2. Attention of Authorised Dealers (ADs) is also invited to A.P. (DIR Series) Circular No. 25 dated October 1, 2003 in which ADs were advised that Letter of Credit (LC) for import of gold under the Nominated Agency Scheme must be established on behalf of the Nominated Agencies themselves and under no circumstances should the LC be issued on behalf of any other entity, even if a letter of authority issued by the Nominated Agency is furnished by these entities.
- 3. The Ministry of Commerce & Industry has since clarified that as per para 6.2 (b) of the EXIM Policy 2002-2007, Export Oriented Units (EOUs) in the Gem & Jewellery sector, are permitted to import gold directly. These units can also source gold through the existing nominated agencies, in terms of para 6.2 (g) of the policy. Further, units in Special Economic Zones (SEZs) in the gems and jewellery sector can also import gold as per the EXIM Policy 2002-2007. Accordingly, as per the extant guidelines in force,

only nominated agencies, approved banks and EOUs/SEZ units in gems and jewellery sector can directly import gold.

- **4.** ADs can therefore open Letters of Credit and allow remittances on behalf of EOUs, units in SEZs in the Gem & Jewellery sector and nominated agencies, for direct import of gold, subject to the following conditions:
 - (i) The import of gold should be strictly in accordance with the EXIM Policy.
 - (ii) Suppliers' and Buyers' Credit, including the usance period of LCs opened for direct import of gold should not exceed 90 days.
 - (iii) Bankers' prudence should be strictly exercised for all transactions pertaining to import of gold. ADs should ensure that due diligence is undertaken and all Know-Your-Customer (KYC) norms and the Anti-Money-Laundering guidelines, issued by DBOD, Reserve Bank (cf.DBOD.AML.BC.18/14.01.001/2002-03, Dated August 16, 2002), are adhered to while undertaking such transactions. Any large or abnormal increase in the volume of business of the importer should be closely examined to ensure that the transactions are bonafide trade transactions. ADs should closely monitor such transactions in addition to carrying out the normal due diligence exercise. The credentials of the supplier should also be ascertained before opening of LCs. The financial standing, line of business and the net worth of the importer customer should be commensurate with the volume of business turnover. Apart from the above, in case of such transactions banks should also make discreet enquiries from other banks to assess the actual position. Further, in order to establish audit trail of import/export transactions, all documents pertaining to such transactions must be preserved for at least five years.
 - (iv) ADs should follow up submission of the Bill of Entry by the importers as instructed in our A.P.(DIR Series) Circular No.9, dated August 18, 2003.
 - (v) Head Offices/IBDs, of ADs undertaking gold import transactions are required to submit a monthly statement thereof, as per the format enclosed in the Annex, to

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the Trade Division, Foreign Exchange Department, Central Office, Reserve Bank

of India, Shaheed Bhagat Singh Marg, Fort, Mumbai. The statement should be

submitted within ten days of the following month. The statement should also be

submitted by e-mail at the following e-mail ID tradedivisionimport@rbi.org.in.

5. These guidelines are issued from the foreign exchange angle only under the

provisions of FEMA, 1999 and should not be construed to convey the approval by any

other statutory authority or Government under any other existing laws/regulations. If

further approval or permission is required from any other regulatory authority or

Government under the relevant laws/regulations, the concerned entity should take the

approval of the agency concerned before effecting the transaction.

6. ADs may bring the contents of this circular to the notice of their constituents and

customers concerned.

7. The directions contained in this circular have been issued under Section 10 (4)

and Section 11 (1) of the Foreign Exchange Management Act (FEMA), 1999 (42 of

1999).

Yours faithfully,

Grace Koshie

[A.P.(DIR Series) Circular No.2 dated July 9, 2004]

Statement of Gold Imported during the month ended

Name of the Bank :		
Date of Statement :		

	Number of Transactions		Value of	lue of Gold Imported		
	EOU/ Nom. SEZ Agency		(USD mill	ion)	(Rs. Crore)	
		/ Bank	EOU/ SEZ	Nom. Agency/ Bank	EOU/ SEZ	Nom. Agency /Bank
Gold (i) Delivery Against Payment Basis (ii) Suppliers' Credit Basis (iii) Consignment Basis (iv) Unfixed Price Basis						

Note: 1. Full details of transactions may be provided in cases where the number of transactions in respect of a single importer exceeds ten transactions in a month or the aggregate value of imports exceeds US Dollar 50 million.

2. Details of EOUs/Units in SEZ and Nominated Agencies should be given separately.

Enclosed to [A.P.(DIR Series) Circular No.2 dated July 9, 2004]

A.D.(G.P. Series) Circular No.7

March 6, 1998

All Authorised Dealers in Foreign Exchange

Dear Sirs,

Import of Gold by Nominated Banks/Agencies

1. Under the liberalised policy for import, Government of India has permitted import of gold by certain nominated agencies viz. MMTC, HHEC, STC, SBI and other agencies authorised by Reserve Bank for sale to jewellery manufacturers, exporters, NRIs, holders of Special Import licences and domestic users [cf. paragraph 8.15 of Exim Policy 1997-2002]. It has, therefore, been decided to permit the nominated agencies/banks to import gold under different arrangements, besides outright purchase on D/P basis, as follows:

2. (i) Import of Gold on loan basis

Gold loan may be availed of by nominated agencies/banks, where the loan is denominated on the basis of the quantity of gold, subject to the following conditions -

- (a) The loan shall be obtained directly from the overseas supplier.
- (b) The period of loan shall not be more than 180 days from the date of shipment. Extension of period beyond 180 days will require prior approval of Central Office of Reserve Bank (Imports Division).
- (c) Rate of interest on loan shall be as per the prevailing international practice.
- (d) Metal account in the books of the overseas supplier, if required by the supplier, may be maintained by the nominated bank/agency for the purpose of routing the import transactions only. No deposits will be permitted.
- (e) Guarantee for the loan, if required by the supplier may be furnished by the nominated agency.
- (ii) Import of gold on Suppliers credit/Buyers credit basis

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Suppliers credit up to a period of 180 days may be availed of by the nominated agencies/banks subject to the provisions of paragraph 7A.12 of Exchange Control Manual 1993. Prior approval of Reserve Bank will be required if the period of credit exceeds 180 days. However, buyers credit will require prior approval of Reserve Bank irrespective of the period of credit.

(iii) Import of Gold on Consignment basis

Gold may be imported by the nominated banks/agencies on consignment basis wherein the ownership of the goods will rest with the supplier and the importer [consignee] will be acting as an agent of the supplier [consignor]. Remittances towards the cost of import shall be made as and when sales take place as per the provisions of agreement entered into between the overseas supplier [consignor] and nominated agency/bank (consignee).

(iv) Import of gold on unfixed price basis

The nominated agency/bank may import gold on outright purchase basis subject to the condition that although ownership of the gold shall be passed on to the importer at the time of import itself, the price of gold shall be fixed later/ as and when the importer sells the gold to the users.

3. The directions contained in the circular have been issued under Section 73(3) of the Foreign Exchange Regulation Act, 1973 (46 of 1973) and any contravention or non-observance thereof is subject to the penalties prescribed under the Act.

Sd/-

(Khizer Ahmed)



RBI/2004-05/35 A.P.(DIR Series) Circular No.3

July 10, 2004

То

All Authorised Dealers in Foreign Exchange

Madam / Sirs,

Exim Bank's Line of Credit for USD 50 million to Government of Sudan

The Export-Import Bank of India (Exim Bank) has concluded an agreement with the Government of Sudan on January 19, 2004, making available to the latter a Line of Credit (LOC) upto an aggregate sum of USD 50 million (U.S.Dollar fifty million only). The credit agreement has become effective from June 4, 2004. The credit is available for financing export of capital goods, plant and machinery, industrial manufactures, consumer durables and other items eligible for exports under the 'Exim Policy' of Government of India and agreed upon between the Exim Bank and the borrower.

- The last dates for opening letters of credit and disbursement of credit are June 3, 2006 and December 3, 2006 respectively.
- 3. Shipments under the credit will have to be declared on GR/SDF Forms as per instructions issued from time to time.
- 4. While no agency commission shall be payable in respect of exports financed under the above line of credit, Reserve Bank may consider, on merit, requests for payment of commission upto a maximum extent of 5per cent of the f.o.b./c&f/c.i.f. value in respect of goods exported and which require after sales service. In such cases, commission will have to be paid in Sudan only by deduction from the invoice of relevant shipment and the reimbursable amount by the Exim Bank to the negotiating bank will be 90 per cent of the f.o.b./c&f/c.i.f value minus commission paid. Approval for the payment of commission should be obtained before the relevant shipment is effected. In other cases (i.e. exports not involving after sales service), if the exporter is required to pay agency commission, he will have to use his own resources for such payments.
- 5. Authorised Dealers may bring the contents of this circular to the notice of their exporter constituents and advise them to obtain full details of the Line of Credit from Exim Bank's office or its website.

6. The directions contained in this circular have been issued under Sections 10(4) and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999).

Yours faithfully,

Grace Koshie



RBI/2004-05/36 A.P.(DIR Series) Circular No. 4

July 10, 2004

To,

All Authorised Dealers in Foreign Exchange

Madam / Sirs,

Deferred Payment Protocols dated 30th April 1981 and 23rd December 1985 between the Government of India and erstwhile USSR

Attention of Authorised Dealers is invited to A.P.(DIR Series) Circular No.88 dated April 22, 2004, wherein the rupee value of the special currency basket was indicated as Rs.56.8476 effective from April 02, 2004.

- 2. Authorised Dealers are advised that a further revision has taken place on June 21, 2004 and accordingly the rupee value of the special currency basket has been fixed at Rs.58.6989 with effect from June 24, 2004.
- 3. Authorised Dealers may bring the contents of this circular to the notice of their constituents concerned.
- 4. The directions contained in this circular have been issued under Sections 10(4) and 11(1) of the Foreign Exchange Management, Act, 1999 (42 of 1999).

Yours faithfully,

(Grace Koshie)



RBI/2004-05/58 A.P.(DIR Series) Circular No.5

July 20, 2004

To

All Authorised Dealers in Foreign Exchange

Madam/Sirs,

Indo-Sri Lanka Credit Agreement dated March 23, 2004 for USD 25 Million

The Government of India have made available the third tranche of USD 25 million (U.S. Dollar Twenty five Million only) out of the line of credit of USD 100 Million extended to the Government of the Republic of Sri Lanka under the credit agreement entered into between the two Governments on January 29, 2001. An agreement to this effect has been signed by the two Governments on March 23, 2004. The credit of USD 25 million will be available to the Government of Sri Lanka for importing from India capital goods of Indian manufacture including original spare parts and accessories purchased together with the capital goods and included in the original contract as also consultancy services, consumer durables and food items - sugar, wheat flour, rice, red split lentils, wheat grains, which may be modified by way of additions, deletions or substitutions from time to time as may be mutually agreed upon between the two Governments. The credit will not cover third country imports. The export of goods and services from India and their import into Sri Lanka under the line of credit shall take place through normal commercial channels and will be subject to the laws and regulations in force in both the countries.

- The broad terms and conditions of the line of credit are as under:
- (a) All contracts will be subject to the approval of the Government of India and the Government of Sri Lanka or any agency authorised for this purpose by the Government of Sri Lanka and shall contain a clause to that effect. All contracts shall be sent to the Ministry of Finance, Department of Economic Affairs, Government of India, for approval. After each contract has been approved, intimation thereof will be sent to the Government of Sri Lanka and to the State Bank of India, New Delhi, by the Ministry of Finance, Government of India.

- (b) The credit will cover 100 per cent f.o.b. value of the eligible goods and services to be exported from India. The value of the contract should be expressed in U.S. Dollars.
- (c) All disbursements under the credit shall be made under letters of credit opened by banks in Sri Lanka. All letters of credit shall be advised by banks in Sri Lanka to the State Bank of India, New Delhi for onward transmission to the exporters either direct or through another bank in India, if any, nominated by the exporters. Normal commercial practices followed in respect of advising payments under letters of credit will be adopted. The letters of credit should be supported by a copy of the contract and should contain the following reimbursement clause:

"Reimbursement for the 100 per cent of the f.o.b. value of the contract shall be provided by the State Bank of India, New Delhi from USD 25 million credit extended by the Government of India to the Government of Sri Lanka. The letter of credit is negotiable after the State Bank of India has issued an advice that it is operative."

- 3. Contracts to be financed under this agreement for export of eligible goods and services should be signed and letters of credit established by February 28, 2005 and the full amount be drawn under the credit by February 28, 2006. If the full amount is not drawn by the aforesaid dates, the balance will be cancelled and the final instalments of the repayment to be made by the Government of Sri Lanka shall be reduced accordingly, except as may otherwise be agreed to by the Government of India.
- 4. No agency commission should be allowed in respect of exports under this credit.
- 5. Shipments under the credit agreement should be declared on GR/SDF/SOFTEX Form as per instructions issued from time to time with prominent superscription reading "Exports to Sri Lanka under Credit Agreement dated March 23, 2004, between the Government of India and the Government of Sri Lanka". The number and date of this circular should be recorded on the GR/SDF/SOFTEX Form in the space provided therefor.
- 6. Authorised Dealers may bring the contents of this circular to the notice of their constituents and customers concerned.
- 7. The directions contained in this circular have been issued under Sections 10(4) and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999).

Yours faithfully,

F.R.Joseph



RBI/2004-05/59 A.P.(DIR Series) Circular No.6

July 20, 2004

To

All Authorised Dealers in Foreign Exchange Madam/Sirs.

Foreign Exchange Management (Foreign Currency Accounts by a Person Resident in India) (First Amendment) Regulations, 2004

Attention of Authorised Dealers is invited to the Foreign Exchange Management (Foreign Currency Accounts by a Person Resident in India) Regulations, 2000 notified vide Notification No.FEMA.10/2000-RB dated May 3, 2000. In terms of Regulations 5 and 5A of the Notification ibid, eligible entities in India may open, hold and maintain Resident Foreign Currency (RFC) Account and Resident Foreign Currency (Domestic) [RFC(D)] Account with an authorised dealer out of foreign exchange received by them in respect of transactions specified therein.

- 2. On a review, it has been decided that the foreign exchange received by a individual bv wav of the proceeds of life insurance resident policy claims/maturity/surrender values settled in foreign currency from an insurance company in India permitted to undertake life insurance business by the Insurance Regulatory and Development Authority may be credited to RFC Account or RFC (Domestic) Account of the beneficiary as the case may be.
- 3. The requisite amendments to the Foreign Exchange Management (Foreign Currency Accounts by a Person Resident in India) Regulations, 2000 have been issued by Reserve Bank vide Notification No.FEMA.109/2004-RB dated January 1, 2004, a copy of which is enclosed.
- 4. Authorised Dealers may bring the contents of this circular to the notice of their constituents/customers concerned.
- 5. The directions contained in this circular have been issued under Sections 10(4) and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999).

Yours faithfully,

F.R.Joseph

RESERVE BANK OF INDIA EXCHANGE CONTROL DEPARTMENT CENTRAL OFFICE MUMBAI 400 001

Notification No.FEMA.109/2004-RB

Foreign Exchange Management (Foreign Currency Accounts by a Person Resident in India) (First Amendment) Regulations, 2004

In exercise of the powers conferred by clause (b) of Section (9) and clause (e) of sub-section (2) of Section 47 of the Foreign Exchange Management Act, 1999 (Act 42 of 1999) and in partial modification of its Notification No.FEMA.10/2000-RB dated May 3, 2000, as amended from time to time, the Reserve Bank of India makes the following amendments in the Foreign Exchange Management (Foreign Currency Accounts by a Person Resident in India) Regulations, 2000, namely:-

1. Short title and commencement

- (a) These Regulations may be called the Foreign Exchange Management (Foreign Currency Accounts by a Person Resident in India) (First Amendment) Regulations, 2004.
- (ii) They shall come into force on their publication in the Official Gazette.

2. Amendment of the Regulations

In the Foreign Exchange Management (Foreign Currency Accounts by a Person Resident in India) Regulations, 2000,

- (a) In Regulation 5, in sub-regulation (1), after sub-clause (d) the following shall be added, namely:-
 - "(e) received as the proceeds of life insurance policy claims/maturity/ surrender values settled in foreign currency from an insurance company in India permitted to undertake life insurance business by the Insurance Regulatory and Development Authority."
- (b) (i) In Regulation 5A, in sub-regulation (1), the words, "A person resident in India" may be substituted by the words "A resident Individual".
 - (ii) In Regulation 5A, in sub-regulation (1) after sub-clause (g) the following shall be added, namely:
 - "(h) by way of earnings received as the proceeds of life insurance policy claims/maturity/surrender values settled in foreign currency from an insurance company in India permitted to undertake life insurance business by the Insurance Regulatory and Development Authority."

Sd/(Usha Thorat)
Executive Director

Dated: January 1, 2004

G.S.R. 13(E) dated January 7, 2004



RBI/2004-05/119 A.P.(DIR Series) Circular No.7

August 16, 2004

To

All Authorised Dealers in Foreign Exchange

Madam / Sirs,

Exim Bank's Line of Credit of USD 10 million to Hungarian Export - Import Bank Ltd., Hungary

The Export-Import Bank of India (Exim Bank) has concluded an agreement with Hungarian Export-Import Bank Ltd., Hungary on November 07, 2003, making available to the latter a Line of Credit (LOC) upto an aggregate sum of USD 10 million (US Dollar ten million only). The credit agreement has become effective from July 22, 2004. The credit is available for financing export of capital and engineering goods, technologies, industrial manufactures and related services and any other goods of Indian origin, which may be agreed upon between Exim Bank and the borrower.

- 2. The last date for utilisation of the credit facility is July 21, 2006.
- 3. Shipments under the credit will have to be declared on GR/SDF Forms as per instructions issued from time to time.
- 4. While no agency commission shall be payable in respect of exports financed under the above line of credit, Reserve Bank may consider, on merit, requests for payment of commission upto a maximum extent of 5 per cent of the f.o.b./c & f/c.i.f. value in respect of goods exported and which require after sales service. In such cases, commission will have to be paid in Hungary only by deduction from the invoice of relevant shipment and the reimbursable amount by the Exim Bank to the negotiating bank will be 85 per cent of the f.o.b./c & f/c.i.f. value minus commission paid. Approval for the payment of commission should be obtained before the relevant shipment is effected. In other cases (i.e. exports not involving after sales service), if the exporter is required to pay agency commission, he will have to use his own resources for such payments.

- 5. Authorised Dealers may bring the contents of this circular to the notice of their exporter constituents and advise them to obtain full details of the Line of Credit from Exim Bank's office or its website.
- 6. The directions contained in this circular have been issued under sections 10(4) and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999).

Yours faithfully,

Grace Koshie



RBI/2004/141 A.P. (DIR Series) Circular No.8

August 26, 2004

To

All Authorised Dealers in Foreign Exchange

Madam/Sirs,

Non – Resident Deposits-Comprehensive Single Return (NRD-CSR) – Revised Version 2.1@

Attention of Authorised Dealers (ADs) is invited to our A.P.(DIR Series) Circular No. 99 dated April 30, 2003 introducing NRD-CSR package for submission of data on Non-Resident Deposits in CSR format, on monthly basis, through electronic media (floppy/e-mail) to Department of Statistical Analysis and Computer Services directly, from the month of April 2003 onwards.

- 2. The existing NRD-CSR version 1.6 has been revised and a new NRD-CSR version 2.1@ for the reporting system has been placed on the RBI website (under FEMA > Electronic Reporting System > NRD-CSR) to facilitate downloading by ADs maintaining non-resident deposits. The details of the revision in the NRD-CSR version 2.1@ and the revised format for electronic reporting are given in Annex I & II. ADs should furnish the data in the revised NRD-CSR version 2.1@ from the month of August 2004 onwards.
- 3. The drections contained in this circular have been issued under Section 10 (4) and Section 11 (1) of the Foreign Exchange Management Act, 1999 (42 of 1999).

Yours faithfully,

Grace Koshie

Chief General Manager

@Please note that Version 2.1 has since been replaced by Version 2.1(R).

[A.P.(DIR Series) Circular No.8 dated August 26, 2004]

A: Details of the Revision in the NRD-CSR version 2.1: The reporting system "Non-Resident Deposit – Comprehensive Single Return" (NRD-CSR) has been revised from May 2004. Accordingly, the following changes are there in the revised reporting system.

- Capturing high value transactions: Aggregate inflows and outflows as well as transactions with amount more than a cut-off limit during the month of reporting for all schemes are captured separately. Thus, a few new record type codes have to be added to indicate high value flows out of total flows. Limits of high value transactions are Indian Rupees 10,00,000; United States Dollar 23,000; Euro 20,000; Grate Britain Pound 12,500 and Japanese Yen 25,00,000
- 2. **New Data items**: Two new data items are added as follows.
 - a) A new data item is added for Number of account for which transactions/balances are aggregated.
 - b) A new data item for <u>Account type</u>, i.e., Fixed deposit, Recurring deposit, Current A/C and Savings A/C is added under the revised NRD-CSR reporting system.
- 3. Changes in the existing data item: Following two changes are there in the existing data items.
 - a) <u>Students</u> as a special <u>investor category</u> is added in addition to Individual and OCB.
 - b) <u>Interest rate</u> is to be reported in terms of basis points instead of actual rate to minimise rounding off errors.
- 4. <u>All other data items are to be reported as per earlier reporting system.</u> The new reporting requirement is furnished in Annex-II.

