



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

RBI/2011-12/105
A.P. (DIR Series) Circular No.01
(Last Circular of 2010-11 is 75)

July 04, 2011

To

All Category - I Authorised Dealer Banks

Madam / Sir,

Redemption of Foreign Currency Convertible Bonds (FCCBs)

Attention of the Authorised Dealer Category - I (AD Category - I) banks is invited to [A. P. \(DIR Series\) Circular No.5 dated August 1, 2005](#), as amended from time to time, relating to instructions / guidelines in respect of External Commercial Borrowings (ECBs), which are also applicable, mutatis mutandis, to FCCBs.

2. Keeping in view the need to provide a window to facilitate refinancing of FCCBs by the Indian companies who may be facing difficulty in meeting the redemption obligations, it has been decided to consider applications for refinancing of FCCBs by Indian companies under the automatic route. Accordingly, designated AD Category - I banks may allow Indian companies to refinance the outstanding FCCBs subject to compliance with the terms and conditions set out hereunder: -

- i) Fresh ECBs/ FCCBs shall be raised with the stipulated average maturity period and applicable all-in-cost being as per the extant ECB guidelines;
- ii) The amount of fresh ECB/FCCB shall not exceed the outstanding redemption value at maturity of the outstanding FCCBs;
- iii) The fresh ECB/FCCB shall not be raised six months prior to the maturity date of the outstanding FCCBs ;
- iv) The purpose of ECB/FCCB shall be clearly mentioned as 'Redemption of outstanding FCCBs' in Form 83 at the time of obtaining Loan Registration Number from the Reserve Bank;
- v) The designated AD - Category I bank should monitor the end-use of funds;

- vi) All other aspects of ECB policy under the automatic route, such as, eligible borrower, recognised lender, end-use, prepayment, refinancing of existing ECB and reporting arrangements shall remain unchanged;
- vii) ECB / FCCB beyond USD 500 million for the purpose of redemption of the existing FCCB will be considered under the approval route; and
- viii) ECB / FCCB availed of for the purpose of refinancing the existing outstanding FCCB will be reckoned as part of the limit of USD 500 million available under the automatic route as per the extant norms.

3. Restructuring of FCCBs involving change in the existing conversion price is not permissible. Proposals for restructuring of FCCBs not involving change in conversion price will, however, be considered under the approval route depending on the merits of the proposal.

4. The policy will be subject to review at an appropriate time depending upon evolving macroeconomic conditions and other relevant factors.

5. This facility shall come into force with immediate effect.

6. AD Category - I banks 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) and are without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

(Rashmi Fauzdar)
Chief General Manager

Related Release	
July 04, 2011	Redemption of Foreign Currency Convertible Bonds (FCCBs)



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

RBI/2011-12/112
A.P. (DIR Series) Circular No. 02

July 15, 2011

To

All Authorised Dealer Category - I banks

Madam / Sir,

**Regularization of Liaison / Branch Offices of foreign entities
established during the pre-FEMA period**

Attention of Authorised Dealer Category – I (AD Category-I) banks is invited to [Notification No. FEMA 22/2000-RB dated May 3, 2000](#) viz. Foreign Exchange Management (Establishment in India of Branch or Office or other Place of Business) Regulations, 2000, as amended from time to time, read with [A.P. \(DIR Series\) Circular Nos. 23](#) and [24 dated December 30, 2009](#), in terms of which a person resident outside India requires the prior approval of the Reserve Bank of India for establishing a Liaison Office (LO) /Branch Office (BO) in India. Further, attention of the AD Category - I banks is invited to [A.P. \(DIR Series\) Circular No. 23 dated December 30, 2009](#) in terms of which applications from foreign Non-Government Organisations (NGOs) / Non-Profit Organisations (NPOs) / Government bodies / Departments for establishing BO / LOs in India are considered by the Reserve Bank in consultation with the Government of India, Ministry of Finance.

2. It has come to the notice of the Reserve Bank that certain BOs / LOs established by the foreign NGOs, NPOs, news agencies and other foreign entities are continuing to function in India, without the approval of the Reserve Bank, after the Foreign Exchange Management Act (FEMA), 1999 came into force from June 1, 2000. Under the provisions of FEMA, 1999, *ibid*, the request of such entities to open an office in India is considered by the Reserve Bank in consultation with the Government of India, wherever required.

3. Accordingly, the foreign entities who have established LO or BO in India and continuing to function without obtaining permission from the Reserve Bank of India should approach the Reserve Bank within a period of 90 days from the date of issue of this circular for regularization of establishment of such offices in India, in terms of the extant FEMA provisions.

4. The foreign entities who may have established LO or BO with the permission from the Government of India may also approach the Reserve Bank along with a copy of the said approval for allotment of a Unique Identification Number (UIN) by the Reserve Bank of India.

5. All such applications/ requests should be submitted to the Chief General Manager-in-Charge, Reserve Bank of India, Foreign Exchange Department, Foreign Investment Division, Central Office, Fort, Mumbai – 400 001 in form FNC and should be routed through the AD Category – I bank where the account of such LO /BO is maintained.

6. AD Category - I banks may bring the contents of this circular to the notice of their constituents/ customers concerned and forward such application/ request to the Reserve Bank, after complying with the instructions contained in [A.P. \(DIR Series\) Circular Nos. 23 and 24 dated December 30, 2009](#). Further, they may also ensure that their constituents operating LO/ BO in India have valid approval from the Reserve Bank for the same and that a copy of such approval is kept on record.

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

Yours faithfully,

(Meena Hemchandra)
Chief General Manager-in-Charge



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

RBI/2011-12/115

July 21, 2011

A.P. (DIR Series) Circular No. 3

To,

All Authorised Dealer Category - I Banks

Madam / Sir,

Facilitating Rupee Trade – hedging facilities for non-resident entities

Attention of Authorized Dealers Category – I (AD Category – I) banks is invited to the Foreign Exchange Management (Foreign Exchange Derivative Contracts) Regulations, 2000 dated May 3, 2000 [[Notification No.FEMA/25/RB-2000 dated May 3, 2000](#)], as amended from time to time.

2. In order to facilitate greater use of Indian Rupee in trade transactions, as announced in the Monetary Policy Statement for the year 2011-12 (para 85), it has been decided to allow non-resident importers and exporters to hedge their currency risk in respect of exports from and imports to India, invoiced in Indian Rupees, with AD Category I banks in India, as per details given in the Annex.

3. Necessary amendments to Notification No. FEMA.25/RB-2000 dated May 3, 2000 [Foreign Exchange Management (Foreign Exchange Derivatives Contracts) Regulations, 2000] are being notified separately.

4. AD Category - I banks may bring the contents of this circular to the notice of their constituents and customers.

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

Yours faithfully,

Sd/-
(Sujatha Elizabeth Prasad)
Chief General Manager

Rupee Trade – Hedging Facilities for Non-Resident Entities

Purpose

To hedge the currency risk arising out of genuine trade transactions involving exports from and imports to India, **invoiced in Indian Rupees**, with AD Category I banks in India.

Products

Forward foreign exchange contracts with rupee as one of the currencies and foreign currency-INR options.

Operational Guidelines, Terms and Conditions

The AD Category I banks can opt for either Model I or Model II as given below:

Model I

Non-resident exporter / importer dealing through their overseas bank (including overseas branches of AD banks in India)

- Non-resident exporter / importer approaches his banker overseas with appropriate documents with a request for hedging their Rupee exposure arising out of a confirmed import or export order invoiced in Rupees.
- The overseas bank in turn approaches its correspondent in India (i.e. the AD bank in India) for a price to hedge the exposure of its customer along with documentation furnished by the customer that will enable the AD bank in India to satisfy itself that there is an underlying trade transaction (scanned copies would be acceptable). The following undertakings also need to be taken from the customer:

- That the same underlying exposure has not been hedged with any other AD Category I bank/s in India.
- If the underlying exposure is cancelled, the customer will cancel the hedge contract immediately.
- A certification on the end client KYC may also be taken as a one time document from the overseas bank by the AD bank in India.
- The AD bank in India based on documents **received** from the overseas correspondent should satisfy itself about the existence of the underlying trade transaction and offer a forward price (no two-way quotes should be given) to the overseas bank who, in turn, will offer the same to its customer. The AD bank, therefore, will 'not be' dealing directly with the overseas importer / exporter.
- The amount and tenor of the hedge should not exceed that of the underlying transaction and should be in consonance with the extant regulations regarding tenor of payment / realization of the proceeds.
- On due date, settlement is to be done through the correspondent bank's Vostro or the AD bank's Nostro accounts.
- The contracts, once cancelled, cannot be rebooked.
- The contracts may, however, be rolled over on or before maturity subject to maturity of the underlying exposure.
- On cancellation of the contracts, gains may be passed on to the customer subject to the customer providing a declaration that he is not going to rebook the contract or that the contract has been cancelled on account of cancellation of the underlying exposure.

- In case the underlying trade transaction is extended, rollover can be permitted once based on the extension of the underlying trade transaction for which suitable documentation is to be provided by the overseas bank and the same procedure followed as in case of the original contract.

Model II

Non-resident exporter / importer dealing directly with the AD bank in India

- The overseas exporter / importer approaches the AD bank in India with a request for forward cover in respect of underlying transaction for which he furnishes appropriate documentation (scanned copies would be acceptable), on a pre-deal basis to enable the AD bank in India to satisfy itself that there is an underlying trade transaction, and details of his overseas banker, address etc. The following undertakings also need to be taken from the customer
 - That the same underlying exposure has not been hedged with any other AD Category I bank/s in India.
 - If the underlying exposure is cancelled, the customer will cancel the hedge contract immediately.
- The AD bank may obtain certification of KYC/AML in the format appended to this Annex (Appendix A). The format can be obtained through the overseas correspondent / bank through SWIFT authenticated message. In case the AD bank has a presence outside India, the AD may take care of the KYC/AML through its bank's offshore branch.

- AD banks should evolve appropriate arrangements to mitigate credit risk. Credit limits can be granted based on the credit analysis done by self / the overseas branch.
- The amount and tenor of the hedge should not exceed that of the underlying transaction and should be in consonance with the extant regulations regarding tenor of payment / realization of the proceeds.
- On due date, settlement is to be done through the correspondent bank's Vostro or the AD bank's Nostro accounts. AD banks in India may release funds to the beneficiaries only after sighting funds in Nostro / Vostro accounts.
- The contracts, once cancelled, cannot be rebooked.
- The contracts may, however, be rolled over on or before maturity subject to maturity of the underlying exposure.
- On cancellation of the contracts, gains may be passed on to the customer subject to the customer providing a declaration that he is not going to rebook the contract or that the contract has been cancelled on account of cancellation of the underlying exposure.
- In case the underlying trade transaction is extended, rollover can be permitted once based on the extension of the underlying trade transaction for which suitable documentation is to be provided by the overseas bank and the same procedure followed as in case of the original contract.

Reporting

- i) Authorised Dealers should consolidate the data on the transactions undertaken by non-residents under the scheme and submit quarterly reports as per the format indicated in the Appendix 'B'.

- ii) Authorised Dealers should report on a quarterly basis, doubtful transactions involving frequent cancellation of hedge transactions and / or the underlying trade transactions by non-residents under the scheme as per the format indicated in the Appendix 'C'.

The reports are to be sent to the Chief General Manager, Reserve Bank of India, Foreign Exchange Department, Central Office, Forex Markets Division, Amar Building, Mumbai - 400 001.

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Appendix A

Know Your Customer (KYC) Form in respect of the non-resident exporter/importer

Registered Name of the non-resident exporter/importer (Name, if the non-resident exporter/importer is an Individual)	
Registration Number (Unique Identification Number* in case non-resident exporter/importer is an Individual)	
Registered Address (Permanent Address if non-resident exporter / importer is an Individual)	
Name of the non-resident exporter's/importer's Bank	
Non-resident exporter's / importer's Bank Account No.	
Period of banking relationship with the non-resident exporter/importer	

* Passport No., Social Security No, or any Unique No. certifying the bonafides of the non-resident exporter/importer as prevalent in the Non-resident exporter's/ importer's country

We confirm that all the information furnished above is true and accurate as provided by the overseas remitting bank of the non-resident exporter/importer.

(Signature of the Authorised
Official of the AD bank)

Date :

Place:

Stamp :

Appendix B

Reporting of Derivative transactions undertaken by non-resident importer / exporter – for the quarter ended .

Name of the AD Category I Bank –

No. of non-resident importers / exporters availing the facility.		Total amount of derivative transactions undertaken (INR crores)	
Importers	Exporters	Forwards	FCY-INR options

Appendix C

Reporting of suspicious transactions undertaken by non-resident importer / exporter – for the quarter ended .

Name of the AD Category I Bank –

Sl No	Name of the non-resident exporter / importer	Name of the overseas bank (in case of Model I)	No. of derivative transactions cancelled along with cancellation of the underlying trade transaction and amount involved	Action taken by the AD Cat I bank

Related Press Release

July 21, 2011 [Facilitating Rupee Trade – Hedging Facilities for Non-resident Entities](#)



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

RBI/2011-12/119
A.P. (DIR Series) Circular No. 04

July 25, 2011

To

All Category - I Authorised Dealer Banks

Madam / Sir,

Exim Bank's Line of Credit of USD 20 million
to the Government of the Republic of Mozambique

Export-Import Bank of India (Exim Bank) has concluded an Agreement dated March 28, 2011 with the Government of the Republic of Mozambique, making available to the latter, a Line of Credit (LOC) of USD 20 million (USD twenty million) for financing eligible goods, services, machinery and equipment including consultancy services to be exported from India for the purpose of enhancing productivity of rice-wheat-maize cultivation in Mozambique. The goods, services, machinery and equipment including consultancy services from India for exports under this Agreement are those which are eligible for export under the Foreign Trade Policy of the Government of India and whose purchase may be agreed to be financed by the Exim Bank under this Agreement. Out of the total credit by Exim Bank under this Agreement, the goods and services including consultancy services of the value of at least 75 per cent of the contract price shall be supplied by the seller from India and the remaining 25 per cent goods and services (other than consultancy services) may be procured by the seller for the purpose of Eligible Contract from outside India.

2. The Credit Agreement under the LOC is effective from June 2, 2011 and the date of execution of Agreement is March 28, 2011. Under the LOC, the last date for opening of Letters of Credit and Disbursement will be 48 months from the scheduled completion date(s) of contract(s) in the case of project exports and 72 months (March 27, 2017) from the execution date of the Credit Agreement in the case of supply contracts.

3. Shipments under the LOC will have to be declared on GR / SDF Forms as per instructions issued by the Reserve Bank from time to time.
4. No agency commission is payable under the above LOC. However, if required, the exporter may use his own resources or utilize balances in his Exchange Earners' Foreign Currency Account for payment of commission in free foreign exchange. Authorised Dealer Category- I (AD Category-I) banks may allow such remittance after realization of full payment of contract value subject to compliance with the prevailing instructions for payment of agency commission.
5. AD Category-I 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 the Exim Bank's office at Centre One, Floor 21, World Trade Centre Complex, Cuffe Parade, Mumbai 400 005 or log on to www.eximbankindia.in.
6. 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 are without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

(Rashmi Fauzdar)

Chief General Manager



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

RBI/2011-12/124
A.P. (DIR Series) Circular No. 05

July 26, 2011

To

All Category - I Authorised Dealer Banks

Madam / Sir,

Exim Bank's Line of Credit of USD 20 million
to the Government of the Kingdom of Swaziland

Export-Import Bank of India (Exim Bank) has concluded an Agreement dated March 30, 2011 with the Government of the Kingdom of Swaziland making available to the latter, two Lines of Credit (LOCs), each for an amount of USD 10 million aggregating to USD 20 million (USD twenty million) for financing eligible goods and services including consultancy services, from India for the purpose of financing the setting up of an Information Technology Park in Swaziland. The goods and services including consultancy services from India for exports under this Agreement are those which are eligible for export under the Foreign Trade Policy of the Government of India and whose purchase may be agreed to be financed by the Exim Bank under this Agreement. Out of the total credit by Exim Bank under this Agreement, the goods and services including consultancy services of the value of at least 75 per cent of the contract price shall be supplied by the seller from India and the remaining 25 per cent goods and services (other than consultancy services) may be procured by the seller for the purpose of Eligible Contract from outside India.

2. The Credit Agreement under the LOCs is effective from July 06, 2011 and the date of execution of Agreement is March 30, 2011. Under the LOCs, the last date for opening of Letters of Credit and Disbursement will be 48 months from the scheduled completion date(s) of contract(s) in the case of project exports and 72 months (March 29, 2017) from the execution date of the Credit Agreement in the case of supply contracts.

3. Shipments under the LOCs will have to be declared on GR / SDF Forms as per instructions issued by the Reserve Bank from time to time.
4. No agency commission is payable under the above LOCs. However, if required, the exporter may use his own resources or utilize balances in his Exchange Earners' Foreign Currency Account for payment of commission in free foreign exchange. Authorised Dealer Category- I (AD Category-I) banks may allow such remittance after realization of full payment of contract value subject to compliance with the prevailing instructions for payment of agency commission.
5. AD Category-I 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 the Exim Bank's office at Centre One, Floor 21, World Trade Centre Complex, Cuffe Parade, Mumbai 400 005 or log on to www.eximbankindia.in.
6. 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 are without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

(Rashmi Fauzdar)

Chief General Manager



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

RBI/ 2011-12 /125
A.P. (DIR Series) Circular No.06

July 26, 2011

To

All Category - I Authorised Dealer Banks

Madam / Sir,

Exim Bank's Line of Credit of USD 5 million
to the Indo-Zambia Bank Limited

Export-Import Bank of India (Exim Bank) has concluded an Agreement dated September 29, 2010 with the Indo-Zambia Bank Limited making available to the latter, a Line of Credit (LOC) of USD 5 million (USD five million) for financing eligible goods and services. The goods and services from India for exports under this Agreement are those which are eligible for export under the Foreign Trade Policy of the Government of India and whose purchase may be agreed to be financed by the Exim Bank under this Agreement.

2. The Credit Agreement under the LOC is effective from June 29, 2011 and the date of execution of the Agreement is September 29, 2010. Under the LOC, the last date for opening of Letters of Credit and Disbursement will be 36 months (June 28, 2014) and 42 months (December 28, 2014) from the execution date of the Credit Agreement respectively.

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

4. While no agency commission shall be payable in respect of exports financed under the above line of credit, the Reserve Bank may consider, on merits, requests for payment of commission up to a maximum of 5 per cent of the FOB (free on board)/ CFR (cost and freight)/ CIF (cost, insurance and freight) 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 and the reimbursable amount by the Exim Bank to the negotiating bank will be 90 per cent of the FOB / CFR / CIF value. Approval for the payment of commission should be obtained from the office of the Reserve Bank of India (Foreign Exchange Department) within whose jurisdiction the Head Office of the exporter is situated, before the relevant shipment is effected. In other cases (i.e. exports not involving after sales service), if required, the exporter may use his own resources or utilize the balances of his EEFC a/c for payment of agency commission in free foreign exchange. Authorised Dealer Category-I (AD Category -I) banks may allow such remittance after realization of full payment of contract value subject to compliance of prevailing instructions on payment of agency commission.

5. AD Category-I 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 the Exim Bank's office at Centre One, Floor 21, World Trade Centre Complex, Cuffe Parade, Mumbai 400 005 or log on to www.eximbankindia.in.

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

Yours faithfully,

(Rashmi Fauzdar)

Chief General Manager



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

RBI/2011-12/138
A.P. (DIR Series) Circular No. 07

August 02, 2011

To

All Authorised Dealer Category -I banks

Madam / Sir,

Exim Bank's Line of Credit of USD 4 million
to the Government of the Co-operative Republic of Guyana

Export-Import Bank of India (Exim Bank) has concluded an Agreement dated July 26, 2010 with the Government of the Co-operative Republic of Guyana, making available to the latter, a Line of Credit (LOC) of USD 4 million (USD four million) for financing eligible goods, services, machinery and equipment including consultancy services to be exported from India for the purpose of acquiring, installing and commissioning of fixed and mobile irrigation pumps in Guyana. The goods, services, machinery and equipment including consultancy services from India for exports under this Agreement are those which are eligible for export under the Foreign Trade Policy of the Government of India and whose purchase may be agreed to be financed by the Exim Bank under this Agreement. Out of the total credit by Exim Bank under this Agreement, the goods and services including consultancy services of the value of at least 85 per cent of the contract price shall be supplied by the seller from India and the remaining 15 per cent goods and services (other than consultancy services) may be procured by the seller for the purpose of Eligible Contract from outside India.

2. The Credit Agreement under the LOC is effective from July 19, 2011 and the date of execution of Agreement is July 26, 2010. Under the LOC, the last date for opening of Letters of Credit and Disbursement will be 48 months from the scheduled completion date(s) of contract(s) in the case of project exports and 72 months (July 25, 2016) from the execution date of the Credit Agreement in the case of supply contracts.

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

4. No agency commission is payable under the above LOC. However, if required, the exporter may use his own resources or utilize balances in his Exchange Earners' Foreign Currency Account for payment of commission in free foreign exchange. Authorised Dealer Category- I (AD Category-I) banks may allow such remittance after realization of full payment of contract value subject to compliance with the prevailing instructions for payment of agency commission.

5. AD Category-I 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 the Exim Bank's office at Centre One, Floor 21, World Trade Centre Complex, Cuffe Parade, Mumbai 400 005 or log on to www.eximbankindia.in.

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

Yours faithfully,
(Rashmi Fauzdar)
Chief General Manager



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

RBI/2011-12/148

A.P. (DIR Series) Circular No. 08

August 9, 2011

To,

All Category – I Authorized Dealer banks

Madam / Sir,

Investment in the units of Domestic Mutual funds

Attention of Authorized Dealers Category – I (AD Category - I) banks is invited to Schedule 5 to the 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 May 3, 2000](#) as amended from time to time, in terms of which, a SEBI registered Foreign Institutional Investor (FII) and Non Resident Indian (NRI) may purchase, on repatriation basis, units of domestic Mutual Funds (MFs), subject to such terms and conditions mentioned therein and limits as prescribed for the same by the Reserve Bank and the Securities and Exchange Board of India (SEBI), from time to time.

2. It has now been decided, in consultation with the Government and the SEBI, to allow non- resident investors (other than SEBI registered FIIs and SEBI registered FVCIs) who meet the KYC requirements of SEBI, hereinafter called 'Qualified Foreign Investors' (QFIs), to purchase on repatriation basis rupee denominated units of equity schemes of domestic MFs issued by SEBI registered domestic MFs in accordance with the terms and conditions as stipulated by the SEBI and the RBI from time to time in this regard.

The QFIs may invest in rupee denominated units of equity schemes of domestic MFs issued by the SEBI registered domestic MFs under the two routes, namely:

- i) Direct Route – SEBI registered Depository Participant (DP) route
- ii) Indirect Route - Unit Confirmation Receipt (UCR) route

3. These investments would be subject to the following terms and conditions:

General conditions

- i) Investments by the QFIs would be subject to a ceiling of USD 10 billion under both the routes. For the purpose of this ceiling of USD 10 billion, total amount invested for the purchase of domestic MFs units by all QFIs and the money lying in the single rupee pool bank accounts of DPs would be added. SEBI will monitor the ceiling of USD 10 billion on daily basis through the concerned domestic MFs and DPs.
- ii) The investment under both the routes by the QFIs will be in the units which are directly issued by the domestic MFs and no secondary market purchases would be allowed.
- iii) Only QFIs from jurisdictions which are compliant with the FATF standards and are signatories to the IOSCO's Multilateral Memorandum of Understanding will be eligible to invest in domestic MFs under this Scheme.
- iv) DPs will ensure KYC of the QFIs as per the norms prescribed by SEBI.
- v) Domestic MFs would also undertake KYC of the QFIs.
- vi) Units and UCRs issued under this scheme to QFIs, would be non-tradable and non-transferable.

Direct Route

- vii) The DP route will be operated through separate single rupee pool bank account to be maintained by the DP with a AD Category I Bank in India. The funds received from the QFIs into this account shall be remitted to the domestic MF either on the same day of the receipt of the funds from QFIs or by next business day in case money is received after business hours, failing which the funds would be immediately repatriated back to the QFI's overseas bank account. The redemption proceeds of the units will also be received from the domestic MF into this account and shall be repatriated to the overseas bank

account of the QFI within two working days of the same having being received in the rupee pool account of the DP. Within these two working days the redemption proceeds can also be utilized for further investment by the QFI under this scheme. The foreign inward remittances in to the single rupee pool bank account of DPs shall be received only in permissible currency (i.e. freely convertible currency). **Dividend payments on units held by QFIs would have to be directly remitted to the overseas accounts of the QFIs by the domestic MFs and dividend payments to QFIs would not be allowed as an eligible credit to the single rupee pool bank account.**

viii) QFIs would be allowed to open a single demat account with a DP in India for investment in rupee denominated units of different domestic MFs equity schemes. However, the QFIs would not be allowed to open a bank account in India.

Indirect Route

ix) Domestic MFs would be allowed to open foreign currency accounts outside India for the limited purpose of receiving subscriptions from the QFIs as well as for redeeming the UCRs.

x) The UCR will be issued against units of domestic MF equity schemes.

4. It has also been decided to allow QFIs to invest (under both the routes – Direct and Indirect, subject to the terms and conditions mentioned in para 3 above) up to an additional amount of USD 3 billion in units of domestic MF debt schemes which invest in infrastructure (“Infrastructure” as defined under the extant ECB guidelines) debt of minimum residual maturity of 5 years, within the existing ceiling of USD 25 billion for FII investment in corporate bonds issued by infrastructure companies.

5. Investments by QFIs in units of domestic MFs, as above, shall also comply with the provisions of FEMA Notification 1 dated May 3, 2000, as amended from time to time.

6. AD Category - I banks may bring the contents of the circular to the notice of their customers/constituents concerned.

7. Necessary amendments to Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000 (Notification No. FEMA 20/2000-RB dated May 3, 2000) and Foreign Exchange Management (Deposit) Regulations, 2000 (Notification No. FEMA 5/2000-RB dated May 3, 2000) are being notified separately.