B: Facilities in the NRD-CSR version 2.1

- Banks, including branches / regional offices, using or intending to use NRD-CSR need to install the new version 2.1 to ensure the reporting of NRD-CSR data under revised reporting system.
- 2. Uses of NRD-CSR package are unchanged. Thus, user will not find any difference while working in the new version 2.1.
- 3. All formats for loading data at branch portion i.e. data on Account details and flows, for loading into the NRD-CSR branch, are **unchanged**. Thus, the interface developed by bank branches for downloading data from their own computer for loading into the NRD-CSR (branch database), are **not required to be changed**.
- 4. There is a facility to change the cut-off limit for high value transactions, strictly with a RBI key only.
- 5. There is a change of format from forwarding data from branch to Nodal/Head Office to ensure revision in reporting system. However, NRD-CSR version 2.1 will take care of that through its new aggregation and reporting module.

- 6. Nodal Office and Head offices will be able to load data received from their branches in the old format also, with a warning message.
- 7. Monthly data of Head/Nodal office has to be transferred to a backup file to ensure its working performance for big banks having large number of branches.
- 8. There is a new menu under Monitoring system of Nodal / Head Offices to facilitate generating list of defaulting branches with their addresses and details in the receipt of data.

[A.P.(DIR Series) Circular No.8 dated August 26, 2004]

Non-Resident Deposits - Comprehensive Single Return: Revised format for electronic Reporting

Data should be reported in a standard text (ASCII) file with the following format:

	Format for reporting data by bank head offices to RBI in floppy						
Periodicity: Monthly							
No	Column Description	Туре	Position	Remarks			
1.	Bank Code	7 N	1 to 7	Bank Working and rest are zero.			
2.	Reporting period [of Stock & flows] (YYYYMM)	6 N	8 to 13	Period of Reporting (YYYYMM)			
3.	Actual period of data / flows (YYYYMM) [previous to reporting period for back data otherwise same]	6 N	14 to 19	Actual period of the data record. YYYY represents Year and MM represents Month			
4.	N.R. D. Scheme code	4 A	20 to 23	Left justified. As per code Box 1			
5.	Account Type	1 A	24	F for Fixed; R for Recurring; S for Savings; C for Current A/c			
6.	Category of Account holder	1 A	25	I for Individual; O for OCB; S for Students			
7.	Original Maturity	1 N	26	1 to 9 As per code box 2			
8.	Remaining Maturity	1 N	27	1 to 9 As per code box 2			
9.	Country (SWIFT code)	2 A	28 to 29	SWIFT Country code			
10.	A/c Currency (SWIFT code)	3 A	30 to 32	As per code box 3			
11.	Record - type Code	2 A	33 to 34	As per Code Box 4			
12.	Record - Amount	15 N	35 to 49	Amount in A/c currency in integer (without decimal point).			
13.	No of Account	15 N	50 to 64	Number account for which amount has been aggregated			

Important: Please report data only once. Reporting same data repeatedly will lead to inconsistency. Once data is created using the NRD-CSR package, it also includes one more file giving Bank name, address & contact details.

In case file is prepared by bank from **bank's own system**, please report the details about Bank name, Part I code, postal address, city, pin, name of responsible officer, phone & fax numbers with e-mail id in the forwarding letter. In that case, **to ensure accuracy of the format**, they may use NRD-CSR 2.1 Head Office module and load data.

Details of codes to be used in the NRD-CS Return are presented in the next few

pages.

Details of codes used in the NRD-CSR electronic reporting format are as follows:

Code Box 1					
Non-Resident Deposit Scheme Code					
Sr. No.	Account under the Scheme	Scheme Code			
1.	Foreign Currency Non-Resident (FCNR) A/c	FCNR			
2.	Non-Resident External (NRE) Rupee Account	NRE			
3.	Non-Resident (Non-Repatriable) (NRNR) Rupee A/c	NRNR			
4.	Non-Resident Special Rupee (NRSR) Account	NRSR			
5.	Non-Resident Ordinary (NRO) Rupee Account	NRO			

Code Box: 2 Maturity Code					
Sr. No.	Maturity Classification	Maturity Code			
1.	Up to and inclusive of six months	1			
2.	Over six months but less than one year	2			
3.	Exactly one year	3			
4.	Over one year but less than two years	4			
5.	Exactly two years	5			
6.	Over two years but less than three years	6			
7.	Exactly three years	7			
8.	Over three years	8			
9.	Unallocated (Savings A/c)	9			

In case of savings account residual maturity cannot be determined. In such cases, the residual maturity should be treated as **unallocated**.

Code Box: 3					
Currency Code					
Sr. No.	Currency Name	Currency Code			
1.	EURO	EUR			
2.	Pound Sterling	GBP			
3. United States Dollar USD					
4.	Japanese Yen	JPY			
5.	Indian Rupees	INR			

Probable currencies acceptable under Non-Resident Deposits during the last few years as per SWIFT Code.

	Code Box 4:				
	Record Type Code				
No.	Record Type	Description of data item on the record	Code		
1	Inflow	Fresh inflow from abroad (total)	FI		
2		High value* amount of inflow from abroad (of FI)	HA		
3		Amount of interest reinvested	IR		
4		Amount renewed / transfer from other A/c	PR		
5		Local inflow (for NRO Savings A/c)	LI		
6	Outflow	Amount of principal remitted abroad (total)	PA		
7.		High value* amount of principal remitted abroad (of PA)	HP		
8		Amount of interest remitted abroad (total)	IA		
9		High value* amount of interest remitted abroad (of IA)	HI		
10		Amount of principal remitted locally	PL		
11.		Amount of interest remitted locally	IL		
12		Local withdrawals (gifts, tax, donations etc.)	LW		
13		Transfers to other A/cs including renewals	TR		
14	Balance	Opening Balance, including unclaimed	ОВ		
15		Closing Balance, including unclaimed	СВ		
16		Unclaimed Balance	UC		
17.		Interest Accrued as on (end of Ref. Month)	Al		
18		Interest Suspense Balance (Interest Arrears)	SB		
19		Average Interest rate in terms of basis points (rate * 100)	AR		

Note:

- Above codes are to be used for reporting data under NRD-CSR reporting system from the date of implementation as communicated by RBI.
- Limits of high value amounts in respective currencies are as follows ...

 Indian Rupees
 10,00,000

 United States Dollar
 23,000

 Euro
 20,000

 Grate Britain Pound
 12,500

 Japanese Yen
 25,00,000

In case the NRD-CSR package, as available on RBI web site, is being used by banks
to generate such data for reporting to RBI, they should ensure to use Version 2.1,
which takes care of these codes, data and format suitably.



RESERVE BANK OF INDIA FOREIGN EXCHANGE DEPARTMENT CENTRAL OFFICE MUMBAI – 400 001

RBI/2004-05/154 A.P.(DIR Series) Circular No.9

September 1, 2004

To

All Authorised Dealers in Foreign Exchange

Madam / Sirs,

Foreign Exchange Management Act, 1999

Attention of Authorised Dealers is invited to the list of A.P.(DIR Series) circulars annexed.

- 2. It was mentioned in these circulars that necessary amendments to the Foreign Exchange Management Regulations, 2000 were being issued separately. The relevant amendments have since been issued by Reserve Bank and notified by the Government, in the Official Gazette, as indicated in the Annex. A copy each of these Notifications is enclosed.
- 3. Authorised dealers may bring the contents of this circular to the notice of their constituents and customers concerned.
- 4. The directions contained in this circular have been issued under section 10(4) and section 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999).

Yours faithfully,

Grace Koshie

<u>Annex</u>

[A.P.(DIR Series) Circular No.9 dated September 1, 2004]

Reserve Bank Notifications – Amendment to Foreign Exchange Management Regulations, 2000 issued under the Foreign Exchange Management Act, 1999

Sr. No.	A.P. D	IR (Series) Circular	FEMA Notification		
INO.	No. and date	Subject	No./date/subject	G.S.R. No.	
1.	2.	3.	4.	5.	
1.	67/2.4.2004	Clarification regarding Automatic Route for Residual Activities under FDI.	FEMA.No.111/2004-RB dated 6.3.2004 Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) (Amendment) Regulations, 2004	278 (E) 23.4.2004	
2.	68/11.2.2004	Export of Goods and Services – Liberalisation.	FEMA.No.114/2004-RB dated 13.3.2004 Foreign Exchange Management Export of Goods and Services) (Amendment) Regulations, 2004	279(E) 23.4.2004	
3.	69/12.2.2004	FEMA 1999 – Grant of Rupee Loan to NRIs – Liberalisation.	FEMA.No.115/2004-RB dated 25.3.2004 Foreign Exchange Management (Borrowing and Lending in Rupees) (Amendment) Regulations, 2004	351(E) 8.6.2004	
4.	73/20.2.2004	Export of Goods by way of Gifts – Liberalisation.	FEMA.No.116/2004-RB dated 25.3.2004 Foreign Exchange Management (Export of Goods and Services) (Second Amendment) Regulations, 2004	352 (E) 8.6.2004	

Reserve Bank of India (Foreign Exchange Department) (Central Office)

G.S.R.278(E) dated April 23, 2004 - Part II - Section 3 - Sub-section (i)

Notification No.FEMA.111/2004-RB

March 6, 2004

Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) (Amendment) Regulations, 2004

In exercise of the powers conferred by clause (b) of sub-section (3) of Section 6 and Section 47 of the Foreign Exchange Management Act, 1999 (42 of 1999) and in partial modification of its Notification No.FEMA 20/2000-RB dated 3rd May 2000 read with Notification No.FEMA 94/2003-RB dated 18th June 2003, the Reserve Bank of India makes the following amendments in the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, as amended from time to time, namely:-

1. Short Title & Commencement :-

- 1. (i) These Regulations may be called the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India)(Amendment) Regulations, 2004.
 - (ii) They shall come into force from the date of their publication in the Official Gazette.

2. Amendment of the Regulations :-

In the Foreign Exchange Management (Transfer or Issue of Security by a person Resident outside India) Regulations, 2000,

In Schedule 1, under Annexure B, after item 20, the following item shall be inserted, namely:

"21. Any other Sector/Activity – 100 % " (if not included in Annexure A)

Shyamala Gopinath Executive Director

Foot Note: The Principal Regulations were published in the Official Gazette vide G.S.R.No.406(E) dated May 3, 2000 in Part II, Section 3,Sub-section (i) and subsequently amended vide:

- (a) G.S.R.No.175(E) dated December 26, 2000
- (b) G.S.R.No.182(E) dated February 16, 2001
- (c) G.S.R.No.158(E) dated March 2, 2001
- (d) G.S.R.No.574(E) dated September 20, 2001
- (e) G.S.R.No.4(E) dated November 29, 2001
- (f) G.S.R.No.223(E) dated November 12, 2002
- (g) G.S.R.No.225(E) dated January 17, 2003
- (h) G.S.R.No.558(E) dated June 18, 2003
- (i) G.S.R.No.835(E) dated October 3, 2003 and
- (j) G.S.R.No.899(E) dated October 27, 2003

RESERVE BANK OF INDIA (FOREIGN EXCHANGE DEPARTMENT) (CENTRAL OFFICE)

G.S.R.279(E) dated April 23, 2004 - Part II - Section 3 - Sub-section (i)

Notification No.FEMA.114/2004-RB

dated 13 March, 2004

Foreign Exchange Management (Export of Goods and Services) (Amendment) Regulations, 2004

In exercise of the powers conferred by clause (a) of sub-section (1) and sub-section (3) of Section 7, sub-section (2) of Section 47 of the Foreign Exchange Management Act, 1999 (42 of 1999) and in partial modification of its Notification No.FEMA.23/ 2000-RB, dated 3rd May 2000, as amended from time to time, the Reserve Bank of India makes the following amendment in the Foreign Exchange Management (Export of Goods and Services) Regulations, 2000, namely:

1. Short title and commencement

- (a) The regulations may be called the Foreign Exchange Management (Export of Goods and Services) (Amendment) Regulations, 2004.
- (b) They shall come into force from the date of their publication in the Official Gazette.

2. <u>Amendment to the Regulations</u>

In the Foreign Exchange Management (Export of Goods and Services) Regulations, 2000, in Regulation 17, the following amendments shall be made, namely:-

- (i) in sub-regulation (1), for clause (b) the following shall be substituted, namely: "(b) that any declaration to be furnished to the specified authority shall be submitted to the authorised dealer for its prior approval, which may, having regard to the circumstances, be given or withheld or may be given subject to such conditions as may be specified by the Reserve Bank by directions issued from time to time."
- (ii) for sub-regulation (2), the following shall be substituted, namely:
 - "(2) No direction under sub-regulation (1) shall be given by the Reserve Bank and no approval under clause (b) of that sub-regulation shall be withheld by the Authorised Dealer, unless the exporter has been given a reasonable opportunity to make a representation in the matter."

Shyamala Gopinath Executive Director

Foot Note: The Principal Regulations were published in the Official Gazette vide G.S.R.No.409(E) dated May 3, 2000 in Part II, Section 3, Sub-section (i) and subsequently amended vide

- a) G.S.R.No.199(E) dated February 27, 2001,
- b) 473(E) dated April 1, 2002,
- c) 773(E) dated August 27, 2003, and
- d) 900(E) dated October 29, 2003.

RESERVE BANK OF INDIA (FOREIGN EXCHANGE DEPARTMENT) (CENTRAL OFFICE)

G.S.R.351(E) dated June 8, 2004 - Part II - Section 3 - Sub-section (i)

Notification No.FEMA.115/2004-RB

March 25, 2004

Foreign Exchange Management (Borrowing and Lending in Rupees)(Amendment) Regulations, 2004

In exercise of the powers conferred by clause (e) of sub-section (3) of Section 6 and sub-section (2) of Section 47 of the Foreign Exchange Management Act, 1999 (42 of 1999) and in partial modification of its Notification No.FEMA 4/2000-RB dated May 3, 2000, the Reserve Bank of India makes the following Regulations to amend the Foreign Exchange Management (Borrowing and Lending in Rupees) Regulations, 2000, namely:

1. Short title and commencement

- (i) These Regulations may be called the Foreign Exchange Management (Borrowing and Lending in Rupees) (Amendment) Regulations, 2004.
- (ii) They shall come into force from the date of their publication in the Official Gazette.

2. Amendment of the Regulations

In the Foreign Exchange Management (Borrowing and Lending in Rupees) Regulations 2000, in Regulation 7, the following amendments shall be made, namely:-

- (i) the title shall be substituted as "Loans in Rupees to non-residents"
- (ii) after sub-regulation (B) the following sub-regulation shall be inserted, namely:
- "(C) for any purpose as per the loan policy laid down by the Board of Directors of the Authorised Dealer.

Provided that

- (a) the loan shall not be utilised either singly or in association with other person for
 - (i) the business of chit fund, or
 - (ii) Nidhi Company, or

- (iii) agricultural or plantation activities or in real estate business or construction of farm houses, or
- (iv) trading in Transferable Development Rights (TDRs), or
- (v) investment in capital market including margin trading and derivatives.
- (b) the Reserve Bank's directives on such advances shall be duly complied with;
- (c) the loan amount shall not be credited to NRE/FCNR(B) accounts;
- (d) the loan amount shall not be remitted outside India;
- (e) repayment of loan shall be made from out of remittances from outside India through normal banking channels or by debit to NRE/FCNR(B)/NRO accounts."

Shyamala Gopinath Executive Director

Foot Note: The Principal Regulations were published in the Official Gazette vide G.S.R.No.387(E) dated May 3, 2000 in Part II, Section 3, Sub-section (i) and subsequently amended vide G.S.R.Nos.90(E) dated November 27, 2000 and 754(E) dated August 20, 2002.

RESERVE BANK OF INDIA (FOREIGN EXCHANGE DEPARTMENT) (CENTRAL OFFICE)

G.S.R.352(E) dated June 8, 2004 - Part II - Section 3 - Sub-section (i)

Notification No.FEMA.116/2004-RB

dated March 25, 2004

Foreign Exchange Management (Export of Goods and Services) (Second Amendment) Regulations, 2004

In exercise of the powers conferred by clause (a) of sub-section (1) and sub-section (3) of Section 7, sub-section (2) of Section 47 of the Foreign Exchange Management Act, 1999 (42 of 1999) and in partial modification of its Notification No.FEMA.23/2000-RB, dated 3rd May 2000, the Reserve Bank of India makes the following amendment in the Foreign Exchange Management (Export of Goods and Services) Regulations, 2000, as amended from time to time namely:

1. Short title and commencement

- (i) These regulations may be called the Foreign Exchange Management (Export of Goods and Services) (Second Amendment) Regulations, 2004.
- (ii) They shall come into force on the date of their publication in the Official Gazette.

2. Amendment to the Regulations

In the Foreign Exchange Management (Export of Goods and Services) Regulations, 2000, in Regulation 4, the following amendments shall be made, namely:-

- (i) in clause (d), for the words "twenty five thousand rupees in value" the words "twenty five thousand USD in value" shall be substituted,
- (ii) in clause (e), for the words "one lakh rupees in value" the words "five lakh rupees in value" shall be substituted.

Shyamala Gopinath Executive Director

Foot Note: The Principal Regulations were published in the Official Gazette vide No.G.S.R.409(E) dated May 3, 2000 in Part II, Section 3, Sub-section (i) and subsequently amended vide Nos.G.S.R.199(E) dated February 27, 2001 and 473(E) dated April 1, 2002, 773(E) dated August 27, 2003 and 900(E) dated October 29, 2002.



RBI/2004-05/175 A.P.(DIR Series) Circular No. 10

September 13, 2004

To

All Banks Authorised to Deal in Foreign Exchange

Madam / Sirs,

Export of Goods and Services to Latin American Countries

Attention of Authorised Dealer Banks is invited to AP (DIR Series) Circular No.12 dated August 20, 2003 in terms of which, the facility for realisation and repatriation of full value of goods / software exported to the countries listed in the annexure to the above circular within 360 days, was extended upto August 31, 2004 subject to review.

- 2. It has been decided to discontinue the facility with effect from September 1, 2004. Accordingly, i.e. for exports made on or after September 1, 2004, exporters exporting to the countries listed in the annexure to the circular ibid, are under obligation to realise full export proceeds within the prescribed period of six months from the date of export.
- 3. The facility of 360 days for export realisation will, however, continue to be available for exports made to Latin American countries by status holder exporters and manufacturer exporters/merchant exporters/traders of certain products and having export contracts of Rs.100 crore (Rs.1000 million) and above as mentioned in A.P. (DIR Series) Circular No.35 and 30 dated April 1, 2002 and October 21, 2003, respectively.
- 4. The direction contained in this circular has been issued under Sections 10(4) and 11(1) of the Foreign exchange Management Act, 1999(42 of 1999) and is without prejudice to permissions/approvals, if any, required under any other law.
- 5. Authorised Dealer Banks may bring the contents of this circular to the notice of their constituents and customers.

Yours faithfully,

Grace Koshie



RBI/2004-05/176 A.P.(DIR Series) Circular No. 11

September 13, 2004

То

All Banks Authorised to Deal in Foreign Exchange Madam/ Sirs,

Foreign Investments in India

Attention of Authorised Dealer Banks is invited to the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 relating to Foreign Investments in India notified vide FEMA 20/2000-RB dated May 3, 2000 as amended from time to time.

- 2. In terms of Regulation 5(1) of the Notification ibid, a person resident outside India (other than a citizen of Bangladesh or Pakistan or Sri Lanka) or an entity incorporated outside India (other than an entity in Bangladesh or Pakistan), may purchase shares or convertible debentures of an Indian company under Foreign Direct Investment Scheme, subject to the terms and conditions specified in Schedule I.
- 3. It has since been decided by the Government of India to lift the restriction imposed on investment in Indian companies by Sri Lankan citizens. Accordingly, persons resident outside India (other than a citizen of Bangladesh or Pakistan) including citizens of Sri Lanka would henceforth be eligible to purchase shares or convertible debentures of an Indian company under Foreign Direct Investment scheme subject to specified terms and conditions.
- 4. Amendment to the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 is being issued separately.
- 5. The direction contained in this circular has been issued under Sections 10(4) and 11(1) of the Foreign exchange Management Act, 1999(42 of 1999) and is without prejudice to permissions/approvals, if any, required under any other law.
- 6. Authorised Dealer Banks may bring the contents of this circular to the notice of their constituents and customers.