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

Yours faithfully,

(Meena Hemchandra)
Chief General Manager-in-Charge



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

RBI/2011-12/160

August 29, 2011

A.P. (DIR Series) Circular No.09

A.P.(FL/RL Series) Circular No.01

To

All Authorised Dealer Category-I Banks

Madam / Sir,

**Opening and Maintenance of Rupee / Foreign Currency Vostro Accounts
of Non-resident Exchange Houses**

Attention of Authorised Dealer Category-I (AD Category-I) banks is invited to the [A.P.\(DIR Series\) No.28 \[A.P\(FL/RL Series\) Circular No.02\] dated February 06, 2008](#) on the Memorandum of instructions for Opening and Maintenance of Rupee/ Foreign Currency Vostro accounts of Non-resident Exchange Houses and the subsequent amendments thereto.

2. In terms of para (A) (1) of Annex-I of the afore-mentioned circular, under the Rupee Drawing Arrangements (RDAs), inward remittances for permissible purposes are received in India through Exchange Houses situated in Gulf countries, Hong Kong and Singapore, with prior approval of the Reserve Bank. With a view to extending the scope of the said Arrangement to other jurisdictions, it has been decided to extend the Rupee Drawing Arrangements (RDAs) only under the Speed Remittance procedures to Exchange Houses situated in Malaysia.
3. The other instructions issued vide the above mentioned circular, as amended from time to time remain unchanged.
4. AD Category-I banks may bring the contents of this circular to the notice of their constituents concerned.
5. 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 are without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

Dr.(Smt.) Sujatha Elizabeth Prasad
Chief General Manager-in-Charge



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

RBI/2011-12/168
A.P. (DIR Series) Circular No. 10

September 07, 2011

To

All Category - I Authorised Dealer Banks

Madam / Sir,

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

Attention of Authorised Dealer Category-I (AD Category-I) banks is invited to [A.P. \(DIR Series\) Circular No.41 dated February 11, 2011](#), wherein the Rupee value of the special currency basket was indicated as Rs. 64.7004 effective from January 31, 2011.

2. AD Category-I banks are advised that a further revision has taken place on August 17, 2011 and accordingly, the Rupee value of the special currency basket has been fixed at Rs. 66.9682 with effect from August 23, 2011.

3. AD Category-I banks 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 (FEMA), 1999 (42 of 1999) and are without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

(Rashmi Fauzdar)

Chief General Manager



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

RBI/2011 -12/169

A. P. (DIR Series) Circular No. 11

September 07, 2011

To

All Category - I Authorised Dealer Banks

Madam / Sir,

External Commercial Borrowings – Simplification of Procedure

Attention of Authorized Dealer Category-I (AD Category-I) banks is invited to the Foreign Exchange Management (Borrowing or lending in foreign exchange) Regulations, 2000, notified vide [Notification No. FEMA 3/2000-RB dated May 3, 2000](#), amended from time to time and the [A.P. \(DIR Series\) Circular No. 5 dated August 1, 2005](#), amended from time to time relating to the External Commercial Borrowings (ECB).

2. As per the extant ECB procedures, any request for change of the lender for an existing ECB is required to be referred by the Authorised Dealer Bank to the Reserve Bank for necessary approval.

3. As a measure of simplification of the existing procedures, it has been decided to delegate powers to the designated AD Category-I banks to approve the request from the ECB borrowers with respect to change in the recognized lender when the original lender is an international bank or a multilateral financial institution (such as IFC, ADB, CDC, etc.) or a regional financial institution or a Government owned development financial institution or an export credit agency or supplier of equipment and the new lender also belongs to any one of the above mentioned categories, subject to the Authorised Dealer ensuring the following conditions:-

- (i) the new lender is a recognized lender as per the extant ECB norms;
- (ii) there is no change in the other terms and conditions of the ECB; and
- (iii) the ECB is in compliance with the extant guidelines.

4. However, changes in the recognized lender in case of foreign equity holder and foreign collaborator will continue to be examined by the Reserve Bank.
5. The changes in the recognized lender should be promptly reported to the Department of Statistics and Information Management, Reserve Bank of India in Form 83.
6. The above modifications to the ECB guidelines will come into force with immediate effect. All other aspects of the ECB policy, such as, USD 500 million limit per company per financial year under the automatic route, eligible borrower, end-use, all-in-cost ceiling, average maturity period, prepayment, refinancing of existing ECB and reporting arrangements shall remain unchanged.
7. AD Category –I banks 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 are without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

(Rashmi Fauzdar)

Chief General Manager



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

RBI/2011-12/173
A.P. (DIR Series) Circular No. 12

September 15, 2011

To

All Banks Authorised to Deal in Foreign Exchange

Madam / Sir,

**Savings Bank account maintained by residents in India –
Joint holder - liberalisation**

Attention of Authorised Dealer (AD) banks is invited to Regulation 2(vi) of [FEMA Notification No. 5 dated May 3, 2000](#) in terms of which Non-Resident Indian (NRI) means a person resident outside India who is a citizen of India or is a person of Indian origin.

2. The Committee to Review the Facilities for Individuals under the Foreign Exchange Management Act, 1999 has recommended in its Report that resident individuals may be permitted to include non-resident close relative(s) (relatives as defined in the Companies Act, 1956) as joint account holder(s) in their resident bank accounts.

3. On a review, it has been decided that individuals resident in India may be permitted to include non-resident close relative(s) (relatives as defined in Section 6 of the Companies Act, 1956) as a joint holder(s) in their resident bank accounts on 'former or survivor' basis. However, such non- resident Indian close relatives shall not be eligible to operate the account during the life time of the resident account holder.

4. AD banks 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) and are without prejudice to permissions/approvals, if any, required under any other law.

Yours faithfully,

(Meena Hemchandra)

Chief General Manager In-Charge



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

**RBI/2011-12/174
A.P. (DIR Series) Circular No. 13**

September 15, 2011

To

All Banks Authorised to Deal in Foreign Exchange

Madam / Sir,s

**NRIs/PIOs holding NRE/ FCNR(B) accounts jointly with
Indian resident close relative - liberalisation**

Attention of the Authorised Dealer (AD) banks is invited to Schedules 1 and 2 of [FEMA Notification No. 5/2000-RB dated May 3, 2000](#) viz. Foreign Exchange Management (Deposit) Regulations, 2000, as amended from time to time, in terms of which Non-Resident (External) Rupee Account Scheme [NRE] and Foreign Currency (Non-Resident) Account (Banks) Scheme [FCNR(B)], respectively are operated. In terms of the extant provisions contained in para 9(a) of Schedule-1 and Para 11(1) of Schedule-2 of the Notification *ibid*, NRIs / PIOs are not permitted to open NRE/FCNR (B) accounts jointly with a resident.

2. The Committee to review the facilities for individuals under the Foreign Exchange Management Act, 1999 has in its Report recommended that NRIs may be permitted to open joint FCNR(B) /NRE account with a resident close relative (means relative as defined in the section 6 of the Companies Act, 1956).

3. On a review, it has been decided that Non-Resident Indian (NRI), as defined in FEMA Notification No. 5, *ibid*, may be permitted to open NRE / FCNR(B) account with their resident close relative (relative as defined in Section 6 of the Companies Act, 1956) on 'former or survivor' basis. The resident close relative shall be eligible to operate the account as a Power of Attorney holder in

accordance with extant instructions during the life time of the NRI/ PIO account holder.

4. AD banks may bring the contents of this circular to the notice of their account holders concerned.

5. The necessary amendments to Foreign Exchange Management (Deposit) Regulations, 2000 contained in Notification No. FEMA.5/2000-RB dated 3rd May 2000, are being issued separately.

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,

(Meena Hemchandra)

Chief General Manager In-Charge



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

RBI/2011-12/175
A.P. (DIR Series) Circular No. 14

September 15, 2011

To

All Banks Authorised to Deal in Foreign Exchange

Madam / Sir,

**Foreign Investments in India - Transfer of security by way of gift –
Liberalisation**

Attention of the Authorised Dealer (AD) banks is invited to the Regulation 10 A (a) of the [Notification No. FEMA 20/2000-RB dated 3rd May 2000](#) viz. Foreign Exchange Management (Transfer or issue of Security by a Person Resident outside India) Regulations, 2000, as amended from time to time, read with [A.P. \(DIR Series\) Circular No. 08 dated August 25, 2005](#) in terms of which a person resident in India who proposes to transfer any security, by way of gift, to a person resident outside India, is required to make an application to the Reserve Bank.

2. The Committee to Review the Facilities for Individuals under the Foreign Exchange Management Act, 1999 in its Report has suggested that general permission may be made available to individual residents in India to gift shares / securities /convertible debentures, etc. to their NRI/PIO close relative (relative as defined in Section 6 of the Companies Act, 1956) subject to certain conditions.

3. On a review, it has been decided that as hitherto, a person resident in India who proposes to transfer, **by way of gift**, to a person resident outside India any security including shares/convertible debentures is required to obtain prior approval of the Reserve Bank. However, the value of security to be transferred together with any security transferred by the transferor, as gift, to any person residing outside India which was not to exceed the rupee equivalent of USD

25,000 during a calendar year has been enhanced to USD 50,000 per financial year.

4. All other conditions as specified in Regulation 10 A (a) of Foreign Exchange Management (Transfer or issue of Security by a Person Resident outside India) Regulations 2000 dated May 3, 2000 shall remain unchanged.

5. The necessary amendments to the Foreign Exchange Management (Transfer or issue of Security by a Person Resident outside India) Regulations 2000 notified vide Reserve Bank Notification No. FEMA 20/2000-RB dated May 3, 2000, are being issued separately.

6. AD banks may bring the contents of this circular to the notice of their constituents/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) and are without prejudice to permissions/approvals, if any, required under any other law.

Yours faithfully,

(Meena Hemchandra)

Chief General Manager In-Charge



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

RBI/2011-12/176
A.P. (DIR Series) Circular No. 15

September 15, 2011

To

All Banks Authorised to Deal in Foreign Exchange

Madam / Sir,

Exchange Earners Foreign Currency (EEFC) Account and Resident Foreign Currency (RFC) account – Joint holder - liberalisation

Attention of the Authorised Dealer (AD) banks is invited to the Regulation 4 and 5 of the [Notification No. FEMA 10/2000-RB dated May 3, 2000](#) viz. Foreign Exchange Management (Foreign Currency Accounts by a person resident in India) Regulations, 2000 in terms of which resident individuals are permitted to open EEFC and RFC account, respectively.

2. The Committee to Review the Facilities for Individuals under the Foreign Exchange Management Act, 1999 has in its Report recommended that RFC / EEFC accounts may be permitted to be held jointly with a resident close relative, as defined in Section 6 of the Companies Act, 1956.

3. On a review, it has been decided that resident individuals may be permitted to include resident close relative(s) as defined in the Companies Act, 1956 as a joint holder(s) in their EEFC/RFC bank accounts on 'former or survivor' basis. However, such resident Indian close relative, now being made eligible to become joint account holder, shall not be eligible to operate the account during the life time of the resident account holder.

4. The necessary amendments to the Foreign Exchange Management (Foreign Currency Accounts by a person resident in India) Regulations, 2000 are being issued separately.

5. AD banks may bring the contents of this circular to the notice of their account holders 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,

(Meena Hemchandra)

Chief General Manager In-Charge



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

RBI/2011-12/177
A.P. (DIR Series) Circular No.16

September 15, 2011

To

All Banks Authorised to Deal in Foreign Exchange

Madam / Sir,

**Credit of sale proceeds of Foreign Direct Investments in India to
NRE/FCNR (B) accounts - Clarification**

Attention of the Authorised Dealer (AD) banks is invited to Regulation 11 of the [Notification No. FEMA 20/2000-RB dated May 3, 2000](#) viz. Foreign Exchange Management (Transfer or issue of Security by a Person Resident outside India) Regulations, 2000, as amended from time to time.

2. The Committee constituted to Review the Facilities for Individuals under the Foreign Exchange Management Act, 1999 in its Report has recommended that sale proceeds of FDI investments may be permitted to be credited to NRE/FCNR accounts as there is no provision under Regulation 11, *ibid*, for credit of the sale proceeds of FDI investments into NRE/FCNR accounts.

3. Hitherto, in terms of Schedule 3, 4 and 5 of the FEMA Notification No. 20/2000-RB dated May 3, 2000, sale proceeds of Foreign Investments in India were treated as eligible credit to NRE/FCNR (B) accounts, where the purchase consideration was paid by the Non-resident Indians / Persons of Indian Origin out of inward remittance or funds held in their NRE/FCNR (B) accounts and subject to applicable taxes, if any. It is now clarified that the same facility would be available to NRIs/ PIOs under Regulation 11 of the said Notification.

4. AD banks may be accordingly guided and 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) and are without prejudice to permissions/approvals, if any, required under any other law.

Yours faithfully,

(Meena Hemchandra)

Chief General Manager In-Charge



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

RBI/2011-12/179
A.P. (DIR Series) Circular No. 17

September 16, 2011

To

All Banks Authorised to Deal in Foreign Exchange

Madam / Sir,

Gift in Rupees by Resident Individuals to NRI close relatives

Attention of the Authorised Dealer (AD) banks is invited to [A.P. \(DIR Series\) Circular No. 24 dated December 20, 2006](#) and [A.P. \(DIR Series\) Circular No. 9 dated September 26, 2007](#) in terms of which the remittances towards gift and donation by a resident individual was included in the Liberalised Remittance Scheme.

2. The Committee to review the facilities for individuals under the Foreign Exchange Management Act (FEMA), 1999 has in its Report recommended that the ambit of [FEMA Notification No.16/RB-2000 dated May 3, 2000](#) may be expanded to include permission to residents making gifts to and bearing medical expenses of visiting NRIs/PIOs.

3. The extant position has been reviewed and it has been decided to permit a resident individual to make a rupee gift to a NRI/PIO who is a close relative of the resident individual [close relative as defined in Section 6 of the Companies Act, 1956] by way of crossed cheque /electronic transfer. The amount should be credited to the Non-Resident (Ordinary) Rupee Account (NRO) a/c of the NRI / PIO and credit of such gift amount may be treated as an eligible credit to NRO a/c. The gift amount would be within the overall limit of USD 200,000 per financial year as permitted under the Liberalised Remittance Scheme (LRS) for a resident individual. It would be the responsibility of the resident donor to ensure that the gift amount being remitted is under the LRS and all the remittances under the LRS during the financial year including the gift amount have not exceeded the limit prescribed under the LRS.

4. The necessary amendments to the Foreign Exchange Management (Deposit) Regulations, 2000 and Notification No. FEMA 16/RB-2000 dated May 3, 2000 viz. Receipt from and Payment to, a Person Resident Outside India 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 are without prejudice to permissions/approvals, if any, required under any other law.

Yours faithfully,

(Meena Hemchandra)

Chief General Manager In-Charge



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

RBI/2011-12/180
A.P. (DIR Series) Circular No. 18

September 16, 2011

To

All Banks Authorised to Deal in Foreign Exchange

Madam / Sir,

Loans in Rupees by resident individuals to NRI close relatives

Attention of the Authorised Dealer (AD) banks is invited to Regulation 7 of the [Notification No. FEMA 4/2000 dated May 3, 2000](#), viz. Foreign Exchange Management (Borrowing and Lending in Rupees) Regulations, 2000, as amended from time to time, in terms of which an authorised dealer in India may grant loan in rupees to a non-resident Indian.

2. The Committee to review the facilities for individuals under the Foreign Exchange Management Act (FEMA), 1999 has in its Report recommended that resident individuals may be granted general permission to lend in Rupees to their non-resident close relative (means relative as defined in Section 6 of the Companies Act, 1956) for any personal purpose or business activities other than agricultural/plantation activities or real estate or relending business.

3. The extant position has been reviewed and it has been decided to permit a resident individual to lend to a Non resident Indian (NRI)/ Person of Indian Origin (PIO) close relative [means relative as defined in Section 6 of the Companies Act, 1956] by way of crossed cheque /electronic transfer, subject to the following conditions:

- (i) the loan is free of interest and the minimum maturity of the loan is one year;
- (ii) the loan amount should be within the overall limit under the Liberalised Remittance Scheme of USD 200,000 per financial year available for a resident individual. It would be the responsibility of the lender to ensure that the amount of loan is within the Liberalised Remittance Scheme limit of USD 200,000 during the financial year;
- (iii) the loan shall be utilised for meeting the borrower's personal requirements or for his own business purposes in India;
- (iv) the loan shall not be utilised, either singly or in association with other person, for any of the activities in which investment by persons resident outside India is prohibited, namely;
 - (a) the business of chit fund, or
 - (b) Nidhi Company, or
 - (c) agricultural or plantation activities or in real estate business, or construction of farm houses, or
 - (d) trading in Transferable Development Rights (TDRs).

Explanation: For the purpose of item (c) above, real estate business shall not include development of townships, construction of residential / commercial premises, roads or bridges.

- (v) The loan amount should be credited to the NRO a/c of the NRI /PIO. Credit of such loan amount may be treated as an eligible credit to NRO a/c;
- (vi) the loan amount shall not be remitted outside India; and
- (vii) repayment of loan shall be made by way of inward remittances through normal banking channels or by debit to the Non-resident Ordinary (NRO) / Non-resident External (NRE) / Foreign Currency Non-resident (FCNR) account of the borrower or out of the sale proceeds of the shares or securities or immovable property against which such loan was granted.

4. The necessary amendments to the Foreign Exchange Management (Borrowing and Lending in Rupees) Regulations, 2000 and Foreign Exchange Management (Deposit) Regulations, 2000 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 are without prejudice to permissions/approvals, if any, required under any other law.

Yours faithfully,

(Meena Hemchandra)
Chief General Manager In-Charge



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

RBI/2011-12/183
A.P. (DIR Series) Circular No. 19

September 16, 2011

To

All Banks Authorised to Deal in Foreign Exchange

Madam / Sir,

Repayment of loans of Non-resident close relatives by residents

Attention of the AD banks is invited to Regulation 8 (d) of the [FEMA Notification No.4/2000- RB dated May 3, 2000](#) viz. Foreign Exchange Management (Borrowing and Lending in Rupees) Regulations, 2000, as amended from time to time, in terms of which the housing loan provided to a non-resident Indian or a person of Indian origin resident outside India by an authorised dealer or a housing finance institution in India approved by the National Housing Bank for acquisition of a residential accommodation in India, may be repaid by any relative of the borrower in India by crediting the borrower's loan account through the bank account of such relative (relative as defined in section 6 of the Companies Act, 1956). Thus, repayment of loan by close relative in respect of loan in rupees availed by NRI is restricted to housing loans only.

2. The Committee to review the facilities for individuals under the Foreign Exchange Management Act (FEMA), 1999 has in its Report recommended that resident individuals may be granted general permission to repay loans availed of from banks in Rupees in India by their NRI close relatives as defined under Section 6 of the Companies Act.

3. The extant provision has now been reviewed and it has been decided that where an authorised dealer in India has granted loan to a non-resident Indian in accordance with Regulation 7 of the Notification No. FEMA 4/2000-RB, *ibid*, such loans may also be repaid by resident close relative (relative as defined in Section

6 of the Companies Act, 1956), of the Non-Resident Indian by crediting the borrower's loan account through the bank account of such relative.

4. The necessary amendments to the Foreign Exchange Management (Borrowing and Lending in Rupees) Regulations, 2000 are being issued separately.

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

Yours faithfully,

(Meena Hemchandra)
Chief General Manager In-Charge



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

**RBI/2011-12/184
A.P. (DIR Series) Circular No. 20**

September 16, 2011

To

All Banks Authorised to Deal in Foreign Exchange

Madam / Sir,

**Meeting of Medical expenses of NRIs close relatives
by Resident Individuals**

Attention of Authorised Dealer (AD) banks is invited to para 2 of the [Notification No. FEMA 16/RB-2000 dated May 3, 2000](#) viz. Receipt from and Payment to, a Person Resident Outside India, as amended from time to time, in terms of which a resident may make payment in rupees towards meeting expenses on account of boarding, lodging and services related thereto or travel to and from and within India of a person resident outside India who is on a visit to India.

2. The Committee to review the facilities for individuals under the Foreign Exchange Management Act (FEMA), 1999 has in its Report recommended that the ambit of FEMA Notification No.16/RB-2000 dated May 3, 2000 may be expanded to include permission to residents to bear medical expenses of visiting NRIs/PIOs.

3. The extant position has been reviewed and it has been decided that where the medical expenses in respect of NRI close relative (relative as defined in Section 6 of the Companies Act, 1956) are paid by a resident individual, such a payment being in the nature of a resident to resident transaction may be covered

under the term “services related thereto” under Regulation 2(i) of Notification No. FEMA 16 /2000- RB dated May 3, 2000, *ibid*.

4. AD banks may bring the contents of this circular to the notice of their constituents and 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) and are without prejudice to permissions/approvals, if any, required under any other law.

Yours faithfully,

(Meena Hemchandra)
Chief General Manager In-Charge



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

RBI/2011-12/185
A.P. (DIR Series) Circular No. 21

September 19, 2011

To

All Authorised Persons

Madam/ Sir

**Anti-Money Laundering (AML) standards/Combating the Financing of
Terrorism (CFT) Standards - Money changing activities**

Attention of the Authorised Persons is invited to [A.P.\(DIR Series\) Circular No. 63 dated May 20, 2011](#) on risks arising from the deficiencies in AML/CFT regime of Iran and Democratic People's Republic of Korea (DPRK).

2. Financial Action Task Force (FATF) has issued a further Statement on June 24, 2011 on the subject ([copy enclosed](#)) calling its members and other jurisdictions to apply counter-measures to protect the international financial system from the ongoing and substantial money laundering and terrorist financing (ML/FT) risks emanating from Iran and Democratic People's Republic Korea (DPRK).

3. This advisory does not preclude Authorised Persons entering into legitimate trade and business transactions with Iran.

4. FATF has also identified Jurisdiction with strategic AML/CFT deficiencies that have not made sufficient progress in addressing the deficiencies or have not committed to an action plan developed with the FATF to address the deficiencies. The FATF calls on its members to consider the risks arising from the deficiencies associated with each jurisdiction as described in the Statement : Bolivia, Cuba, Ethiopia, Kenya, Myanmar, Sri Lanka, Syria and Turkey.

5. Authorised Persons are accordingly advised to take into account risks arising from the deficiencies in AML/CFT regime of these countries, while entering

into business relationships and transactions with persons (including legal persons and other financial institutions) from or in these countries/ jurisdictions.

6. Authorised Persons may bring the contents of this circular to the notice of their constituents concerned.

7. Please advise your Principal Officer to acknowledge receipt of this circular letter.

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 also under the Prevention of Money Laundering Act (PMLA), 2002, as amended by Prevention of Money Laundering (Amendment) Act, 2009 and Prevention of Money-Laundering (Maintenance of Records of the Nature and Value of Transactions, the Procedure and Manner of Maintaining and Time for Furnishing Information and Verification and Maintenance of Records of the Identity of the Clients of the Banking Companies, Financial Institutions and Intermediaries) Rules, 2005 as amended from time to time. Non-compliance with the guidelines would attract penal provisions of the Acts concerned or Rules made there under.

Yours faithfully,

(Meena Hemchandra)

Chief General Manager-in-Charge



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

RBI/2011-12/186
A.P. (DIR Series) Circular No. 22

September 19, 2011

To,

All Authorised Persons, who are Indian Agents under Money Transfer Service Scheme.

Madam/ Sir,

**Anti-Money Laundering (AML) standards/Combating the Financing of
Terrorism (CFT) Standards - Cross Border Inward Remittance under
Money Transfer Service Scheme**

Attention of all the Authorised Persons, who are Indian Agents under Money Transfer Service Scheme (MTSS) is invited to [A.P.\(DIR Series\) Circular No.64 dated May 20, 2011](#) on risks arising from the deficiencies in AML/CFT regime of Iran and Democratic People's Republic of Korea (DPRK).

2. Financial Action Task Force (FATF) has issued a further Statement on June 24, 2011 on the subject ([copy enclosed](#)) calling its members and other jurisdictions to apply counter-measures to protect the international financial system from the ongoing and substantial money laundering and terrorist financing (ML/FT) risks emanating from Iran and Democratic People's Republic of Korea (DPRK).

3. This advisory does not preclude Authorised Persons (Indian Agents) entering into legitimate trade and business transactions with Iran.

4. FATF has also identified Jurisdiction with strategic AML/CFT deficiencies that have not made sufficient progress in addressing the deficiencies or have not committed to an action plan developed with the FATF to address the deficiencies. The FATF calls on its members to consider the risks arising from the deficiencies associated with each jurisdiction as described in the Statement : Bolivia, Cuba, Ethiopia, Kenya, Myanmar, Sri Lanka, Syria and Turkey.

5. Authorised Persons (Indian Agents) are accordingly advised to take into account risks arising from the deficiencies in AML/CFT regime of these countries, while entering into business relationships and transactions with persons (including legal persons and other financial institutions) from or in these countries/ jurisdictions.
6. Authorised Persons (Indian Agents) may bring the contents of this circular to the notice of their constituents concerned.
7. Please advise your Principal Officer to acknowledge receipt of this circular letter.
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 also under the Prevention of Money Laundering Act (PMLA), 2002, as amended by Prevention of Money Laundering (Amendment) Act, 2009 and Prevention of Money-Laundering (Maintenance of Records of the Nature and Value of Transactions, the Procedure and Manner of Maintaining and Time for Furnishing Information and Verification and Maintenance of Records of the Identity of the Clients of the Banking Companies, Financial Institutions and Intermediaries) Rules, 2005 as amended from time to time. Non-compliance with the guidelines would attract penal provisions of the Acts concerned or Rules made there under.

Yours faithfully,

(Meena Hemchandra)

Chief General Manager-in-Charge



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

RBI/2011-12 /187
A.P. (DIR Series) Circular No.23

September 19, 2011

To

All Authorised Persons

Madam/ Sir

**Anti-Money Laundering (AML) standards/Combating the Financing of
Terrorism (CFT) Standards - Money changing activities**

Please refer to our [A.P.\(DIR Series\) Circular No.65 dated May 20, 2011](#) forwarding the Financial Action Task Force (FATF) Statement identifying a list of jurisdictions which have strategic AML/CFT deficiencies.