Yours faithfully,

Grace Koshie



RBI/2004-05/193 A.P. (DIR Series) Circular No.12

September 25, 2004

To

All Banks Authorised to Deal in Foreign Exchange

Madam / Sirs,

Imports on c.i.f. basis by Government Departments / Public Sector Undertakings

Attention of Authorised Dealer Banks is invited to item 4 of Schedule II of the Foreign Exchange Management (Current Account Transactions) Rules, 2000 issued vide Government of India Notification No.GSR.381(E) dated May 3, 2000 in terms of which, Public Sector Undertakings/ Government Departments are required to obtain the approval of the Ministry of Shipping (erstwhile Ministry of Surface Transport) for payment of imports on c.i.f. basis.

- 2. Government of India, Ministry of Finance (Department of Economic Affairs) has since amended the said provision vide Gazette Notification No.G.S.R. 849(E) dated October 27, 2003 limiting the requirement of prior approval of the Government only to cases involving imports on c.i.f. basis through ocean transport (copy enclosed).
- 3. Accordingly, Government Departments / Public Sector Undertakings are required to obtain the approval of the Chartering Wing of Ministry of Shipping (erstwhile Ministry of Surface Transport) for payment of imports on c.i.f. basis, only for imports through ocean transport. Such approvals will not be required by Public Sector Undertakings/Government Departments, if the mode of transport is other than ocean transport.
- 4. The direction contained in this circular has been issued under Sections 10(4) and 11(1) of the Foreign Exchange Management Act (FEMA), 1999 (42 of 1999) and is without prejudice to permissions / approvals, if any, required under any other law.

5. Authorised Dealer Banks may bring the contents of this circular to the notice of their constituents and customers concerned.

Yours faithfully,

(Grace Koshie)

Chief General Manager

Encl: As above

ANNEXURE

[A.P. (DIR Series) Circular No.12 dated September 25, 2004)

MINISTRY OF FINANCE

(Department of Economic Affairs)

NOTIFICATION

New Delhi, the 27th October 2003

- G.S.R.849(E). In Exercise of the powers conferred by Section 5 and Subsection (1) and clause (a) of Sub-section (2) of Section 46 of the Foreign Exchange Management Act, 1999 (42 of 1999), and in consultation with the Reserve Bank, the Central Government having considered it necessary in the public interest, makes the following amendment in the Foreign Exchange Management (Current Account Transactions) Rules, 2000, namely:-
- 1. Short Title and Commencement :---(1) These rules may be called the Foreign Exchange Management (Current Account Transactions) (Fourth Amendment) Rules, 2003.
 - (2) They shall come into force from the date of their publication in the Official Gazette.
- 2. In the Foreign Exchange Management (Current Account Transaction) Rules, 2000, in Schedule II, under the heading "purpose of Remittance", in item 4, after the words "Payment of import" the words "through ocean transport" shall be inserted.

[F.No.1/5/EC/2000-Vol.II]

U.K. SINHA, Jt.Secy.

Foot Note:- The principal rules were published in the Official Gazette vide G.S.R.381(E) dated 3rd May 2000 in Part II, Section 3, Sub-section (i) and subsequently last amended vide No.G.S.R.731(E) dated 5th September 2003.



RESERVE BANK OF INDIA Foreign Exchange Department Central Office Mumbai - 400 001

RBI/2004-05/201 A.P. (DIR Series) Circular No.13

October 01, 2004

To

All Banks Authorised to Deal in Foreign Exchange

Madam / Sirs.

Issue of Shares Under Employees Stock Option Scheme to Citizens of Sri Lanka and Bangladesh

Attention of Authorised Dealer Banks is invited to Regulation No. 5(1) of the Notification No.FEMA.20/2000-RB dated May 3, 2000 read with Notification No.FEMA.100/2003-RB dated October 3, 2003, in terms of which, a person resident outside India (other than a citizen of Bangladesh or Pakistan or Sri Lanka) or an entity incorporated outside India (other than an entity in Bangladesh or Pakistan) may purchase shares or convertible debentures of an Indian company under Foreign Direct Investment Scheme, subject to the terms and conditions specified in Schedule 1. In view of the aforesaid restriction, an Indian company could not issue shares under Employees Stock Option Scheme to their employees who are citizens of Pakistan or Bangladesh or Sri Lanka.

- 2. On a review, and in consultation with the Government, it has been decided that listed Indian companies may allot shares to their employees who are citizens of Bangladesh and Sri Lanka under Employees Stock Option Scheme.
- 3. The direction contained in this circular has been issued under Sections10(4) and 11(1) of the Foreign Exchange Management Act,1999 (42 of 1999) and is without prejudice to permissions/approvals, if any, required under any other law.

4. Authorised Dealer Banks may bring the contents of this circular to the notice of their constituents and customers.

Yours faithfully

Grace Koshie Chief General Manager



RESERVE BANK OF INDIA Foreign Exchange Department Central Office Mumbai - 400 001

RBI/2004-05/202 A.P. (DIR Series) Circular No. 14

October 01, 2004

To

All Banks Authorised to Deal in Foreign Exchange

Madam / Sirs,

Acquisition of Foreign Securities by Resident Individuals-ADR/GDR Linked Employees Stock Option (ESOP) Schemes

Attention of Authorised Dealer (AD) banks is invited to Regulation 21 (2) of Notification No.FEMA.19/RB-2000 dated May 3, 2000 in terms of which, Reserve Bank may, on an application made to it by an Indian software company allow its resident employees (including working directors) to purchase foreign securities under the ADR/GDR linked Employees' Stock Option (ESOP) Schemes, provided that the consideration for purchase does not exceed USD 50,000 or its equivalent in a block of five calendar years. The coverage of the facility to acquire such ESOP was expanded later to include employees of all companies in the knowledge based sectors vide Guidelines dated September 15, 2000 (Annex-I) issued by the Ministry of Finance, Government of India.

- 2. It has now been decided by the Government that the issue of ESOP by a **listed** company in the knowledge-based sectors falling within the purview of the aforesaid Guidelines dated September 15, 2000, will be governed by SEBI (Employees Stock Option and Stock Purchase Scheme) Guidelines, 1999.
- 3. The issue of ESOP by an **unlisted** company in such knowledge-based sectors shall continue to be governed by the guidelines issued by the Government of India for issue of ADR/GDR linked stock options to its employees.
- 4. AD banks may henceforth make remittances up to USD 50,000 or its equivalent in a block of five calendar years, which is the current limit per eligible employee,

without prior approval of Reserve Bank, for purchase of foreign securities under the

ADR/GDR linked ESOP Scheme, after satisfying that the issuing company has

followed the relevant guidelines of SEBI/Government. A copy of Government Press

Note F.No.15/14/2001-NRI dated July 26, 2004 is enclosed (Annex-II).

5. Necessary amendments to the Foreign Exchange Management (Transfer or

issue of any foreign security) Regulations, 2000 are being issued separately.

6. Authorised Dealer Banks may bring the contents of this circular to the notice

of their constituents and customers.

7. The direction contained in this circular has been issued under Sections10(4)

and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and is

without prejudice to permissions/approvals, if any, required under any other law.

Yours faithfully,

Grace KoshieChief General Manager

Encls: As above

Annex-I

F.No.17/1/2000-NRI GOVERNMENT OF INDIA MINISTRY OF FINANCE DEPARTMENT OF ECONOMIC AFFAIRS (INVESTMENT DIVISION)

New Delhi, dated the 15th September, 2000

Liberalisation in the Guidelines for Issue of ADR/GDR linked Employees Stock Options by the Indian Companies

Guidelines by way of a Press Note were issued on 23rd June, 1998 containing operational parameters and modalities for issue of ADR/GDR linked stock options to its employees by the Indian Software Companies. Revisions/modifications to expand the scope of application to the Indian companies engaged in Information Technology Software and Information Technology Services had been issued on 16th September 1998. These Guidelines were further modified by the Government on the 16th June 2000, expanding the coverage of employees who would be entitled to the ESOPs in line with the SEBI Guidelines on ESOPs, which include employees of a subsidiary company for the purposes of ESOPs. Enabling amendment Notification operating the facility for ADR/GDR linked employees stock options had been issued by Government on 10th November, 1999 under the "Scheme for issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipts Mechanism)".

- 2. Guidelines were issued on the 23rd March 2000 liberalising the norms for overseas business acquisition by Indian companies in terms of which;
 - I. the norms for acquisition of overseas companies was extended to Information Technology and Entertainment software, Pharmaceuticals, Biotechnology and any other activity within the knowledge based sector as notified by the Government from time to time and;
 - II. In the case of multi product diversified company, not conforming to the eligibility criteria of 80% of the turnover from the sectors/areas mentioned above, the liberalised norms would be applicable if they have an average annual export earnings of Rs.100 Crores in the three previous financial years in these sectors/areas.
- 3. It has been decided to extend the liberalised norms as mentioned in para-2 above in respect of the issue of ADR/GDR linked Employee Stock Options as well. This would imply that:
 - (I) The companies in the following knowledge based sectors would be eligible to issue ADR/GDR linked ESOPs with a view to enable retaining their highly skilled personnel;

- i. Information Technology (as defined in the recommendation No.19

 (a) and (b) of Gazette Notification dated 25.07.1999 issued by the Planning Commission) & Entertainment software.
- ii. Pharmaceuticals:
- iii. Biotechnology;
- iv. Any other activities within the knowledge based sector as
- v. notified by the Government from time to time.
- (II) The liberalised norms would also be available to multi product diversified Companies which do not conform to the criteria of 80% of its turnover from the sectors mentioned in para 3(I) above, incase they fulfill the condition of average annual export earnings of Rs.100 Crores from these sectors in the three previous financial years.
- 4. These guidelines will come into force with immediate effect.

Sd/-(G.S. Dutt) Joint Sectary to the Government of India.

Annex-II

GOVERNMENT OF INDIA MINISTRY OF FINANCE DEPARTRMENT OF ECONOMIC AFFAIRS (NRI CELL)

New Delhi, dated the 26th July 2004

Press Note

Modification to guidelines for issue of ADR / GDR linked Employees <u>Stock Options by the Indian Companies</u>

Guidelines by way of a Press Note were issued on 23rd June, 1998 for Issue of ADR / GDR linked stock options under the "Scheme for issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipts Mechanism)". Revisions / modifications to expand the scope of application, sectors, eligible employees etc., were made from time to time.

- 2. In order to rationalise the guidelines governing issuance of stock options by Indian companies, Government have decided that henceforth, issuance of employees stock options by all listed companies in the knowledge-based sectors will be governed by SEBI (Employee Stock Option and Stock Purchase Scheme) Guidelines, 1999.
- 3. However, unlisted Indian companies in the knowledge-based sectors will continue to be governed under guidelines issued by Government for issue of ADR / GDR linked stock options to its employees.
- 4. The above modification to the ADR / GDR linked Stock options will come into force from the date of issuance of Notification of regulations / directions.

Sd/(R. BANNERJI)
Joint Secretary to the Government of India



RESERVE BANK OF INDIA Foreign Exchange Department Central Office Mumbai - 400 001

RBI/2004-05/203

A.P. (DIR Series) Circular No. 15

October 1, 2004

To

All Banks Authorised to Deal in Foreign Exchange

Madam / Sirs,

Conversion of External Commercial Borrowing and Lumpsum Fee/Royalty into Equity

Attention of Authorised Dealer (AD) banks is invited to A.P. (DIR Series) Circular No. 34 dated November 14, 2003, in terms of which issue of equity/preference shares against lump-sum technical know-how fee, royalty and External Commercial Borrowings (ECBs) already due for payment/repayment was permitted, subject to meeting all applicable tax liabilities and compliance with the procedures prescribed.

- 2. The matter has been further reviewed by the Government of India, Ministry of Finance vide Press Release dated September 29, 2004 (copy enclosed). Accordingly, it has been decided to grant General Permission for conversion of ECB into equity subject to the following conditions:
 - i) The activity of the company is covered under the Automatic Route for FDI or they had obtained Government approval for foreign equity in the company,
 - ii) The foreign equity after such conversion of debt into equity is within the sectoral cap, if any,
 - iii) Pricing of shares is as per SEBI and erstwhile CCI guidelines/regulations in the case of listed/unlisted companies as the case may be.
 - iv) Compliance with the requirements prescribed under any other statute and regulation in force.
- 3. It is clarified that the conversion facility is available for all ECBs availed either with the general or specific permission of Reserve Bank. This would also be applicable to ECBs irrespective of whether due for repayment or not, as well as secured/ unsecured loans availed from non-resident collaborators. However, import payables, deemed as ECBs would not be eligible for conversion into equity/preference shares.

4. Reporting Requirements--Conversion of ECB into equity:

Details of issue of shares against conversion of ECB may be reported to the concerned Regional Office of the Reserve Bank, as indicated below:

- i) In case of **full conversion** of ECB into equity, the company shall report the conversion in form FC-GPR to the concerned Regional Office of the Reserve Bank as well as in form ECB-2 submitted to the Department of Statistical Analysis and Computer Services (DESACS), Reserve Bank of India, Bandra-Kurla Complex, Mumbai 400 051, within seven working days from the close of month to which it relates. The words "ECB wholly converted to equity" shall be clearly indicated on top of the ECB-2 form. Once reported, filing of ECB-2 in the subsequent months is not necessary.
- ii) In case of **partial conversion** of ECB, the company shall report the converted portion in form FC-GPR to the concerned Regional Office as well as in form ECB-2 clearly differentiating the converted portion from the unconverted portion. The words "ECB partially converted to equity" shall be indicated on top of the ECB-2 form. In the subsequent months, the outstanding portion of ECB shall be reported in ECB-2 form to DESACS as per the instructions contained in AP (DIR Series) Circular no. 60 dated January 31, 2004.

5. Conversion of Lumpsum fee/Royalty into equity:

We also invite your attention to paragraph 2 of the Circular mentioned above. As regards issue of equity/preference shares by conversion of lumpsum fee or royalty, the details thereof shall be reported in form FC-GPR to the concerned Regional Office of Reserve Bank.

- 6. Necessary amendments to Foreign Exchange Management (Transfer or issue of security by a Person Resident outside India) Regulations, 2000 dated May 3, 2000 notified vide Notification No. FEMA 20/2000-RB dated May 3, 2000 is being issued separately.
- 7. Authorised Dealers may bring the contents of this circular to the notice of their constituents and customers concerned.
- 8. The directions contained in this circular have been issued under Section 10(4) and Section 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and is without prejudice to permissions/approvals, if any, required under any other law.

Yours faithfully,

Grace Koshie Chief General Manager

Press Release

Government of India Ministry of Finance Department of Economic Affairs

Wednesday, September 29, 2004

SIMPLIFICATION OF FOREIGN INVESTMENT PROCEDURES

In order to make the environment in India more attractive for foreign investors, Government has decided to simplify the procedure by placing the following under the General Permission route (i.e. RBI route) instead of existing Government approval route (i.e. FIPB route) for speedy and streamlined investment approvals:

- a) Transfer of shares from resident to non-resident (including transfer of subscribers' shares to non-residents) other than in financial services sector provided the investment is covered under automatic route, does not attract the provisions of SEBI's (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, falls within the sectoral cap and also complies with prescribed pricing guidelines.
- b) Conversion of ECB/Loan into equity provided the activity of the company is covered under automatic route, the foreign equity after such conversion falls within the sectoral cap and also complies with prescribed pricing guidelines.
- c) Cases of increase in foreign equity participation by fresh issue of shares as well as conversion of preference shares into equity capital provided such increase falls within the sectoral cap in the relevant sectors, are within the automatic route and also complies with prescribed pricing guidelines.

In respect of the procedural simplifications given at para 1 above, the onus of complying with the sectoral cap/limits prescribed under the FDI policy as well as other guidelines/regulations would rest with the buyer and seller/issuer.

Necessary notification/circular under FEMA giving details of the simplification of procedures are being brought out by the Reserve Bank of India.



RESERVE BANK OF INDIA Foreign Exchange Department Central Office Mumbai - 400 001

RBI/2004-05/207 A.P. (DIR Series) Circular No. 16

October 4, 2004.

To,

All Banks Authorised to Deal in Foreign Exchange

Madam/Sir,

FEMA - Foreign Direct Investment in India - Transfer of Shares/Convertible

Debentures by way of Sale - Simplification of Procedures

Attention of the Authorised Dealer (AD) banks is invited to Regulations 10 A (b) and 10 B of Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, notified vide Notification No. FEMA.20/2000-RB dated 3rd May 2000 regarding transfer of shares/convertible debentures, by way of sale, from resident to non-resident and non-resident to resident respectively.

2. Transfer of shares/convertible debentures from residents to non-residents

- 2.1 At present, transfer of shares, by way of sale, by a person resident in India to a person resident outside India (i.e. to incorporated non-resident entity other than erstwhile OCB, foreign nationals, NRI, Foreign Institutional Investor (FII),) require prior permission of the Government followed by approval from Reserve Bank.
- 2.2 On a review, and with a view to make the environment in India more attractive to foreign investors and also to simplify procedures, Government has decided to dispense with the requirement of obtaining prior approval of the Government (FIPB) in respect of transfer of shares/convertible debentures, by way of sale, from residents to non-residents (including transfer of subscriber's shares) of an Indian company in sectors other than financial service sector

- **(i.e. Banks, NBFCs and Insurance)** provided the following conditions are complied with:
 - a) The activities of the investee company are under the automatic route under FDI policy (vide Annexure B to Schedule 1 to RBI Notification No. FEMA 20/2000-RB dated May 3, 2000 as amended from time to time) and transfer does not attract the provisions of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.
 - b) The non-resident shareholding after the transfer, complies with sectoral limits under FDI policy.
 - c) The price at which the transfer takes place is in accordance with the pricing guidelines prescribed by SEBI/RBI.

The onus of complying with the sectoral cap/limits prescribed under FDI policy as well as other guidelines/regulations would rest with the buyer and seller/issuer. A copy of Press Release dated September 29, 2004 issued by the Ministry of Finance in this regard is enclosed.

3. Reserve Bank General Permission for transfer of shares/convertible debentures

- 3.1 At present, the following categories of transfer of shares/convertible debentures by way of sale under private arrangement also require prior permission of Reserve Bank.
 - transfer by a person resident in India to person resident outside India
 - transfer by a person resident outside India to a person resident in India
- 3.2 As a measure of further simplification of procedures, it has been decided to grant general permission and do away with the requirement of prior approval of Reserve Bank for transfer of shares and convertible debentures in respect of the aforesaid categories, under Para 3.1, subject to compliance of the terms and conditions and reporting requirements as furnished in the Annex. However, the general permission does not include transfer of shares from resident to non-resident in financial service sector as indicated in paragraph 2.2 above.
- 3.3 Accordingly, AD branches may consider requests received from their constituents/customers for receipt/payment of amount on account of such transfers in accordance with relevant Regulations, subject to obtaining the documents as detailed in paragraphs 5.1 and 5.2 of the Annex and ensure that the transactions have been carried out in accordance with the conditions

prescribed therein. They may also note to adhere to the reporting requirements

as detailed in paragraph 6 of the Annex.

4. The Government has also clarified that cases of increase in foreign equity

participation by fresh issue of shares as well as conversion of preference shares

into equity capital is put under general permission provided such increase falls

within the sectoral cap in relevant sectors and are within the automatic route.

5. These directions will become operative with immediate effect. Necessary

amendments to the Foreign Exchange Management (Transfer or Issue of

Security by a Person Resident outside India) Regulations, 2000 are being issued

separately.

6. Authorised Dealers may bring the contents of this circular to the notice of

their constituents and customers.

7. The direction contained in this circular has been issued under Sections

10(4) and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999)

and is without prejudice to permissions/approvals, if any, required under any

other law.

Yours faithfully

Grace Koshie

Chief General Manager

Encls: As above

Terms and conditions for Transfer of Shares/Convertible Debentures, by way of Sale, from a Person Resident in India to a Person Resident Outside India and from a Person Resident Outside India to a Person Resident in India

- **1.1** In order to address the concerns relating to pricing, documentation, payment/ receipt and remittance in respect of the shares/convertible debentures of an Indian company, other than a company engaged in financial service sector, transferred by way of sale; the parties involved in the transaction shall comply with the guidelines set out below.
- **1.2** Parties involved in the transaction are (a) seller (resident/non-resident), (b) buyer (resident/non-resident), (c) duly authorized agent/s of the seller and/or buyer, (d) Authorised Dealer (AD) branch and (e) Indian company, for recording the transfer of ownership in its books.

2. Pricing Guidelines

- **2.1** The under noted pricing guidelines are applicable to the following types of transactions:
 - Transfer of shares, by way of sale under private arrangement by a person resident in India to a person resident outside India
 - ii. Transfer of shares, by way of sale under private arrangement by a person resident outside India to a person resident in India
- **2.2 Transfer by Resident to Non-resident** (ie. to incorporated non-resident entity other than erstwhile OCB, foreign national, NRI, FII)

Price of shares transferred by way of sale by resident to a non-resident shall not be less than

- (a) the ruling market price, in case the shares are listed on stock exchange,
- (b) fair valuation of shares done by a Chartered Accountant as per the guidelines issued by the erstwhile Controller of Capital Issues, in case of unlisted shares.

The price per share arrived at should be certified by a Chartered Accountant.