2. FATF has further issued a Statement on June 24, 2011 ([copy enclosed](#)) calling upon jurisdictions listed in the Statement to complete the implementation of their action plan within the timeframe. The FATF, in the Statement has called upon its members to consider the information given in the Statement.
3. Authorised Persons are accordingly advised to consider the information contained in the enclosed Statement.
4. Authorised Persons may bring the contents of this circular to the notice of their constituents concerned.
5. Please advise your Principal Officer to acknowledge receipt of this circular letter.
6. 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 also under the Prevention of Money Laundering Act (PMLA), 2002, as amended by Prevention of Money Laundering (Amendment) Act, 2009 and Prevention of Money-Laundering (Maintenance of Records of the Nature and Value of Transactions, the Procedure and Manner of Maintaining and Time for

Furnishing Information and Verification and Maintenance of Records of the Identity of the Clients of the Banking Companies, Financial Institutions and Intermediaries) Rules, 2005 as amended from time to time. Non-compliance with the guidelines would attract penal provisions of the Acts concerned or Rules made there under.

Yours faithfully,

(Meena Hemchandra)

Chief General Manager-in-Charge



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

RBI/2011-12 /188
A.P. (DIR Series) Circular No. 24

September 19, 2011

To

All Authorised Persons, who are Indian Agents under Money Transfer Service Scheme.

Madam/ Sir

Anti-Money Laundering (AML) standards/Combating the Financing of Terrorism (CFT) Standards - Cross Border Inward Remittance under Money Transfer Service Scheme

Attention of all the Authorised Persons, who are Indian Agents under Money Transfer Service Scheme (MTSS) is invited to [A.P.\(DIR Series\) Circular No.66 dated May 20, 2011](#) forwarding the Financial Action Task Force (FATF) Statement identifying a list of jurisdictions which have strategic AML/CFT deficiencies.

2. Financial Action Task Force (FATF) has further issued a Statement on June 24, 2011 ([copy enclosed](#)) calling upon jurisdictions listed in the Statement to complete the implementation of their action plan within timeframe. The FATF, in the Statement has called upon its members to consider the information given in the Statement.

3. All Authorised Persons (Indian Agents) are accordingly advised to consider the information contained in the enclosed Statement.

4. Authorised Persons (Indian Agents) may bring the contents of this circular to the notice of their constituents concerned.

5. Please advise your Principal Officer to acknowledge receipt of this circular letter.

6. 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 also under the Prevention of Money Laundering Act (PMLA), 2002, as

amended by Prevention of Money Laundering (Amendment) Act, 2009 and Prevention of Money-Laundering (Maintenance of Records of the Nature and Value of Transactions, the Procedure and Manner of Maintaining and Time for Furnishing Information and Verification and Maintenance of Records of the Identity of the Clients of the Banking Companies, Financial Institutions and Intermediaries) Rules, 2005 as amended from time to time. Non-compliance with the guidelines would attract penal provisions of the Acts concerned or Rules made there under.

Yours faithfully,

(Meena Hemchandra)
Chief General Manager-in-Charge



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

RBI/2011-12/199
A.P. (DIR Series) Circular No. 25

September 23, 2011

To

All Authorised Dealer Category I Banks

Madam / Sir,

**External Commercial Borrowings (ECB) for the Infrastructure
Sector– Liberalisation**

Attention of Authorized Dealer Category-I (AD Category-I) banks is invited to the Foreign Exchange Management (Borrowing or lending in foreign exchange) Regulations, 2000, notified vide [Notification No. FEMA 3/2000-RB dated May 3, 2000](#), amended from time to time and the [A.P. \(DIR Series\) Circular No. 5 dated August 1, 2005](#), amended from time to time relating to the External Commercial Borrowings (ECB).

2. As per extant guidelines, repayment of existing Rupee loans is not a permissible end-use for ECB. Considering the specific needs of the infrastructure sector, the existing ECB policy has been reviewed in consultation with the Government of India and it has been decided to allow Indian companies which are in the infrastructure sector, where “infrastructure” is as defined under the extant guidelines on External Commercial Borrowings (ECB), to utilise 25 per cent of the fresh ECB raised by the corporate towards refinancing of the Rupee loan/s availed by them from the domestic banking system, **under the approval route**, subject to the following conditions:-

- (i) at least 75 per cent of the fresh ECB proposed to be raised should be utilised for capital expenditure towards a 'new infrastructure' project(s), where “infrastructure” is as defined in terms of the extant guidelines on ECB.
- (ii) in respect of remaining 25 per cent, the refinance shall only be utilized for repayment of the Rupee loan availed of for 'capital expenditure' of earlier completed infrastructure project(s); and

(iii) the refinance shall be utilized only for the Rupee loans which are outstanding in the books of the financing bank concerned.

3. Companies desirous of availing such ECBs may submit their applications in Form ECB through their designated Authorised Dealer bank with the following documents:

- (i) details of the project(s) completed with necessary certification from the designated AD Category I bank;
- (ii) certification from the Statutory Auditor regarding the utilization of Rupee term loans with respect to 'capital expenditure'; for the completed infrastructure project(s), duly certified by the domestic lender bank(s) concerned;
- (iii) certification from the designated Authorised Dealer bank about the outstanding Rupee loans ; and
- (iv) details of the proposed end-use of the new infrastructure project.

4. The designated AD - Category I bank shall monitor the end-use of funds and bank(s) in India will not be permitted to provide any form of guarantee(s). All other conditions of ECB, such as eligible borrower, recognized lender, all-in-cost, average maturity, prepayment, refinancing of existing ECB and reporting arrangements shall remain unchanged and shall be complied with.

5. The amended ECB policy will come into force with immediate effect and is subject to review at point of time.

6. AD Category - I banks may bring the contents of this circular to the notice of their constituents and customers.

7. The directions 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 are without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

(Rashmi Fauzdar)
Chief General Manager



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

RBI/2011-12/200
A.P. (DIR Series) Circular No. 26

September 23, 2011

To

All Authorised Dealer Category I Banks

Madam / Sir,

**External Commercial Borrowings (ECB) – Bridge Finance for
Infrastructure Sector**

Attention of Authorized Dealer Category-I (AD Category-I) banks is invited to the Foreign Exchange Management (Borrowing or lending in foreign exchange) Regulations, 2000, notified vide [Notification No. FEMA 3/2000-RB dated May 3, 2000](#), amended from time to time and the A.P. (DIR Series) Circular No. 5 dated August 1, 2005, amended from time to time relating to the External Commercial Borrowings (ECB).

2. Considering the specific needs of the infrastructure sector, the existing ECB policy has been reviewed in consultation with the Government of India and it has been decided to allow Indian companies which are in the infrastructure sector, where “infrastructure” is as defined under the extant guidelines on External Commercial Borrowings (ECB), to import capital goods by availing of short term credit (including buyers’ / suppliers’ credit) in the nature of 'bridge finance', **under the approval route**, subject to the following conditions:-

- (i) the bridge finance shall be replaced with a long term ECB;
- (ii) the long term ECB shall comply with all the extant ECB norms; and
- (iii) prior approval shall be sought from the Reserve Bank for replacing the bridge finance with a long term ECB.

3. The designated AD - Category I bank shall monitor the end-use of funds and banks in India will not be permitted to provide any form of guarantees. The designated AD - Category I bank shall evidence the import of capital goods by verifying the Bill of Entry. All other conditions of ECB, such as eligible borrower, recognized lender, all-in-cost, average maturity, prepayment, refinancing of existing ECB and reporting arrangements shall remain unchanged and should be complied with.

4. The amended ECB policy will come into force with immediate effect and is subject to review.

5. AD Category - I banks may bring the contents of this circular to the notice of their constituents and customers.

6. The directions 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 are without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

(Rashmi Fauzdar)
Chief General Manager



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

RBI/2011-12/201
A.P. (DIR Series) Circular No.27

September 23, 2011

To

All Authorised Dealer Category I Banks

Madam / Sir,

External Commercial Borrowings (ECB) – Rationalisation and Liberalisation

Attention of Authorized Dealer Category-I (AD Category-I) banks is invited to the Foreign Exchange Management (Borrowing or lending in foreign exchange) Regulations, 2000, notified vide [Notification No. FEMA 3/2000-RB dated May 3, 2000](#), amended from time to time and the [A.P. \(DIR Series\) Circular No. 5 dated August 1, 2005](#), amended from time to time relating to the External Commercial Borrowings (ECB).

2. On a review of the extant ECB policy, it has been decided, in consultation with the Government of India, to further rationalise and liberalize the ECB guidelines as under:-

(i) Enhancement of ECB limit under the automatic route

(a) Eligible borrowers in real sector-industrial sector-infrastructure sector can avail of ECB up to USD 750 million or equivalent per financial year under the automatic route as against the present limit of USD 500 million or equivalent per financial year.

(b) Corporates in specified service sectors viz. hotel, hospital and software, can avail of ECB up to USD 200 million or equivalent during a financial year as against the present limit of USD 100 million or equivalent per financial year subject to the condition that the proceeds of the ECBs should not be used for acquisition of land.

(ii) ECBs designated in INR

(a) 'All eligible borrowers' can avail of ECBs designated in INR from **foreign equity holders under the automatic/ approval route, as the case may be**, as per the extant ECB guidelines.

(b) NGOs engaged in micro finance activities will, however, be permitted to avail of ECBs designated in INR, as hitherto, under the automatic route from overseas organizations and individuals as per the extant guidelines.

(iii) ECB for Interest During Construction (IDC)

It has been decided to consider IDC as a permissible end-use for the Indian companies which are in the infrastructure sector, where “infrastructure” is defined in terms of the extant guidelines on External Commercial Borrowings (ECB) **under the automatic/approval route, as the case may be**, subject to the following conditions:-

- (a) that the IDC is capitalized; and
- (b) is part of the project cost.

3. All other aspects of the ECB policy such as eligible borrower, recognised lender, all-in-cost, average maturity period, prepayment, refinancing of existing ECB and reporting arrangements shall remain unchanged

4. The amended ECB policy will come into force with immediate effect and is subject to review at any point of time.

5. Necessary amendments to the Foreign Exchange Management (Borrowing or Lending in Foreign Exchange) Regulations, 2000 dated May 3, 2000 are being issued separately wherever necessary.

6. AD Category - I banks may bring the contents of this circular to the notice of their constituents and customers.

7. The directions 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

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

Yours faithfully,

(Rashmi Fauzdar)
Chief General Manager



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

RBI/2011-12 /203
A.P. (DIR Series) Circular No. 28

September 26, 2011

To,

All Category - I Authorised Dealer Banks

Madam / Sir,

**External Commercial Borrowings (ECB) Policy – Structured Obligations for
infrastructure sector**

Attention of Authorised Dealer Category - I (AD Category - I) banks is invited to [A.P. \(DIR Series\) Circular No. 40 dated March 02, 2010](#) relating to External Commercial Borrowings (ECB) Policy – Structured Obligations.

2. As per extant guidelines, credit enhancement is permitted to be provided by multilateral / regional financial institutions and Government owned development financial institutions for domestic debt raised through issue of capital market instruments, such as, debentures and bonds, by Indian companies engaged exclusively in the development of infrastructure and by the Infrastructure Finance Companies (IFCs), which have been classified as such by the Reserve Bank under the approval route.

3. On a review, it has been decided to further liberalise the policy relating to structured obligations to permit direct foreign equity holder(s) as per extant ECB guidelines (minimum holding of 25 per cent of the paid up capital) and indirect foreign equity holder, holding atleast 51% of the paid-up capital, to provide credit enhancement to Indian companies engaged exclusively in the development of infrastructure, where “infrastructure” is as defined under the extant guidelines on ECB and by the Infrastructure Finance Companies (IFCs), which have been classified as such by the Reserve Bank.

4. Credit enhancement by all eligible non-resident entities will henceforth be permitted under the automatic route and no prior approval will be required from the Reserve Bank. All the other terms and conditions mentioned in para 4 (ii) to (viii) of A.P. (DIR Series) Circular No. 40 dated March 02, 2010 will remain unchanged.

5. The amended policy will come into force with immediate effect and is subject to review.

6. AD Category - I banks may bring the contents of this circular to the notice of their constituents and customers.

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

Yours faithfully,

(Rashmi Fauzdar)
Chief General Manager

Related Press Release	
September 26, 2011	External Commercial Borrowings (ECB) Policy – Structured Obligations for infrastructure sector



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

RBI/2011-12/204
A.P. (DIR Series) Circular No. 29

September 26, 2011

To

All Authorised Dealer Category I Banks

Madam / Sir,

External Commercial Borrowings (ECB) from the foreign equity holders

Attention of Authorized Dealer Category-I (AD Category-I) banks is invited to the Foreign Exchange Management (Borrowing or lending in foreign exchange) Regulations, 2000, notified vide [Notification No. FEMA 3/2000-RB dated May 3, 2000](#), amended from time to time and the A.P. (DIR Series) Circular No. 5 dated August 1, 2005, amended from time to time relating to the External Commercial Borrowings (ECB).

2. As per the extant ECB policy, a 'foreign equity holder' to be eligible as 'recognised lender' **under the automatic route** would require minimum holding of paid-up equity in the borrower company as set out below:

- (i) for ECB up to USD 5 million – minimum paid-up equity of 25 per cent held directly by the lender,
- (ii) for ECB more than USD 5 million – minimum paid-up equity of 25 per cent held directly by the lender and debt-equity ratio not exceeding 4:1 (i.e. the proposed ECB does not exceeds four times the direct foreign equity holding).

3. To further rationalize the policy in this regard, the following clarifications are being issued:-

- (i) Now onwards the term 'debt' in the debt-equity ratio will be replaced with 'ECB liability' and the ratio will be known as 'ECB liability'-equity ratio to make the

term signify true position as other borrowings/debt are not considered in working out this ratio;

(ii) The paid-up capital contributed by the foreign equity holder is considered under the extant guidelines for the purpose of calculation of equity for ECBs of or beyond USD 5 million from direct foreign equity holders. Henceforth, besides the paid-up capital, free reserves (including the share premium received in foreign currency) as per the latest audited balance sheet shall be reckoned for the purpose of calculating the equity of the foreign equity holder. Where there are more than one foreign equity holder in the borrowing company, the portion of the share premium in foreign currency brought in by the lender(s) concerned shall only be considered for calculating the ECB liability-equity ratio for reckoning quantum of permissible ECB.

(iii) For calculating the ECB liability, not only the proposed borrowing but also the outstanding ECB from the same foreign equity holder lender should be reckoned.

Further guidelines

4. To benefit eligible borrowers, it has been decided, in consultation with the Government of India, to consider the ECB proposals from foreign equity holders (direct/indirect) and group companies **under the approval route** as under:-

- (i) Service sector units, in addition to those in hotels, hospitals and software, could also be considered as eligible borrowers if the **loan is obtained from foreign equity holders**. This would facilitate borrowing by training institutions, R &D, miscellaneous service companies, etc;
- (ii) ECB from indirect equity holders may be considered provided the indirect equity holding by the lender in the Indian company is at least 51 per cent ; and
- (iii) ECB from a group company may also be permitted provided both the borrower and the foreign lender are subsidiaries of the same parent.

5. While submitting these proposals, it may be ensured that total outstanding stock of ECBs (including the proposed ECBs) from a foreign equity lender does not exceed 7 times the equity holding, either directly or indirectly of the lender (in

case of lending by a group company, equity holdings by the common parent would be reckoned).

6. All other aspects of the ECB policy, such as, maximum permissible limit per company per financial year under the automatic route, eligible borrower, end-use, all-in-cost ceiling, average maturity period, prepayment, refinancing of existing ECB and reporting arrangements shall remain unchanged.

7. AD Category - I banks may bring the contents of this circular to the notice of their constituents and customers.

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

Yours faithfully,

(Rashmi Fauzdar)
Chief General Manager



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

RBI/2011-12/205
A.P. (DIR Series) Circular No. 30

September 27, 2011

To

All Authorised Dealer Category I Banks

Madam / Sir,

External Commercial Borrowings (ECB) in Renminbi (RMB)

Attention of Authorized Dealer Category-I (AD Category-I) banks is invited to the Foreign Exchange Management (Borrowing or lending in foreign exchange) Regulations, 2000, notified vide [Notification No. FEMA 3/2000-RB dated May 3, 2000](#), amended from time to time, the Foreign Exchange Management (Manner of Receipt and Payment) Regulations, 2000 notified vide [Notification No. FEMA.14/2000-RB dated May 3, 2000](#), amended from time to time and the [A.P. \(DIR Series\) Circular No. 5 dated August 1, 2005](#), amended from time to time relating to the External Commercial Borrowings (ECB).

2. Considering the specific needs of the infrastructure sector, the existing ECB policy has been reviewed in consultation with the Government of India and it has been decided to allow Indian companies which are in the infrastructure sector, where “infrastructure” is as defined under the extant guidelines on External Commercial Borrowings (ECB), to avail of **ECBs in Renminbi (RMB), under the approval route, subject to an annual cap of USD one billion pending further review.**

3. Once approved, the approval of the Reserve Bank will be valid for a period of three months from the date of issue of the approval letter and the loan agreement should be executed within the validity period. The company may thereafter submit the completed Form 83 to the Department of Statistics and Information Management (DSIM), Reserve Bank of India for allotment of loan registration number (LRN) within seven days (from the date of signing the loan agreement between the borrower and the lender). In case the borrower fails to

obtain LRN within the above period, the approval of the Reserve Bank will stand cancelled.

4. AD Category- I bank will be permitted to open Nostro accounts in Renminbi (RMB). The designated AD - Category I bank shall monitor the end-use of funds and bank(s) in India will not be permitted to provide any form of guarantee(s). All other conditions of ECB, such as eligible borrower, recognized lender, all-in-cost, average maturity, prepayment, refinancing of existing ECB and reporting arrangements shall remain unchanged and shall be complied with.

5. The amended ECB policy will come into force with immediate effect and is subject to review.

6. Necessary amendments to the Foreign Exchange Management (Manner of Receipt and Payment) Regulations, 2000 are being issued separately, wherever necessary.

7. AD Category - I banks may bring the contents of this circular to the notice of their constituents and customers.

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

Yours faithfully,

(Rashmi Fauzdar)
Chief General Manager



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

RBI/2011-12/211
A.P. (DIR Series) Circular No. 31

October 03, 2011

To,

All Authorised Persons in Foreign Exchange

Madam/ Sir,

Appointment of Agents / Franchisees by Authorised Dealer
Category-I banks, Authorised Dealer Category-II
and Full Fledged Money Changers– Revised guidelines

Attention of Authorised Persons is invited to the paragraph C of the Annex I the Memorandum of Instructions governing money changing activities, issued vide [A. P. \(DIR Series\) Circular No. 57 \[A.P. \(FL/RL Series\) Circular No. 04\] dated March 9, 2009](#) in terms of which the Guidelines for appointment of Agents / Franchisees by Authorized Dealers Category - I, Authorized Dealers Category - II and FFMCS have been prescribed.

2. Keeping in view the growth in money changing activities undertaken by the agents / franchisees of AD Category-I banks / AD Category II / FFMCS and the issuance of Anti Money Laundering (AML) Guidelines on money changing activities, there is a need to exercise adequate control over the franchisees by the franchisers. Accordingly, it has been decided to amend certain instructions contained in the said A.P. (DIR Series) Circular. The revised instructions are given in the Annex.

3. All the other instructions contained in the A.P.(DIR Series) Circular No.57 {A.P.(FL/RL Series) Circular No.4} dated March 9, 2009 shall remain unchanged.

4. Authorised Persons may bring the contents of this circular to the notice of their constituents concerned.

5. The directions contained in this Circular have been issued under Sections 10(4) 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and non-compliance with the guidelines would attract penal provisions of Section 11(3) of the Act *ibid*.

Yours faithfully,

(Meena Hemchandra)
Chief General Manager-in-Charge

Annex
[Annex to A. P. (DIR Series) Circular No. 31
dated October 03, 2011]

Paragraph No. [cf. Annex I to the A. P. (DIR Series) Circular No. 57 [A.P. (FL/RL Series) Circular No. 04] dated March 9, 2009]	Existing Instructions	Revised Instructions
(C) 3 (b) - Agency / Franchisee agreement	(b) The foreign currency purchased by the franchisee should be surrendered to the franchiser or any other authorized persons, as may be agreed upon, within 7 working days from the date of purchase.	(b) The foreign currency purchased by the franchisee should be surrendered only to the franchiser within 7 working days from the date of purchase.
(C) 4 - Due Diligence of Agents/ Franchisees	<p>The ADs Category – I / ADs Category – II / FFMCS should undertake the following minimum checks while conducting the due diligence of the agents / franchisees</p> <ul style="list-style-type: none"> • existing business activities of the agent / franchisee / its position in the area. • minimum Net Owned Funds of the agent / franchisee. • Shop & Establishment / other applicable municipal certification in favour of the agent/ franchisee. • verification of physical existence of location of the agent / franchisee, where restricted money changing activities will be conducted. 	<p>The ADs Category – I / ADs Category – II / FFMCS should undertake the following minimum checks while conducting the due diligence of the agents / franchisees</p> <ul style="list-style-type: none"> • existing business activities of the agent/franchisee / its position in the area. • minimum Net Owned Funds of the agent / franchisee. • Shop & Establishment / other applicable municipal certification in favour of the agent/ franchisee. • verification of physical existence of location of the agent / franchisee, where restricted money changing activities will be conducted.

	<ul style="list-style-type: none"> • conduct certificate of the agent / franchisee from the local police authorities. • declaration regarding past criminal case, if any, cases initiated / pending against the agent / franchisee or its directors / partners by any law enforcing agency, if any. • PAN Card of the agent / franchisee and its directors / partners. • photographs of the directors / partners and the key persons of agent / franchisee. <p>The above checks should be done on a regular basis, at least once in a year. The AD Category – I / AD Category – II / FFMCS should obtain from the agents / franchisees proper documentary evidence confirming the location of the agents / franchisees in addition to personal visits to the site. The AD Category – I / AD Category – II / FFMCS should also obtain a Chartered Accountant's certificate confirming the maintenance of the Net Owned Funds of the agent / franchisee, i.e., Rs. 10 lakh on an ongoing basis.</p>	<ul style="list-style-type: none"> • conduct certificate of the agent / franchisee from the local police authorities. <p><i>Note: - Obtaining of Conduct Certificate of the agent/ franchisee from the local police authorities is optional for the franchisers. However, the franchisers may take due care to avoid appointing individuals/ entities as franchisees who have cases / proceedings initiated / pending against them by any law enforcing agencies.</i></p> <ul style="list-style-type: none"> • declaration regarding past criminal case, if any, cases initiated / pending against the agent / franchisee or its directors / partners by any law enforcing agency, if any. • PAN Card of the agent / franchisee and its directors / partners. • photographs of the directors / partners and the key persons of agent / franchisee. <p>The above checks should be done on a regular basis, at least once in a year. The AD Category – I / AD Category – II / FFMCS should obtain from the agents / franchisees proper documentary evidence confirming the location of the agents / franchisees in addition to personal</p>
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		visits to the site. The AD Category – I / AD Category – II / FFMCS should also obtain a Chartered Accountant's certificate confirming the maintenance of the Net Owned Funds of the agent / franchisee, i.e., Rs. 10 lakh on an ongoing basis.
(C) 5. Selection of Centers	Franchisers are free to select centers for operationalising the scheme.	<p>(i) The AD Category – I banks / AD Category – II / FFMCS may appoint franchisees within a distance of 100 kms. from their controlling branches concerned.</p> <p>(ii) However, this distance criterion is exempted in case of a recognised group/ chain of hotels appointed as franchisees, provided the headquarters of the group/ chain of hotels falls within a distance of 100 kms. of the controlling branch of the AD Category – I banks / AD Category – II / FFMCS (franchiser) concerned.</p> <p>(iii) Further, in case of areas declared as hilly areas (as defined by the respective State Governments/Union Territories) and the North-Eastern States, the distance restriction given in point (i) above is not applicable.</p> <p>Note: - AD Category – I/ AD Category – II/ FFMCS may adhere to the revised guidelines for the</p>

		<i>new franchisees with immediate effect. They may implement the said criterion for the existing franchisees as early as possible, latest by December 31, 2011 and report the same to the Regional Office of the Reserve Bank concerned.</i>
(E) 10 Foreign Currency Balances	ii. RMCs/ Franchisees should surrender foreign currency notes, coins and travellers' cheques purchased to an AD or to an FFMC within seven working days.	ii. Franchisees should surrender foreign currency notes, coins and travellers' cheques purchased only to their franchisers within seven working days.



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

RBI/2011-12/214
A.P. (DIR Series) Circular No. 32

October 10, 2011

To,

All Authorised Persons in Foreign Exchange

Madam/ Sir,

**Liberalised Remittance Scheme for Resident Individuals-
Revised Application cum Declaration form**

Attention of Authorised Dealer Category I (AD – Category I) banks is invited to the Annex to the [A. P. \(DIR Series\) Circular No. 51 dated May 8, 2007](#) containing the Application cum Declaration form for purchase of foreign exchange under the Liberalised Remittance Scheme (LRS) for resident individuals.

2. In terms of the [A. P. \(DIR Series\) Circular Nos. 17 and 18 dated September 16, 2011](#), a resident individual has been permitted to make a gift / loan in rupees to a Non-Resident Indian /Person of Indian Origin close relative (s), subject to certain terms and conditions. One of the conditions is that the gift / loan amount should be within the overall limit of USD 200,000 per financial year as permitted under the LRS for a resident individual. Accordingly, the revised Application cum Declaration form for purchase of foreign exchange under the LRS is annexed.

3. AD Category I 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, 1999 (42 of 1999) and are without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

(Meena Hemchandra)
Chief General Manager In-Charge

Annex

**[Annex to A. P. (DIR Series) Circular No. 32
dated October 10, 2011]**

**Application cum Declaration for purchase of foreign exchange under the
Liberalised Remittance Scheme of USD 200,000 for Resident individuals**

(To be completed by the applicant)

I. Details of the applicant

- a. Name
- b. Address.....
- c. Account No.....
- d. PAN No.....

II. Details of the foreign exchange required

- 1. Amount (Specify currency).....
- 2. Purpose

III. Source of funds:**IV. Nature of instrument**

Draft.....

Direct remittance.....

**V. Details of the remittance made under the Scheme in the financial year
(April- March) 20.. – 20..**

Date :.....

Amount :.....

VI. Details of the Beneficiary

- 1. Name
- 2. Address
- 3. Country

4*. Name and address of the bank.....

5*. Account No.....

(* Required only when the remittance is to be directly credited to the bank account of the beneficiary)

This is to authorize you to debit my account and effect the foreign exchange remittance/ issue a draft as detailed above. (strike out whichever is not applicable).