2.3 Transfer by Non-resident (i.e. by incorporated non-resident entity, erstwhile OCB, foreign national, NRI,FII) **to Resident**

Sale of shares by a non-resident to resident shall be in accordance with Regulation 10 B (2) of Notification No. FEMA 20/2000-RB dated May 3, 2000 which as below:

- (a) Where the shares of an Indian company are traded on stock exchange,
 - i) The sale is at the prevailing market price on stock exchange and is effected through a merchant banker registered with Securities and Exchange Board of India or through a stock broker registered with the stock exchange;
 - ii) if the transfer is other than that referred to in clause (i), the price shall be arrived at by taking the average quotations (average of daily high and low) for one week preceding the date of application with 5 percent variation. Where, however, the shares are being sold by the foreign collaborator or the foreign promoter of the Indian company to the existing promoters in India with the objective of passing management control in favour of the resident promoters the proposal for sale will be considered at a price which may be higher by upto a ceiling of 25 percent over the price arrived at as above,
- **(b)** Where the shares of an Indian company are <u>not listed</u> on stock exchange or are <u>thinly traded</u>,
 - i)if the consideration payable for the transfer does not exceed Rs.20 lakh per seller per company, at a price mutually agreed to between the seller and the buyer, based on any valuation methodology currently in vogue, on submission of a certificate from the statutory auditors of the Indian company whose shares are proposed to be transferred, regarding the valuation of the shares, and
 - ii) if the amount of consideration payable for the transfer exceeds Rs.20 lakh per seller per company, at a price arrived at, at the seller's option, in any of the following manner, namely:
 - A) a price based on earning per share (EPS linked to the Price Earning (P/E) multiple ,or a price based on the Net Asset Value (NAV) linked to book value multiple, whichever is higher,

or

B) the prevailing market price in small lots as may be laid down by the Reserve Bank so that the entire shareholding is sold in not less than five trading days through screen based trading system

C) where the shares are not listed on any stock exchange, at a price which is lower of the two independent valuations of share, one by statutory auditors of the company and the other by a Chartered Accountant or by a Merchant Banker in Category 1 registered with Securities and Exchange Board of India.

Explanation:

- i) A share is considered as thinly traded if the annualized trading turnover in that share, on main stock exchanges in India, during the six calendar months preceding the month in which application is made, is less than 2 percent (by number of shares) of the listed stock.
- ii) For the purpose of arriving at Net Asset Value per share, the miscellaneous expenses carried forward, accumulated losses, total outside liabilities, revaluation reserves and capital reserves (except subsidy received in cash) shall be reduced from value of the total assets and the net figure so arrived at shall be divided by the number of equity shares issued and paid up. Alternatively, intangible assets shall be reduced form the equity capital and reserves (excluding revaluation reserves) and the figure so arrived at shall be divided by the number of equity shares issued and paid up. The NAV so calculated shall be used in conjunction with the average BV multiple of Bombay Stock Exchange National Index during the calendar month immediately preceding the month in which application is made and BV multiple shall be discounted by 40 per cent.
- iii) For computing the price based on Earning Per Share, the earning per share as per the latest balance sheet of the company shall be used in conjunction with the average Price Earning Multiple of Bombay Stock Exchange National Index for the calendar month preceding the month in which application is made and Price Earning shall be discounted by 40 per cent.

3. Responsibilities /Obligations of the parties

3.1 All the parties involved in the transaction would have the responsibility to ensure that the relevant regulations under FEMA are complied with and consequent on transfer of shares, the relevant individual limit/sectoral caps/foreign equity participation ceilings as fixed by Government are not breached. Settlement of transactions will be subject to payment of applicable taxes, if any.

4. Method of payment and remittance/credit of sale proceeds

- 4.1 The sale consideration in respect of the shares purchased by a person resident outside India shall be remitted to India through normal banking channels. In case the buyer is a Foreign Institutional Investor (FII), payment should be made by debit to its Special Non-Resident Rupee Account. In case the buyer is a NRI, the payment may be made by way of debit to his NRE/FCNR (B) accounts. However, if the shares are acquired on non-repatriation basis by NRI, the consideration shall be remitted to India through normal banking channel or paid out of funds held in NRE/FCNR (B)/NRO accounts.
- 4.2. The sale proceeds of shares (net of taxes) sold by a person resident outside India) may be remitted outside India. In case of FII the sale proceeds may be credited to its special Non-Resident Rupee Account. In case of NRI, if the shares sold were held on repatriation basis, the sale proceeds (net of taxes) may be credited to his NRE/FCNR(B) accounts and if the shares sold were held on non repatriation basis, the sale proceeds may be credited to his NRO account subject to payment of taxes.
- 4.3 The sale proceeds of shares (net of taxes) sold by an OCB may be remitted outside India directly if the shares were held on repatriation basis and if the shares sold were held on non-repatriation basis, the sale proceeds may be credited to its NRO (Current) Account subject to payment of taxes, except in the case of OCBs whose accounts have been blocked by Reserve Bank.

5. Documentation

Besides obtaining a declaration in the enclosed form FC-TRS (in quadruplicate), the AD branch should arrange to obtain and keep on record the following documents:

5.1 For sale of shares by a person resident in India

i. Consent Letter duly signed by the seller and buyer or their duly appointed agent indicating the details of transfer i.e. number of shares to be transferred, the name of the investee company whose shares are being transferred and the price at which shares are being transferred. In case there is no formal Sale Agreement, letters exchanged to this effect may be kept on record.

- ii. Where Consent Letter has been signed by their duly appointed agent, the Power of Attorney Document executed by the seller/buyer authorizing the agent to purchase/sell shares.
- iii. The shareholding pattern of the investee company after the acquisition of shares by a person resident outside India showing equity participation of residents and non-residents category-wise (i.e. NRIs/OCBs/foreign nationals/incorporated non-resident entities/FIIs) and its percentage of paid up capital obtained by the seller/buyer or their duly appointed agent from the company, where the sectoral cap/limits have been prescribed.
- iv. Certificate indicating fair value of shares from a Chartered Accountant.
- v. Copy of Broker's note if sale is made on Stock Exchange
- vi. Undertaking from the buyer to the effect that he is eligible to acquire shares/convertible debentures under FDI policy and the existing sectoral limits and Pricing Guidelines have been complied with.
- vii. Undertaking from the FII/sub account to the effect that the individual FII/ Sub account ceiling as prescribed by SEBI has not been breached.

5.2 For sale of shares by a person resident outside India

- i. Consent Letter duly signed by the seller and buyer or their duly appointed agent indicating the details of transfer i.e. number of shares to be transferred, the name of the investee company whose shares are being transferred and the price at which shares are being transferred.
- ii. Where the Consent Letter has been signed by their duly appointed agent the Power of Attorney Document authorizing the agent to purchase/sell shares by the seller/buyer. In case there is no formal Sale Agreement, letters exchanged to this effect may be kept on record.
- iii. If the sellers are NRIs/OCBs, the copies of RBI approvals evidencing the shares held by them on repatriation/non-repatriation basis. The sale proceeds shall be credited NRE/NRO account, as applicable.
- iv. Certificate indicating fair value of shares from a Chartered Accountant.
- v. No Objection/Tax Clearance Certificate from Income Tax authority/Chartered Account.
- vi. Undertaking from the buyer to the effect that the Pricing Guidelines have been adhered to.

6. Reporting requirements

- **6.1** For the purpose the Authorized Dealers may designate branches to specifically handle such transactions. These branches could be staffed with adequately trained staff for this purpose to ensure that the transactions are put through smoothly. The ADs may also designate a nodal office to coordinate the work at these branches and also ensure the reporting of these transactions to the Reserve Bank.
- 6.2 When the transfer is on private arrangement basis, on settlement of the transactions, the transferee/his duly appointed agent should approach the investee company to record the transfer in their books along with the certificate in the form FC-TRS from the AD branch that the remittances have been received by the transferor/payment has been made by the transferee. On receipt of the certificate from the AD, the company may record the transfer in its books.
- 6.3 The actual inflows and outflows on account of such transfer of shares shall be reported by the AD branch in the R-returns in the normal course.
- 6.4 In addition the AD branch should submit two copies of the Form FC-TRS received from their constituents/customers together with the statement of inflows/outflows on account of remittances received/made in connection with transfer of shares, by way of sale, to IBD/FED/or the nodal office designated for the purpose by the bank in the enclosed proforma (which is to be prepared in MS-Excel format). The IBD/FED or the nodal office of the bank will in turn submit a consolidated monthly statement in respect of all the transactions reported by their branches together with a copies of the FC-TRS forms received from their branches to Foreign Exchange Department, Reserve Bank, Foreign Investment Division, Central Office, Mumbai in a soft copy (in MS-Excel)in by e-mail to fdidata@rbi.org.in
- 6.5 Shares purchased / sold by FIIs under private arrangement will be by debit /credit to their Special Non Resident Rupee Account. Therefore, the transaction should **also** be reported in (LEC FII) by the designated bank of the FII concerned.

- 6.6 Shares/convertible debentures of Indian companies purchased under Portfolio Investment Scheme by NRIs, OCBs cannot be transferred, by way of sale under private arrangement.
- **6.7** On receipt of statements from the AD, the Reserve Bank may call for such additional details or give such directions as required from the transferor/transferee or their agents, if need be.
- 7. General permission does not preclude obtaining RBI approval under other enactments.

Form FC-TRS

Declaration regarding transfer of shares of by way of sale from resident to non resident/ non-resident to resident

(to be submitted to the AD branch in quadruplicate)

The following documents are enclosed (See Para 5 of Annex)

For sale of shares by a person resident in India

- (i) Consent Letter duly signed by the seller and buyer or their duly appointed agent and in the latter case the Power of Attorney Document
- (ii) The shareholding pattern of the investee company after the acquisition of shares by a person resident outside India
- (iii) Certificate indicating fair value of shares from a Chartered Accountant.
- (iv) Copy of Broker's note if sale is made on Stock Exchange.
- (v) Undertaking from the buyer to the effect that he is eligible to acquire shares/convertible debentures under FDI policy and the existing sectoral limits and Pricing Guidelines have been complied with.
- (vi) Undertaking from the FII/sub account to the effect that the individual FII/ Sub account ceiling as prescribed by SEBI has not been breached.

Additional documents in respect of sale of shares by a person resident outside India

- (vii) If the sellers are NRIs/OCBs, the copies of RBI approvals evidencing the shares held by them on repatriation/non-repatriation basis.
- (viii) No Objection/Tax Clearance Certificate from Income Tax Authority/Chartered Account.

1	Name of the company				
	Address (including e-mail, telephone				
	Activity				
	NIC Code No.				
2	Whether FDI is allowed under Auton	natic route			
	Sectoral Cap under FDI Policy				
3	Nature of transaction				
	Transfer from resident to non resident				
	Transfer from non resident to resident				
4	Name of the buyer				
	Category				
	(please tick appropriate category)	Individual	Company	FII	Others
	In case of Company/FII etc please				
	indicate the constitution of the				
	company i.e. Limited company,				
	registered partnership etc				
	Date and Place of Incorporation	l talambana Ni.	mahaw Fass mas		
	Address of the buyer (including e-mail	i ,teiepnone ivui I	mber Fax no)	1	T
5	Name of the seller				
3	Name of the Seller				
	Category				Others/please
	(Please tick appropriate category)	Individual	Company	FII	Others(please
	In case of Company/FII etc please	iriulviuuai	Company	FII	specify)
	indicate the constitution of the				
	company i.e. Limited company,				
	registered partnership etc				
	registered partificionip etc				

	Date and Place of Incorporation				
	Address of the seller (including e-mail	telephone Nur,	mber Fax no)		
6	Particulars of earlier Reserve Bank/	FIPB approval	s		
7	Details regarding shares/convertib	le debentures	to be transfe	rred	
	Date of the transaction	Number of shares	face value	Negotiated Price for the transfer**	Amount of consideration
	Date of the transaction	Silaies	lace value	uansiei	Consideration
8	Foreign Investments in the company	V			
		No of shares	Percentage		
	Before the transfer				
	After the transfer				
9	Where the shares are listed on Stoc	k Exchange			
	If so Name of the Stock exchange				
	Price Quoted on the Stock exchange				
	Where the shares are Unlisted				
	Price as per Valuation guidelines*	T		T	
	Dring as not Chartered Associations V	luction report			
*/ **	Price as per Chartered Accountants Va CA Certificate to be attached	ашашоп героп			
	CA Certificate to be attached				

Declaration by the transferor/transferee

I/ We hereby declare that:

- (i) The particulars given above are true and correct to the best of my/our knowledge and belief
- (ii) I/ We was/were holding the shares as per FDI Policy under FERA/ FEMA Regulations on repatriation/non repatriation basis
- (iii) I/ We are eligible to acquire the shares of the company in terms of the FDI Policy. It is not a transfer relating to shares of a company engaged in financial services sector or a sector where general permission is not available
- (iv) The Sectoral limit under the FDI Policy and the pricing guidelines have been adhered to

Signature of the Declarant or his duly authorised agent

Date:

Note

In respect of the transfer of shares from resident to non resident the declaration has to be signed by the non resident buyer

In respect of the transfer of shares from non resident to resident the declaration has to be signed by the non resident seller

Certificate by the AD Branch It is certified that the application is complete in all respects	
The receipt /payment for the transaction is in accordance FEM	MA Regulations/ Reserve Bank guidelines
	Signature
	Name and Designation of the Officer
Date:	Name of the AD Branch
	AD Branch Code

Proforma

Statement of inflows/outflow on account of remittance received/made in connection with transfer of shares/convertible debentures, by way of sale

Category-wise:

Part A - NRI/erstwhile OCB

Part B - Foreign National/non-resident incorporated entity

Part C - Foreign Institutional Investors

Inflow -Transfer from resident to non-resident

Date of transactio n	Name of the company	Activity	NIC Code		Name of the seller	No. of shares transferre d	Face value	Sale price per share	Total inflow
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)

Outflow - Transfer from non-resident to resident

Date c transaction		Activity	NIC Code	Name of the seller	Name of the buyer	No. of shares transferre	Face value	Sale price per share	Total outflow
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)



RESERVE BANK OF INDIA Foreign Exchange Department Central Office Mumbai - 400 001

RBI/2004-05/221 A.P. (DIR Series) Circular No. 17

October 16, 2004

To

All Banks Authorised to Deal in Foreign Exchange Madam / Sirs,

Issue of Bank Guarantee in Favour of Foreign Airlines/IATA

Attention of Authorised Dealer (AD) banks is invited to Regulation 4 of the Foreign Exchange Management (Guarantees) Regulations, 2000 notified vide Notification No.FEMA.8/2000-RB dated May 3, 2000, in terms of which, AD banks are allowed to give guarantees in certain cases as stated therein.

- 2. Presently, Indian agents of foreign airline companies who are members of International Air Transport Association (IATA), are required to take prior approval of the Reserve Bank for arranging to issue bank guarantees in favour of the foreign airline companies/IATA, in connection with their ticketing business. As this is a standard requirement in this business, it has since been decided to delegate the powers to the AD banks to issue such guarantees.
- 3. Accordingly, AD banks, may, in their ordinary course of business, issue guarantees in favour of foreign airline companies or IATA on behalf of IATA approved travel agents. In case of invocation of the guarantee, the authorised dealer bank should send a detailed report to the Chief General Manager, Foreign Exchange Department, External Payments Division, Reserve Bank of India, Central Office, Mumbai 400 001, explaining the circumstances leading to the invocation of the guarantee.

2

4. Necessary amendments to the Foreign Exchange Management (Guarantees) Regulations, 2000 are being issued separately.

5. Authorised Dealer Banks may bring the contents of this circular to the notice of their constituents and customers.

6. The direction contained in this circular has been issued under Sections 10(4) and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and is without prejudice to permissions/approvals, if any, required under any other law.

Yours faithfully,

Grace Koshie

Chief General Manager

RESERVE BANK OF INDIA FOREIGN EXCHANGE DEPARTMENT CENTRAL OFFICE MUMBAI – 400 001

RBI/2004-05/ 222 A.P.(DIR Series) Circular No.18

October 16, 2004

To

All Authorised Dealers in Foreign Exchange

Madam / Sirs,

Foreign Exchange Management Act, 1999 - Amendments

We advise that the nomenclature of the Exchange Control Department of the Reserve Bank of India was changed from 'Exchange Control Department' to 'Foreign Exchange Department' with effect from January 31, 2004. The Government of India has since published the Notification No.FEMA.123/2004-RB dated September 9, 2004, vide G.S.R.626(E) in the Official Gazette dated September 21, 2004 (copy enclosed), to notify the above change.

- 2.. Attention of Authorised Dealers is also invited to the A.P.(DIR Series) circular No.76 dated February 24, 2004, wherein it was mentioned that necessary amendment/s to the Foreign Exchange Management (Current Account Transactions) Rules, 2000 were being issued separately. The relevant amendments have since been issued by Reserve Bank and notified by the Government, in the Official Gazette, vide G.S.R.No.608(E) dated September 13, 2004 (copy enclosed).
- 3. Authorised Dealers may bring the contents of this circular to the notice of their constituents and customers concerned.
- 4. The direction contained in this circular has been issued under sections 10(4) and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and is without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

Grace Koshie

Chief General Manager

The Gazette of India EXTRAORDINARY PART II - Section 3 - Sub-section (i)

PUBLISHED BY AUTHORITY

No.399 NEW DELHI, MONDAY, SEPTEMBER 13, 2004

MINISTRY OF FINANCE (Department of Economic Affairs) NOTIFICATION

New Delhi, the 13th September 2004

G.S.R.608(E).-- In exercise of the powers conferred by sub-section (1) and clause (a) of sub-section (2) of section 46 read with proviso to section 5 of the Foreign Exchange Management Act, 1999 (42 of 1999) and in consultation with the Reserve Bank, the Central Government, having considered it necessary in the public interest, hereby makes the following amendments in the Foreign Exchange Management (Current Account Transactions) Rules, 2000, namely:-

- 1. (1) These rules may be called the Foreign Exchange Management (Current Account Transactions) (Amendment) Rules, 2004.
 - (2) They shall come into force from the date of their publication in the Official Gazette.
- 2. In the Foreign Exchange Management (Current Account Transactions) Rules, 2000,
- (a) in Schedule II,
 - (i) after item number 5 and the entries relating thereto, the following item number and the entries shall be inserted, namely:
 - "6. Remittance of hiring charges of transponders by

(a) TV Channels Ministry of Information and

Broadcasting

(b) Internet service providers Ministry of Communication and

Information Technology"

- (ii) Item number 10 and the entries relating thereto shall be omitted;
- (b) in Schedule III,
 - (i) item number 1 and the entries relating thereto shall be omitted;
 - (ii) for item number 11 and the entries relating thereto, the following item number and the entries shall be substituted, namely:-
 - "11. Commission, per transaction, to agents abroad for sale of residential flats or commercial plots in India exceeding USD 25,000 or 5% of the inward remittance whichever is more.";
 - (iii) Item numbers 12, 13 and 14 and the entries relating to each of items numbers shall be omitted;
 - (iv) for item number 16 and the entries relating thereto, the following item numbers and the entries shall be substituted, namely:-

- "16. Remittance for purchase of trademark or franchise in India";
- (v) item number 18 and the entries relating thereto shall be omitted.

[No.F.1/2/EM/2004]

U.K. SINHA, Jt.Secy.

Note :- The principal rules were published in the Gazette of India, Extraordinary Part II, section 3(i) vide number G.S.R.381(E), dated the 3^{rd} May 2000 and subsequently amended last vide G.S.R.731(E) dated the 5^{th} September 2003.

The Gazette of India EXTRAORDINARY PART II - Section 3 - Sub-section (i)

PUBLISHED BY AUTHORITY

No.412 NEW DELHI, TUESDAY, SEPTEMBER 21, 2004

MINISTRY OF FINANCE
(Department of Economic Affairs)
(RESERVE BANK OF INDIA)
(Foreign Exchange Department)
(Central Office)
NOTIFICATION
Mumbai, the 9th September 2004
No.FEMA.123/2004-RB

G.S.R.626(E).-- In exercise of the powers conferred by clause (h) of sub-section (2) of 47 of the Foreign Exchange Management Act, 1999 (42 of 1999) and pursuant to change of nomenclature of Exchange Control Department of Reserve Bank of India from "Exchange Control Department" to "Foreign Exchange Department", the Reserve Bank hereby notifies that with effect from January 31, 2004, the words "Exchange Control Department" and "ECD" appearing in the Regulations notified from time to time by Reserve Bank of India, shall be read as "Foreign Exchange Department" and "FED", respectively.

[No.1/23/EM/2000-Vol.III] SHYAMALA GOPINATH, Executive Director



RESERVE BANK OF INDIA Foreign Exchange Department Central Office Mumbai - 400 001

RBI/2004-05/230 A.P.(DIR Series) Circular No. 19

October 20, 2004

To

All Banks Authorised to Deal in Foreign Exchange

Madam/ Sirs,

Foreign Exchange Management Act, 1999 - Amendments

Attention of Authorised Dealer Banks is invited to the A.P.(DIR Series) circular No.11 dated September 13, 2004, wherein it was mentioned that necessary amendment/s to the Foreign Exchange Management Regulations, 2000 were being issued separately. The relevant amendment Notification issued by Reserve Bank and notified by the Government in the Official Gazette, as indicated below is enclosed.

Sr. No.	Details of the Circular				FEMA Notification			
140.	No. and date	No. and date Subject			No./date/subject	G.S.R. No.		
1.	A.P. (DIR Series) Circular 11/13.9.2004	Foreign India	Investments	in	FEMA.No.122/2004-RB dated 30.8.2004 Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) (Fourth Amendment) Regulations, 2004	625(E) 21.9.2004		

2. A reference is also invited to Annex I, item 11 of Master Circular No.2/2004-05 on Risk Management and Inter-Bank Dealings, dated July 1, 2004, indicating Notification No.FEMA.105/2000-RB dated October 21, 2003, a copy of which is enclosed.

- 3. Authorised Dealer Banks may bring the contents of this circular to the notice of their constituents and customers concerned.
- 4. The direction contained in this circular has been issued under sections 10(4) and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and is without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

Grace Koshie

Chief General Manager

The Gazette of India EXTRAORDINARY PART II - Section 3 - Sub-section (i)

PUBLISHED BY AUTHORITY

No.551 NEW DELHI, TUESDAY, NOVEMBER 11, 2003

MINISTRY OF FINANCE
(Department of Economic Affairs)
(RESERVE BANK OF INDIA)
(Exchange Control Department)
(Central Office)
NOTIFICATION
Mumbai, the 21st October 2003

No.FEMA.105/2003-RB

Foreign Exchange Management (Foreign exchange derivative contracts) (Fourth Amendment) Regulations, 2003

G.S.R.881(E)--In exercise of the powers conferred by clause (h) of sub-section (2) of Section 47 of the Foreign Exchange Management Act, 1999 (Act 42 of 1999) and in partial modification of its Notification No.FEMA.25/RB-2000 dated May 3, 2000, the Reserve Bank of India makes the following amendment in the Foreign Exchange Management (Foreign exchange derivative contracts) Regulations, 2000, as amended from time to time, namely:

1. Short title and commencement

- (i) These Regulations may be called the Foreign Exchange Management (Foreign exchange derivative contracts) (Fourth Amendment) Regulations, 2003.
- (ii) They shall come into force from the date of their publication in the Official Gazette.

2. Amendment of the Regulations

In the Foreign Exchange Management (Foreign exchange derivative contracts) Regulations, 2000, in Schedule III, in paragraph 1, after the words 'engaged in export-import trade' the words, 'or as permitted by the Reserve Bank', shall be added.

[No.1/23/EC/2000-Vol.III] USHA THORAT, Executive Director

The Gazette of India EXTRAORDINARY PART II - Section 3 - Sub-section (i)

PUBLISHED BY AUTHORITY

No.412 NEW DELHI, TUESDAY, SEPTEMBER 21, 2004

MINISTRY OF FINANCE
(Department of Economic Affairs)
(RESERVE BANK OF INDIA)
(Foreign Exchange Department)
(Central Office)
NOTIFICATION

Mumbai, the 30th August 2004 No.FEMA.122/2004-RB

Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) (Fourth Amendment) Regulations, 2004

G.S.R.625(E).-- In exercise of the powers conferred by clause (b) of subsection (3) of Section 6 and Section 47 of the Foreign Exchange Management Act, 1999 (42 of 1999), and in partial modification of its Notification No.FEMA.20/2000-RB dated 3rd May 2000, the Reserve Bank of India makes the following amendments in the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended from time to time, namely:-

Short Title and Commencement

- 1. (i) These Regulations may be called the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) (Fourth Amendment) Regulations, 2004.
 - (2) They shall come into force on the 30th day of August, 2004.

Amendment of the Regulations

- 2. In the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000,
 - A. Regulation 2(vii a) shall be substituted as under:

- "NRI shall have the same meaning assigned to him under the Foreign Exchange Management (Deposit) Regulations, 2000."
- B. In Regulation 5 in sub-regulation (1), the words "or Sri Lanka" shall be deleted.

[No.1/23/EM/2000-Vol.III] SHYAMALA GOPINATH, Executive Director

Foot Note :- The Principal Regulations were published in the Official Gazette vide No. G.S.R.406(E), dated the 8th May 2000 in Part II, Section 3, Sub-section (i) and subsequently amended as under :--

G.S.R.175(E) dated 13-3-2001

G.S.R.182(E) dated 14-3-2001

G.S.R.158(E) dated 2-3-2001

G.S.R.574(E) dated 19-8-2002

G.S.R.4(E) dated 2-1-2002

G.S.R.223(E) dated 18-3-2003

G.S.R.225(E) dated 18-3-2003

G.S.R.558(E) dated 22-7-2003

G.S.R.835(E) dated 23-10-2003

G.S.R.899(E) dated 22-11-2003

G.S.R.12(E) dated 7-1-2004

G.S.R.278(E) dated 23-4-2004



RBI/2004-05/234 A.P.(DIR Series) Circular No.20

October 25, 2004

То

All Banks Authorised to Deal in Foreign Exchange

Madam/ Sirs.

Foreign Exchange Management Act (FEMA), 1999 – Current Account Transactions – Remittance of Hiring Charges of Transponders – Procedural Changes

Attention of Authorised Dealer (AD) banks is invited to item 2 (viii) of A.P.(DIR Series) Circular No.76 dated February 24, 2004 in terms of which, proposals for remittance of hiring charges of transponders by TV Channels and Internet Service Providers would require prior approval of the Ministry of Information & Broadcasting.

- 2. On a review, it has been decided by the Government that applications for remittance of hiring charges of transponders by TV Channels and Internet Service Providers will require the approval of Ministry of Information and Broadcasting and Ministry of Communication and Information Technology, respectively.
- 3. Accordingly, Authorised Dealer banks may allow the remittances towards hiring of transponders by TV Channels and Internet Service Providers, after obtaining the approval of the Ministries concerned without reference to the Reserve Bank (copy of the relevant Notification enclosed). Accordingly, item No. 6 of Schedule II to the Foreign Exchange Management (Current Account Transactions) Rules, 2000 may please be amended to read as under:

Purpose of remittance	Ministry/Dept. of Govt. of India whose approval is required
6. Remittance of hiring charges of transponders by:(a) TV Channels(b) Internet service providers	Ministry of Information and Broadcasting Ministry of Communication and Information Technology

4. Authorised Dealer banks may bring the contents of this circular to the notice of their constituents and customers.

5. The direction contained in this circular has been issued under Sections 10(4) and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and is without prejudice to permissions/approvals, if any, required under any other law.

Yours faithfully,

Grace Koshie

MINISTRY OF FINANCE

(Department of Economic Affairs)

NOTIFICATION

New Delhi, the 13th September, 2004

G.S.R.608(E). – In exercise of the powers conferred by sub-section (1) and clause (a) of sub-section (2) of section 46 read with proviso to section 5 of the Foreign Exchange Management Act, 1999 (42 of 1999) and in consultation with the Reserve Bank, the Central Government, having considered it necessary in the public interest, hereby makes the following amendments in the Foreign Exchange Management (Current Account Transactions) Rules, 2000, namely:-

- 1. (1) These rules may be called the Foreign Exchange Management (Current Account Transactions) (Amendment) Rules, 2004.
 - (2) They shall come into force from the date of their publication in the Official Gazette
- 2. In the Foreign Exchange Management (Current Account Transactions) Rules, 2000, (a) in Schedule II.
 - (i) after item number 5 and the entries relating thereto, the following item number and the entries shall be inserted, namely:-
 - "6. Remittance of hiring Charges of transponders by

(a) TV Channels Ministry of Information and

Broadcasting

(b) Internet service providers

Ministry of Communication and
Information Technology";

- (ii) Item number 10 and the entries relating thereto shall be omitted;
- (b) in Schedule III,
 - (i) item number 1 and the entries relating thereto shall be omitted;
 - (ii) for Item number 11 and the entries relating thereto, the following item number and the entries shall be substituted, namely:-
 - "11. Commission, per transaction, to agents abroad for sale of residential flats or commercial plots in India exceeding USD 25,000 or 5% of the inward remittance whichever is more.";
 - (iii) Item numbers 12, 13 and 14 and the entries relating to each of items numbers shall be omitted;

- (iv) for item number 16 and the entries relating thereto, the following item numbers and the entries shall be substituted, namely:-
 - "16. Remittance for purchase of trademark or franchise in India";
- (v) item number 18 and the entries relating thereto shall be omitted.

[No. F 1/2/EM/2004] U.K. SINHA, Jt. Secy.

Note:- The principal rules were published in the Gazette of India, Extraordinary Part II, section 3(i) vide number G.S.R.381(E), dated the 3^{rd} May, 2000 and subsequently amended last vide G.S.R.731(E) dated the 5^{th} September 2003.



RBI/2004-05/242 A.P. (DIR Series) Circular No.21

October 26, 2004

To

All Banks Authorised to Deal in Foreign Exchange

Madam / Sirs,

Exim Bank's Line of Credit of USD 16 million to Government of Suriname

The Export-Import Bank of India (Exim Bank) has concluded an agreement with the Government of Suriname on August 14, 2004 making available to the latter a Line of Credit (LOC) upto an aggregate sum of USD 16 million (US Dollar sixteen million only). The credit agreement has become effective on September 28, 2004. Out of the total amount of USD 16 million, an amount of USD 12.89 million will be utilised for the setting up of an electrical transmission line from Paranam to Parimaribo by PEC Ltd./ L & T Ltd. of India and the balance amount of USD 3.11 million will be available for export of any other eligible goods and services for being exported under the Foreign Trade Policy of Government of India from India to buyers in Suriname.

- 2. The last dates for opening letters of credit and disbursement of credit are September 27, 2006 and March 27, 2007, respectively.
- 3. Shipments under the credit will have to be declared on GR/SDF Forms as per instructions issued from time to time.
- 4. No agency commission shall be payable in respect of exports financed under the above line of credit. If the exporter is required to pay agency commission, he will have to use his own resources for such payments.
- 5. Authorised Dealer Banks may bring the contents of this circular to the notice of their exporter constituents and advise them to obtain full details of the Line of Credit from Exim Bank's office or its website.
- 6. The direction contained in this circular has been issued under sections 10(4) and 11(1) of the Foreign Exchange Management Act (FEMA), 1999 (42 of 1999) and is without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

Grace Koshie



RBI/2004-05/249 A.P. (DIR Series) Circular No. 22

October 27, 2004

To

All Banks Authorised to Deal in Foreign Exchange

Madam / Sirs,

Exim Bank's Line of Credit of USD 15 million to Government of Ghana

The Export-Import Bank of India (Exim Bank) has concluded an agreement with the Government of the Republic of Ghana on October 24, 2003, making available to the latter a Line of Credit (LOC) upto an aggregate sum of USD 15 million (US Dollar fifteen million only). The credit is available for financing export of capital goods, plant and machinery, industrial manufactures, consumer durables and any other items eligible for being exported under Foreign Trade Policy of the Government of India, from India to buyers in Ghana.

- 2. The credit agreement has become effective on September 21, 2004. The last dates for opening letters of credit and disbursement of credit are March 20, 2006 and September 20, 2006 respectively.
- 3. Shipments under the credit will have to be declared on GR/SDF Forms as per instructions issued from time to time.
- 4. No agency commission shall be payable in respect of exports financed under the above line of credit. If the exporter is required to pay agency commission, he will have to use his own resources for such payments.
- 5. Authorised Dealer Banks may bring the contents of this circular to the notice of their exporter constituents and advise them to obtain full details of the Line of Credit from Exim Bank's office or its website.
- 6. The direction contained in this circular has been issued under Sections 10(4) and 11(1) of the Foreign Exchange Management Act (FEMA), 1999 (42 of 1999) and is without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

Grace Koshie



RBI/2004-05/250 A.P. (DIR Series) Circular No.23

October 27, 2004

To

All Banks Authorised to Deal in Foreign Exchange

Madam / Sirs,

Exim Bank's Line of Credit of USD 10 million to Eastern and Southern African Trade and Development Bank (PTA Bank)

The Export-Import Bank of India (Exim Bank) has concluded an agreement with Eastern and Southern African Trade and Development Bank (PTA Bank) on August 31, 2004 making available to the latter a Line of Credit (LOC) upto an aggregate sum of USD 10 Million (US Dollar ten million only). The credit agreement has become effective on September 24, 2004. The credit is available for financing export of capital goods, plant and machinery, industrial manufactures, consumer durables and any other items eligible for being exported under the Foreign Trade Policy of Government of India from India to buyers in any of the sixteen (16) member countries of PTA Bank, viz. Burundi, Comoros, Djibouti, Egypt, Eritrea, Ethiopia, Kenya, Malawi, Mauritius, Rwanda, Somalia, Sudan, Tanzania, Uganda, Zambia and Zimbabwe.

- 2. The last dates for opening letters of credit and disbursement of credit are March 23, 2006 and September 23, 2006, respectively.
- 3. Shipments under the credit will have to be declared on GR / SDF Forms as per instructions issued from time to time.
- 4. While no agency commission shall be payable in respect of exports financed under the above line of credit, Reserve Bank may consider, on merit, requests for payment of commission upto a maximum extent of 5 per cent of the f.o.b. / c & f / c.i.f. value in respect of goods exported and which require after sales service. In such cases, commission will have to be paid in borrower's member countries only by deduction from the invoice of relevant shipment and the reimbursable amount by the Exim Bank to the negotiating bank will be 90 per cent of the f.o.b./c & f/c.i.f. value minus commission paid. Approval for the payment of commission should be obtained before the relevant shipment is effected. In other cases (i.e. exports not involving after sales service), if the exporter is required to pay agency commission, he will have to use his own resources for such payments.

- 5. Authorised Dealer Banks may bring the contents of this circular to the notice of their exporter constituents and advise them to obtain full details of the Line of Credit from Exim Bank's office or its website.
- 6. The direction contained in this circular has been issued under sections 10(4) and 11(1) of the Foreign Exchange Management Act (FEMA), 1999 (42 of 1999) and is without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

Grace Koshie



RBI/2004-05/263 A.P.(DIR Series) Circular No. 24

November 1, 2004

To

All Banks Authorised to Deal in Foreign Exchange

Madam/Sirs,

Trade Credits for Imports into India –Issue of Guarantees Delegation of Powers

Attention of Authorised Dealer (AD) banks is invited to A. P. (DIR Series) Circular No. 87 dated April 17, 2004 wherein ADs have been permitted to approve trade credits for imports into India up to USD 20 million per import transaction for import of all items permissible under the EXIM Policy. However, for such trade credits the issuance of Guarantee/Letter of Undertaking (LoU) /Letter of Comfort (LoC) by ADs, in favour of overseas supplier, bank or financial institution, on behalf of their importer constituents, requires prior approval of the Reserve Bank.

- 2. In order to promote investment activity and to further liberalise the procedures relating to trade credits for imports, the policy regarding issuance of guarantees has been reviewed. Accordingly, it has been decided to accord general permission to ADs to issue guarantees/LoUs/LoCs in favour of overseas supplier, bank and financial institution, up to USD 20 million per transaction for a period up to one year for import of all non-capital goods permissible under Foreign Trade Policy (except gold) and up to three years for import of capital goods, subject to prudential guidelines issued by Reserve Bank from time to time. The period of such guarantees/LoUs/LoCs has to be co-terminus with the period of credit, reckoned from the date of shipment.
- 3. As regards reporting arrangements, AD banks are required to furnish data on issuance of guarantees/LoUs/LoCs by all its branches, in a consolidated statement, at quarterly intervals (format in Annex) to the Chief General Manager, Foreign

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Exchange Department, ECB Division, Reserve Bank of India, Central Office

Building, 10th floor, Fort, Mumbai – 400 001 (and in MS-Excel file through email to

fedcoecbd@rbi.org.in) from December 2004 onwards so as to reach the department

not later than 10th of the following month.

4. These amendments to trade credit policy will come into force with immediate

effect and will be subject to review from time to time.

5. Necessary amendments to the Foreign Exchange Management (Guarantees)

Regulations, 2000 dated May 3, 2000 are being issued separately.

6. Authorised Dealer banks may bring the contents of this circular to the notice of

their constituents and customers.

7. The direction contained in this circular has been issued under sections 10(4)

and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and is

without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

F. R. Joseph

Guarantees / Letter of Undertaking / Letter of Comfort issued / invoked by ADs

As or	n quarter ended			
Name of the AD :		Contact Pers	on:	
Address :		Tel:		
e-mail:		Fax:		
	On behalf of Residents		(USD million dertaking / Letter of Comfort	
		Issued		
	Trade Credits (less than 3 years) (a) Up to one year (b) Above one year and less than three years ** ** (Limited to Import of Capital Goods)	Buyer's Credit	Supplier's Credit	
	· 	Stamp]	Signature of the Authorised Signatory	



RBI/2004-05/264 A.P. (DIR Series) Circular No. 25

November 1, 2004

To

All Banks Authorised to Deal in Foreign Exchange

Madam / Sirs,

<u>Export of Goods and Services</u> Period of Realisation for Export Oriented Units (EOUs)

Attention of Authorised Dealer (AD) banks is invited to the proviso 3 of subregulation (1) of Regulation 9 of Notification No. FEMA 23/2000-RB dated May 3, 2000 in terms of which the Reserve Bank has been empowered to extend the period for realisation and repatriation of export proceeds to India beyond six months.

- 2. Following the announcement by the Government in the Foreign Trade Policy in September 2004, it has been decided that 100 per cent Export Oriented Units (EOUs) and units set up under the Electronics Hardware Technology Parks (EHTPs), Software Technology Parks (STPs) and Bio-Technology Parks (BTPs) Schemes would be allowed to realise and repatriate the full value of export proceeds within a period of twelve months from the date of export.
- 3. The existing guidelines relating to 100 per cent credit of foreign exchange earnings to EEFC account by the above units would continue as hitherto.
- 4. This relaxation will be available in respect of exports made on or after September 1, 2004.

5. Authorised Dealer banks may bring the contents of this circular to the notice of their constituents and customers.

6. The direction contained in this circular has been issued under Sections10(4) and 11(1) of the Foreign Exchange Management Act,1999 (42 of 1999) and is without prejudice to permissions/approvals, if any, required under any other law.

Yours faithfully

F. R. Joseph Chief General Manager



RBI/2004-05/265 A.P. (DIR Series) Circular No. 26

November 1, 2004

To

All Banks Authorised to Deal in Foreign Exchange

Madam / Sirs,

Booking of Forward Contracts Based on Past Performance

Attention of Authorised Dealer (AD) banks is invited to A.P.(DIR) Series Circular No. 46 dated December 9, 2003 and paragraph A.2 of our Master Circular No. 2 dated July 1,2004 on Risk Management and Inter-Bank Dealings, in terms of which importers/exporters are permitted to book forward contracts on the basis of past performance (without production of any underlying documents) up to the average of the past three years' or the previous year's turnover, whichever is higher. Outstanding contracts under this facility at any point of time should not exceed 50 per cent of the eligible limit. Importers/exporters desirous of higher limits are required to approach the Reserve Bank for necessary approval.

- 2. Reserve Bank has been receiving representations from importers/exporters for greater flexibility in view of the increasing turnover. It has, therefore, been decided that AD banks may, henceforth, grant permission to their importer/exporter constituents for enhancement of the outstanding limit of forward contracts under this facility from 50 per cent to 100 per cent of the eligible limit.
- 3. The enhanced limits may be permitted by AD banks on being satisfied about the genuine requirements of their constituents after examination of the following documents:
 - i) A certificate from the Chartered Accountant of the customer that all guidelines have been adhered to while utilizing this facility.

ii) A certificate of import/export turnover of the customer during the past three

years duly certified by their Chartered Accountant/bank in the format given

in Annex- VII of our Master Circular mentioned above.

4. In the case of an exporter, the amount of overdue bills should not be in excess

of 10 per cent of the turnover to avail this facility. All other conditions prescribed for

this facility remain unchanged. As hitherto, contracts booked in excess of 25 per cent

of the eligible limit will have to be necessarily delivered.

5. Authorised Dealers are required to submit a monthly report (as on the last

Friday of every month) on the limits granted and utilized by their constituents under

this facility in the format annexed to this circular. The report may be forwarded to The

Chief General Manager, Foreign Exchange Department, Forex Markets Division,

Central Office, RBI, Mumbai-400 001 and by e-mail to fedcofmd@rbi.org.in so as to

reach the department by the 10th of the following month.

6. Authorised Dealer banks may bring the contents of this circular to the notice of

their constituents and customers.