Declaration

I,(Name), hereby declare that the total amount of foreign exchange purchased from or remitted through, all sources in India during the financial year as per item No. V of the Application, including loan extended or gift made in rupees credited to NRO account of non-resident close relative(s), is within the limit of USD 200,000/- (US Dollar Two lakh only), which is the limit prescribed by the Reserve Bank for the purpose and certify that the source of funds for making the said remittance belongs to me and will not be used for prohibited purposes.

Signature of the applicant
(Name)

Certificate by the Authorised Dealer

This is to certify that the remittance is not being made by/ to ineligible entities and that the remittance is in conformity with the instructions issued by the Reserve Bank from time to time under the Scheme.

Name and designation of the authorised official:

Place:

Signature:

Date: Stamp and Seal



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

**RBI/2011-12/216
A.P. (DIR Series) Circular No.33**

October 12, 2011

To,

All Authorised Persons in Foreign Exchange

Madam/ Sir,

Memorandum of Instructions governing money changing activities

Attention of Authorised Persons is invited to Parts A and E of the Annex I to the Memorandum of Instructions governing money changing activities, issued vide [A. P. \(DIR Series\) Circular No. 57 \[A.P. \(FL/RL Series\) Circular No. 04\] dated March 9, 2009](#).

2. It has been decided to amend certain instructions contained in the aforementioned Parts. The amended instructions are given in the Annex.
3. All the other instructions contained in the A.P.(DIR Series) Circular No.57 {A.P.(FL/RL Series) Circular No.4} dated March 9, 2009 shall remain unchanged.
4. Authorised Persons may bring the contents of this circular to the notice of their constituents 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) and non-compliance with the guidelines would attract penal provisions of Section 11(3) of the Act *ibid*.

Yours faithfully,

**(Meena Hemchandra)
Chief General Manager-in-Charge**

Annex

**[Annex to A. P. (DIR Series) Circular No. 33
dated October 12, 2011]**

Paragraph No. [cf. Annex-I to the A.P.(DIR Series) Circular No.57 {A.P.(FL/RL Series) Circular No.4} dated March 9, 2009]	Earlier guidelines	Revised guidelines
Note at the end of Part A	[Note:- No fresh authorization will be issued to Urban Cooperative Banks (UCBs) to function as FFCs].	[Note: Urban Cooperative Banks (UCBs), fulfilling the eligibility norms, would be considered for authorization as Authorised Dealer Category-I / Authorised Dealer Category -II only.]
(E) 6 – Sales against Reconversion of Indian Currency	Note (2) : ADs Category - I and ADs Category - II may provide facility for reconversion of Indian Rupees to the extent of Rs. 50,000/- to foreign tourists (not NRIs) against ATM Receipts based on the following documents. <ul style="list-style-type: none"> • Valid Passport and VISA • Ticket confirmed for departure within 7 days. • Original ATM slip (to be verified with the original debit/ credit card). 	Note (2) : ADs Category – I, ADs Category – II and FFCs may provide facility for reconversion of Indian Rupees to the extent of Rs. 50,000/- to foreign tourists (not NRIs) against ATM Receipts based on the following documents. <ul style="list-style-type: none"> • Valid Passport and VISA • Ticket confirmed for departure within 7 days. • Original ATM slip (to be verified with the original debit/ credit card).



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

RBI/2011-12/220
A.P. (DIR Series) Circular No. 34

October 14, 2011

To,

All Category - I Authorised Dealer Banks

Madam / Sir,

Exim Bank's Line of Credit of USD 27.50 million
to the Government of the Republic of Senegal

Export-Import Bank of India (Exim Bank) has concluded an Agreement dated April 21, 2011 with the Government of the Republic of Senegal, making available to the latter, a Line of Credit (LOC) of USD 27.50 million (USD twenty seven million and five hundred thousand) for financing eligible goods, services, machinery and equipment including consultancy services from India for the purpose of financing rural electrification project in Senegal. The goods and services including consultancy services from India for exports under this Agreement are those which are eligible for export under the Foreign Trade Policy of the Government of India and whose purchase may be agreed to be financed by the Exim Bank under this Agreement. Out of the total credit by Exim Bank under this Agreement, the goods and services including consultancy services of the value of at least 75 per cent of the contract price shall be supplied by the sellers from India and the remaining 25 per cent goods and services (other than consultancy services) may be procured by the sellers for the purpose of Eligible Contract from outside India.

2. The Credit Agreement under the LOC is effective from August 24, 2011 and the date of execution of Agreement is April 21, 2011. Under the LOC, the last date for opening of Letters of Credit and Disbursement will be 48 months from the scheduled completion date(s) of contract(s) in the case of project exports and 72 months (April 20, 2017) from the execution date of the Credit Agreement in the case of supply contracts.
3. Shipments under the LOC will have to be declared on GR / SDF Forms as per instructions issued by the Reserve Bank from time to time.
4. No agency commission is payable under the above LOC. However, if required, the exporter may use his own resources or utilize balances in his Exchange Earners' Foreign Currency Account for payment of commission in free foreign exchange. Authorised Dealer Category- I (AD Category-I) banks may allow such remittance after realization of full payment of contract value subject to compliance with the prevailing instructions for payment of agency commission.
5. AD Category-I 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 the Exim Bank's office at Centre One, Floor 21, World Trade Centre Complex, Cuffe Parade, Mumbai 400 005 or log on to [www. eximbankindia. in](http://www.eximbankindia.in).
6. 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 are without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

(Rashmi Fauzdar)
Chief General Manager



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

RBI/2011-12/221
A.P. (DIR Series) Circular No.35

October 14, 2011

To,

All Category - I Authorised Dealer Banks

Madam / Sir,

**Processing and Settlement of Export related receipts facilitated by Online
Payment Gateways- Enhancement of the value of transaction**

Attention of Authorised Dealer Category – I (AD Category – I) banks is invited to the [A.P.\(DIR Series\) Circular No. 17 dated November 16, 2010](#), in terms of which AD Category – I banks have been permitted to offer the facility of repatriation of export related remittances by entering into standing arrangements with Online Payment Gateway Service Providers (OPGSPs), subject to the conditions stipulated therein.

2. The present instructions have been reviewed in the context of requests received from exporters for suitable enhancement of the value of the transaction from USD 500. Accordingly, it has now been decided to increase the value per transaction from USD 500 to USD 3000 for export related remittances received through OPGSPs. The revised directions will come into force with immediate effect.

3. All other terms and conditions issued vide A.P. (DIR Series) Circular No.17 dated November 16, 2010 shall remain unchanged.

4. AD Category – I banks may bring the contents of this circular to the notice of their constituents and customers concerned.

5. 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) and are without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

(Rashmi Fauzdar)
Chief General Manager



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

RBI/2011-12/225
A.P. (DIR Series) Circular No. 36

October 19, 2011

To,

All Banks Authorised to Deal in Foreign Exchange

Madam/Sir,

**Opening Foreign Currency (Non-Resident) Account (Banks) Scheme
[FCNR(B)] account in any freely convertible currency – liberalisation**

Attention of Authorised Dealer (AD) banks is invited to the Paragraph 2 of Schedule 2 to the [Notification No.FEMA 5/2000-RB dated May 3, 2000](#), viz. Foreign Exchange Management (Deposit) Regulations, 2000, as amended from time to time, read with [Notification No. FEMA 14/2000-RB dated May 3, 2000](#), viz. Foreign Exchange Management (Manner of Receipt and Payment) Regulations, 2000, as amended from time to time, in terms of which deposit of funds in the Foreign Currency (Non-Resident) Account (Banks) Scheme [FCNR(B)] accounts may be accepted in such permissible currencies as may be designated by the Reserve Bank from time to time. Presently, Pound Sterling, US Dollar, Japanese Yen, Euro, Canadian Dollar and Australian Dollar are the currencies designated by the Reserve Bank.

2. The Committee to Review the Facilities for Individuals under FEMA, 1999 in its Report has recommended that FCNR(B) accounts may be permitted to be opened in any freely convertible currency.

3. On a review, it has been decided that AD banks in India may be permitted to accept FCNR (B) deposits in any permitted currency. It may be noted that 'Permitted currency' for this purpose would mean a foreign currency which is freely convertible as defined in terms of Regulation 2(v) of FEMA 14/2000-RB dated May 3, 2000, as amended from time to time.

4. Authorised Dealer banks may bring the contents of this circular to the notice of their account holders 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) and are without prejudice to permissions/approvals, if any, required under any other law.

Yours faithfully,

(Meena Hemchandra)
Chief General Manager In-Charge



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

RBI/2011-12/226
A.P. (DIR Series) Circular No. 37

October 19, 2011

To,

All Banks Authorised to Deal in Foreign Exchange

Madam / Sir,

(i) Repatriation of income and sale proceeds of assets held abroad by NRIs who have returned to India for permanent settlement (ii) repatriation of income and sale proceeds of assets acquired abroad through remittances under Liberalised Remittance Scheme - Clarification

Attention of the Authorised Dealer (AD) banks is invited to sections 6(4) of the Foreign Exchange Management Act (FEMA), 1999. Further, the attention of AD banks is also invited to section 8 of FEMA, 1999 which states that save as otherwise provided in this Act, where any amount of foreign exchange is due or has accrued to any person resident in India, such person shall take all reasonable steps to realize and repatriate to India such foreign exchange within such period and in such manner as may be specified by the Reserve Bank.

2. The Committee to Review the Facilities for Individuals under FEMA, 1999 has suggested in its Report that necessary clarifications may be issued forthwith clarifying the position that income and sale proceeds of assets held abroad by NRIs who have returned to India for permanent settlement and income and sale proceeds of assets held abroad through remittances under LRS need not be repatriated.

3. Accordingly, it is clarified as under:

(a) in terms of sub-section 4 of Section (6) of FEMA, 1999, a person resident in India is free to hold, own, transfer or **invest** in foreign currency, foreign security or any immovable property situated outside India if such currency, security or property was acquired, held or owned by such person when he was resident outside India or inherited from a person who was resident outside India.

(b) an investor can retain and reinvest the income earned on investments made under the Liberalised Remittance Scheme.

4. AD banks may bring the contents of this circular to the notice of their constituents/customers concerned.

Yours faithfully,

(Meena Hemchandra)
Chief General Manager-in-Charge



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

RBI/2011-12/234
A.P. (DIR Series) Circular No. 38

October 25, 2011

To,

All Authorised Persons in Foreign Exchange

Madam/ Sir,

Memorandum of Instructions governing money changing activities-
Location of Forex Counters in International Airports in India

Attention of Authorised Persons is invited to the Memorandum of Instructions governing money changing activities, issued vide [A. P. \(DIR Series\) Circular No. 57 \[A.P. \(FL/RL Series\) Circular No. 04\] dated March 9, 2009](#).

2. On a review relating to compliance of the Foreign Exchange Counters (full-fledged branches/ extension counters) opened by Authorised Dealer Category-I banks, Authorised Dealers Category-II and Full Fledged Money Changers beyond the Domestic Tariff Area in international airports in India, it has been decided as under :

(a) Foreign Exchange Counters in the arrival halls in international airports in India shall ideally be established after the Customs Desk (Green Channel/Red Channel). However, Foreign Exchange Counters may also be established between the Immigration Desk and the Customs Desk in international airports in India, subject to the condition that these counters shall only purchase Foreign currency and sell Indian Rupees (INR) and "Encashment Certificates" shall invariably be issued by the money changers to the customers.

(b) Similarly, Foreign Exchange Counters in the departure halls in international airports in India shall be established only before the Customs Desk or the Immigration Desk, whichever comes first. Putting up suitable display at these counters, reminding the passengers that the area is the last point for non-

residents to possess Indian Rupees (INR) may be followed up with the Airport Authorities.

3. The Foreign Exchange Counters of Authorised Dealers Category-I banks, Authorised Dealers Category-II and Full Fledged Money Changers, not conforming to the above, should be relocated in accordance with the above instructions, latest by **December 31, 2011**.

4. Authorised Persons may bring the contents of this circular to the notice of their constituents concerned.

5. 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 non-compliance with the guidelines would attract penal provisions of Section 11(3) of the Act *ibid*.

Yours faithfully,

(Meena Hemchandra)
Chief General Manager-in-Charge



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

RBI/2011-12/240

A.P. (DIR Series) Circular No. 39

November 01, 2011

To,

All Category - I Authorised Dealer Banks

Madam / Sir,

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

Attention of Authorised Dealer Category-I (AD Category-I) banks is invited to [A.P. \(DIR Series\) Circular No.10 dated September 07, 2011](#), wherein the Rupee value of the special currency basket was indicated as Rs.66.9682 effective from August 23, 2011.

2. AD Category-I banks are advised that a further revision has taken place on September 15, 2011 and accordingly, the Rupee value of the special currency basket has been fixed at Rs.69.09329 with effect from September 20, 2011.
3. AD Category-I banks 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 (FEMA), 1999 (42 of 1999) and are without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

(Rashmi Fauzdar)
Chief General Manager



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

RBI/2011-12/241

A.P. (DIR Series) Circular No.40

November 01, 2011

To,

All Category - I Authorised Dealer Banks

Madam / Sir,

**Export of Goods and Software – Realisation and
Repatriation of export proceeds – Liberalisation**

Attention of Authorised Dealer Category-I (AD Category-I) banks is invited to [A.P. \(DIR Series\) Circular No. 47 dated March 31, 2011](#) enhancing the period of realization and repatriation to India of the amount representing the full export value of goods or software exported, from **six months to twelve months** from the date of export. This relaxation was available up to September 30, 2011.

2. The issue has since been reviewed and it has been decided, in consultation with the Government of India, to extend the above relaxation w.e.f. October 01, 2011 till September 30, 2012.

3. The provisions in regard to period of realization and repatriation to India of the full export value of goods or software exported by a unit situated in a Special Economic Zone (SEZ) as well as exports made to warehouses established outside India remain unchanged.

4. AD Category-I banks may bring the contents of this circular to the notice of their constituents and 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 (FEMA), 1999 (42 of 1999) and are without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

(Rashmi Fauzdar)
Chief General Manager

Related Press Release	
Nov 01, 2011	Export of Goods and Software – Realisation and Repatriation of export proceeds – Liberalisation



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

RBI/2011-12/242

A.P. (DIR Series) Circular No. 41

November 01, 2011

To,

All Authorised Persons in Foreign Exchange

Madam/ Sir,

Memorandum of Instructions governing money changing activities

Attention of Authorised Persons is invited to Para-3 of Part B of the Annex- I to the Memorandum of Instructions to Authorised Money Changers (AMCs), issued vide [A. P. \(DIR Series\) Circular No. 57 \[A.P. \(FL/RL Series\) Circular No. 04\] dated March 09, 2009](#) in terms of which applications from AMCs for additional offices in metropolitan cities are considered if the total offices (including proposed offices) of the applicant are in the ratio 1:1 (i.e. the applicant has one non-metropolitan office for every office in a metro).

2. In order to provide more flexibility, to authorised persons to decide the location of their branches, it has been decided to dispense with the criteria of 1:1 ratio between metro and non-metro branches. However, we expect branches to be diversified and to be meeting the demand of tourists, etc. All the other instructions shall remain unchanged.

3. Authorised Persons 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) and non-compliance with the guidelines would attract penal provisions of Section 11(3) of the Act *ibid*.

Yours faithfully,

(Meena Hemchandra)
Chief General Manager-in-Charge



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

RBI/2011-12/244

A.P. (DIR Series) Circular No. 42

November 03, 2011

To,

All Category – I Authorized Dealer banks

Madam / Sir,

Foreign investment in India by SEBI registered FIIs in other securities

Attention of Authorized Dealer Category-I (AD Category-I) banks is invited to [A.P.\(DIR Series\) Circular No.55 dated April 29, 2011](#), in terms of which the limit for FII investment in non-convertible debentures / bonds issued by Indian companies in the infrastructure sector was enhanced from USD 5 billion to USD 25 billion. This was subject to the conditions that such instruments shall have a residual maturity of five years and above, the investments would have a lock-in-period of three years and 'infrastructure' would be as defined under the extant External Commercial Borrowings (ECB) policy. Attention of the AD Category-I banks is also invited to [A.P. \(DIR Series\) Circular No.8 dated August 9, 2011](#), in terms of which Qualified Foreign Investors as defined therein (QFIs) were allowed to invest in units of Mutual Funds debt schemes upto a limit of USD three billion within the overall limit of USD 25 billion for FII investment in non-convertible debentures / bonds issued by Indian companies in the infrastructure sector.

2. On a review it has been decided as under :

- i) FIIs would also be allowed to invest in non-convertible debentures / bonds issued by Non-Banking Financial Companies categorized as 'Infrastructure Finance Companies'(IFCs) by the Reserve Bank of India within the overall limit of USD 25 billion.

- ii) The lock-in-period of three years for FII investment stands reduced to one year up to an amount of USD 5 billion within the overall limit of USD 25 billion. This lock-in-period shall be computed from the time of first purchase by FIIs.
- iii) The residual maturity of five years and above stipulated would now onwards refer to the original maturity of the instrument at the time of first purchase by an FII.
- iv) The above changes at (i) and (iii) above would also apply for QFI investment in units of Mutual Fund debt schemes within the limit of USD three billion.

3. Necessary amendments to the Foreign Exchange Management (Transfer of Issue of Security by a Person Resident outside India) Regulations, 2000 notified vide [Notification No. FEMA 20/2000-RB dated May 3, 2000](#) are being notified separately.

4. AD Category – I banks may bring the contents of the circular to the notice of their constituents.

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

Yours faithfully,

(Meena Hemachandra)
Chief General Manager-in- Charge



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

RBI/2011-12/ 247

A.P. (DIR Series) Circular No. 43

November 04, 2011

To,

All Category – I Authorized Dealer banks

Madam / Sir,

Foreign Direct Investment – Transfer of Shares

Attention of Authorized Dealers Category-I (AD Category-I) banks is invited to Regulations 9 and 10 of the Foreign Exchange Management (Transfer of Issue of Security by a Person Resident outside India) Regulations, 2000 notified vide [Notification No.FEMA 20/2000-RB dated May 3, 2000](#), as amended from time to time.

Accordingly, the transfer of shares from a Resident to a Non Resident where i) the transfer does not conform to the pricing guidelines as stipulated by the Reserve Bank from time to time; or ii) the transfer of shares requires the prior approval of the FIPB as per the extant Foreign Direct Investment (FDI) policy; or iii). the Indian company whose shares are being transferred is engaged in rendering any financial service; or iv) the transfer falls under the purview of the provisions of SEBI (SAST) Regulations, require the prior approval of the Reserve Bank of India.

Further, transfer of shares from a Non Resident to a Resident which does not conform to the pricing guidelines as stipulated by the Reserve Bank of India from time to time also requires the prior approval of the Reserve Bank of India.

2. As a measure to further liberalize and rationalize the procedures and policies governing FDI in India, it has now been decided to allow the following without the prior approval of the Reserve Bank of India :

A. Transfer of shares from a Non Resident to Resident under the FDI scheme where the pricing guidelines under FEMA, 1999 are not met provided that :-

- i. The original and resultant investment are in line with the extant FDI policy and FEMA regulations in terms of sectoral caps, conditionalities (such as minimum capitalization, etc.), reporting requirements, documentation, etc.;
- ii. The pricing for the transaction is compliant with the specific/explicit, extant and relevant SEBI regulations / guidelines (such as IPO, Book building, block deals, delisting, exit, open offer/ substantial acquisition / SEBI SAST, buy back); and
- iii. Chartered Accountants Certificate to the effect that compliance with the relevant SEBI regulations / guidelines as indicated above is attached to the form FC-TRS to be filed with the AD bank.

B. Transfer of shares from Resident to Non Resident :

i) where the transfer of shares requires the prior approval of the FIPB as per the extant FDI policy provided that :

- a) the requisite approval of the FIPB has been obtained; and
- b) the transfer of share adheres with the pricing guidelines and documentation requirements as specified by the Reserve Bank of India from time to time.

ii) where SEBI (SAST) guidelines are attracted subject to the adherence with the pricing guidelines and documentation requirements as specified by Reserve Bank of India from time to time.

iii) where the pricing guidelines under the Foreign Exchange Management Act (FEMA), 1999 are not met provided that:-

- a) The resultant FDI is in compliance with the extant FDI policy and FEMA regulations in terms of sectoral caps, conditionalities (such as minimum capitalization, etc.), reporting requirements, documentation etc.;

b) The pricing for the transaction is compliant with the specific/explicit, extant and relevant SEBI regulations / guidelines (such as IPO, Book building, block deals, delisting, exit, open offer/ substantial acquisition / SEBI SAST); and

c) Chartered Accountants Certificate to the effect that compliance with the relevant SEBI regulations / guidelines as indicated above is attached to the form FC-TRS to be filed with the AD bank.

iv) where the investee company is in the financial sector provided that :

a) NOCs are obtained from the respective financial sector regulators/ regulators of the investee company as well as transferor and transferee entities and such NOCs are filed along with the form FC-TRS with the AD bank; and

b). The FDI policy and FEMA regulations in terms of sectoral caps, conditionalities (such as minimum capitalization, etc.), reporting requirements, documentation etc., are complied with.

3. Necessary amendments to the Foreign Exchange Management (Transfer of Issue of Security by a Person Resident outside India) Regulations, 2000 notified vide Notification No. FEMA 20/2000-RB dated May 3, 2000 are being notified separately.

4. AD Category – I banks may bring the contents of the circular to the notice of their constituents.

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

Yours faithfully,

(Meena Hemachandra)

Chief General Manager in Charge



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

RBI/2011 -12/257

A. P. (DIR Series) Circular No. 44

November 15, 2011

To,

All Category - I Authorised Dealer Banks

Madam / Sir,

Trade Credits for Imports into India – Review of all-in-cost ceiling

Attention of Authorised Dealer Category-I (AD Category-I) banks is invited to [A. P. \(DIR Series\) Circular No. 27 dated October 27, 2008](#) relating to the all-in-cost ceiling of Trade Credits for imports into India.

2. On a review of developments in the global financial markets and the fact that domestic importers are experiencing difficulties in raising Trade Credit within the existing all-in-cost ceiling, it has been decided to revise the all-in-cost ceiling for Trade Credits as under:

Maturity Period	All-in-cost over 6 month LIBOR*	
	Existing	Revised
Upto one year	200 bps	350 bps
More than one year and upto three years		

* for the respective currency of credit or applicable benchmark

The all-in-cost ceilings include arranger fee, upfront fee, management fee, handling/ processing charges, out of pocket and legal expenses, if any.

3. The change in the all-in-cost ceiling will come into force immediately. The enhancement in all-in-cost ceiling is applicable upto March 31, 2012 and subject to review thereafter. All other aspects of Trade Credit policy remain unchanged.

4. AD Category-I banks may bring the contents of this circular to the notice of their constituents and 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) and are without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

(Meena Hemchandra)
Chief General Manager-in-Charge

Related Press Release	
Nov 15, 2011	Review of All-in-cost (AIC) on Trade Credit



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

RBI/2011-12/259

A.P. (DIR Series) Circular No. 45

November 16, 2011

To,

All Category – I Authorised Dealer banks

Madam / Sir,

**Foreign Direct Investment – Reporting of issue / transfer of
'participating interest/right' in oil fields to a non resident as an
Foreign Direct Investment transaction**

Attention of Authorized Dealers Category –I (AD Category-I) banks is invited to Regulations 9 and 10 and para 9 of Schedule I to the Foreign Exchange Management (Transfer of Issue of Security by a Person Resident outside India) Regulations, 2000 notified vide [Notification No. FEMA 20/2000-RB dated May 3, 2000](#), as amended from time to time. Attention is also invited to [A.P. \(DIR Series\) Circular No.63 dated April 22, 2009](#). In terms of the said regulations, transfer of equity shares / fully and mandatorily convertible debentures/ fully and mandatorily convertible preference shares (hereinafter referred to as 'shares') of an Indian company, from a person resident outside India (non-resident) to a person resident in India (resident) or vice versa, has to be reported to an Authorized Dealer bank within 60 days of transactions. Further, the receipt of consideration for issue of shares as well as the issue of shares of an Indian company, to a non-resident has to be reported to the Reserve Bank of India through an Authorized Dealer bank within 30 days of the transaction (receipt of consideration for issue of shares to a non resident or issue of shares to the non-resident).

2. It has now been decided, in consultation with the Government, to treat the issue / transfer of 'participating interest/ rights' in oil fields to a non- resident as Foreign Direct Investment (FDI) transaction under the extant FDI policy and the FEMA regulations. Accordingly, these transactions have to be reported as FDI transactions in terms of the provisions of Regulations 9 and 10 of the Foreign Exchange Management (Transfer of Issue of Security by a Person Resident outside India) Regulations, 2000 notified vide Notification No. FEMA 20/2000-RB

dated May 3, 2000, as amended from time to time read with A.P. (DIR Series) Circular No.63 dated April 22, 2009 as well as paragraph 9 of Schedule I to the Foreign Exchange Management (Transfer of Issue of Security by a Person Resident outside India) Regulations, 2000 notified vide Notification No. FEMA 20/2000-RB dated May 3, 2000, as amended from time to time. Accordingly, transfer of 'participating interest/ rights' will be reported as 'other' category under Para 7 of revised Form FC-TRS as given in the Annex and issuance of 'participating interest/ rights' will be reported as 'other' category of instruments under Para 4 of Form FC-GPR.

3. Necessary amendments to the Foreign Exchange Management (Transfer of Issue of Security by a Person Resident outside India) Regulations, 2000 notified vide Notification No. FEMA 20/2000-RB dated May 3, 2000 are being notified separately.