7. The direction contained in this circular has been issued under sections 10(4)

and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and is without

prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully

F. R. Joseph

Chief General Manager

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Booking of forward contracts on past performance basis	-
Report as on	

Name of the bank-

(in USD)

Cumulative sanctioned limits	Amt of contracts booked during the month	Amount utilized (by delivery of documents)	Amount of forward contracts cancelled
2	3	4	5
	sanctioned	sanctioned booked during	sanctioned booked during (by delivery of

Notes:

- 1. The position of the bank as a whole shall be indicated.
- 2. Amounts in columns 2, 3, 4 and 5 should be cumulative positions over the year. Outstanding amounts at the end of each financial year shall be carried over and taken into account in the next year's limit.



RBI/2004-05/275 A.P. (DIR Series) Circular No. 27

November 11, 2004

To

All Authorised Dealers in Foreign Exchange

Madam / Sirs,

Exim Bank's Lines of Credits of (i) USD 10 Mn. to Unibanco-Uniao De Bancos Brasileiros, S.A. and (ii) USD 56.358 Mn. to Myanma Foreign Trade Bank, Myanmar

The Export-Import Bank of India (Exim Bank) has extended Lines of Credits (LOCs) of USD 10 million (U.S. Dollar Ten million only) and USD 56.358 million (U.S. Dollar Fifty six million three hundred fifty eight thousand only) to Unibanco-Uniao De Bancos Brasileiros, S.A.(Unibanco) and Myanma Foreign Trade Bank (MFTB), Myanmar respectively. Credit agreements were concluded by EXIM Bank with Unibanco and with MFTB on June 8, 2004 and July 27, 2004 respectively. Particulars of the LOCs are indicated below:

(i) LOC to Unibanco

The credit agreement has become effective on October 14, 2004. The credit is available for financing export of any equipment, goods and / or services from India to buyers in Brazil which may be agreed to be financed by Exim Bank. The last dates for opening letters of credit and disbursement of credit are October 13, 2006 and April 13, 2007, respectively.

(ii) LOC to MFTB

The credit agreement has become effective on September 29, 2004. The credit is available for financing export of equipment, machinery, goods and services from India relating to upgradation of the Yangon - Mandalay Railway System as also upgradation and maintenance of workshops and railway tracks in Myanmar whose purchase may be agreed to be financed by MFTB and Exim Bank. The last dates for opening letters of credit and disbursement of credit are September 28, 2006 and March 28, 2007.

- 2. Shipments under the credits will have to be declared on GR/SDF Forms as per instructions issued from time to time.
- 3. No agency commission shall be payable in respect of exports financed under the above LOCs. However, Reserve Bank may consider, on merit, requests for payment of commission upto a maximum extent of 5 per cent of the f.o.b./c&f/c.i.f. value in respect of goods exported and which require after sales service under LOC to Unibanco. In

such cases, commission will have to be paid in Brazil by deduction from the invoice of relevant shipment and the reimbursable amount by Exim Bank to the negotiating bank will be 90 per cent of the f.o.b./c&f/c.i.f. value minus commission paid. Approval for the payment of commission should be obtained before the relevant shipment is effected. If the exporter is required to pay agency commission under LOC to MFTB or in cases not involving after sales service in respect of exports financed under LOC to Unibanco, he will have to use his own resources for such payments.

- 4. Authorised Dealer banks may bring the contents of this circular to the notice of their exporter constituents and advise them to obtain full details of the Lines of Credit from Exim Bank's office or its website.
- 5. The direction contained in this circular has been issued under Sections 10(4) and 11(1) of the Foreign Exchange Management Act (FEMA), 1999 (42 of 1999) and is without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

F.R. Joseph



RBI/2004-05/280 A.P. (DIR Series) Circular No.28

November 19, 2004

To

All Banks Authorised to Deal in Foreign Exchange

Madam / Sirs,

Indo-Myanmar Trade – Relaxation from ACU Mechanism

Attention of Authorised Dealer (AD) banks is invited to Regulations 3 and 5 of Notification No.FEMA.14/2000-RB dated May 3, 2000 read with items 7(b) and 7(e) of the Memorandum of Procedure for channelling transaction through Asian Clearing Union (ACU) in terms of which, all current account transactions as defined by the Articles of Agreement of the Iternational Monetary Fund and export / import transactions between ACU member countries on deferred payment terms respectively, are to be routed through the ACU mechanism.

- 2. In the wake of certain international developments, the above provisions have been reviewed and it has been decided to allow trade transactions with Myanmar to be settled in any freely convertible currency in addition to the ACU mechanism.
- 3. Necessary amendments to the Foreign Exchange Management (Manner of Receipt and Payment) Regulations, 2000 are being issued separately.
- 4. Authorised Dealer banks may bring the contents of this circular to the notice of their constituents concerned.
- 5. The direction contained in this circular has been issued under sections 10(4) and 11(1) of the Foreign Exchange Management Act (FEMA), 1999 (42 of 1999) and is without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

F.R.Joseph Chief General Manager



RBI/2004-05/289 A.P. (DIR Series) Circular No.29

December 02, 2004

To

All Banks Authorised to Deal in Foreign Exchange

Madam / Sirs,

Exim Bank's Line of Credit of USD 27 million to Government of Vietnam

The Export-Import Bank of India (Exim Bank) has concluded an agreement with the Government of the Socialist Republic of Vietnam on August 12, 2004 making available to the latter a Line of Credit (LOC) upto an aggregate sum of USD 27 Million (US Dollar twenty-seven million only). The credit agreement has become effective on November 1, 2004. The credit is available for financing export of capital goods, plant and machinery, industrial manufactures, consumer durables and any other item eligible for being exported under the Exim Policy of Government of India from India to buyers in Vietnam.

- 2. The last dates for opening letters of credit and disbursement of credit are October 31, 2006 and April 30, 2007 respectively.
- 3. Shipments under the credit will have to be declared on GR / SDF Forms as per instructions issued from time to time.
- 4. While no agency commission shall be payable in respect of exports financed under the above line of credit, Reserve Bank may consider, on merit, requests for payment of commission upto a maximum extent of 5 per cent of the f.o.b. / c & f / c.i.f. value in respect of goods exported and which require after sales service. In such cases, commission will have to be paid in Vietnam only by deduction from the invoice of relevant shipment and the reimbursable amount by the Exim Bank to the negotiating bank will be 90 per cent of the f.o.b./c & f/c.i.f. value minus commission paid. Approval for the payment of commission should be obtained before the relevant shipment is effected. In other cases (i.e. exports not involving after sales service), if the exporter is required to pay agency commission, he will have to use his own resources for such payments.
- 5. Authorised Dealer Banks may bring the contents of this circular to the notice of their exporter constituents and advise them to obtain full details of the Line of Credit from Exim Bank's office or its website.

6. The direction contained in this circular has been issued under sections 10(4) and 11(1) of the Foreign Exchange Management Act (FEMA), 1999 (42 of 1999) and is without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

F.R.Joseph



RBI/2004-05/310 A.P. (DIR Series) Circular No.30

December 23, 2004

To

All Banks Authorised to Deal in Foreign Exchange

Madam / Sirs,

Deferred Payment Protocols dated April 30, 1981 and December 23, 1985 between the Government of India and erstwhile USSR

Attention of Authorised Dealer (AD) banks is invited to A.P. (DIR Series) Circular No.4 dated July 10, 2004, wherein the rupee value of the special currency basket was indicated as Rs.58.6989 effective from June 24, 2004.

- 2. Authorised Dealer banks are advised that a further revision has taken place on November 23, 2004 and accordingly the rupee value of the special currency basket has been fixed at Rs.60.5127 with effect from November 27, 2004.
- 3. Authorised Dealer banks may bring the contents of this circular to the notice of their constituents concerned.
- 4. The direction contained in this circular has been issued under Sections 10(4) and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and is without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

B.P.Kanungo

General Manager-in-Charge

RESERVE BANK OF INDIA

Foreign Exchange Department Central Office Mumbai-400 001

RBI/2004-05/355 A.P.(DIR Series) Circular No.31

February 1, 2005

To,

All Authorised Dealers in Foreign Exchange

Madam/Sir.

Compounding of Contraventions under FEMA 1999

Attention of Authorised dealers is invited to the Foreign Exchange (Compounding Proceedings) Rules, 2000 published by the Government of India vide G.S.R.No.383 (E) dated 3rd May 2000 as amended vide G.S.R. No. 443 (E) dated 2nd November 2002 (copy enclosed). In terms of these rules Reserve Bank was empowered to compound contravention under the provisions of following sections of FEMA, 1999.

- a) Section 7 (Export of goods and services),
- b) Section 8 (Realisation and repatriation of foreign exchange),
- c) Section 9 (Exemption from realisation and repatriation of foreign exchange in certain cases),
- d) Third Schedule to the Foreign Exchange Management (Current Account Transactions) Rules, 2000.

The provisions of Section 15 of FEMA, 1999 permit compounding of contraventions and empower the Compounding Authority to compound any contravention as defined under Section 13 of the Act on application made by the person committing such contravention either before or after the institution of Adjudication Proceedings.

2. With a view to provide comfort to the citizens and corporate community by minimizing transaction costs, while taking severe view of wilful, *malafide* and fraudulent transactions, it has been decided to put in place the procedures for compounding of contravention under FEMA. The Government of India has, therefore, in consultation with Reserve Bank placed the responsibilities of administering compounding of cases with the Reserve Bank, except under Section 3 (a) of FEMA.

- 3. Accordingly, the Government has notified amendment to the Foreign Exchange (Compounding Proceedings) Rules, 2000 vide G.S.R. No.609 (E) dated September 13, 2004. A copy of the said rules is given in Annex -I. As a result of the amendment, the compounding powers of Reserve Bank and Directorate of Enforcement respectively, have been modified as under:
 - a) Reserve Bank has been empowered to compound the contraventions of all the Sections of FEMA 1999 except clause (a) of Section 3 of the Act ibid.
 - b) Directorate of Enforcement would continue to exercise powers of compounding under clause (a) of Section 3 of FEMA (dealing essentially with Hawala transactions).
- 4. For effective implementation of compounding process under FEMA, the Reserve Bank has framed the procedures for compounding of contravention as detailed in the Annex -II. Once a contravention has been compounded by the Compounding Authority, no proceeding or further proceeding will be initiated or continued, as the case may be, against the contravener.

5. Process for Compounding

- 5.1. An application for compounding of a contravention under FEMA may be submitted to the Compounding Authority (CA) either on being advised of a contravention under FEMA either through a memorandum or *suo moto* on being made or becoming aware of the contravention. The format of the application is appended to the Foreign Exchange (Compounding Proceedings) Rules.
- 5.2. Application for compounding any contravention in prescribed form together with a copy of the memorandum, wherever applicable, with the prescribed fee [as given in the Foreign Exchange (Compounding Proceedings) Rules, 2000] has to be submitted with relevant facts and supporting documents to The Compounding Authority, [Cell for Effective implementation of FEMA (CEFA)], Foreign Exchange Department, 11th Floor, Central Office Building, S. B. Singh Road, Fort, Mumbai-400001.
- 5.3. On receipt of the application for compounding, the proceedings would be concluded and order issued by the Compounding Authority within 180 days from the date of the receipt of the application for compounding.

5.4. The sum for which the contravention has been compounded shall be paid within fifteen days from the date of the order of compounding.

5.5. The payment towards application fee and the sum for which contravention has been compounded shall be paid by demand draft in favour of the Compounding Authority i.e. "Reserve Bank of India" and payable at Mumbai.

6. The process and procedures for Compounding under the revised Compounding Rules may be reviewed after six months.

7. Authorised Dealers may bring the contents of this circular to the notice of their constituents and customers concerned.

8. The directions contained in this circular have been issued under sections 10 (4) and 11 (1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and is without prejudice to permissions/approvals, if any, required under any other law.

Yours faithfully,

F. R. Joseph Chief General Manager

Foreign Exchange (Compounding Proceedings) Rules 2000

Notification No. G.S.R.383(E) dated 3rd May 2000 As amended vide

G.S.R. No.443(E) dated 2nd November 2002 and G.S.R. No. 609 (E) dated September 13, 2004

In exercise of the powers conferred by section 46 read with sub-section (1) of section 15 of the Foreign Exchange Management Act, 1999 (42 of 1999) the Central Government hereby makes the following rules relating to compounding contraventions under chapter IV of the said Act, namely:-

1. Short title and commencement -

- (1) These rules may be called the Foreign Exchange (Compounding Proceedings) Rules 2000.
- (2) They shall come into force on the 1st day of June, 2000.
- 2. **Definitions** In these rules, unless the context otherwise requires -
 - (a) "Act" means the Foreign Exchange Management Act, 1999 (42 of 1999);
 - (b) "authorised officer" means an officer authorised under sub-rule (1) of rule 3;
- (c) "applicant" means a person who makes an application under section 15 (1) of the Act to the compounding authority;
- (d) "Compounding Order" means an order issued under sub-section (1) of Section 15 of the Act:
 - (e) "Form" means a form appended to these rules;
 - (f) "section" means a section of the Act:
- (g) all other words and expressions used in these rules and not defined but defined in the Act, shall have the meaning respectively assigned to them in the Act.
- **3.** (1) "Compounding Authority" means the persons authorised by the Central Government under sub-section (1) of section 15 of the Act, namely;
- (a) an officer of the Enforcement Directorate not below the rank of Deputy Director or Deputy Legal Adviser (DLA).
- (b) An officer of the Reserve Bank of India not below the rank of the Assistant General Manager.

4. Power of Reserve Bank to compound contravention -

- ¹ [(1) If any Person contravenes any provisions of Foreign Exchange Management Act, 1999 (42 of 1999) except clause (a) of Section 3 of the Act.]
- (a) in case where the sum involved in such contravention is five lakhs rupees or below, by the Assistant General Manager of the Reserve Bank of India;

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¹ Substituted vide GSR 609 (E) dated September 13, 2004.

- (b) in case where the sum involved in such contravention is more than rupees five lakhs but less than rupees twenty lakhs, by the Deputy General Manager of Reserve Bank of India:
- (c) in case where the sum involved in the contravention is rupees twenty lakhs or more but less than rupees fifty lakhs by the General Manager of Reserve Bank of India;
- (d) in case the sum involved in such contravention is rupees fifty lakhs or more, by the Chief General Manager of the Reserve Bank of India;

Provided further that no contravention shall be compounded unless the amount involved in such contravention is quantifiable.

(2) Nothing contained in sub-section (1) shall apply to a contravention committed by any person within a period of three years from the date on which a similar contravention committed by him was compounded under these rules.

Explanation: For the purposes of this rule, any second or subsequent contravention committed after the expiry of a period of three years from the date on which the contravention was previously compounded shall be deemed to be a first contravention.

- (3) Every officer specified under sub-rule (1) of rule 4 of the Reserve Bank of India shall exercise the powers to compound any contravention subject to the direction, control and supervision of the Governor of the Reserve Bank of India.
- (4) Every application for compounding any contravention under this rule shall be made in Form to the Reserve Bank of India, Exchange Control Department, Central Office, Mumbai along with a fee of Rs. 5000/- by Demand Draft in favour of compounding authority.

5. The Power of Enforcement Directorate to compound contraventions -

²[(1) If any Person contravenes provisions of Section 3(a) of Foreign Exchange Management Act.]

- (a) in case where the sum involved in such contravention is five lakhs rupees or below, by the Deputy Director of the Directorate of Enforcement;
- (b) in case where the sum involved in such contravention is more than rupees five lakhs but less than rupees ten lakhs, by the Additional Director of the Directorate of Enforcement;
- (c) in case where the sum involved in the contravention is rupees ten lakhs or more but less than fifty lakhs rupees by the Special Director of the Directorate of Enforcement:
- (d) in case where the sum involved in the contravention is rupees fifty lakhs or more but less than one crore rupees by Special Director with Deputy Legal Adviser of the Directorate of Enforcement;

² Substituted vide GSR 609 (E) dated September 13, 2004.

(e) in case the sum involved in such contravention is one crore rupees or more, by the Director of Enforcement with Special Director of the Enforcement Directorate.

Provided further that no contravention shall be compounded unless the amount involved in such contravention is quantifiable.

(2) Nothing contained in sub-section (1) shall apply to a contravention committed by any person within a period of three years from the date on which a similar contravention committed by him was compounded under these rules.

Explanation: For the purposes of this rule, any second or subsequent contravention committed after the expiry of a period of three years from the date on which the contravention was previously compounded shall be deemed to be a first contravention.

- (3) Every officer of the Directorate of Enforcement specified under sub-rule (1) of this rule shall exercise the powers to compound any contravention subject to the direction, control and supervision of the Director of Enforcement.
- (4) Every application for compounding any contravention under this rule shall be made in Form to the Director, Directorate of Enforcement, New Delhi, along with a fee of Rs.5000 by DD in favour of the Compounding Authority.
- **6.** Where any contravention is compounded before the adjudication of any contravention under section 16, no inquiry shall be held for adjudication of such contravention in relation to such contravention against the person in relation to whom the contravention is so compounded.
- **7.** Where the compounding of any contravention is made after making of a complaint under sub-section (3) of section 16, such compounding shall be brought by the authority specified in rule 4 or rule 5 in writing, to the notice of the Adjudicating Authority and on such notice of the compounding of the contravention being given, the person in relation to whom the contravention is so compounded shall be discharged.

8. Procedure for Compounding -

- (1) The Compounding Authority may call for any information, record or any other documents relevant to the compounding proceedings.
- (2) The Compounding Authority shall pass an order of compounding after affording an opportunity of being heard to all the concerned as expeditiously as possible and not later than 180 days from the date of application.

9. Payment of amount compounded -

³The sum for which the contravention is compounded as specified in the order of compounding under sub-rule (2) of rule 8, shall be paid by demand draft of in favour of the Compounding Authority within fifteen days from the date of the order of compounding of such contravention.

10. In case a person fails to pay the sum compounded in accordance with the rule 9 within the time specified in that rule, he shall be deemed to have never made an

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³ Substituted vide GSR 443 (E) dated 2nd November 2002.

application for compounding of any contravention under these rules and the provisions of the Act for contravention shall apply to him.

11. No contravention shall be compounded if an appeal has been filed under section 17 or section 19 of the Act.

12. Contents of the order of the Compounding Authority -

- (1) Every order shall specify the provisions of the Act or of the rules, directions, requisitions or orders made thereunder in respect of which contravention has taken place along with details of the alleged contravention.
- (2) Every such order shall be dated and signed by the Compounding Authority under his seal.
- **13. Copy of the order** One copy of the order made under rule 8(2) shall be supplied to the applicant and the Adjudicating Authority as the case may be.

Form

(See Rule 4 or 5)

(To be filled in duplicate and shall be accompanied by certified copy of the Memorandum issued)

- 1. Name of the applicant (in BLOCK LETTERS)
- 2. Full address of the applicant
- 3. Whether the applicant is resident in India or resident outside India [Please refer to Section 2(v) of the Act]
- 4. Name of the Adjudicating Authority before whom the case is pending
- 5. Nature of the contravention [according to sub-section (1) of Section 13]
- 6. Brief facts of the case
- 7. Details of fee for application of compounding
- 8. Any other information relevant to the case

I/We declare that the particulars given above are true and correct to the best of my/our knowledge and belief and that I/We am/are willing to accept any direction/order of the Compounding Authority in connection with compounding of my/our case.

Dated: (Signature of the Applicant)

Annex-II

[A.P.(DIR Series) Circular No.31 dated February 1, 2005]

Compounding Process

- Foreign Exchange (Compounding Proceedings) Rules 2000 as amended from time to time would be the basic framework for the Compounding process. As per sub-rule (3) of Rule 4 of the Rules the compounding process would be subject to the direction, control and supervision of the Governor of the Reserve Bank of India.
- 2. Once the application for compounding any contravention committed under FEMA 1999 (i.e. w.e.f. June 1, 2000) is received by the Compounding Authority (CA), the proceedings would be initiated by the CA. In accordance with the rules the process would be concluded by the CA within 180 days. This time limit would be reckoned from the date of the receipt of the application for Compounding to the date of issue of compounding order. The Compounding Authority may call for any information, record or any other documents relevant to the compounding proceedings and will hold the proceedings.
- 3. Where additional information/document is called for, such additional information/document shall be submitted within 30 days or such additional period as may be given by the Compounding Authority from the date of the said letter. In case, the contravener fails to submit the additional information/ documents called for within the specified period, the application for compounding will be liable for rejection.
- 4. The Compounding Authority shall consider the application and take an appropriate decision in the matter. The Compounding Authority shall pass an order of compounding after affording the contravener and other concerned an opportunity of being heard. The compounding order shall specify the provisions of the Act or of the rules, directions, requisitions or orders made there under in respect of which contravention has taken place along with details of the alleged contravention.
- 5. The contravener would have to pay the sum specified for compounding within fifteen days from the date of the order of compounding of such contravention. In case a person

fails to pay the sum within the time specified therein, it would be construed that the entity had not made an application for compounding of the said contravention.

- 6. Application for compounding any contravention may be filed with the CA, including those which are under adjudication process and have not been disposed off. No contravention would be compounded which has been finally adjudicated and disposed off by the Adjudicating Authority.
- 7. Cases of contravention having a money-laundering, national and security concern involving serious infringements of the regulatory framework including cases where application for compounding has not been filed within the stipulated period in the memorandum issued by the Reserve Bank may be referred to Directorate of Enforcement for further investigation and necessary action under Section 37 of the Act or to the Anti Money Laundering Authority instituted under Prevention of Money Laundering Act, 2002 or to any other agencies as deemed fit.
- 8. As mentioned in sub rule (2) of Rule 4, a contravention committed by any person within a period of three years from the date on which a similar contravention committed by him was compounded under the Compounding Rules, such contraventions may be referred to Directorate of Enforcement under Section 37 of the Act.
- 9. Contraventions related to any transaction without proper approval or permission from the concerned Government or any Statutory Authority as the case may be under the relevant laws/regulations as envisaged under FEMA, would not be compounded unless the required approval is obtained from the concerned authorities.



RBI/2004-05/360 A.P. (DIR Series) Circular No. 32

February 09, 2005

To

All Banks Authorised to Deal in Foreign Exchange

Madam / Sirs,

Overseas Direct Investment – Liberalisation

- Notification No.FEMA.120/2004-RB dated July 7, 2004
- Employees Stock Option Scheme (ESOP)

This circular deals with two issues. The first one relates to the issue of notification which incorporates all amendments relating to overseas investment. The second one is a liberalisation in the ESOP scheme. The details are given below:

2. Notification No.FEMA.120/2004-RB dated July 7, 2004

Attention of the Authorised Dealer banks is invited to the Foreign Exchange Management (Transfer or Issue of Any Foreign Security) Regulations, 2000, Notification No.FEMA.19/2000-RB dated May 3, 2000, notified G.S.R.No.456(E) dated May 8, 2000, in Part II, Section 3, Sub-section (1) of the Official Gazette by Government of India. Thereafter, various liberalisation and simplification measures were introduced through A.P. (Dir Series) Circulars and respective amendments to FEMA.19/2000-RB were also notified. In order to consolidate all these amendments, Foreign Exchange Management (Transfer or Issue of Any Foreign Security) (Amendment), Regulations, 2004, Notification No.FEMA.120/2004-RB dated July 7, 2004 was notified vide G.S.R.No.757(E) dated November 19, 2004, superseding the original Notification by incorporating all the amendments done so far. The gazetted copy of the Notification No.120/2004-RB dated July 7, 2004 is enclosed.

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3. Employees Stock Option Scheme (ESOP)

In terms of sub-regulation (2) of Regulation (22) of the Notification, ibid, a person

resident in India, being an individual, who is an employee or a director of an Indian

Office; or branch or a subsidiary of a foreign company in India; or of an Indian

company in which foreign equity holding is not less 51 per cent, may purchase the

equity shares offered by the said foreign company. In cases where investment in

India has been made through a holding company/Special Purpose Vehicle (SPV),

permission for holding the shares of the ultimate parent company, or subsidiary, or

group company as the case may be, is presently accorded by the Reserve Bank on

a case to case basis.

With a view to further liberalising overseas investment, it has now been decided that

even in cases where the foreign company offering its shares under ESOP and has

an indirect shareholding in the Indian company, i.e., through a Special Purpose

Vehicle or a step down subsidiary, no prior permission of the Reserve Bank is

required, as long as such holding is not less than 51 per cent.

4. Necessary amendments to the Foreign Exchange Management (Transfer or

Issue of Any Foreign Security) (Amendment), Regulations, 2004 are being issued

separately.

5. Authorised Dealer Banks may bring the contents of this circular to the notice

of their constituents and customers.

6. The direction contained in this circular has been issued under sections 10(4)

and 11(1) of the Foreign Exchange Management Act (FEMA), 1999 (42 of

1999) and is without prejudice to permissions / approvals, if any, required

under any other law.

Yours faithfully

F.R. Joseph Chief General Manager



RBI/2004 – 05/361 A.P.(DIR Series) Circular No. 33

February 09, 2005

To

All Banks Authorised to Deal in Foreign Exchange

Madam / Sirs.

Deferred Payment Protocols dated April 30, 1981 and December 23, 1985 between the Government of India and erstwhile USSR

Attention of Authorised Dealer (AD) banks is invited to A.P. (DIR Series) Circular No.30 dated December 23, 2004, wherein the rupee value of the special currency basket was indicated as Rs.60.5127 effective from November 27, 2004.

- 2. Authorised Dealer banks are advised that a further revision has taken place on January 17, 2005 and accordingly the rupee value of the special currency basket has been fixed at Rs.58.6940 with effect from January 20, 2005.
- 3. Authorised Dealer banks may bring the contents of this circular to the notice of their constituents concerned.
- 4. The direction contained in this circular has been issued under Sections 10(4) and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and is without prejudice to permissions / approvals, is any, required under any other law.

Yours faithfully,

F R Joseph

To,

All Scheduled Commercial Banks which are Authorised Dealers in Foreign Exchange

Madam/Sirs,

Import of Gold on Loan Basis – Tenor of Loan and Opening of Stand-By Letter of Credit

Attention of Scheduled Commercial Banks, which are authorized dealers in foreign exchange, is invited to our A.D. (G.P. Series) Circular No.7 dated March 6, 1998 and A.P. (DIR Series) Circular No.2 dated July 9, 2004 wherein nominated agencies, approved banks, Export Oriented Units (EOUs) and Units in Special Economic Zones (SEZs) were permitted to import gold under different arrangements.

- 2. Attention of Authorised Dealers (ADs) is also invited to para 4.77.2 and para 4.77.3 of the Foreign Trade Policy (FTP) 2004-09 of the Government of India, which states that, "the export has to be completed within a maximum period of 60 days from the date of release of gold on loan basis", and that, "The exporter shall have the flexibility to fix the price and repay the gold loan within 60 days from the date of export". The Government has now, vide Public Notice No.28 / 2004-09, dated December 1, 2004 issued by Department of Commerce, Ministry of Commerce & Industry, Government of India, enhanced the period for fixing the price and repayment of the Gold Loan to 180 days from the date of export. As a result the maximum period of gold loan becomes 240 days (i.e. 60 days for manufacture and exports + 180 days for fixing the price and repayment).
- **3.** Banks may note to comply with the following guidelines:
- (i) Nominated agencies / approved banks can import gold on loan basis for on lending to exporters of jewellery under this scheme. On the other hand EOUs and units

in SEZ who are in the Gem and Jewellery sector can import gold on loan basis for manufacturing and export of jewellery on their own account only.

- (ii) The maximum tenor of gold loan would be as per the Foreign Trade Policy 2004-2009, or as notified by the Government of India from time to time in this regard. The same is 240 days at present, as per the FTP and Public Notice No.28/ 2004-09 dated December 1, 2004.
- (iii) ADs may open Standby Letters of Credit (SBLC) for import of gold on loan basis, wherever required, as per FEDAI guidelines dated April 1, 2003. The tenor of the SBLC should be in line with the tenor of the gold loan. It may be noted that the SBLC can be opened only on behalf of entities permitted to import gold on loan basis, viz. nominated agencies and 100% EOUs/units in SEZ who are in the Gem and Jewellery sector. Further, the SBLC should be in favour of internationally renowned bullion banks only. ADs can obtain a detailed list of internationally renowned bullion banks from the Gem & Jewellery Export Promotion Council. All other existing instructions on import of gold and opening of Letters of Credit, with usance period not exceeding 90 days, will continue to be applicable.
- (iv) ADs must maintain adequate documentation with them to uniquely link all imports with the SBLC issued for the import of gold on loan basis.
- 4. These guidelines are issued from the foreign exchange angle only under the provisions of FEMA, 1999 and should not be construed to convey the approval by any other statutory authority or Government under any other existing laws/regulations. If further approval or permission is required from any other regulatory authority or Government under the relevant laws/regulations, the concerned entity should take the approval of the agency concerned before effecting the transaction.
- **5.** ADs may bring the contents of this circular to the notice of their constituents and customers concerned.

6. The directions contained in this circular have been issued under Section 10 (4) and Section 11 (1) of the Foreign Exchange Management Act (FEMA), 1999 (42 of 1999).

Yours faithfully,

(F.R. Joseph) Chief General Manager



RBI/2004-05/373 A.P. (DIR Series) Circular No.35

February 22, 2005

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All Banks Authorised to Deal in Foreign Exchange

Madam /Sirs,

Exim Bank's Line of Credit of USD 5 million to Government of Lesotho

The Export-Import Bank of India (Exim Bank) has concluded an agreement with the Government of Lesotho on October 12, 2004 making available to the latter a Line of Credit (LOC) upto an aggregate sum of USD 5 million (US Dollar five million only). The credit is available for financing export of capital goods, plant and machinery, industrial manufactures, consumer durables and any other items eligible for being exported under Foreign Trade Policy of the Government of India, from India to buyers in Lesotho.

- 2. The credit agreement has become effective on February 1, 2005. The last dates for opening letters of credit and disbursement of credit are January 31, 2007 and July 31, 2007 respectively.
- 3. Shipments under the credit will have to be declared on GR/SDF Forms as per instructions issued from time to time.
- 4. While no agency commission shall be payable in respect of exports financed under the above line of credit, Reserve Bank may consider, on merit, requests for payment of commission upto a maximum extent of 5 per cent of the f.o.b./c&f/c.i.f. value in respect of goods exported and which require after sales service. In such cases, commission will have to be paid by deduction from the

invoice of relevant shipment to agents in Lesotho only and the reimbursable amount by the Exim Bank to the negotiating bank will be 90 per cent of the f.o.b./c&f/c.i.f. value minus the commission paid. Approval for the payment of commission should be obtained before the relevant shipment is effected. In other cases (i.e. exports not involving after sales service), if the exporter is required to pay agency commission, he will have to use his own resources for such payments.

5. Authorised Dealer Banks may bring the contents of this circular to the notice of their exporter constituents and advise them to obtain full details of the Line of Credit from Exim Bank's office or its website.

6. The directions contained in this circular has been issued under Sections 10(4) and 11(1) of the Foreign Exchange Management Act (FEMA), 1999 (42 of 1999) and is without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

F.R. Joseph Chief General Manager Tο

All Banks Authorised to Deal in Foreign Exchange

Madam /Sirs,

Exim Bank's Line of Credit of USD 15 million to Government of Senegal

The Export-Import Bank of India (Exim Bank) has concluded an agreement with the Government of the Senegal on December 10, 2004 making available to the latter a Line of Credit (LOC) upto an aggregate sum of USD 15 million (US Dollar fifteen million only). The credit is available for financing export of eligible Indian goods and services to Senegal for development of rural small and medium enterprises and agricultural machinery and equipment from India to buyers in Senegal.

2. The credit agreement has become effective on February 9, 2005. The last dates for opening letters of credit and disbursement of credit are February 8, 2007 and August 8, 2007 respectively.

3. Shipments under the credit will have to be declared on GR/SDF Forms as per instructions issued from time to time.

4. No agency commission is ordinarily payable under the above line of credit. However, if necessary, the exporters can use their own resources for such payments.

5. Authorised Dealer Banks may bring the contents of this circular to the notice of their exporter constituents and advise them to obtain full details of the Line of Credit from Exim Bank's office or its website.

6. The direction contained In this circular has been issued under Sections 10(4) and 11(1) of the Foreign Exchange Management Act (FEMA) 1999 (42 of 1999) and is without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

F.R. Joseph Chief General Manager



RB/2004-05/394 A.P. (DIR Series) Circular No. 37

March 15, 2005

Tο

All banks authorised to deal in foreign exchange

Madam/Sirs,

Operations in Non-Resident External (NRE)/Foreign Currency Non-resident (Bank) (FCNR (B)) Accounts by the Resident Power of Attorney Holder

Attention of the banks authorised to deal in foreign exchange is invited to Foreign Exchange Management (Deposit) Regulations, 2000 notified vide Notification No. FEMA 5/2000-RB dated 3rd May 2000. In terms of para 9(c) of Schedule 1 to Notification ibid, banks authorised to deal in foreign exchange are permitted to allow operations on the NRE account in terms of Power of Attorney granted in favour of a resident by the non-resident account holder, provided such operations are restricted to withdrawals for local payments.

2. The position has since been reviewed with reference to the observations/recommendations made in this regard by the Committee on Procedures and Performance Audit on Public Services (CPPAPS) (Chairman: Shri S.S. Tarapore) and it has been decided that in addition to the facility mentioned in paragraph 1, banks authorised to deal in foreign exchange may also permit a resident power of attorney holder to remit, through normal banking channels, funds out of the balances in NRE account to the non-resident account holder provided specific powers for the purpose have been given. The remittances under power of attorney are permitted only to the non-resident account holder.

3. Terms and conditions as applicable to NRE accounts in respect of operations by power of attorney apply, mutatis mutandis, to FCNR (B) accounts. Therefore, banks may allow a resident power of attorney holder to remit, through normal banking channels, funds out of the balances in FCNR (B) account to the non-resident account holder, provided specific powers for the purpose have been

given to the power of attorney holder.

4. Necessary amendments to the Foreign Exchange Management (Deposit)

Regulations, 2000 are being issued separately.

5. Banks authorised to deal in foreign exchange may bring the contents of

this circular to the notice of their constituents concerned.

6. The directions contained in this circular has been issued under sections

10(4) and 11(1) of the Foreign Exchange Management Act (FEMA), 1999(42 of

1999) and is without prejudice to permissions/approvals, if any, required under

any other law.

Yours faithfully,

F. R. Joseph

Chief General Manager



RBI/2004-05/402 A.P. (DIR Series) Circular No. 38

March 31, 2005

To

All Banks Authorised to Deal in Foreign Exchange

Madam/Sirs,

Liberalised Remittance Scheme of USD 25,000 for Resident Individuals

Attention of the Authorsed Dealers (AD) banks is invited to paragraph 3.4(iii) of A.P.(DIR Series) Circular No.64 dated February 4, 2004, in terms of which remittance under the captioned Scheme is not permitted, directly or indirectly, to countries identified by the Financial Action Task Force (FATF) as "non co-operative countries and territories (NCCTs)" viz. Cook Islands, Egypt, Guatemala, Indonesia, Myanmar, Nauru, Nigeria, Philippines and Ukraine.

- 2. In this connection, AD banks are advised that they may keep a record of the countries identified by FATF as non co-operative countries and territories and accordingly update the list from time to time for necessary action by their branches handling the transactions under the Liberalised Remittance Scheme. For this purpose, they may access the website www.fatf-gafi.org to obtain the latest list of non-co-operative countries notified by FATF.
- 3. AD banks may bring the contents of this circular to the notice of their constituents and customers concerned.
- 4. The directions contained in this circular have been issued under Sections 10(4) and 11(1) of the Foreign Exchange Management Act (FEMA), 1999 (42 of 1999) and is without prejudice to permissions/ approvals, if any, required under any other law.

Yours faithfully,

F. R. Joseph Chief General Manager



RBI/2004-05/433 A.P. (DIR Series) Circular No. 39

April 25, 2005

To

All Banks Authorised to Deal in Foreign Exchange Madam / Sirs,

Establishment of Liaison Offices in India by foreign Insurance companies

Attention of Authorised Dealer Banks is invited to Regulation 3 of Notification No. FEMA22/2000-RB dated May 3, 2000 as amended from time to time, in terms of which a person resident outside India is required to obtain prior approval of the Reserve Bank of India for establishing a branch or liaison office or any other place of business by whatever name called, in India.

- 2. It has since been decided, in consultation with the Government of India, to grant General Permission to Insurance Companies incorporated outside India which have obtained <u>prior approval</u> from the Insurance Regulatory and Development Authority (IRDA), to establish Liaison Offices in India. The General Permission is subject to the terms and conditions indicated in the Annex hereto and other conditions that may be stipulated by the IRDA from time to time.
- 3. Further, the General Permission is granted under the provisions of the Foreign Exchange Management Act, 1999 and is without prejudice to the permissions and approvals, if any, required to be taken by such insurance companies incorporated outside India under any other law in force.

- 4. Necessary amendments to the Foreign Exchange Management (Establishment in India of Branch or Office or other Place of Business) Regulations, 2000 (Notification No.FEMA.22/2000-RB dated May 3, 2000), are being issued separately.
- 5. Authorised Dealers may bring the contents of this Circular to the notice of their constituents/customers concerned.
- 6. The directions contained in this circular have been issued under Sections 10 (4) and 11 (1) of the Foreign Exchange Management Act 1999 (42 of 1999).

Yours faithfully,

(F R Joseph) Chief General Manager

- i) The Liaison Office in India shall not carry on any activity other than the activity for which approval has been granted by the IRDA/RBI.
- ii) The Liaison Office in India shall not, without the prior permission of IRDA/RBI, undertake any new activity or carry on by itself or in partnership or by otherwise associating with others, any activity of a trading, commercial or industrial nature other than the activity for which the approval has been granted by the IRDA/RBI, as the case may be.
- iii) The Liaison Office in India shall not enter into any business contracts in its own name without prior permission of IRDA/RBI.
- iv) No commission/fees will be charged or any other remuneration received/income earned by the Liaison Office in India for liaison activities, consultancy services or any other services rendered by it in India, either directly or indirectly, unless approved by the IRDA.
- v) The entire expenses of the Liaison Office in India will be met exclusively out of the funds received from abroad through normal banking channels.
- vi) The Liaison Office in India shall not borrow or lend any money from/to any person in India nor shall it accept deposits in India.
- vii) The Liaison Office, in India shall not acquire, hold, (otherwise than by way of lease for a period not exceeding five years) transfer or dispose of any immovable property in India without obtaining prior permission of the Reserve Bank of India under the Foreign Exchange Management (Acquisition and Transfer of immovable property in India) Regulations, 2000, as amended from time to time.

- viii) The Liaison Office in India shall furnish to the IRDA, on an annual basis, a certificate from the auditor that the Office has complied with the terms and conditions stipulated in the letter of approval issued by the IRDA/RBI and that all the expenses are met by way of approved means.
- ix) For Liaison Offices established with IRDA or RBI approval, the closure will be allowed by IRDA under intimation to RBI.
- x) The Liaison Office in India will not have signing/commitment powers, except to the extent required for normal functioning of the office, on behalf of the Head Office.
- xi) The Foreign Insurance Company which has opened a Liaison Office in India under this General Permission may open a head office account in the books of their Liaison Office/s in India, subject to the conditions that the credits to the account should represent the funds received from Head Office through normal banking channels for meeting the expenses of the Liaison Office. Debits to this account would be only for meeting the local expenses of the Liaison Office.
- xii) The activities/affairs of these offices may be verified/ examined by IRDA/RBI/Government of India by carrying out a scrutiny as and when found necessary.
- xiii) The Liaison office in India shall have to strictly obey and respect the laws in force in India and there shall be no compromise or excuse for the ignorance of the Indian legal system in any manner.



RBI/2004-05/434 A.P.(DIR Series) Circular No. 40

April 25, 2005

Tο

All banks authorised to deal in foreign exchange

Madam/Sirs,

External Commercial Borrowings (ECB) for Non-Government Organisations (NGOs) engaged in micro finance activities under Automatic Route

Attention of Authorised Dealers is invited to the announcement in the Union Budget for 2005-06 regarding access to ECB by qualified NGOs engaged in micro finance activities.

- 2. Accordingly, it has been decided that NGOs engaged in micro finance activities may be permitted to raise ECB up to USD 5 million during a financial year for permitted end-use, under Automatic Route. Detailed guidelines on ECB for micro finance activities with necessary safeguards are set out below.
- 3. The concerns emanating from ECB for NGOs engaged in micro finance activities can be categorized in to four types: (i) whether the borrower is genuine. (ii) whether ECB funds are utilised for genuine purpose, (iii) credentials of the overseas lender of ECB and (iv) systemic implications of such ECB flows including the risks of foreign currency borrowing by such entities. The following framework addresses these issues.
- 4. Eligible Borrower: NGOs engaged in micro finance activities would be eligible to avail ECB. Such NGO (i) should have a satisfactory borrowing relationship for at least 3 years with a scheduled commercial bank authorised to deal in foreign exchange and (ii) would require a certificate of due diligence on 'fit and proper' status of the

board/committee of management of the borrowing entity from the designated Authorised Dealer (AD).

- 5. *Permitted End-use*: The designated AD must ensure that the ECB proceeds are utilised for lending to self-help groups or for micro-credit or for bonafide micro finance activity including capacity building.
- 6. Recognised Lender: ECB funds should be routed through normal banking channel. ECB from following internationally recognised sources i.e. (i) international banks, (ii) multilateral financial institutions, (iii) export credit agencies may be availed. Furthermore, overseas organisations and individuals complying with following safeguards may lend ECB.
 - (i) Overseas organisations planning to extend ECB would have to furnish a certificate of due diligence from an overseas bank which in turn is subject to regulation of host-country regulator and adheres to Financial Action Task Force (FATF) guidelines to the designated AD. The certificate of due diligence should comprise the following (i) that the lender maintains an account with the bank for at least a period of two years, (ii) that the lending entity is organised as per the local law and held in good esteem by the business/local community and (iii) that there is no criminal action pending against it.
 - (ii) Individual Lender has to obtain a certificate of due diligence from an overseas bank indicating that the lender maintains an account with the bank for at least a period of two years. Other evidence /documents such as audited statement of account and income tax return which the overseas lender may furnish need to be certified and forwarded by the overseas bank. Individual lenders from countries wherein banks are not required to adhere to Know Your Customer (KYC) guidelines are not permitted to extend ECB.
- 7. Amount of ECB: With a view to ensure minimization of systemic risk, the maximum amount of foreign currency borrowings of a borrower is capped at USD 5 million during a financial year.
- 8. Other ECB Parameters: All other ECB parameters such as minimum average maturity, all-in-cost ceilings, restrictions on issuance of guarantee, choice of security,

parking of ECB proceeds, prepayment and refinancing of ECB under the Automatic

Route should be complied with. The designated AD has to ensure at the time of draw

down that the forex exposure of the borrower is hedged.