4. AD Category – I banks may bring the contents of the circular to the notice of their constituents.

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

Yours faithfully,

(Meena Hemchandra)
Chief General Manager-in-Charge

Annex
[Annex to A. P. (DIR Series) Circular No. 45
dated November 16, 2011]

Form FC-TRS					
Declaration regarding transfer of shares / compulsorily and mandatorily convertible preference shares (CMCPS) / debentures / other by way of sale from resident to non resident / non-resident to resident					
	(to be submitted to the designated AD branch in quadruplicate within 60 days from the date of receipt of funds)				
	<p>The following documents are enclosed</p> <p><i>For sale of shares / compulsorily and mandatorily convertible preference shares / debentures / other by a person resident in India</i></p> <ul style="list-style-type: none"> 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. Declaration from the buyer to the effect that he is eligible to acquire shares / compulsorily and mandatorily convertible preference shares / debentures under FDI policy and the existing sectoral limits and Pricing Guidelines have been complied with. vi. Declaration from the FII/sub account to the effect that the individual FII / Sub account ceiling as prescribed has not been breached. <p><i>Additional documents in respect of sale of shares / compulsorily and mandatorily convertible preference shares / debentures / other by a person resident outside India</i></p> <ul style="list-style-type: none"> vii. If the sellers are NRIs/OCBs, the copies of RBI approvals, if applicable, evidencing the shares held by them on repatriation/non-repatriation basis. viii. No Objection/Tax Clearance Certificate from Income Tax Authority/ Chartered Account. 				
1	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 40%;">Name of the company</td> <td></td> </tr> <tr> <td>Address (including e-mail , telephone Number, Fax no)</td> <td></td> </tr> </table>	Name of the company		Address (including e-mail , telephone Number, Fax no)	
Name of the company					
Address (including e-mail , telephone Number, Fax no)					

	Activity	
	NIC Code No.	
2	Whether FDI is allowed under Automatic route	
	Sectoral Cap under FDI Policy	
3	Nature of transaction <i>(Strike out whichever is not applicable)</i>	Transfer from resident to non resident / Transfer from non resident to resident
4	Name of the buyer	
	Constitution / Nature of the investing Entity Specify whether <ol style="list-style-type: none"> 1. Individual 2. Company 3. FII 4. FVCI 5. Foreign Trust 6. Private Equity Fund 7. Pension/ Provident Fund 8. Sovereign Wealth Fund (SWF^π) 9. Partnership / Proprietorship firm 10. Financial Institution 11. NRIs / PIOs 12. others 	
	Date and Place of Incorporation	
	Address of the buyer <i>(including e-mail, telephone number. Fax no.)</i>	
5	Name of the seller	
	Constitution / Nature of the	

^π SWF means a Government investment vehicle which is funded by foreign exchange assets, and which manages those assets separately from the official reserves of the monetary authorities.

	disinvesting entity Specify whether <ol style="list-style-type: none"> 1. Individual 2. Company 3. FII 4. FVCI 5. Foreign Trust 6. Private Equity Fund 7. Pension/ Provident Fund 8. Sovereign Wealth Fund (SWF[¶]) 9. Partnership/ Proprietorship firm 10. Financial Institution 11. NRIs/PIOs 12. others 				
	Date and Place of Incorporation				
	Address of the seller (<i>including e-mail, telephone Number Fax no</i>)				
6	Particulars of earlier Reserve Bank / FIPB approvals				
7	Details regarding shares / compulsorily and mandatorily convertible preference shares (CMCPS) / debentures/ others (such as FDI compliant instruments like participating interest/ rights in oil fields, etc.) to be transferred				
	<i>Date of the transaction</i>	<i>Number of shares CMCPS / debentures /other</i>	<i>Face value in Rs.</i>	<i>Negotiated Price for the transfer**in Rs.</i>	<i>Amount of consideration in Rs.</i>
8	Foreign Investments in the company		<i>No. of shares</i>		<i>Percentage</i>
		Before the transfer			
		After the transfer			
9	Where the shares / CMCPS / debentures / other are listed on Stock Exchange				
	<i>Name of the Stock exchange</i>				
	<i>Price Quoted on the Stock</i>				

[¶] SWF means a Government investment vehicle which is funded by foreign exchange assets, and which manages those assets separately from the official reserves of the monetary authorities.

exchange	
Where the shares / CMCPs / debentures / other are Unlisted	
Price as per Valuation guidelines*	
Price as per Chartered Accountants	
* / ** Valuation report (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 compulsorily and mandatorily convertible preference shares / debentures/ other as per FDI Policy under FERA/ FEMA Regulations on repatriation/non repatriation basis.
- iii. I/ We, am/are eligible to acquire the shares compulsorily and mandatorily convertible preference shares / debentures /other of the company in terms of the FDI Policy. It is not a transfer relating to shares compulsorily and mandatorily convertible preference shares / debentures /other 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 / compulsorily and mandatorily convertible preference shares / compulsorily and mandatorily convertible debentures/ other from resident to non resident the declaration has to be signed by the non resident buyer, and in respect of the transfer of shares / compulsorily and mandatorily convertible preference shares / compulsorily and mandatorily convertible debentures/ other 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 are in accordance with FEMA Regulations / Reserve Bank guidelines.

Signature

Name and Designation of the Officer

Date: Name of the AD Branch

AD Branch Code

Know Your Customer (KYC) Form in respect of the non-resident investor

Registered Name of the Remitter / Investor (Name, if the investor is an Individual)	
Registration Number (Unique Identification Number* in case remitter is an Individual)	
Registered Address (Permanent Address if remitter Individual)	
Name of the Remitter's Bank	
Remitter's Bank Account No.	
Period of banking relationship with the Remitter	

*Passport No., Social Security No, or any Unique No. certifying the bonafides of the remitter as prevalent in the remitter's country.

We confirm that all the information furnished above is true and accurate as provided by the overseas remitting bank of the non-resident investor.

(Signature of the Authorised Official
of the AD bank receiving the remittance)

Date:

Place:

Stamp :

Proforma

Statement of inflows/outflows on account of remittance received/made in connection with transfer of shares / compulsorily and mandatorily convertible preference shares / debentures/others/other, 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

[Amount in Rs.]

Date of Transaction	Name of the Company	Activity	NIC Code	Name of the Buyer	Constitution/ Nature of Business of the Buyer	Name of the Seller	Constitution/ Nature of Business of the Seller	No. of Shares transferred	Face Value	Sale price per share	Total Inflow
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)

Outflow - Transfer from non-resident to resident

[Amount in Rs.]

Date of Transaction	Name of the Company	Activity	NIC Code	Name of the Seller	Constitution/ Nature of Business of the Seller	Name of the Buyer	Constitution/ Nature of Business of the Buyer	No. of Shares transferred	Face Value	Sale price per share	Total Inflow
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)



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

RBI/2011-12/262

A.P. (DIR Series) Circular No. 46

November 17, 2011

To,

All Authorised Dealer Category I Banks

Madam/ Sir,

Overseas forex trading through electronic / internet trading portals

Attention of the Authorised Dealer Category - I (AD Category - I) banks is invited to [A.P. \(DIR Series\) Circular No. 53 dated April 07, 2011](#) wherein AD Category I banks were advised to exercise due caution and be extra vigilant in respect of the margin payments being made by the public for online forex trading transactions through credit cards / deposits in various accounts maintained with banks in India. Further, AD Category-I banks were also advised to exercise due caution in respect of the accounts being opened in the name of individuals or proprietary concerns at different bank branches for collecting the margin money, investment money, etc. in connection with such transactions.

2. It has been observed that overseas foreign exchange trading has been introduced on a number of internet /electronic trading portals luring the residents with offers of guaranteed high returns based on such forex trading. The advertisements by these internet / online portals exhort people to trade in forex by way of paying the initial investment amount in Indian Rupees. Some companies have reportedly engaged agents who personally contact people to undertake forex trading/ investment schemes and entice them with promises of disproportionate / exorbitant returns. Most of the forex trading through these portals are done on a margining basis with huge leverage or on an investment basis, where the returns are based on forex trading. The public is being asked to make the margin

payments for such online forex trading transactions through credit cards / deposits in various accounts maintained with banks in India. It is also observed that accounts are being opened in the name of individuals or proprietary concerns at different bank branches for collecting the margin money, investment money, etc. It is again reiterated that AD Category - I banks should exercise due caution and be extra vigilant in respect of the transactions that require residents to make margin payments for online forex trading transactions through credit cards / deposits in various accounts maintained with banks in India. It is clarified that any person resident in India collecting and effecting / remitting such payments directly /indirectly outside India would make himself/ herself liable to be proceeded against with for contravention of the Foreign Exchange Management Act (FEMA), 1999 besides being liable for violation of regulations relating to Know Your Customer (KYC) norms / Anti Money Laundering (AML) standards.

3. AD Category - I banks may bring the contents of this Circular to the notice of their constituents and customers concerned. Authorised Dealers may also give wide publicity to the instructions contained in the A.P. (DIR Series) Circular No. 53 dated April 07, 2011 and the Press Release issued by the Reserve Bank dated February 21, 2011 ([copy enclosed](#)). The instructions contained in this circular may also be brought to the attention of the card issuing companies who may also be advised to remain alert against permitting payments for such unauthorized transactions.

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

Yours faithfully,

(Meena Hemchandra)

Chief General Manager-in-Charge



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA
www.rbi.org.in

RBI/2011-12/264

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

November 17, 2011

To

All Category – I Authorized Dealer Banks

Madam/Sir,

**“Set-off” of export receivables against import payables-
Liberalization of Procedure**

Attention of Authorized Dealer Category – I (AD Category – I) banks is invited to the fact that the requests received from the exporters through their AD branches for set-off of export receivables against import payables are considered by the Reserve Bank of India. As a measure of further liberalization, it has been decided to delegate power to AD Category – I banks to deal with the cases of “set-off” of export receivables against import payables, subject to following terms and conditions:

- a) The import is as per the Foreign Trade Policy in force.
- b) Invoices/Bills of Lading/Airway Bills and Exchange Control copies of Bills of Entry for home consumption have been submitted by the importer to the Authorized Dealer bank.
- c) Payment for the import is still outstanding in the books of the importer.
- d) Both the transactions of sale and purchase may be reported separately in ‘R’ Returns.
- e) The relative GR forms will be released by the AD bank only after the entire export proceeds are adjusted / received.
- f) The ” set-off” of export receivables against import payments should be in respect of the same overseas buyer and supplier and that consent for ”set-off” has been obtained from him.
- g) The export / import transactions with ACU countries should be kept outside the arrangement.

h) All the relevant documents are submitted to the concerned AD bank who should comply with all the regulatory requirements relating to the transactions.

2. AD Category – I banks may bring the contents of this circular to the notice of their constituents and customers concerned.

3. 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,

(Dr. Sujatha Elizabeth Prasad)
Chief General Manager

Related Press Release	
Nov 17, 2011	Liberalization of Export/Import procedures “Set-off” of export receivables against import payables



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA
www.rbi.org.in

RBI/2011-12/267

A.P. (DIR Series) Circular No. 48

November 21, 2011

To

All Category-I Authorised Dealer Banks

Madam / Sir,

Mid – Sea Trans-shipment of catch by Deep Sea Fishing Vessel

Attention of Authorised Dealer Category-I (AD Category-I) banks is invited to Regulation 3 of Foreign Exchange Management (Export of Goods and Services) Regulations, 2000 notified vide [Notification No. FEMA 23/2000-RB dated May 3, 2000](#) as amended from time to time, indicating that exporter of goods or software in physical form or through any other form either directly or indirectly, shall furnish to the specified authority, a declaration in specified form and supported by specified evidence, containing true and correct material particulars representing the full export value of the goods and affirming that the full export value of goods will be realized and repatriated within the specified period and manner.

2. In terms of the Comprehensive Marine Fishing Policy, the Ministry of Agriculture, Government of India, issues Letter of Permission (LOP) to wholly owned Indian Enterprises for acquisition of resource-specific fishing Vessels and regulates the operation of these Vessels. Since deep sea fishing involves continuous sailing outside the territorial limit, trans-shipment of catches takes place in the high sea leading to procedural constraints in regulatory reporting requirement viz. the Declaration of Export in terms of Notification No.FEMA.23/2000/RB dated May 3, 2000.

3. With a view to rationalize the procedures, it has been decided in consultation with the Government of India that for mid-sea trans-shipment of catches by Indian owned vessels, as per the norms prescribed by the Ministry of Agriculture, Government of India, the GR declaration procedure as outlined in the [Annex-I](#)

should be followed by the exporter in conformity with Regulation 3 of Notification No.FEMA.23/2000-RB dated May 3, 2000.

4. An updated list of International Marine Cargo Surveyors is also enclosed as Annex -II

5. It may please be noted that the earlier instructions issued in this regard vide AD (MA Series) Circular No. 15 dated May 31, 1993 stand superceded.

6. All other provisions under FEMA, as applicable for exports, would be applicable, mutatis mutandis, for catches exported at mid sea trans-shipment by the deep sea fishing Vessels.

7. AD Category –I banks 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,

(Rashmi Fauzdar)
Chief General Manager

..

**GR Declaration Procedure for
Mid-sea Trans-shipment of Catch by Deep Sea Fishing Vessel**

- (i) The exporters may submit the GR form, duly signed by the Master of the Vessel in lieu of Custom Certification, indicating the composition of the catch, quantity, export value, date of transfer of catch, etc.
- (ii) The date of transfer of catch may be indicated in the column for 'Date of Shipment' with suitable remarks.
- (iii) In SDF form, Bill of Lading No. and date shall be mentioned in lieu of the Shipping Bill No. and date.
- (iv) Bill of Lading / Receipt of Transshipment issued by the carrier vessel should include the GR Form Number.
- (v) The GR Forms should be duly supported by a certificate from an international cargo surveyor.
- (vi) The prescribed period of realization and repatriation should be reckoned with reference to the date of transfer of catch as certified by the Master of the Vessel or the date of the invoice, whichever is earlier.
- (vii) The GR Form, both original and duplicate, should indicate the number and date of Letter of Permit issued by Ministry of Agriculture for operation of the vessel.
- (viii) The exporter will complete the GR Form in duplicate and both the copies may be submitted to the Customs at the registered port of the vessel **or any other port as approved by Ministry of Agriculture.** GR (Original) will be retained by the Customs for capturing of data in Customs' Electronic Data Interchange.
- (ix) Customs will give their running serial number on both the copies of GR Form and will return the duplicate copy to the exporter as the value certification of the export has already been done as mentioned above.
- (x) Rules, Regulations and Directions issued in respect of the procedure for submission of the GR form by exporter to the AD Category-I banks, and the disposal of these forms by these banks will be same as applicable to the other exporters.

List of International Marine Cargo Surveyors

KOREA

1. Hyopsung Surveyors & Sworn Measures Corporation
12F1, Yuchang Building, 25-2, 4-Ka, Chungang – dong
Churg-Ku, Busan
2. SGS Korea Co.Ltd.,
Sing Um Building, 151-11, Basngllm-dang, Choong-Ku, Seoul
C P O Box 8283, Seoul
3. Korea Marine Surveyors & Sworn Measurer Corporation (KOMSA)
Rm, 805, New Seoul Building, 82-7, 2-Ka, Choongmqo-ro,
Choong-Ku, Seoul, C P O Box 3121, SEOUL
4. International Inspection and Testing Corporation
Rm 500, Kwang Hak Building
380-1, 2-Ka, Tslqyung-ro, Choong-ku, Seoul
C P O Box No-423, Seoul.
5. I R C Limited
5-26, Hyoohang-dong, Yongoon-ku,
Seoul 140-120
6. Universal Inspection Co.Ltd.(UNICO)
Rm,202, Duok Boo Building
28-2-ka, Talpyung-ro, Choong-ku, Seoul, Korea

TOKYO

7. Nippon Kaiji Kentei Kyokai,
Japan Marine Surveyors & Sworn Measures Association
Marine Survey Section,
Survey Department, Kaiji Building, 9-7, 1 Chome,
Hatchobori, Chuo-ku,
Tokyo 104
8. Shin Nihon Kentei Kyokai
(New Japan Surveyors and Sworn Measures Association)
Inspection Division,
Keikyu No.2 Building, No.25-23
3-Chome, Takanawa, Minato-ku
Tokyo 108.
9. Nihon Reitou Shokunin Kensa Kyokai
(Japan Frozen Food Inspection Association)
Inspection Division,
Toyokuni Building, 2-4-6, Shiba Daimon

- Minato-ku, Tokyo
10. Shin Ni Hon Kentel Kyokai,
Keikyu No 2, Building
No. 25-23,
3-Chome Takanawa,
Minato-Ku,
Tokyo 108 Japan. Tel.03-3449-2611; Fax 03-344-2636.

KUALA LUMPUR

11. Alex Stewart InterCorp (MP Sdn Bhd.),
123E, 1st Floor Jalan Macalister
Wisma Lister Garden, Penang.
12. Nippon Kaiji Kentei (M) Sdn Bhd
9th Floor, Bangunan Yee Seng
15, Jalan Raja Chulan
50200 Kuala Lumpur.
13. Panaco Marine Sdn Bhd.,
2902, Taman Chua Ah Kee Kemaman
Port Kelang.
14. Ritchie & Bisset Marine Services Sdn Bhd.,
Chartered Bank Chambers,
Port Kelang.
15. Trident Malaysia Sdn Bhd.,
8A Jalan Berangan,
Port Kelang.
16. Unispec Services Sdn Bhd.,
45-B, Jalan Beringin,
Port Kelang.

BANGKOK

17. SGS (THAILAND) LTD
994, SOI Thonglor, Sukhumvit, 55 Road,
Bangkok 10110.
18. Lloyd Triestino (Thailand) Ltd
6th Floor, C C T Building
109, Surawong Road, Bangkok 10500
19. Overseas Merchandise Inspection Co.Ltd.
12-4, SOI Yen-Arkad 3, Yannawa
Bangkok 10120.

PHILIPPINES

20. Paragon Marine & Technical Services Inc.
Rm 305, Mercantile Insurance Building
Gen. Luna St., Intramuros,
Manila 497789.
21. Oceanica Cargo Marine Surveyors Corp.
Rm 405 Wallem Phils Building
Cox. Beaterio & Legaspi St.,
Intramuros, Manila
22. Greater Marine Cargo Surveyors and Technical Services
FEMII Building,
Intramuros, Manila
23. American Bureau of Shipping
Rm.305 PPL Building,
United Nations Avenue, Manila
24. Bureau Veritas
Rm 514, Burke Building
Escelta, Manila

OTHERS

25. M/s Mejumi Enterprise Pte.Ltd.
40, East Coast Road, 06-03,
Singapore – 428 766
Tel(65) 6344 5832; E-mail: mejumi.sg.@gmail.com
26. Cargo Inspect Canada
Marine Cargo Surveyor,
Adjuster & Consultant. Canada
Phone 18778660001.E.mial:claims@cargoinspect.com
27. G.O.D Marine Services (International Cargo Survey) Co.Ltd.
145/11 M 6 Soi Paneadchang Naklua,
Banglamung, Chonburi. 20150.
Tel.(663) 8716039; E. mail:godmarine@ji-net.com



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

RBI/2011-12/271

A.P. (DIR Series) Circular No. 49

November 22, 2011

To,

All Category – I Authorised Dealer banks

Madam / Sir,

Foreign Investments in Infrastructure Debt Funds

Attention of Authorised Dealers Category – I (AD Category - I) banks is invited to Schedule 5 to the 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 May 3, 2000](#), as amended from time to time. In terms of this notification, a SEBI registered Foreign Institutional Investor (FII) and a Non-Resident Indian (NRI) may invest in securities other than shares or convertible debentures, subject to such terms and conditions mentioned therein and limits as prescribed for the same by the Reserve Bank and the Securities and Exchange Board of India (SEBI) from time to time.

Attention of Authorised Dealers Category – I (AD Category - I) banks is also invited to AP (DIR Series) Circular No.8 dated August 9, 2011 and AP (DIR Series) Circular No.42 dated November 3, 2011 in terms of which Qualified Foreign Investors (QFIs as defined therein to mean non-resident investors, other than SEBI registered FIIs and SEBI registered FVCIs, who meet the KYC requirements of SEBI) are allowed to invest in units of domestic Mutual Funds.

2. It has now been decided to allow investment on repatriation basis by eligible non-resident investors (as mentioned in para 3 below) in (i) Rupee and Foreign currency denominated bonds issued by the Infrastructure Debt Funds (IDFs) set up as an Indian company and registered as Non-Banking Financial Companies (NBFCs) with the Reserve Bank of India and in (ii) Rupee denominated units issued by IDFs set up as SEBI registered domestic Mutual Funds(MFs), in accordance with the terms and conditions stipulated by the SEBI and the Reserve Bank of India from time to time.

These investments would be subject to the following terms and conditions.

3. Eligible non- resident investors

- a) Sovereign Wealth Funds, Multilateral Agencies, Pension Funds, Insurance Funds and Endowment Funds which are registered with SEBI as eligible non- resident investors in IDFs (hereinafter referred to as 'SEBI registered eligible non- resident investors in IDFs').
- b) SEBI registered Foreign Institutional Investors (FIIs).
- c) Non Resident Indians (NRIs) as defined in the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 (Notification No. FEMA 20/2000-RB dated May 3, 2000), as amended from time to time.
- d) High Networth Individuals (HNIs) registered with SEBI as sub accounts of SEBI registered FIIs or HNIs which are separately registered with SEBI as eligible non-resident investors in IDFs in India.

4. Eligible Instruments / Securities for non-resident investment in IDFs

	<u>Eligible non-resident investor</u>	<u>Eligible instruments</u>
(i)	SEBI registered eligible non-resident investors in IDFs (as per 3 (a) above)	Foreign Currency and Rupee denominated bonds and rupee denominated units issued by IDFs
(ii)	SEBI registered FIIs who qualify as (i) above	Foreign Currency and Rupee denominated bonds and rupee denominated units issued by IDFs
(iii)	SEBI registered FIIs who do not qualify as (i) above	Rupee denominated bonds and units issued by IDFs
(iv)	NRIs	Rupee denominated bonds and units issued by IDFs
(v)	HNIs (as per 3(d))	Foreign Currency and Rupee denominated bonds and rupee denominated units issued by IDFs

5. Original / Initial Maturity

The original / initial maturity of all aforementioned securities at the time of first investment by a non resident investor shall be five years.

6. Lock in period

All non-resident investment in the aforementioned securities would be subject to a lock in period of three years. However, all non-resident investors can trade amongst themselves within this lock in period of three years.

7. Foreign Currency Denominated bonds

Foreign currency denominated bonds issued by IDFs would have to comply with all the terms and conditions (including all in cost) under the extant FEMA guidelines / regulations for External Commercial Borrowing (ECB), other than reporting requirements.

8. Quantitative limits for non- resident investment in IDFs:

- a) All non-resident investment in IDFs (other than NRIs) (in both Rupee and Foreign Currency denominated securities) would be within an overall cap / limit of USD 10 billion only. This cap / limit of USD 10 billion would be within the overall cap of USD 25 billion for FII investment in bonds / non convertible debentures issued by Indian companies in the infrastructure sector (where infrastructure is as defined under the extant ECB guidelines) or by Infrastructure Finance Companies (IFCs registered as NBFCs with the Reserve Bank).
- b) There would be no cap / limit for NRI investment in IDFs by way of Rupee denominated bonds / units.

9. Other conditions

(a) End use

- (i) IDFs set up as NBFCs may invest in debt securities of only Public Private Partnership (PPP) infrastructure projects which have a buyout guarantee and have completed at least one year of commercial operations. Refinance by IDF would be up to 85% of the total debt covered by the concession agreement.

- (ii) IDFs set up as MFs would invest minimum of 90% of its funds in debt securities of infrastructure companies or SPVs across all infrastructure sectors, project stages and project types.

(where 'infrastructure' is defined in terms of the extant ECB guidelines)

(b) Foreign exchange hedging

The facility of foreign exchange hedging would be available to the eligible non-resident IDF investors, IDFs as well as the infrastructure project companies exposed to the foreign exchange/ currency risk as per the extant provisions under Notification No. FEMA.25/2000-RB dated May 3, 2000, as amended from time to time.

10. AD Category - I banks may bring the contents of the circular to the notice of their customers/constituents concerned.

11. Necessary amendments to Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000 (Notification No. FEMA. 20/2000-RB dated May 3, 2000) are being notified separately.

12. 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,

(Meena Hemchandra)
Chief General Manager-in-Charge



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

RBI/2011 -12/272

A. P. (DIR Series) Circular No. 50

November 23, 2011

To,

All Category - I Authorised Dealer Banks

Madam / Sir,

**Comprehensive Guidelines on Over the Counter (OTC) Foreign Exchange
Derivatives –Foreign Currency – INR swaps**

Attention of the Authorised Dealer Category - I (AD Category - I) banks is invited to [A.P. \(DIR Series\) Circular No. 32 dated December 28, 2010](#), which sets out the guidelines governing the foreign exchange derivative contracts. In terms of the sub-para (iv) (c) on Foreign Currency-INR swaps in para 1 of the Part B.I. of the Section B in the Annex to the A.P. (DIR Series) Circular No. 32 dated December 28, 2010 the extant instructions state that *“Swap transactions may be undertaken by AD Category I banks as intermediaries by matching the requirements of corporate counterparties. While no limits are placed on the AD Category I banks for undertaking swaps to facilitate customers to hedge their foreign exchange exposures, a limit of USD 100 million is placed for net supply of foreign exchange in the market....”*

2. On a review, it has been decided to remove the above limit of USD 100 million placed for these swap transactions.
3. AD Category - I 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, 1999 (42 of 1999) and

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

Yours faithfully,

(Meena Hemchandra)

Chief General Manager-in-Charge



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

RBI/2011 -12/273

A. P. (DIR Series) Circular No. 51

November 23 , 2011

To,

All Category - I Authorised Dealer Banks

Dear Madam / Sir,

External Commercial Borrowings (ECB) Policy

Attention of Authorised Dealer Category-I (AD Category-I) banks is invited to [A. P. \(DIR Series\) Circular No. 19 dated December 9, 2009](#) relating to the all-in-cost ceiling of External Commercial Borrowings (ECB).

2. On a review of developments in the global financial markets and the fact that borrowers are experiencing difficulties in raising ECBs within the existing all-in-cost ceiling, it has been decided to revise the all-in-cost ceiling for ECB as under:

Average Maturity Period	All-in-cost over 6 month LIBOR*	
	Existing	Revised
Three years and up to five years	300 bps	350 bps
More than five years	500 bps	500 bps (no change)

* for the respective currency of borrowing or applicable benchmark

3. The enhancement in all-in-cost ceiling is applicable up to March 31, 2012 and subject to review thereafter. The change in the all-in-cost ceiling will come into force immediately. All other aspects of ECB policy remain unchanged.

4. AD Category-I banks may bring the contents of this circular to the notice of their constituents and 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) and are without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

(Rashmi Fauzdar)
Chief General Manager

Related Press Release	
Nov 23, 2011	ECB Policy modified: All-in-cost Ceiling enhanced; ECB raised for Rupee Outlay to be brought in Immediately



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

RBI/2011-12/274
A.P. (DIR Series) Circular No. 52

November 23, 2011

To

All Authorised Dealer Category I Banks

Dear Madam / Sir,

External Commercial Borrowings (ECB) Policy – Parking of ECB proceeds

Attention of Authorized Dealer Category-I (AD Category-I) banks is invited to [A.P. \(DIR Series\) Circular No. 26 dated October 22, 2008](#) relating to the External Commercial Borrowings (ECB).

2. At present, borrowers are permitted to either keep ECB proceeds abroad or remit these funds to India, pending utilization for permissible end-uses. ECB proceeds parked overseas can be invested in liquid assets, such as, deposits or Certificates of Deposit or other products offered by banks (rated not less than AA (-) by Standard and Poor/Fitch IBCA or Aa3 by Moody's), Treasury bills and other monetary instruments of one year maturity having minimum rating as indicated above and deposits with overseas branches / subsidiaries of Indian banks abroad. The underlying principle is that funds should be invested in such a way that the investments can be liquidated as and when funds are required by the borrower. ECB funds may also be repatriated to India for credit to the borrowers Rupee accounts with AD Category I banks in India pending utilization for the permissible end-uses.

3. Based on a review of the current macro economic conditions, it has been decided that henceforth the proceeds of the ECB raised abroad meant for Rupee expenditure in India, such as, local sourcing of capital goods, on-lending to Self-Help Groups or for micro credit, payment for spectrum allocation, etc. should be brought immediately for credit to their Rupee accounts with AD Category I banks in India. In other words, ECB proceeds meant only for foreign currency expenditure can be retained abroad pending utilization. The rupee funds,

however, will not be permitted to be used for investment in capital markets, real estate or for inter-corporate lending, as hitherto.

4. The amended ECB policy will come into force with immediate effect and is subject to review. All other aspects of ECB policy would remain unchanged.

5. AD Category - I banks may bring the contents of this circular to the notice of their constituents and customers.

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,

(Rashmi Fauzdar)
Chief General Manager

Related Press Release	
Nov 23, 2011	<u>ECB Policy modified: All-in-cost Ceiling enhanced; ECB raised for Rupee Outlay to be brought in Immediately</u>



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

RBI/2011-12 /289
A.P. (DIR Series) Circular No.53

December 2, 2011

To

All Category - I Authorised Dealer Banks

Madam / Sir,

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

Attention of Authorised Dealer Category-I (AD Category-I) banks is invited to [A.P. \(DIR Series\) Circular No. 39 dated November 01, 2011](#), wherein the Rupee value of the special currency basket was indicated as Rs.69.09329 effective from September 20, 2011.

2. AD Category-I banks are advised that a further revision has taken place on October 20, 2011 and accordingly, the Rupee value of the special currency basket has been fixed at Rs.71.668914 with effect from October 25, 2011.
3. AD Category-I banks 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 (FEMA), 1999 (42 of 1999) and are without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

(Rashmi Fauzdar)
Chief General Manager



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

RBI/2011/12/293
A.P. (DIR Series) Circular No.54

December 8, 2011

To

All Category - I Authorised Dealer Banks

Madam / Sir,

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

Attention of Authorised Dealer Category-I (AD Category-I) banks is invited to [A.P. \(DIR Series\) Circular No. 53 dated December 2, 2011](#), wherein the Rupee value of the special currency basket was indicated as Rs. 71.668914 effective from October 25, 2011.

2. AD Category-I banks are advised that a further revision has taken place on November 23, 2011 and accordingly, the Rupee value of the special currency basket has been fixed at Rs.73.923372 with effect from November 28, 2011.

3. AD Category-I banks 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 (FEMA), 1999 (42 of 1999) and are without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

(Rashmi Fauzdar)
Chief General Manager



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

RBI/2011-12/295
A. P. (DIR Series) Circular No.55

December 09, 2011

To

All Category-I Authorised Dealer Banks

Madam / Sir,

**Foreign Direct Investment (FDI) in India - Issue of equity shares under the
FDI scheme allowed under the Government route**

Attention of Authorised Dealers Category – I (AD Category - I) banks is invited to the [A.P. \(DIR Series\) Circular No. 74 dated June 30, 2011](#), allowing thereby issue of equity shares/ preference shares under the Government route by conversion of import of capital goods, / machineries / equipments (including second-hand machineries) and pre-operative / pre-incorporation expenses (including payments of rent, etc.), subject to terms and conditions stated therein.

2. It has now been decided to amend certain conditions in the aforesaid A.P. (DIR Series) Circular. The amended conditions are given in the Annex.
3. All the other instructions contained in the A.P. (DIR Series) Circular No. 74 dated June 30, 2011 shall remain unchanged.
4. AD Category - I banks may bring the contents of the circular to the notice of their customers/constituents concerned.
5. Necessary amendments to Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000 ([Notification No. FEMA 20/2000-RB dated May 3, 2000](#)) are being notified separately.

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,

(Rashmi Fauzdar)
Chief General Manager

Annex

[A. P. (DIR Series) Circular No. 55
dated December 09, 2011]

c.f. A.P.(DIR Series) Circular No. 74 dated June 30, 2011	Earlier condition	Revised condition
Para 3 (I) (d)	All such conversions of import payables for capital goods into FDI should be completed within 180 days from the date of shipment of goods.	Applications complete in all respects, for conversions of import payables for capital goods into FDI being made within 180 days from the date of shipment of goods.
Para 3 (II) (d)	The capitalization should be completed within the stipulated period of 180 days permitted for retention of advance against equity under the extant FDI policy.	The applications, complete in all respects, for capitalisation being made within the period of 180 days from the date of incorporation of the company.



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

RBI/2011-12/296
A. P. (DIR Series) Circular No.56

December 09, 2011

To

All Category-I Authorised Dealer Banks

Madam / Sir,

**Foreign Investment in Pharmaceuticals Sector -
Amendment to the Foreign Direct Investment Scheme**

Attention of Authorised Dealers Category – I (AD Category - I) banks is invited to the 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 May 3, 2000](#), as amended from time to time. In terms of Schedule 1 of the Notification *ibid*, Foreign Direct Investment (FDI) up to 100 per cent is permitted in pharmaceuticals sector under the automatic route of the FDI Scheme.

2. The extant FDI policy for pharmaceuticals sector has since been reviewed and it has now been decided as under:

- (i) FDI, up to 100 per cent, under the automatic route, would continue to be permitted for green field investments in the pharmaceuticals sector.
- (ii) FDI, up to 100 per cent, would be permitted for brownfield investment (i.e. investments in existing companies), in the pharmaceutical sector, under the Government approval route.

3. A copy of [Press Note](#) 3 (2011Series) dated November 8, 2011 issued in this regard is enclosed.

4. AD Category - I banks may bring the contents of the circular to the notice of their customers/constituents concerned.

5. Necessary amendments to the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000 (Notification No. FEMA 20/2000-RB dated May 3, 2000) are being notified separately.

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,

(Rashmi Fauzdar)
Chief General Manager



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

Related Press Release

RBI/2011-12/298

A.P. (DIR Series) Circular No.57

December 13, 2011

To,

All Category – I Authorised Dealer banks

Madam / Sir,

Foreign Exchange Management Act, 1999 (FEMA)
Foreign Exchange (Compounding Proceedings) Rules, 2000 (the Rules) -
Compounding of Contraventions under FEMA, 1999

Attention of all the Authorised Dealer Category - I (AD Category - I) banks and their constituents is invited to [A.P. \(DIR Series\) Circular no. 56 dated June 28, 2010](#) and the Foreign Exchange (Compounding Proceedings) Rules, 2000 notified by the Government of India vide G.S.R.No.383(E) dated 3rd May 2000, as amended from time to time.

2. As a measure of customer service and in order to facilitate the operational convenience, it has been decided to delegate the powers to the Regional Offices of the Reserve Bank of India mentioned below to compound the contraventions of FEMA involving (i) delay in reporting of inward remittance, (ii) delay in filing of form FC-GPR after allotment of shares and (iii) delay in issue of shares beyond 180 days (viz. paragraphs 9(1)(A), 9(1)(B) and 8, respectively, of the Schedule I to the 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](#) and as amended from time to time:

a) Paragraphs 9 (1) (A) and 9 (1) (B) of Schedule I to FEMA 20/2000-RB dated May 3, 2000 -

Bhopal, Bhubaneshwar, Chandigarh, Guwahati, Jaipur, Jammu, Kanpur, Kochi, Patna and Panaji for amount of contravention below Rupees One hundred lakh only (Rs. 1,00,00,000 /-).

b) Paragraphs 9 (1) (A), 9 (1) (B) and 8 of Schedule I to FEMA 20/2000-RB dated May 3, 2000 -

Ahmedabad, Bangalore, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi for amount of contravention without any limit.

The Compounding Authorities attached to these Regional Offices of the Foreign Exchange Department have been authorised to compound such cases at their level(s) within the financial powers as per the Foreign Exchange (Compounding Proceedings) Rules, 2000. Accordingly, all applications for compounding whether received on the advice of the Regional Office concerned or suo-moto, relating to the contraventions mentioned at (a) and (b) above and up to the amount of contravention stated therein, may be submitted by the companies falling under the jurisdiction of the aforesaid Regional Offices directly to the Regional Office concerned, together with the prescribed fee and other relevant documents. All other applications may be submitted to the Compounding Authority, Cell for Effective implementation of FEMA (CEFA), Foreign Exchange Department, 5th floor, Amar Building, Sir P.M.Road, Fort, Mumbai-400001, as hitherto. The prescribed fee of Rs. 5000/- (Rupees Five thousand only) may be paid by way of a demand draft drawn in favour of "Reserve Bank of India" and payable at the Regional Office where the application is being submitted and at Mumbai if the application is submitted at CEFA, Mumbai.

3. In terms of sub-rule (1) to Rule 8 of Foreign Exchange (Compounding Proceedings) Rules, 2000, the Compounding Authority may call for any information, record or any other documents relevant to the compounding proceedings. It has been observed that there is no uniformity in submitting the required details with supporting documents along with the compounding application. This results in avoidable correspondence between Reserve Bank and the applicant. It has, therefore been decided that along with the application in the prescribed format, the applicant may also furnish the details as per the enclosed Annexes relating to Foreign Direct Investment, External Commercial Borrowings, Overseas Direct Investment and Branch Office / Liaison Office, as applicable, along with an undertaking that they are not under investigation of any agency

such as DOE, CBI, etc., a copy of the Memorandum of Association and latest audited balance sheet while applying for compounding of contraventions under FEMA, 1999.

4. Authorised Dealers may bring the contents of this circular to the notice of their constituents and 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,

(Dr. Sujatha Elizabeth Prasad)
Chief General Manager

Annex- FDI**Details to be furnished along with application for compounding of contravention relating to Foreign Direct Investment in India**

- ❖ Name of the applicant
- ❖ Date of incorporation
- ❖ Nature of activities under taken
- ❖ Brief particulars about the foreign investor
- ❖ Details of foreign inward remittances received by Applicant Company from date of incorporation till date

Table A

Sl. No.	Name of Remitter	Total Amount (INR)	Date of Receipt	Reported to RBI on*	Delay if any
	Total				

* date of reporting to RBI and not AD

Table B

Name of Investor	Date of allotment of shares	Number of shares allotted	Amount for which shares allotted	Date of reporting to RBI*	Delay if any
	Total				

Table C

In case there is excess share application money

Sl. No.	Name of Remitter	Total Amount (INR)	Date of Receipt	Excess share application money	Date of refund of share application money	Amount in forex	RBI approval letter and date
		Total					

Table D

Authorised Capital

Sl. No.	Date	Authorised Capital	With effect from	Date of Board meeting	Date of filing with ROC

A= B+C

Please give supporting documents

Table A- Copies of FIRC with date stamp of receipt at RBI

Table B- Copies of FCGPR with date stamp of receipt at RBI

Table C – letter seeking refund/ allotment of shares- approval letter from RBI A2 form

- ❖ Copies of Balance Sheet during the period of receipt of share application money and allotment of shares
- ❖ Nature of contravention and reasons for the contravention

Annex- ECB**Details to be furnished along with application for compounding of contravention relating to External Commercial Borrowing**

- ❖ Name of the applicant
- ❖ Date of incorporation
- ❖ Nature of activities under taken
- ❖ Brief particulars about the foreign lender
- ❖ Is the applicant an eligible borrower?
- ❖ Is the lender eligible lender?
- ❖ Is the lender an equity holder?
- ❖ What is the level of his holding at the time of loan agreement?

Details of ECB

- ❖ Date of Loan agreement
- ❖ Amount in Foreign Currency and Indian Rupee
- ❖ Rate of interest
- ❖ Period of loan
- ❖ Repayment particulars

- | | Date of draw
down | Amount
in
Foreign
Currency | Amount
in INR |
|--|----------------------|-------------------------------------|------------------|
| ❖ Details of draw down | | | |
| ❖ Details of LRN Number- application and receipt | | | |
| ❖ Details of ECB 2 returns submitted; Period of return: Date of submission | | | |
| ❖ Details of Utilization of ECB in Foreign Currency and Indian Rupee | | | |
| ❖ Nature of contravention and reasons for the contravention | | | |
| ❖ All supporting documents may be submitted | | | |

**Details to be furnished along with application for compounding of
contravention relating to Overseas Investment**

- ❖ Name of the applicant
- ❖ Date of incorporation
- ❖ Nature of activities under taken
- ❖ Name of Overseas entity
- ❖ Date of incorporation of overseas entity
- ❖ Nature of activities under taken by overseas entity
- ❖ Nature of entity- WOS/JV
- ❖ Details of remittance sent- Date of remittance; Amount in FCY and in INR
- ❖ Details of other financial Commitment
- ❖ Details of UIN applied and received
- ❖ Date of receipt of share certificate
- ❖ Approval of other regulators if required
- ❖ Details of APRs submitted: For the period ended; date of submission
- ❖ Nature of contravention and reasons for the contravention
 - ❖ All supporting documents may be submitted

Annex- Branch Office / Liaison Office**Details to be furnished along with application for compounding of
contravention relating to Branch/Liaison Office in India**

- ❖ Name of the applicant
- ❖ Date of incorporation
- ❖ Date of approval for opening of Liaison Office/ Branch Office
- ❖ Validity period of the approval
- ❖ Nature of activities under taken
- ❖ income and expenditure of the LO/BO
- ❖ Dates of submission of Annual activity Certificates
- ❖ Nature of contravention and reasons for the contravention
- ❖ All supporting documents may be submitted



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA
www.rbi.org.in

RBI/2011-12/300

December 15, 2011

A.P. (DIR Series) Circular No. 58

To,

All Authorised Dealer Category - I Banks

Madam / Sir,

Risk Management and Inter Bank Dealings

Attention of Authorized Dealers Category – I (AD Category – I) banks is invited to the Foreign Exchange Management (Foreign Exchange Derivative Contracts) Regulations, 2000 dated May 3, 2000 [[Notification No.FEMA/25/RB-2000 dated May 3, 2000](#)] and [A.P.\(DIR Series\) Circular No.32 dated December 28, 2010](#), as amended from time to time.

2. Keeping in view the developments in the foreign exchange market, it has been decided to implement the following measures **with immediate effect** until further review.

I. Under contracted exposures, forward contracts, involving the Rupee as one of the currencies, booked by residents to hedge current account transactions, regardless of the tenor, and to hedge capital account transactions, falling due within one year, were allowed to be cancelled and rebooked.

It has now been decided to withdraw the above facility. Forward contracts booked by residents irrespective of the type and tenor of the underlying exposure, once cancelled, cannot be rebooked.

ii. Under probable exposures based on past performance residents were allowed to hedge currency risk on the basis of a declaration of an exposure and based on past performance up to the average of the previous three financial years' (April to March) actual import/export turnover or the previous year's actual import/export turnover, whichever is higher. Further, contracts booked in excess of 75 per cent of the eligible limit were to be on deliverable basis and could not be cancelled.

It has now been decided that

- a. For importers availing of the above past performance facility, the facility stands reduced to 25 percent of the limit as computed above, i.e., 25 percent of the average of the previous three financial years' (April to March) actual import/export turnover or the previous year's actual import/export turnover, whichever is higher. In case of importers who have already utilised in excess of the revised / reduced limit, no further bookings may be allowed under this facility.
- b. All forward contracts booked under this facility by both exporters and importers hence forth will be on fully deliverable basis. In case of cancellations, exchange gain, if any, should not be passed on to the customer.
- iii. All cash/tom/spot transactions by the Authorised Dealers on behalf of clients will be undertaken for actual remittances / delivery only and cannot be cancelled / cash settled.
- iv. Foreign Institutional Investors (FIIs) are currently allowed to hedge currency risk on the market value of entire investment in equity and/or debt in India as on a particular date. The contracts once cancelled cannot be rebooked except to the extent of 10 per cent of the market value of the portfolio as at the beginning of the financial year. The forward contracts may, however, be rolled over on or before maturity.

It has now been decided that henceforth forward contracts booked by the FIIs, once cancelled, cannot be rebooked. The forward contracts may, however, be rolled over on or before maturity.

- v. The Board of Directors of Authorised Dealers were allowed to fix suitable limits for various Treasury functions with net overnight open exchange position and aggregate gap limits required to be approved by the Reserve Bank.

It has now been decided that

- a. Net Overnight Open Position Limit (NOOPL) of Authorised Dealers would be reduced across the board. Revised limits in respect of individual banks are being advised to the Authorised Dealers separately.
- b. Intra-day open position / daylight limit of Authorised Dealers should not exceed the existing NOOPL approved by the Reserve Bank.
- c. The above arrangement would be reviewed on an ongoing basis keeping in view the evolving market conditions.

3. Necessary amendments to Notification No. FEMA.25/RB-2000 dated May 3, 2000 [Foreign Exchange Management (Foreign Exchange Derivatives Contracts) Regulations, 2000] are being notified separately.

4. AD Category - I banks may bring the contents of this circular to the notice of their constituents and customers.

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

Yours faithfully,

(Meena Hemchandra)
Chief General Manager

Related Press Release	
Dec 15, 2011	Risk Management and Inter Bank Dealings



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

RBI/2011-12/304
A.P. (DIR Series) Circular No. 59

December 19, 2011

To

All Authorized Dealer Category- I Banks

Madam / Sir,

**External Commercial Borrowings (ECB) for Micro Finance
Institutions (MFIs) and Non-Government Organisations (NGOs)-
engaged in micro finance activities under Automatic Route**

Attention of Authorized Dealer Category-I (AD Category-I) banks is invited to the Foreign Exchange Management (Borrowing or Lending in Foreign Exchange) Regulations, 2000, notified vide [Notification No. FEMA 3/2000-RB dated May 3, 2000](#), amended from time to time, [A.P. \(DIR Series\) Circular No. 5 dated August 1, 2005](#), amended from time to time and [A.P. \(DIR Series\) Circular No. 40 dated April 25, 2005](#) relating to the External Commercial Borrowings (ECB).

2. Considering the specific needs of the micro finance sector, the existing ECB policy has been reviewed in consultation with the Government of India and it has been decided that hence forth MFIs may be permitted to raise ECB up to USD 10 million or equivalent during a financial year for permitted end-uses, under the Automatic Route. Detailed guidelines on ECB for MFIs with necessary safeguards are set out below.

(i) Eligible Borrower:

The following MFIs engaged in micro finance activities shall be considered as eligible borrowers to avail of ECBs:-

- ❖ MFIs registered under the Societies Registration Act, 1860;
- ❖ MFIs registered under Indian Trust Act, 1882;

- ❖ MFIs registered either under the conventional state-level cooperative acts, the national level multi-state cooperative legislation or under the new state-level mutually aided cooperative acts (MACS Act) and **not** being a co-operative bank;
- ❖ Non-Banking Financial Companies (NBFCs) categorized as 'Non Banking Financial Company-Micro Finance Institutions' (NBFC-MFIs) and complying with the norms prescribed as per [circular DNBS.CC.PD.No. 250/03.10.01/2011-12 dated December 02, 2011](#); and
- ❖ Companies registered under Section 25 of the Companies Act, 1956 and involved in micro finance activity.

(ii) Borrowing relationship and fit and proper status:

Further, the MFIs registered as societies, trusts and co-operatives and engaged in micro finance

- should have a satisfactory borrowing relationship for at least 3 years with a scheduled commercial bank authorized to deal in foreign exchange; and
- 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 Authorized Dealer (AD) bank.

(iii) Recognized lenders

ECB funds should be routed through normal banking channels. NBFC-MFIs will be permitted to avail of ECBs from multilateral institutions, such as IFC, ADB etc./ regional financial institutions/international banks / foreign equity holders and overseas organizations.

Companies registered under Section 25 of the Companies Act and engaged in micro finance will be permitted to avail of ECBs from international banks, multilateral financial institutions, export credit agencies, foreign equity holders, overseas organizations and individuals.

Other MFIs will be permitted to avail of ECBs from international banks, multilateral financial institutions, export credit agencies, overseas organizations and individuals.

Overseas organizations and individuals complying with following safeguards may lend ECB

a) 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 organized 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.

b) 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.

(iv) *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.

(v) *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 10 million during a financial year.

3. It has also been decided that Non-Government Organisations (NGOs) engaged in micro finance activities can avail of ECB up to USD 10 million or equivalent per financial year under the automatic route as against the present limit of USD 5 million or equivalent per financial year. All other conditions as

detailed in our A.P. (DIR Series) Circular No. 40 dated April 25, 2005 remain unchanged.

4. 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, refinancing of ECB, reporting arrangements under the Automatic Route should be complied with by MFIs/NGOs availing ECBs. The designated AD has to certify the status of the borrower as eligible and involved in micro finance and ensure at the time of draw down that the forex exposure of the borrower is fully hedged.

5. These amendments to ECB policy will come into force with immediate effect and the framework with respect to MFIs will be subject to review after one year.

6. Necessary amendments to the Foreign Exchange Management (Borrowing or Lending in Foreign Exchange) Regulations, 2000 dated May 3, 2000 are being issued separately, wherever necessary.

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

8. The direction 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,

(Rashmi Fauzdar)
Chief General Manager

Related Press Release	
Dec 19, 2011	MFIs allowed to raise ECBs



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

RBI/2011-12/313

A.P. (DIR Series) Circular No.60

December 22, 2011

To

All Authorised Persons in Foreign Exchange

Madam/Sir,

Know Your Customer (KYC) norms/Anti-Money Laundering (AML) standards / Combating the Financing of Terrorism (CFT) Obligation of Authorised Persons under Prevention of Money Laundering Act, (PMLA), 2002, as amended by Prevention of Money Laundering (Amendment) Act, 2009 – Money changing activities

Attention of Authorised Persons is invited to [F-Part-II of the Annex](#) to the A.P. (Dir Series) Circular No. 17 [A.P. (FL/RL Series) Circular No. 04] dated November 27, 2009.

2. In view of the problems faced by the money changers while obtaining documents towards address proof from foreign tourists, it has been decided to amend certain instructions contained in the aforementioned Part. The amended instructions are given in the Annex.

3. All the other instructions contained in the [A.P. \(DIR Series\) Circular No. 17 \[A.P. \(FL/RL Series\) Circular No. 04\] dated November 27, 2009](#) shall remain unchanged.

4. Authorised Persons may bring the contents of this circular to the notice of their constituents 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) and non-compliance with the guidelines would attract penal provisions of Section 11(3) of the Act *ibid*.

Yours faithfully,

Meena Hemchandra

Chief General Manager-in-Charge

Customer Identification Procedure
Features to be verified and documents that may be obtained from customers

Extant Guidelines		Revised Guidelines	
Features	Documents	Features	Documents
Transactions With Individuals - Legal name and any other names used - Correct permanent address	(i) Passport (ii) PAN card (iii) Voter's Identity Card (iv) Driving licence (v) Identity card (subject to the AP's satisfaction) (vi) Letter from a recognized public authority or public servant verifying the identity and residence of the customer to the satisfaction of the AP. (i) Telephone bill (ii) Bank account statement (iii) Letter from any recognized public authority (iv) Electricity bill (v) Ration card (vi) Letter from employer (subject to satisfaction of the AP). (any one of the documents, which provides customer information to the satisfaction of the AP will suffice).	Transactions With Individuals - Legal name and any other names used - Correct permanent address	i) Passport (ii) PAN card (iii) Voter's Identity Card (iv) Driving licence (v) Identity card (subject to the AP's satisfaction) (vi) Letter from a recognized public authority or public servant verifying the identity and residence of the customer to the satisfaction of the AP. (i) Telephone bill (ii) Bank account statement (iii) Letter from any recognized public authority (iv) Electricity bill (v) Ration card (vi) Letter from employer (subject to satisfaction of the AP). (any one of the documents, which provides customer information to the satisfaction of the AP will suffice).

Extant Guidelines		Revised Guidelines	
Features	Documents	Features	Documents
			<p>Note: - In case of foreign tourists, copies of passport containing identification particulars and address, may be accepted as documentary proof for both identification as well as address. Further, a copy of the visa of non-residents, duly stamped by Indian Immigration authorities may also be obtained and kept on record.</p>



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

RBI/2011-12/318

A. P. (DIR Series) Circular No.61

December 27, 2011

To

All Category-I Authorised Dealer Banks

Madam / Sir,

**Exim Bank's Line of Credit of USD 40 million
to the Government of the Republic of Maldives**

Export-Import Bank of India (Exim Bank) has concluded an Agreement dated August 12, 2011 with the Government of the Republic of Maldives, making available to the latter, a Line of Credit (LOC) of USD 40 million (USD forty million) for financing eligible goods, services, machinery and equipment including consultancy services to be exported from India for the purpose of financing the construction of 500 housing units in Maldives. The goods, services, machinery and equipment including consultancy services from India for exports under this Agreement are those which are eligible for export under the Foreign Trade Policy of the Government of India and whose purchase may be agreed to be financed by the Exim Bank under this Agreement. Out of the total credit by Exim Bank under this Agreement, the goods and services including consultancy services of the value of at least 75 per cent of the contract price shall be supplied by the seller from India and the remaining 25 per cent goods and services (other than consultancy services) may be procured by the seller for the purpose of Eligible Contract from outside India.