9. Reporting Arrangements: Borrowers are required to comply with the reporting

arrangements of ECB such as submission of Form 83 through the designated AD to

the Reserve Bank for allotment of loan registration number prior to draw down of the

loan and filing of monthly ECB-2 Return.

10. These amendments to ECB policy will come into force with immediate effect and

will be subject to review from time to time.

11. Necessary amendments to the Foreign Exchange Management (Borrowing or

Lending in Foreign Exchange) Regulations, 2000 dated May 3, 2000 are being

issued separately.

12. Authorised Dealer banks may bring the contents of this circular to the notice of

their constituents and customers.

13. The direction contained in this circular has been issued under sections 10(4) and

11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and is without

prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

(F. R. Joseph) Chief General Manager To

All Banks authorised to deal in Foreign Exchange

Madam / Sirs,

Exim Bank's Line of Credit of USD 5 million to Eastern and Southern African Trade and Development Bank (PTA Bank)

The Export-Import Bank of India (Exim Bank) has concluded an agreement with Eastern and Southern African Trade and Development Bank (PTA Bank) on March 3, 2005 making available to the latter a short term Line of Credit (LOC) upto 180 days and upto an aggregate sum of USD 5 Million (US Dollar five million only). The credit is available for financing export of raw materials, commodities and other goods and services from India to sixteen (16) member countries of PTA Bank, viz. Burundi, Comoros, Djibouti, Egypt, Eritrea, Ethiopia, Kenya, Malawi, Mauritius, Rwanda, Somalia, Sudan, Tanzania, Uganda, Zambia and Zimbabwe in Eastern and Southern Africa.

- 2. The credit agreement has become effective on April 1, 2005. The last dates for opening letters of credit and disbursement of credit are September 30, 2006 and March 31, 2007 respectively.
- 3. Shipments under the credit will have to be declared on GR / SDF Forms as per instructions issued from time to time.
- 4. No agency commission is ordinarily payable under the above line of credit. However, if necessary, the exporter can use his own resources for such payments.
- 5. Authorised Dealer Banks may bring the contents of this circular to the notice of their exporter constituents and advise them to obtain full details of the Line of Credit from Exim Bank's office or its website.

6. The direction contained in this circular has been issued under sections 10(4) and 11(1) of the Foreign Exchange Management Act (FEMA), 1999 (42 of 1999) and is without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully

(F.R.Joseph) Chief General Manager



RBI/2005/463 A.P.(DIR Series) Circular No. 42

May 12, 2005

To
All Banks Authorised to Deal in Foreign Exchange

Madam/Sirs,

Overseas Investment: Liberalisation

Attention of authorised dealer (AD) banks is invited to Regulation 6 of the Notification No.FEMA.120/RB-2004 dated July 7, 2004 in terms of which an Indian entity is permitted to invest upto 100 per cent of their net worth in overseas Joint Ventures and/or Wholly Owned Subsidiaries (JV/WOS) in any bonafide business activity under automatic route.

- 2. With a view to promoting Indian investment abroad and to enable Indian companies to reap the benefits of globalisation, it has been decided to raise the above ceiling from the present 100 per cent of the net worth to 200 per cent of the net worth of the investing company. Accordingly, under the automatic route for overseas investment, eligible Indian entities are now permitted to invest in overseas in JV/WOS upto 200 per cent of their net worth. All other provisions of the Notification mentioned above applicable to such investment shall remain unchanged. It is further clarified that the ceiling is not applicable to the investments made out of balances held in EEFC accounts and out of the proceeds of ADR / GDR issue, as hitherto.
- 3. AD banks may, accordingly, allow remittances under automatic route upto 200 per cent of the net worth as on the date of the last audited balance sheet of the investing companies, after considering the proposals received in form ODA.
- 4. Necessary amendments to the Foreign Exchange Management (Transfer or Issue of any foreign security) Regulations, 2004 are being issued separately.
- 5. AD banks may bring the contents of this Circular to the notice of their constituents and customers concerned.
- 6. The directions contained in this circular have been issued under Sections 10(4) and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999), and is without prejudice to permission / approvals, if any, required under any other law.

Yours faithfully,

(Vinay Baijal) General Manager-in-Charge To

All Banks Authorised to Deal in Foreign Exchange

Madam/Sirs.

<u>Amendments to FEMA Regulations – Remittance of assets by</u> Non-Resident Indians (NRIs)/Persons of Indian Origin (PIO)

Attention of banks authorised to deal in foreign exchange is invited to Regulation 4(3) of the Notification No. FEMA 13/2000-RB dated May 3, 2000, as amended from time to time and A.P. (DIR Series) Circular No.67 dated January 13, 2003, in terms of which a NRI/PIO is permitted to remit an amount not exceeding USD one million, per calendar year, out of balances held in NRO accounts/sale proceeds of assets/the assets in India acquired by him by way of inheritance/legacy, on production of certain documents.

- 2. On a review, it has been decided to extend the facility available under legacy / inheritance to an arrangement under a "settlement" whereby the property is passed on to the legatees, during the lifetime of the owner/parent who normally retains a life interest in the property. It is clarified that the settlement is also a mode of inheritance from the parent, the only difference being that the property under the settlement passes to the beneficiary on the death of the owner/parent without any legal procedures/hassles and helps in avoiding delay and inconvenience in applying for probate, etc
- 3. Accordingly, banks authorized to deal in foreign exchange may allow remittance facility to a NRI/PIO under a deed of settlement made either by his parents or close relative (as defined in Section 6 of the Companies Act, 1956). The remittance facility would be available only on demise of the settler.
- 4. The relevant amendments to the Foreign Exchange Management (Remittance of Assets) Regulations, 2000 notified vide Notification No FEMA

13/2000-RB dated May 3, 2000 have been issued vide Notification No .FEMA 119/2004-RB dated June 29, 2004, a copy of which is enclosed.

- 5. Authorised Dealers may bring the contents of this circular to the notice of their constituents concerned.
- 6. The directions contained in this circular have been issued under Sections 10(4) and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and are without prejudice to permissions/approvals, if any, required under any other law.

Yours faithfully,

(F. R. Joseph) Chief General Manager

Foreign Exchange Management (Remittance of Assets) (Amendment) Regulations, 2004

In exercise of the powers conferred by Section 47 of the Foreign Exchange Management Act, 1999 (42 of 1999) and in partial modification of its Notification No.FEMA.13/2000-RB dated May 3, 2000, the Reserve Bank of India makes the following amendments in the Foreign Exchange Management (Remittance of Assets) Regulations, 2000, namely:-

Short title and commencement :-

- (i) These Regulations may be called the "Foreign Exchange Management (Remittance of Assets) (Amendment) Regulations, 2004"
 - (ii) They shall come into force from the date of their publication in the official

Gazette.

Amendment of the Regulations :-

- 2. (i) In the Foreign Exchange Management (Remittance of Assets) Regulations, 2000, in Regulation 4, for sub-regulation (3), the following sub-regulation shall be substituted, namely:-
- "(3) A Non-Resident Indian (NRI)/Person of Indian Origin (PIO) may remit an amount, not exceeding US \$ 1,000,000 (US Dollar One million only) per calendar year,
- (i) out of the balances held in NRO accounts/sale proceeds of assets/the assets in India acquired by him by way of inheritance/legacy on production of:
- (a) documentary evidence in support of acquisition, inheritance or legacy of assets by the remitter, and
- (b) a tax clearance/no objection certificate from the Income Tax Authority for the remittance

- (ii) Under a deed of settlement made by either of his parents or a close relative (as defined in Section 6 of the Companies Act, 1956) and the settlement taking effect on the death of the settler, on production of :
 - (a) the original deed of settlement; and
- (b) a tax clearance/No objection certificate from the Income-Tax Authority for the remittance;

Provided that in respect of remittance of sale proceeds of immovable property (acquired other than by way of inheritance/legacy/settlement), the property/sale proceeds were held/retained as eligible investments cumulatively for a minimum period of 10 years;

Provided further that where the remittance under Clause (i) and (ii) is made in more than one instalment, the remittance of all instalments shall be made through the same Authorised Dealer".

(Shyamala Gopinath) EXECUTIVE DIRECTOR

Foot Note:- The Principal Regulations were published in the Official Gazette Vide G.S.R. No.396 (E) dated May 5, 2000 in Part II, Section 3, Sub-section (i) and subsequently amended vide G.S.R. Nos.576 (E) dated August 19, 2002, 630 (E) dated August 4, 2003 and 699 (E) dated September 1, 2003

G.S.R.No.493(E)/04.08.2004

То

All Banks Authorised to Deal in Foreign Exchange

Madam / Sirs,

Project Offices—Intermittent remittances and Foreign Currency Accounts in India

Attention of Authorised Dealer (AD) banks is invited to Foreign Exchange Management (Establishment in India of Branch or Office or other Place of Business) Regulations, 2000; Notification No. FEMA 22/2000-RB dated May 3, 2000 and Foreign Exchange Management (Remittance of Assets) Regulations, 2000; Notification No. FEMA 13/2000-RB dated May 3, 2000, as amended from time to time, as well as AP (DIR Series) Circular no. 37 dated November 15, 2003.

2. At present, AD banks are required to obtain Reserve Bank approval for opening of foreign currency accounts of the Project Offices set up in India by foreign companies. In order to further liberalise the procedure for Project Offices, it has been decided to allow Authorised Dealers to open foreign currency accounts for the Project Offices (established under the general/specific approval of Reserve Bank), as well as to permit intermittent remittances by Project Offices without Reserve Bank approval subject to the conditions stipulated hereunder.

2.1 Opening of Foreign Currency Account:

The concerned branch of the AD may open **non-interest** bearing Foreign Currency Account for Project Offices in India subject to the following:

- a) The Project Office has been established in India, with the general/ specific permission of Reserve Bank, having the requisite approval from the concerned Project Sanctioning Authority,
- b) The contract under which the project has been sanctioned, specifically provides for payment in foreign currency,
- c) Each Project has only one Foreign Currency Account.

- d) The permissible debits and credits in the account shall be as under:
 - Debits:
 - Payment of project related expenditure.

Credits:

- Foreign currency receipts from the Project Sanctioning Authority, and
- Remittances from parent/group company abroad or bilateral/multilateral international financing agency.
- e) The responsibility of ensuring that only the approved debits and credits are allowed in the Foriegn Currency Account shall rest solely with the concerned branch of the AD. Further, the Accounts shall be subject to 100 percent scrutiny by the Concurrent Auditor of the respective AD banks.
- f) The Foreign Currency account may be closed at the completion of the Project.

2.2 Intermittent remittances:

AD branch may permit intermittent remittances by Project Offices pending winding up / completion of the project provided they are satisfied with the bonafides of the transaction and subject to the following:

- The Project Office submits an Auditors' /Chartered Accountants' Certificate to the effect that sufficient provisions have been made to meet the liabilities in India including Income-Tax etc.
- ❖ An undertaking from the Project Office that the remittance will not, in any way, affect the completion of the Project in India and that any shortfall of funds for meeting any liability in India will be met by inward remittance from abroad.

2.3 Reporting requirements:

The foreign company establishing a Project Office in India is to furnish a report through the concerned AD branch, to the concerned Regional Office of Reserve Bank of India under whose jurisdiction the Project Office is set up, incorporating the following details:

(a) Name and address of the Foreign Company,

- (b) Reference Number and date of letter awarding the contract referred to in clause (ii) of Regulation 5 of Notification No. FEMA 22/2000-RB dated May 3, 2000,
- (c) Particulars of the authority awarding the projects/contract,
- (d) The total amount of contract,
- (e) Address /e-mail address,/telephone number/fax number of the Project Office,
- (f) Tenure of Project Office,
- (g) Brief details of the Project undertaken,
- (h) AD branch with whom the account has been opened and the foreign currency in which the account is opened,
- (i) An undertaking to the effect that the Project Office is eligible to avail of the General Permission under Regulation 5(ii) to RBI Notification No 22 / 2000- RB dated 3rd May, 2000 read with Notification No. FEMA 95 dated July 2, 2003 showing the reason thereof.

This Report shall be forwarded through the AD branch to the concerned Regional Office of the Reserve Bank of India within 2 months of establishment of the Project Office.

- 2.4 The Project Office shall also submit to the AD branch on an <u>annual basis</u>, a Certificate from a Chartered Accountant showing the Project Status and certifying that the accounts of the Project Office has been audited and the activities undertaken are in conformity with the General/Specific permission given by the Reserve Bank.
- 3. Inter Project transfer of funds will be permitted with the prior permission of the concerned Regional Office of the Reserve Bank under whose jurisdiction the Project Office is situated.
- 4. In case of disputes between the Project Office and the project sanctioning authority or other Government/Non-Government agencies etc., the balance held in such account shall be converted into INR and credited to a special account which shall be dealt with as per the settlement of the dispute.

- 5. Project Offices not falling under the General Permission granted vide the Notification mentioned in paragraph 3 may approach the respective Regional Offices under whose jurisdiction it is situated for necessary approvals.
- 6. The above instructions come into force with immediate effect.
- 7. ADs may bring the contents of this Circular to the notice of their constituents and customers concerned.
- 8. The directions contained in this circular have been issued under Sections 10 (4) and 11 (1) of the Foreign Exchange Management Act 1999 (42 of 1999) and is without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully, (F. R. Joseph) Chief General Manager RBI/2004 - 05/ 487 A.P. (DIR Series) Circular No. 45

June 08, 2005

To

All Banks Authorised to Deal in Foreign Exchange

Madam / Sirs,

Deferred Payment Protocols dated April 30, 1981 and December 23, 1985 between the Government of India and erstwhile USSR

Attention of Authorised Dealer (AD) banks is invited to A.P. (DIR Series) Circular No. 33 dated February 09, 2005 wherein the rupee value of the special currency basket was indicated as Rs. 58.6940 effective from January 20, 2005.

- 2. Authorised Dealer banks are advised that a further revision has taken place on May 16, 2005 and accordingly, the rupee value of the special currency basket has been fixed at Rs.56.9296 with effect from May 19, 2005.
- 3. Authorised Dealer banks may bring the contents of this circular to the notice of their constituents concerned.
- 4. The direction contained in this circular has been issued under Sections 10(4) and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and is without prejudice to permissions/approvals, if any, required under any other law.

Yours faithfully,

(Vinay Baijal) General Manager-in-Charge



RBI/2004-05/492 A.P. (DIR Series) Circular No. 46

June 14, 2005

То

All banks authorised to deal in Foreign Exchange Madam/Sirs,

Use of International Debit Cards/Store Value Cards/Charge Cards/Smart Cards by Resident Indians while on a visit outside India

Reserve Bank of India has, vide its Notification No. FEMA 15/2000-RB dated 3rd May 2000, notified debit cards, ATM cards or any other instrument that can be used to create a financial liability, as 'currency'. It was further clarified vide A.P. (DIR Series) Circular No. 73 dated January 24, 2003 that the restrictions contained in Rule 5 of the Foreign Exchange Management (Current Account Transactions) Rules, 2000 are not applicable for use of International Credit Cards (ICCs) by residents for making payment towards expenses while on a visit outside India, to the extent of the limit of the card.

A. International Debit Cards

- 2. It is understood that banks authorised to deal in foreign exchange (AD banks) are issuing International Debit Cards (IDCs) which can be used by a resident for drawing cash or making payment to a merchant establishment overseas during his visit abroad. It is clarified that IDCs can be used **only for permissible current account transactions and the item-wise limits as mentioned in the Schedules to the Government of India Notification No.G.S.R. 381(E) dated May 3, 2000, as amended from time to time, are equally applicable to payments made through use of these cards.**
- 3. It is further clarified that the IDCs cannot be used on internet for purchase of prohibited items like lottery tickets, banned or proscribed magazines, participation in sweepstakes, payment for call-back services etc.,

i.e. for such items/activities for which drawal of foreign exchange is not permitted.

4. **Documentation and Reporting**

While issuing IDCs, the AD banks may ensure that the extant procedures and documentation required for release of foreign exchange are followed. Further, the International Banking Divisions/Foreign Exchange Departments of AD banks may submit a statement as on December 31, each year (as per proforma annexed) in case the aggregate forex utilization by the IDC holders exceeds USD 100,000 in a calendar year. The statement should reach the Chief General Manager, Foreign Exchange Department, External Payments Division, Central Office, Mumbai- 400 001 on or before 20th January of the succeeding year.

B. Store Value Cards/ Charge Cards/Smart Cards etc.

- 5. It has come to our notice that certain AD banks are also issuing Store Value Card/Charge Card/Smart Card to residents traveling on private/business visit abroad which are used for making payments at overseas merchant establishments and also for drawing cash from ATM terminals. It is clarified that no prior permission from Reserve Bank is required for issue of such cards. However, the use of such cards is limited to permissible current account transactions and subject to the prescribed limits under the Foreign Exchange Management (Current Account Transactions) Rules, 2000, as amended from time to time.
- 6. Authorised Dealers banks may bring the contents of this circular to the notice of their constituents and customers.
- 7. The direction contained in this circular has been issued under section 10(4) and 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and is without prejudice to permissions/approvals, if any required under any other law.

Yours faithfully,

(Vinay Baijal) General Manager-in-Charge

Proforma

Statement indicating the details of forex utilization of IDCs for amount exceeding USD 100,000 in a calendar year - As on December 31,_____

Name of the Bank:

Name of the Account holder	Amount (in USD)		Remarks
	Drawn in Cash	Used at merchant establishments	

Signature:

Name & Designation:

Date : Seal :



RBI/2004-05/500

A.P. (DIR Series) Circular No. 47

June 23, 2005

To

All Banks Authorised to Deal in Foreign Exchange

Madam / Sir,

Booking and Cancellation of Forward Contracts

Attention of authorised dealer (AD) banks is invited to A.P. (DIR Series) Circular No.63 dated December 21, 2002 in terms of which all forward contracts booked by residents in respect of their foreign currency exposures falling due within one year are permitted to be cancelled and rebooked freely, subject to submission of details of import and non-trade payment exposures by the constituents to their AD banks on an annual basis. Forward contracts booked to hedge export transactions with tenor greater than one year are also permitted to be freely cancelled and rebooked. Forward contracts booked to cover all other exposures falling due beyond one year, once cancelled, cannot be rebooked.

- 2. To provide greater flexibility to residents in managing their exposures, it has been decided that all forward contracts, **booked by residents to hedge current account transactions**, **regardless of tenor**, may be allowed to be cancelled and rebooked freely. It is clarified that this relaxation will not be applicable to forward contracts booked on past performance basis without documents as also forward contracts booked to hedge transactions denominated in foreign currency but settled in Indian Rupee (INR), where the current restrictions will continue.
- 3. All other guidelines/instructions relating to booking/cancellation/rebooking of forward contracts contained in our A.P.(DIR Series) circular No.63 dated December 21, 2002, including submission of details of exposures in foreign currency remain unchanged. The format in which exposures are required to be declared has been

revised in tune with the amended guidelines and is annexed to this Circular. Please note that details of exposures of all corporate clients have to be included in the report. However, the facility of cancellation and rebooking should not be permitted unless they have submitted the required exposure information as on 1st April of the year.

- 4. Necessary amendments to the Foreign Exchange Management (Foreign Exchange Derivative Contracts) Regulations 2000, shall be issued separately.
- 5. Authorised Dealer banks may bring the contents of this Circular to the notice of their constituents and customers concerned.
- 6. The directions contained in this circular have been issued under Section 10(4) and 11(1) of the Foreign Exchange Management Act,1999 (42 of 1999) and is without prejudice to permissions/approvals, if any, required under any other law.

Yours faithfully

(Vinay Baijal)
General Manager-in-Charge

Information relating to exposures in foreign currency as on April 1st

Name of the corporate:

		Amt. In USD Mio equivalent	Of col (1) amounts already hedged
		(1)	(2)
i)	Projected import transactions	@	#
ii)	Non-trade payments	#	#

Note

Authorised dealers should consolidate the above data for the bank as a whole and forward a report giving corporate-wise balances to the Chief General Manager, Foreign Exchange Department, Reserve Bank of India, Central Office, Forex Markets Division, Mumbai- 400 001 before June 30, every year.

@ Calculated on the basis of the last three years' average, duly factoring in subsequent major changes, if any.

Based on actuals.