2. The Credit Agreement under the LOC is effective from October 25, 2011 and the date of execution of Agreement is August 12, 2011. Under the LOC, the last date for opening of Letters of Credit and Disbursement will be 48 months from the scheduled completion date(s) of contract(s) in the case of project exports and 72 months (August 11, 2017) from the execution date of the Credit Agreement in the case of supply contracts.

3. Shipments under the LOC will have to be declared on GR / SDF Forms as per instructions issued by the Reserve Bank from time to time.
4. No agency commission is payable under the above LOC. However, if required, the exporter may use his own resources or utilize balances in his Exchange Earners' Foreign Currency Account for payment of commission in free foreign exchange. Authorised Dealer Category- I (AD Category-I) banks may allow such remittance after realization of full payment of contract value subject to compliance with the prevailing instructions for payment of agency commission.
5. AD Category-I 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 the Exim Bank's office at Centre One, Floor 21, World Trade Centre Complex, Cuffe Parade, Mumbai 400 005 or log on to www.eximbankindia.in.
6. 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 are without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

(Rashmi Fauzdar)
Chief General Manager



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

RBI/2011-12/319

A. P. (DIR Series) Circular No.62

December 27, 2011

To

All Category-I Authorised Dealer Banks

Madam / Sir,

**Exim Bank's Line of Credit of USD 168 million
to the Government of the Democratic Republic of Congo**

Export-Import Bank of India (Exim Bank) has concluded an Agreement dated July 11, 2011 with the Government of the Democratic Republic of Congo, making available to the latter, a Line of Credit (LOC) of USD 168 million (USD one hundred sixty eight million) for financing eligible goods, services, machinery and equipment including consultancy services to be exported from India for the purpose of financing Ketende Hydro-electric Project in Congo. The goods, services, machinery and equipment including consultancy services from India for exports under this Agreement are those which are eligible for export under the Foreign Trade Policy of the Government of India and whose purchase may be agreed to be financed by the Exim Bank under this Agreement. Out of the total credit by Exim Bank under this Agreement, the goods and services including consultancy services of the value of at least 75 per cent of the contract price shall be supplied by the seller from India and the remaining 25 per cent goods and services (other than consultancy services) may be procured by the seller for the purpose of Eligible Contract from outside India.

2. The Credit Agreement under the LOC is effective from October 20, 2011 and the date of execution of Agreement is July 11, 2011. Under the LOC, the last date for opening of Letters of Credit and Disbursement will be 48 months from the scheduled completion date(s) of contract(s) in the case of project exports and 72 months (July 10, 2017) from the execution date of the Credit Agreement in the case of supply contracts.

3. Shipments under the LOC will have to be declared on GR / SDF Forms as per instructions issued by the Reserve Bank from time to time.
4. No agency commission is payable under the above LOC. However, if required, the exporter may use his own resources or utilize balances in his Exchange Earners' Foreign Currency Account for payment of commission in free foreign exchange. Authorised Dealer Category- I (AD Category-I) banks may allow such remittance after realization of full payment of contract value subject to compliance with the prevailing instructions for payment of agency commission.
5. AD Category-I 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 the Exim Bank's office at Centre One, Floor 21, World Trade Centre Complex, Cuffe Parade, Mumbai 400 005 or log on to www.eximbankindia.in.
6. 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 are without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

(Rashmi Fauzdar)
Chief General Manager



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

RBI/2011-12/326

A. P. (DIR Series) Circular No.63

December 29, 2011

To

All Category-I Authorised Dealer Banks

Madam / Sir,

**External Commercial Borrowings (ECB) denominated in Indian Rupees (INR)
- hedging facilities for non-resident entities**

Attention of Authorized Dealers Category – I (AD Category – I) banks is invited to the Foreign Exchange Management (Foreign Exchange Derivative Contracts) Regulations, 2000 dated [May 3, 2000 \[Notification No. FEMA 25/RB-2000 dated May 3, 2000\]](#), as amended from time to time.

2. In terms of [A.P. \(Dir Series\) Circular No. 27 dated September 23, 2011](#),
- “eligible borrowers” have been permitted to avail of ECBs designated in INR from foreign equity holders under the automatic/ approval route, as the case may be, as per the extant ECB guidelines.
 - NGOs engaged in microfinance activities have been permitted to avail of ECBs designated in INR, under the automatic route, from overseas organisations and individuals as per the extant ECB guidelines.

In order to facilitate the same, it has been decided to allow non-residents to hedge their currency risk in respect of ECBs denominated in Indian Rupees, with AD Category I banks in India, as per the details given in the Annex.

3. Necessary amendments to the Notification No. FEMA.25/RB-2000 dated May 3, 2000 [Foreign Exchange Management (Foreign Exchange Derivative Contracts) Regulations, 2000] are being notified separately.

4. AD Category - I banks may bring the contents of this circular to the notice of their constituents and customers.

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

Yours faithfully,

(Meena Hemchandra)
Chief General Manager-in-Charge

Annex
[Annex to A.P. DIR Circular No.63
dated December 29, 2011]

ECBs denominated in INR - Hedging Facilities for Non-Resident Entities

Purpose

To hedge the currency risk arising out of ECBs designated in INR with AD Category- I banks in India.

Products

Forward foreign exchange contracts with rupee as one of the currencies, foreign currency-INR options and foreign currency-INR swaps.

Operational Guidelines, Terms and Conditions

- The foreign equity holder / overseas organisation or individual approaches the AD bank in India with a request for forward cover in respect of underlying transaction for which he needs to furnish appropriate documentation (scanned copies would be acceptable), on a pre-deal basis to enable the AD bank in India to satisfy itself that there is an underlying ECB transaction, and details of his overseas banker, address, etc. The following undertakings also need to be taken from the customer -
 - o That the same underlying exposure has not been hedged with any other AD Category- I bank/s in India.
 - o If the underlying exposure is cancelled, the customer will cancel the hedge contract immediately.
- The amount and tenor of the hedge should not exceed that of the underlying transaction and should be in consonance with the extant regulations regarding tenor of payment / realization of the proceeds.
- On due date, settlement is to be done through the correspondent bank's Vostro or the AD bank's Nostro accounts. AD banks in India may release funds to the beneficiaries only after sighting funds in Nostro / Vostro accounts.
- The contracts, once cancelled, cannot be rebooked.

- The contracts may, however, be rolled over on or before maturity subject to maturity of the underlying exposure.
- On cancellation of the contracts, gains may be passed on to the customer subject to the customer providing a declaration that he is not going to rebook the contract or that the contract has been cancelled on account of cancellation of the underlying exposure.



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

RBI/2011-12/340

A. P. (DIR Series) Circular No.64

January 05, 2012

To

All Category-I Authorised Dealer Banks

Madam / Sir,

External Commercial Borrowings (ECB)

Attention of Authorized Dealer Category-I (AD Category-I) banks is invited to the Foreign Exchange Management (Borrowing or Lending in Foreign Exchange) Regulations, 2000, notified vide [Notification No. FEMA 3/2000-RB dated May 3, 2000](#), amended from time to time, Foreign Exchange Management (Transfer or Issue of any Foreign Security) (Amendment) Regulations, 2004 issued vide [Notification No.FEMA.120/RB-2004 dated July 7, 2004](#), as amended from time to time, [A.P. \(DIR Series\) Circular No. 5 dated August 1, 2005](#), as amended from time to time, [A.P. \(DIR Series\) Circular No.17 dated December 4, 2006](#), [A.P. \(DIR Series\) Circular No. 1 dated July 04, 2011](#) and [A.P. \(DIR Series\) Circular No. 27 dated September 23, 2011](#) relating to the External Commercial Borrowings (ECB).

2. The ECB limit for eligible borrowers under the automatic route was enhanced to USD 750 million or equivalent per financial year per borrower for permissible end-uses under the automatic route vide A.P. (DIR Series) Circular No. 27 dated September 23, 2011. Consequent to the enhancement in limits, the revised average maturity guidelines under the automatic route are as follows:-

- a) ECB up to USD 20 million or equivalent in a financial year with minimum average maturity of three years; and
- b) ECB above USD 20 million and up to USD 750 million or equivalent with minimum average maturity of five years.

3. Accordingly, the requirement of average maturity period, prepayment and call / put options specified vide A.P. (DIR Series) Circular No.17 dated December 4, 2006 (for additional amount of USD 250 million) has been dispensed with.

4. It is also clarified that the eligible borrowers under the automatic route can raise Foreign Currency Convertible Bonds (FCCBs) up to USD 750 million or equivalent per financial year for permissible end-uses. Similarly, corporates in specified service sectors, viz. hotel, hospital and software, can raise FCCBs up to USD 200 million or equivalent for permissible end-uses during a financial year subject to the condition that the proceeds of the ECB should not be used for acquisition of land.

5. Vide para 2(viii) of A.P. (DIR Series) Circular No.01 dated July 04, 2011, ECB / FCCB availed of for the purpose of refinancing the existing outstanding FCCB were to be reckoned as part of the limit of USD 500 million available under the automatic route as per the extant norms. Consequent to the enhancement in the limits under the automatic route, it is clarified that the ECB / FCCB availed of for the purpose of refinancing the existing outstanding FCCB will be reckoned as part of the limit of USD 750 million available under the automatic route as per the extant norms.

6. All other aspects of the ECB policy, such as eligible borrower, recognised lender, all-in-cost, end-use, prepayment, refinancing of existing ECB and reporting arrangements shall remain unchanged.

7. Necessary amendments to the Foreign Exchange Management (Borrowing or Lending in Foreign Exchange) Regulations, 2000 dated May 3, 2000 and Foreign Exchange Management (Transfer or Issue of any Foreign Security) (Amendment) Regulations, 2004 dated July 7, 2004 are being issued separately wherever necessary.

8. AD Category - I banks may bring the contents of this circular to the notice of their constituents and customers.

9. 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,

(Dr. Sujatha Elizabeth Prasad)
Chief General Manager



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

RBI/2011-12/345

A. P. (DIR Series) Circular No.65

January 12, 2012

To

All Authorised Dealers in Foreign Exchange

Madam/Sir,

Foreign Exchange Management Act, 1999 –
Export of Goods and Services - Forwarder's Cargo Receipt

Attention of Authorized Dealers is invited to [A.P. \(DIR Series\) Circular No. 27 dated March 2, 2001](#), in terms of which they may accept Forwarder's Cargo Receipts (FCR) issued by IATA approved agents, in lieu of bill of lading, for negotiation / collection of shipping documents, in respect of export transactions backed by letters of credit, only if the relative letter of credit specifically provides for negotiation of this document in lieu of bill of lading and also if the relative sale contract with the overseas buyer provides that FCR may be accepted in lieu of bill of lading as a shipping document.

2. It has now been decided that authorized dealers may accept Forwarder's Cargo Receipts (FCR) issued by IATA approved agents, in lieu of bill of lading, for negotiation/collection of shipping documents, in respect of export transactions backed by letters of credit, if the relative letter of credit specifically provides for negotiation of this document in lieu of bill of lading even if the relative sale contract with the overseas buyer does not provide for acceptance of FCR as a shipping document, in lieu of bill of lading.

3. Further, authorized dealers may, at their discretion, also accept FCR issued by Shipping companies of repute/IATA approved agents (in lieu of bill of lading), for purchase/discount/collection of shipping documents even in cases, where export transactions are not backed by letters of credit, provided their 'relative sale contract' with overseas buyer provides for acceptance of FCR as a shipping document in lieu of bill of lading. However, the acceptance of such FCR

for purchase/discount would purely be the credit decision of the bank concerned who, among others, should satisfy itself about the bona fides of the transaction and the track record of the overseas buyer and the Indian supplier since FCRs are not negotiable documents. It would be advisable for the exporters to ensure due diligence on the overseas buyer, in such cases.

4. Authorized dealers may bring the contents of this circular to the notice of their constituents and customers concerned.

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

Yours faithfully,

(Rashmi Fauzdar)
Chief General Manager



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

RBI/2011-12/347

A. P. (DIR Series) Circular No.66

January 13, 2012

To

All Category – I Authorised Dealer banks

Madam / Sir,

(I) Scheme for Investment by Qualified Foreign Investors in equity shares
(II) Scheme for Investment by Qualified Foreign Investors in Rupee Denominated Units of Domestic Mutual Funds – Revision

Attention of Authorised Dealers Category – I (AD Category - I) banks is invited to [A.P. \(DIR Series\) Circular No.8 dated August 9, 2011](#) and [A.P. \(DIR Series\) Circular No. 42 dated November 3, 2011](#) in terms of which Qualified Foreign Investors (QFIs as defined therein to mean non-resident investors, other than SEBI registered FIIs and SEBI registered FVCIs, who meet the KYC requirements of SEBI) are allowed to invest in rupee denominated units of domestic Mutual Funds subject to the terms and conditions mentioned therein.

(I) Scheme for Investment by Qualified Foreign Investors in equity shares

2. It has now been decided to allow QFIs to purchase on repatriation basis equity shares of Indian companies subject the following terms and conditions :

(i) **Eligible instruments and eligible transactions** – QFIs shall be permitted to invest through SEBI registered Depository Participants (DPs) only in equity shares of listed Indian companies through recognized brokers on recognized stock exchanges in India as well as in equity shares of Indian companies which are offered to public in India in terms of the relevant and applicable SEBI guidelines/regulations. QFIs shall also be permitted to acquire equity shares by way of rights shares, bonus shares or equity shares on account of stock split / consolidation or equity shares on account of amalgamation, demerger or such

corporate actions subject to the investment limits as prescribed in para. 2 (iv) below.

QFIs shall be allowed to sell the equity shares so acquired by way of sale

- (a) Through recognized brokers on recognized stock exchanges in India; or
- (b) In an open offer in accordance with the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; or
- (c) In an open offer in accordance with the SEBI (Delisting of Securities) Guidelines, 2009; or
- (d) Through buyback of shares by a listed Indian company in accordance with the SEBI (Buyback) Regulations, 1998.

(ii) **Mode of payment / repatriation** – For QFI investments under this scheme a separate single rupee pool bank account would be maintained by the DP with an AD Category- I bank in India for QFI investments under this scheme. The DP will purchase equity at the instruction of the respective QFIs within five working days (including the date of credit of funds to the single rupee pool bank account by way of foreign inward remittances through normal banking channels) failing which the funds would be immediately repatriated back to the QFI's designated overseas bank account. The sale proceeds of the equity shares will also be received in this single rupee pool bank account of the DP and shall be repatriated to the designated overseas bank account of the QFI within five working days (including the date of credit of funds to the single rupee pool bank account by way of sale of equity shares) of having been received in the single rupee pool bank account of the DP. Within these five working days, the sale proceeds of the existing investment can be also utilized for fresh purchases of equity shares under this scheme, if so instructed by the QFI. Dividend payments on equity shares held by QFIs can either be directly remitted to the designated overseas bank accounts of the QFIs or credited to the single rupee pool bank account. In case dividend payments are credited to the single rupee pool bank account they shall be remitted to the designated overseas bank accounts of the QFIs within five working days (including the day of credit of such funds to the single rupee pool bank account). Within these five working days, the dividend payments can be also utilized for fresh purchases of equity shares under this scheme, if so instructed by the QFI.

(iii) **Demat accounts** - QFIs would be allowed to open a dedicated demat account with a DP in India for investment in equity shares under the scheme. The QFIs would however not be allowed to open any bank account in India.

(iv) **Limits** - The individual and aggregate investment limits for the QFIs shall be 5% and 10% respectively of the paid up capital of an Indian company. These limits shall be over and above the FII and NRI investment ceilings prescribed under the Portfolio Investment Scheme for foreign investment in India. Further, wherever there are composite sectoral caps under the extant FDI policy, these limits for QFI investment in equity shares shall also be within such overall FDI sectoral caps. The onus of monitoring and compliance of these limits shall remain jointly and severally with the respective QFIs, DPs and the respective Indian companies (receiving such investment).

(v) **Eligibility** - Only QFIs from jurisdictions which are FATF compliant and with which SEBI has signed MOUs under the IOSCO framework will be eligible to invest in equity shares under this scheme.

(vi) **KYC** - DPs will ensure KYC of the QFIs as per the norms prescribed by SEBI.

(vii) **Permissible currencies** - QFIs will remit foreign inward remittance through normal banking channel in any permitted currency (freely convertible) directly into single rupee pool bank account of the DP maintained with AD Category-I bank.

(viii) **Pricing** – The pricing of all eligible transactions and investment in all eligible instruments by QFIs under this scheme shall be in accordance with the relevant and applicable SEBI guidelines only.

(ix) **Reporting** – In addition to the reporting to SEBI as may be prescribed by them, DPs will also ensure reporting to the Reserve Bank of India in a manner and format as prescribed by the Reserve Bank of India from time to time.

(II) Scheme for Investment by Qualified Foreign Investors in Rupee Denominated Units of Domestic Mutual Funds

3. **QFI investment in rupee denominated units of Domestic Mutual Funds under the Direct Route** – On a further review it has been decided to modify the time period for which funds (by way of foreign inward remittance through normal banking channels from QFIs as well as by way of credit of redemption proceeds of the units of domestic Mutual Funds by QFIs in India) can be kept in the single rupee pool bank account of the DP under the scheme for investment by QFIs in units of domestic Mutual Funds (as per the terms and conditions specified in A.P. (DIR Series) Circular No.8 dated August 9, 2011 and A.P. (DIR Series) Circular No.42 dated November 3, 2011) to five working days (including the day of credit of funds received by way of foreign inward remittance through normal banking channels from QFIs as well as by way of credit of redemption proceeds of the units of domestic Mutual Funds by QFIs in India). It has also been decided to allow credit of dividend payments to QFIs on account of units of mutual funds held by them to the single rupee pool bank account subject to the condition that in case dividend payments are credited to the single rupee pool bank account they shall be remitted to the designated overseas bank accounts of the QFIs within five working days (including the day of credit of such funds to the single rupee pool bank account). Within these five working days, the dividend payments can be also utilized for fresh purchases of units of domestic mutual funds under this scheme, if so instructed by the QFI.

4. AD Category - I banks may bring the contents of the circular to the notice of their customers/constituents concerned.

5. Necessary amendments to Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000 ([Notification No. FEMA 20/2000-RB dated May 3, 2000](#)) and Foreign Exchange Management (Deposit) Regulations, 2000 ([Notification No. FEMA 5/2000-RB dated May 3, 2000](#)) are being notified separately.

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,

(Dr. Sujatha Elizabeth Prasad)
Chief General Manager

Related Press Release	
Jan 13, 2012	RBI issues Directions for QFI Investments in Indian Companies and Single-Brand Retail Trading



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

RBI/2011-12/348

A. P. (DIR Series) Circular No.67

January 13, 2012

To

All Category-I Authorised Dealer Banks

Madam / Sir,

Foreign investment in Single – Brand Retail Trading
Amendment to the Foreign Direct Investment (FDI) Scheme

Attention of Authorised Dealers Category – I (AD Category - I) banks is invited to the 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 May 3, 2000](#), as amended from time to time. In terms of Schedule 1 of the Notification, FDI up to 51 per cent is permitted in Single Brand product trading under Government route of FDI Scheme.

2. The extant FDI policy has since been reviewed and it has now been decided that FDI up to 100 per cent would be permitted in Single Brand product trading under the Government route subject to the terms and conditions as stipulated in Press Note No. 1 (2012 Series) dated January 10, 2012 issued by Department of Industrial Policy & Promotion, Ministry of Commerce & Industry, Government of India.

3. A copy of Press Note No. 1 (2012 Series) dated January 10, 2012 issued in this regard is [enclosed](#).

4. AD Category - I banks may bring the contents of the circular to the notice of their customers/constituents concerned.

5. Necessary amendments to Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000

(Notification No. FEMA 20/2000-RB dated May 3, 2000) are being notified separately.

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,

(Dr.Sujatha Elizabeth Prasad)
Chief General Manager



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

RBI/2011-12/353

A. P. (DIR Series) Circular No.68

January 17, 2012

To

All Category-I Authorised Dealer Banks

Madam / Sir,

Risk Management and Inter-Bank Dealings - Commodity Hedging

Attention of Authorised Dealers Category – I (AD Category – I) banks is invited to the Foreign Exchange Management (Foreign Exchange Derivative Contracts) Regulations, 2000 dated May 3, 2000 [[Notification No. FEMA 25/RB-2000 dated May 3, 2000](#)], as amended from time to time and [A.P. \(DIR Series\) Circular No. 32 dated December 28, 2010](#). Currently, resident entities in India, engaged in import and export trade or as otherwise approved by the Reserve Bank from time to time, are permitted to hedge the price risk of permitted commodities in the international commodity exchanges / markets. Further, AD Category – I banks satisfying certain minimum norms are **specifically authorised** by the Reserve Bank (please refer to Section E para I of the above mentioned Circular) to grant permission to

- a. companies listed on a recognized stock exchange to hedge price risk on import/ export in respect of any commodity (except gold, silver, platinum) in the international commodity exchanges/ markets;
- b. domestic companies engaged in refining crude oil to hedge the price risk on crude oil imports on the basis of past performance;
- c.
 - (i) domestic producers/ users of aluminium, copper, lead, nickel and zinc listed on a recognized stock exchange;
 - (ii) actual domestic users of Aviation Turbine Fuel (ATF) to hedge economic exposures in respect of ATF based on domestic purchases;
 - (iii) domestic crude oil refining companies to hedge commodity price risk on domestic purchases of crude oil and domestic sales of petroleum products, which are linked to international prices; and
- d. domestic oil marketing and refining companies to hedge commodity price risk on Inventory subject to guidelines as prescribed by the Reserve Bank.

2. It has now been decided to permit **all AD Category-I banks** to grant permission to companies to hedge the price risk in respect of any commodity (except gold, silver, platinum) in the international commodity exchanges/ markets as specified under the delegated route.
3. Further, AD Category-I banks can also grant permission to **unlisted companies** to hedge price risk on import/ export in respect of any commodity (except gold, silver, platinum) in the international commodity exchanges/ markets subject to guidelines as specified in the Annex.
4. AD Category-I banks may submit an annual report to the Chief General Manager-in-Charge, Reserve Bank of India, Foreign Exchange Department, Central Office, Forex Markets Division, Amar Building, 5th Floor, Mumbai – 400 001 as on March 31 every year, within one month (before April 30th), giving the names of the corporates to whom they have granted permission for commodity hedging and the name of the commodity hedged.
5. Applications from customers to undertake hedge transactions not covered under the delegated route may continue to be forwarded to the Reserve Bank by the Authorised Dealers for approval, as hitherto.
6. Necessary amendments to Notification No. FEMA.25/RB-2000 dated May 3, 2000 [Foreign Exchange Management (Foreign Exchange Derivatives Contracts) Regulations, 2000] are being notified separately.
7. AD Category - I banks may bring the contents of this circular to the notice of their constituents and customers.
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 are without prejudice to permissions/approvals, if any, required under any other law.

Yours faithfully,

(Meena Hemchandra)
Chief General Manager-in-Charge

Annex
[Annex to A.P. (DIR Series) Circular No. 68
dated January 17, 2012]

Before permitting the corporates to undertake hedge transactions, Authorized Dealer would require them to submit a brief description of the hedging strategy proposed, namely:

- description of business activity and nature of risk,
- instruments proposed to be used for hedging,
- the names of the commodity exchanges and brokers through whom the risk is proposed to be hedged and the credit lines proposed to be availed. The name and address of the regulatory authority in the country concerned may also be given,
- size / average tenure of exposure and/or total turnover in a year, together with expected peak positions thereof and the basis of calculation.

along with a copy of the Board Risk Management Policy approved by its Management covering;

- risk identification
- risk measurements
- guidelines and procedures to be followed with respect to revaluation and/or monitoring of positions
- names and designations of officials authorised to undertake transactions and limits

Authorised Dealer may refuse to undertake any hedge transaction if it has a doubt about the bonafides of the transaction or the corporate is not exposed to price risk. The conditions subject to which ADs would grant permission to hedge and the guidelines for monitoring of the transactions are given below. It is clarified that hedging the price risk on domestic sale/purchase transactions in the international exchanges/markets, even if the domestic price is linked to the international price of the commodity, is not permitted, except certain specified transactions as approved/may be approved by the Reserve Bank. Necessary advice may be given to the customers before they start their hedging activity.

A. Conditions/ Guidelines for undertaking hedging transactions in the international commodity exchanges/ markets

1. The focus of the hedge transactions shall be on risk containment. Only off-set hedge is permitted.
2. All standard exchange traded futures and options (purchases only) are permitted. If the risk profile warrants, the corporate/firm may also use OTC contracts. It is also open to the corporate/firm to use combinations of option strategies involving a simultaneous purchase and sale of options as long as there is no net inflow of premium direct or implied, subject to the guidelines as detailed at **Para B** below. Corporates/firms are allowed to cancel an option position with an opposite transaction with the same broker.
3. The corporate/firm should open a Special Account with the AD Category-I bank. All payments/receipts incidental to hedging may be effected by the AD Category-I bank through this account without further reference to the Reserve Bank.
4. A copy of the Broker's Month-end Report(s), duly confirmed/countersigned by the corporate's Financial Controller should be verified by the bank to ensure that all off-shore positions are/were backed by physical exposures.
5. The periodic statements submitted by the brokers, particularly those furnishing details of transactions booked and contracts closed out and the amount due/payable in settlement should be checked by the corporate/firm. Un-reconciled items should be followed up with the broker and reconciliation completed within three months.
6. The corporate/firm should not undertake any arbitrage/speculative transactions. The responsibility of monitoring transactions in this regard will be that of the AD Category -I bank.
7. An annual certificate from Statutory Auditors should be submitted by the company/firm to the AD Category I bank. The certificate should confirm that the prescribed terms and conditions have been complied with and that the corporate/firm's internal controls are satisfactory. These certificates may be kept on record for internal audit/inspection.

B. Conditions for allowing users to enter into a combination of OTC option strategies involving a simultaneous purchase and sale of options for overseas Commodity hedging :

1. Users – Listed companies or unlisted companies with a minimum networth of Rs. 100 crore, which comply with the following:

- Adoption of Accounting Standards 30 and 32 (for companies not complying – those companies which follow the accounting treatment and disclosure standards on derivative contracts, as envisaged under AS 30/32.
- Having a risk management policy and a specific clause in the policy that allows using the above mentioned combination of OTC option strategies.

2. Operational Guidelines, Terms and Conditions

- a. Writing of options by the users, on a standalone basis is not permitted. Users can however, write options as part of cost reduction structures, provided, there is no net receipt of premium.
- b. Leveraged structures, Digital options, Barrier options and any other exotic products are not permitted.
- c. The delta of the options should be explicitly indicated in the term sheet.
- d. The portion of the structure with the largest notional should be reckoned for the purpose of underlying.
- e. AD Category -I banks may stipulate additional safeguards, such as, continuous profitability, etc. depending on the scale of operations and risk profile of the users.



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

RBI/2011-12/366

A.P. (DIR Series) Circular No.69

January 25, 2012

To

All Authorised Dealer Category- I Banks

Madam / Sir,

External Commercial Borrowings – Simplification of procedure

Attention of Authorized Dealer Category-I (AD Category-I) banks is invited to the Foreign Exchange Management (Borrowing or Lending in Foreign Exchange) Regulations, 2000, notified vide [Notification No. FEMA 3/2000-RB dated May 3, 2000](#) and the [A.P. \(DIR Series\) Circular No. 5 dated August 1, 2005](#) relating to the External Commercial Borrowings (ECB), as amended from time to time.

2. As per the extant ECB procedures any request for cancellation of Loan Registration Number (LRN) given by the Department of Statistics and Information Management (DSIM), Reserve Bank of India or change in permissible end-use for an existing ECB is required to be referred by the AD Category-I bank to the Foreign Exchange Department, Central Office, Reserve Bank of India for necessary approval.

3. As a measure of simplification of the existing procedures, it has been decided to delegate powers to the designated AD category-I banks to approve the following requests from the ECB borrowers, subject to specified conditions:

a) Cancellation of LRN

The designated AD Category-I bank may directly approach DSIM for cancellation of LRN for ECBs availed, both under the automatic and approval routes, subject to fulfilment of the following conditions:-

- (i) no draw down for the said LRN has taken place; and
- (ii) the monthly ECB-2 returns till date in respect of the LRN have been submitted to DSIM.

b) Change in the end-use of ECB proceeds

The designated AD Category-I bank may approve requests from ECB borrowers for change in end-use in respect of ECBs availed under the **automatic route**, subject to the following conditions:-

- (i) the proposed end-use is permissible under the automatic route as per the extant ECB guidelines;
- (ii) there is no change in the other terms and conditions of the ECB;
- (iii) the ECB is in compliance with the extant guidelines; and
- (iv) the monthly ECB-2 returns till date in respect of the LRN have been submitted to DSIM.

The AD Category – I bank shall continue to monitor the utilization of end-use proceeds and changes in the end-use should be promptly reported to DSIM, RBI in Form 83. However, change in the end-use of ECBs availed under the **approval route** will continue to be referred to the Foreign Exchange Department, Central Office, Reserve Bank of India, as hitherto.

4. The above modifications to the ECB guidelines will come into force with immediate effect. All other aspects of the ECB policy, such as, USD 750 million limit per company per financial year under the automatic route, eligible borrower, recognized lender, end-use, all-in-cost ceiling, average maturity period, prepayment, refinancing of existing ECB and reporting arrangements shall remain unchanged.

5. AD Category –I 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 are without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

(Rashmi Fauzdar)
Chief General Manager



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

RBI/2011-12/367
A.P. (DIR Series) Circular No.70

January 25, 2012

To
All Authorised Dealer Category- I Banks

Madam / Sir,

**External Commercial Borrowings (ECB) Policy – Infrastructure
Finance Companies (IFCs)**

Attention of Authorized Dealer Category-I (AD Category-I) banks is invited to [A.P. \(DIR Series\) Circular No. 5 dated August 1, 2005](#), amended from time to time and [A. P. \(DIR Series\) Circular No. 51 dated May 11, 2010](#) relating to External Commercial Borrowings (ECBs). As per the extant guidelines, Non-Banking Finance Companies (NBFCs) categorized as Infrastructure Finance Companies (IFCs) by the Reserve Bank and complying with the norms prescribed in the [DNBS Circular DNBS.PD.CC.No.168/03.02.089/2009-10 dated February 12, 2010](#) are permitted to avail of ECBs, including the outstanding ECBs, up to 50 per cent of their owned funds under the automatic route. ECBs by IFCs above 50 per cent of their owned funds are being considered under the approval route. The permitted end-use should be for on-lending to the infrastructure sector, as defined under the extant ECB policy. IFCs should also hedge their currency risk in full.

2. It has now been decided that the designated AD Category – I banks should certify the **leverage ratio** (i.e. outside liabilities/owned funds) of IFCs desirous of availing ECBs under the **approval route** while forwarding such proposals to the Reserve Bank of India.

3. All other aspects of the ECB policy, such as eligible borrower, recognised lender, maximum permissible limit under the automatic route, average maturity, all-in-cost, end-use, prepayment, refinancing of existing ECB and reporting arrangements shall remain unchanged.

4. AD Category - I banks may bring the contents of this circular to the notice of their constituents and customers.

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

Yours faithfully,

(Rashmi Fauzdar)
Chief General Manager



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

RBI/2011-12/372

A. P. (DIR Series) Circular No.71

January 30, 2012

To

All Authorised Persons in Foreign Exchange

Madam/ Sir,

Memorandum of Instructions governing money changing activities

Attention of Authorised Persons is invited to the introduction given under Paragraph 2 and Paragraph 2 (iii) (i) of Part A of the Annex I to the Memorandum of Instructions governing money changing activities, issued vide [A. P. \(DIR Series\) Circular No. 57 \[A.P. \(FL/RL Series\) Circular No. 04\] dated March 9, 2009](#).

2. In view of the recent measures adopted to provide more flexibility to the Authorised Persons in selecting the location for their branches, it has now been decided to remove the criteria relating to increase in outreach and locational advantage while considering the applications for issuance of fresh licenses for Full Fledged Money Changers (FFMC).

3. All the other instructions contained in the A.P.(DIR Series) Circular No.57 {A.P.(FL/RL Series) Circular No.4} dated March 9, 2009 shall remain unchanged.

4. Authorised Persons may bring the contents of this circular to the notice of their constituents 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) and are without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

(Meena Hemchandra)
Chief General Manager-in-Charge



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

RBI/2011-12/373

A. P. (DIR Series) Circular No.72

January 30, 2012

To

All Category-I Authorised Dealer Banks

Madam / Sir,

Memorandum of Instructions for Opening and Maintenance of Rupee / Foreign Currency Vostro Accounts of Non-resident Exchange Houses

Attention of Authorised Dealer Category – I (AD Category – I) banks is invited to the Paragraph nos. (A) (1) and (A) (3) (ix) of Annex-I to the [A.P.\(DIR Series\) Circular No. 28 \[A.P. \(FL/RL Series\) Circular No. 02\] dated February 6, 2008](#) on Memorandum of Instructions for Opening and Maintenance of Rupee / Foreign Currency Vostro Accounts of Non-resident Exchange Houses and subsequent amendments thereto in terms of which prior approval of the Reserve Bank is required for opening and maintaining rupee vostro accounts of non-resident Exchange Houses.

2. With a view to give more operational leeway to the AD Category-I banks, it has been decided to dispense with the requirement of prior approval of the Reserve Bank for opening and maintaining each Rupee Vostro account in India of non-resident Exchange Houses in connection with the Rupee Drawing Arrangements (RDAs) that banks enter into with them. Accordingly, AD Category-I banks may take approval of the Reserve Bank the first time they enter into the above arrangement with non-resident Exchange Houses from Gulf countries, Hong Kong, Singapore and Malaysia. Subsequently, they may enter into RDAs, subject to the prescribed guidelines and inform the Reserve Bank immediately.

3. Once the total number of Rupee Drawing Arrangements (RDAs) reaches twenty, the AD Category-I bank may cause a detailed external Audit of their

internal system to ensure that it is working satisfactorily. Based on the satisfactory report, the Board of AD Category-I banks may authorise more such arrangements. A copy of the Board Note together with Board Resolution in the matter may be filed with the Reserve Bank and new arrangements informed to the Reserve Bank as indicated in Para 2.

4. All other instructions contained in the A.P.(DIR Series) Circular No. 28 [A.P. (FL/RL Series) Circular No. 02] dated February 6, 2008, as amended from time to time, remain unchanged.

5. AD Category-I banks 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,

(Meena Hemchandra)
Chief General Manager-in-Charge



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

RBI/2011-12/378

A. P. (DIR Series) Circular No.73

January 31, 2012

To

All Category – I Authorised Dealer Banks

Madam / Sir,

Opening of Diamond Dollar Accounts (DDAs)

Attention of Authorised Dealer Category - I (AD Category-I) banks is invited to [A.P. \(DIR Series\) Circular No. 51 dated February 13, 2009](#) delegating powers to AD Category-I banks to open and maintain DDAs by eligible firms and companies subject to certain terms and conditions.

2. It has now been decided that AD Category - I banks should submit a statement giving the data on the DDA balances maintained by them on a fortnightly basis as per format annexed, within seven days of close of the fortnight to which it relates, to the Chief General Manager-in-Charge, Foreign Exchange Department, Reserve Bank of India, Trade Division, 5th Floor, Amar Building, Mumbai – 400001.

3. The other terms & conditions mentioned in the A.P. (DIR Series) Circular No. 51 dated February 13, 2009 and [A.P. \(DIR Series\) Circular No. 13 dated October 29, 2009](#) shall remain unchanged.

4. AD Category - I banks may bring the contents of this circular to the notice of their constituents and customers concerned.

5. The directions contained in this circular have been issued under Sections 10(4) and 11(2) 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,

(Rashmi Fauzdar)
Chief General Manager

ANNEX
[Annex to A.P. (DIR Series) Circular No.73
dated January 31, 2012]

Statement showing balances in Diamond Dollar Account on daily basis
during the fortnight ended

Name of the Bank :

A.D. Code No. :

Date	Balances (in USD Million)	Balances (in Rupee equivalent in Crore)

Signature of Authorised official

Stamp

Date :



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

RBI/2011-12 /380
A.P. (DIR Series) Circular No. 74

February 01, 2012

To

All Category - I Authorised Dealer Banks

Madam / Sir,

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

Attention of Authorised Dealer Category-I (AD Category-I) banks is invited to [A.P. \(DIR Series\) Circular No. 54 dated December 8, 2011](#), wherein the Rupee value of the Special Currency Basket was indicated as Rs. 73.923372 effective from November 28, 2011.

2. AD Category-I banks are advised that a further revision has taken place on January 17, 2012 and accordingly, the Rupee value of the Special Currency Basket has been fixed at Rs.71.456679 with effect from January 20, 2012.
3. AD Category-I banks 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 (FEMA), 1999 (42 of 1999) and are without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

(Rashmi Fauzdar)
Chief General Manager



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

RBI/2011-12/390

A.P. (DIR Series) Circular No. 75

February 07, 2012

To

All Authorised Dealer Category- I Banks

Madam / Sir,

External Commercial Borrowings – Simplification of procedure

Attention of Authorized Dealer Category-I (AD Category-I) banks is invited to the Foreign Exchange Management (Borrowing or Lending in Foreign Exchange) Regulations, 2000, notified vide [Notification No. FEMA 3/2000-RB dated May 3, 2000](#), [A.P. \(DIR Series\) Circular No. 5 dated August 1, 2005](#) relating to the External Commercial Borrowings (ECB), as amended from time to time and [A. P. \(DIR Series\) Circular No.33 dated February 09, 2010](#).

2. As per the extant ECB procedures, requests for reduction in the amount of ECB, changes in the drawdown schedule where the original average maturity period is not maintained and reduction in the all-in-cost of the ECB after obtaining the Loan Registration Number (LRN) is required to be referred by the AD Category-I bank to the Foreign Exchange Department, Central Office, Reserve Bank of India for necessary approval.

3. As a measure of simplification of the existing procedures, it has been decided to delegate powers to the designated AD category-I banks to approve the following requests from the ECB borrowers, subject to specified conditions:

a) Reduction in amount of ECB

The designated AD Category-I bank may approve requests from ECB borrowers for reduction in loan amount in respect of ECBs availed under the **automatic route**, subject to ensuring the following conditions:-

- (i) the consent of the lender for reduction in loan amount has been obtained;
- (ii) the average maturity period of the ECB is maintained;

- (iii) the monthly ECB-2 returns in respect of the LRN have been submitted to the Department of Statistics and Information Management (DSIM); and
- (iv) there is no change in the other terms and conditions of the ECB.

b) Changes/modifications in the drawdown schedule when original average maturity period is not maintained

As per the extant procedures, Designated AD Category – I banks have been delegated powers to approve changes / modifications in the drawdown / repayment schedule of the ECBs already availed, both under the approval and the automatic routes, subject to the condition that the average maturity period, as declared while obtaining the LRN, is maintained.

It has now been decided that the designated AD Category-I bank may approve requests from ECB borrowers for changes/modifications in the **drawdown schedule** resulting in the original average maturity period undergoing change in respect of ECBs availed both under the **automatic and approval routes**, subject to ensuring the following conditions:-

- (i) there are no changes/modifications in the **repayment schedule** of the ECB;
- (ii) the average maturity period of the ECB is **reduced** as against the original average maturity period stated in the Form 83 at the time of obtaining the LRN;
- (iii) such reduced average maturity period **complies with the stipulated minimum average maturity period** as per the extant ECB guidelines;
- (iv) the change in all-in-cost is only due to the change in the average maturity period and the ECB complies with the extant guidelines; and
- (v) the monthly ECB-2 returns in respect of the LRN have been submitted to DSIM.

Any elongation / rollover in the repayment, on expiry of the original maturity, of the ECB, would however, continue to require the prior approval of the Reserve Bank.

c) Reduction in the all-in-cost of ECB

The designated AD Category-I bank may approve requests from ECB borrowers for reduction in all-in-cost, in respect of ECBs availed both under the **automatic and approval routes**, subject to ensuring the following conditions:-

- (i) the consent of the lender has been obtained and there are no other changes in the terms and conditions of the ECB; and
- (ii) the monthly ECB-2 returns in respect of the LRN have been submitted to DSIM.

4. The designated AD Category-I bank should ensure that the ECBs continue to comply with the extant guidelines while exercising their delegated powers and changes are promptly reported to the Department of Statistics and Information Management (DSIM), Reserve Bank of India in Form 83.

5. The above modifications to the ECB guidelines will come into force with immediate effect. All other aspects of the ECB policy, such as, USD 750 million limit per company per financial year under the automatic route, eligible borrower, recognized lender, end-use, all-in-cost ceiling, average maturity period, prepayment, refinancing of existing ECB and reporting arrangements shall remain unchanged.

6. AD Category –I banks 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) and are without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

(Rashmi Fauzdar)
Chief General Manager



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

RBI/2011-12/ 392
A.P. (DIR Series) Circular No. 76

February 09, 2012

To

All Category - I Authorised Dealer Banks

Madam / Sir,

**Clarification - Establishment of Project Offices in India by
Foreign Entities – General Permission**

Attention of the Authorised Dealer Category - I (AD Category - I) banks is invited to Regulation 4 of [Notification No.FEMA 22 /2000-RB dated May 3, 2000](#), viz., Foreign Exchange Management (Establishment in India of Branch or Office or other Place of Business) Regulations, 2000, as amended from time to time, in terms of which, no person, being a citizen of Pakistan, Bangladesh, Sri Lanka, Afghanistan, Iran or China, shall establish in India, a branch office or a liaison office or a project office or any other place of business by whatever name called, without the prior permission of the Reserve Bank. Attention of the AD Category -I banks is also invited to the [A.P. \(DIR Series\) Circular No. 37 dated November 15, 2003](#) which provides the guidelines regarding general permission to a foreign entity for setting up a Project office in India, subject to certain conditions.

2. It is clarified that the general permission accorded in terms of the November 15, 2003 guidelines is subject to the adherence to the provisions of Regulation 4 of Notification No.FEMA 22 /2000-RB dated 3rd May 2000, *ibid*, alongwith their specified conditions.

3. AD Category - I 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, 1999 (42 of 1999) and

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

Yours faithfully,

(Meena Hemchandra)

Chief General Manager-in-Charge



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

RBI/2011-12/397
A.P. (DIR Series) Circular No. 77

February 15, 2012

To,

All Authorised Persons

Madam/ Dear Sir,

**Anti-Money Laundering (AML) standards/Combating the Financing of
Terrorism (CFT) Standards - Money changing activities**

Attention of the Authorised Persons is invited to the [A.P.\(DIR Series\) Circular Nos.21](#) and [23](#) dated September 19, 2011 on the risks arising from the deficiencies in AML/CFT regime of certain jurisdictions.

2. The Financial Action Task Force (FATF) has issued a further Statement on October 28, 2011 on the subject ([copy enclosed](#)).
3. Authorised Persons are accordingly advised to consider the information contained in the enclosed statement.
4. This, however, does not preclude Authorised Persons from legitimate transactions with these countries and jurisdictions.
5. These guidelines are also applicable mutatis mutandis to all agents/ franchisees of Authorised Persons and it will be the sole responsibility of the franchisers to ensure that their agents / franchisees also adhere to these guidelines.
6. Authorised Persons may bring the contents of this circular to the notice of their constituents concerned.
7. Please advise your Principal Officer to acknowledge receipt of this circular letter.
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

also under the Prevention of Money Laundering Act, (PMLA), 2002, as amended by Prevention of Money Laundering (Amendment) Act, 2009 and Prevention of Money-Laundering (Maintenance of Records of the Nature and Value of Transactions, the Procedure and Manner of Maintaining and Time for Furnishing Information and Verification and Maintenance of Records of the Identity of the Clients of the Banking Companies, Financial Institutions and Intermediaries) Rules, 2005 as amended from time to time and are without prejudice to permission /approvals, if any, required under any other law.

Yours faithfully,

(Meena Hemchandra)
Chief General Manager-in-Charge



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

RBI/2011-12/398

A.P. (DIR Series) Circular No. 78

February 15, 2012

To,

All Authorised Persons, who are Indian Agents under Money Transfer Service Scheme.

Madam/ Dear Sir,

Anti-Money Laundering (AML) standards/Combating the Financing of Terrorism (CFT) Standards - Cross Border Inward Remittance under Money Transfer Service Scheme

Attention of all the Authorised Persons, who are Indian Agents under Money Transfer Service Scheme (MTSS) is invited to [A.P.\(DIR Series\) Circular Nos.22 and 24](#) dated September 19, 2011 on the risks arising from the deficiencies in AML/CFT regime of certain jurisdictions.

2. The Financial Action Task Force (FATF) has issued a further Statement on October 28, 2011 on the subject ([copy enclosed](#)).

3. Authorised Persons (Indian Agents) are accordingly advised to consider the information contained in the enclosed statement.

4. This, however, does not preclude Authorised Persons (Indian Agents) from legitimate transactions with these countries and jurisdictions.

5. These guidelines would also be applicable mutatis mutandis to all Sub-agents of the Indian Agents under MTSS and it will be the sole responsibility of the APs (Indian Agents) to ensure that their Sub-agents also adhere to these guidelines.

6. Authorised Persons (Indian Agents) may bring the contents of this circular to the notice of their constituents concerned.

7. Please advise your Principal Officer to acknowledge receipt of this circular letter.

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 also

under the Prevention of Money Laundering Act (PMLA), 2002, as amended by Prevention of Money Laundering (Amendment) Act, 2009 and Prevention of Money-Laundering (Maintenance of Records of the Nature and Value of Transactions, the Procedure and Manner of Maintaining and Time for Furnishing Information and Verification and Maintenance of Records of the Identity of the Clients of the Banking Companies, Financial Institutions and Intermediaries) Rules, 2005 as amended from time to time and are without prejudice to permission/approvals, if any, required under any other law.

Yours faithfully,

(Meena Hemchandra)
Chief General Manager-in-Charge



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

RBI/2011/12/399
A.P. (DIR Series) Circular No. 79

February 15, 2012

To

All Authorised Dealers in Foreign Exchange

Madam / Sir,

**Clarification - Purchase of Immovable Property in India –
Reporting requirement**

Attention of Authorised Dealer Category-I banks is invited to Regulation 5 of [Notification No. FEMA 21/2000-RB](#) viz. Foreign Exchange Management (Acquisition and Transfer of Immovable Property in India), Regulations, 2000 dated May 3, 2000, as amended from time to time. In terms of the above Regulation, when a person resident outside India, who has established in India in accordance with the Foreign Exchange Management (Establishment in India of Branch or Office or other Place of Business) Regulations, 2000, a branch, office or other place of business, excluding a liaison office, acquires any immovable property in India in accordance with the provision of said regulation, the said person has to file with the Reserve Bank a declaration in the form IPI annexed to those regulations, not later than ninety days from the date of such acquisition. As the form is required to be submitted by such persons only, the form is suitably amended to reflect the position.

2. It is clarified that the extant regulations do not prescribe any reporting requirements for transactions where a person resident outside India who is a citizen of India **or** a Person of Indian Origin (PIO) as defined in Regulation 2(c) of Notification No. FEMA 21/2000-RB, *ibid*, acquire/s immovable property in India in accordance with the said provisions of the aforesaid Notification. Form IPI has been, accordingly, amended for greater clarity.

3. Authorised Dealer Category-I 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 are without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

(Meena Hemchandra)
Chief General Manager-in-Charge

Annex
[Annex to A.P. (DIR Series) Circular No. 79
dated February 15, 2012]

Form IPI

(See Regulation 5)

Declaration of immovable property acquired in India by a person resident outside India who has established in India a branch, office or other place of business, excluding a liaison office

Instructions:

1. The declaration should be completed in duplicate and submitted directly to the Chief General Manager, Foreign Exchange Department, (Foreign Investment Division), Reserve Bank of India, Central Office, Mumbai – 400001 within 90 days from the date of acquisition of the immovable property.
2. This form is not to be submitted by a person resident outside India who is a citizen of India **or** a Person of Indian Origin (PIO) acquiring immovable property in India under General Permission in accordance with Regulations 3 and 4 of Notification No. FEMA 21/2000-RB dated May 3, 2000.

Documentation:

Certified copies of letter of approval from Reserve Bank obtained under section 6(6) of FEMA, 1999 (42 of 1999).

1		Full name and address of the acquirer who has acquired the immovable property		
2	(a)	Description of immovable property	(a)	
	(b)	Details of its exact location stating the name of the state, town and municipal/survey number, etc	(b)	
3	(a)	Purpose for which the immovable property has been acquired	(a)	
	(b)	Number and date of Reserve Bank's permission, if any	(b)	
4		Date of acquisition of the immovable property		
5	(a)	How the immovable property was acquired i.e. whether by way of purchase or lease	(a)	
	(b)	Name, citizenship and address of the seller/lessor	(b)	
	(c)	Amount of purchase price and sources of funds	(c)	

I/ We hereby declare that-

(a) the particulars given above are true and correct to the best of my/our knowledge and belief;

(b) no portion of the said property has been leased /rented to, or is otherwise being allowed to be used by, any other party.

Encls:

(Signature of Authorised official)

Stamp

Place: -----

Name:-----

Date:-----

Designation:-----



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

RBI/2011/12/400

February 15, 2012

A.P. (DIR Series) Circular No. 80

To

All Authorised Dealers in Foreign Exchange

Madam / Sir,

**Export of Goods and Services-
Simplification and Revision of Softex Procedure**

Attention of the Authorised Dealers is invited to Regulation 6 of the [Notification No.FEMA 23/2000-RB dated May 3, 2000](#) viz. Foreign Exchange Management (Export of Goods and Services) Regulations, 2000, as amended by the [Notification No.FEMA 36/2001-RB dated February 2, 2001](#), in terms of which designated officials of the Ministry of Information Technology, Government of India at the Software Technology Parks of India (STPIs) or at Free Trade Zones (FTZs) or Export Processing Zones (EPZs) or Special Economic Zones (SEZs), had been authorised to certify exports declared through SOFTEX Forms.

2. Considering the spurt in the volume of software exports from India in recent times, the complexity of work contracts involved, the voluminous nature of contract agreements and the duration involved in execution of each contract as well as the time-consuming process involved in the certification of SOFTEX forms, the matter was revisited and a revised procedure, given herein below, has now been finalised in consultation with the stakeholders involved.

3. As per the revised procedure, a software exporter, whose annual turnover is at least Rs. 1000 crore or who files at least 600 SOFTEX forms annually, will be eligible to submit a statement in excel format as per Annexure A, giving all particulars alongwith **quadruplicate** set of SOFTEX form to the nearest STPI. STPI will then verify the details and decide on a percentage sample check of the documents in details. Software companies will submit all the documents on demand to STPI within 30 days of their advice or any reasonable/extended time at the discretion of the Director, STPI, at the request from the exporter. STPI will thus certify the statement and SOFTEX forms in bulk on the **“Top Sheet”** regarding the values etc. and will thereafter forward the first **copy** of the revised

SOFTEX format to the concerned Regional Office of RBI, the **duplicate copy** alongwith bulk statement in excel format to Authorised Dealers for negotiation / collection / settlement, the **third copy** to the exporter and the **last copy** will be retained by STPI for its own record. Under the revised procedure, the exporters, however, will have to provide information about all the invoices **including the ones lesser than US\$25000**, in the bulk statement in excel format. [The revised procedure for submission of the Softex form and other relevant documents are detailed in the **Annex.**]

4. The new procedure will be effective initially in STPI Bangalore, Hyderabad, Chennai, Pune and Mumbai with effect from April 01, 2012. Based on the success in these centers, it would be adopted by all the STPIs and SEZ/ EPZ/ 100% EOU/ EHTP/ DTA units by June 2012.

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 Section 10(4) and Section 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,

(Rashmi Fauzdar)
Chief General Manager

1. Revised Procedure : Reporting of Software exports to STPI

- A. Periodicity** – Monthly
- B. Time period** – **Not later than 30 days** from the close of the month in which the invoice is raised
- C. Applicability** – Software exporters with annual turnover in excess of Rs. 1,000 crore or submitting at least 600 Softex forms annually.
- D. Softex Number** – Softex number shall be allocated/issued centrally by RBI once a year based on the requirements of exporter which can be about 200,000 numbers to be used by large exporters for the year for all locations. If the softex numbers are exhausted, the exporter can apply again to RBI for allotment of number. Exporters can use the allocated Softex number either for each invoice or for a group of invoices **with same currency** of a particular customer. **Softex number** would be the control number for identifying any of the export transaction.
- E. Details of information** – As per the template in **Annexure A**, which will broadly cover information as under
 - i. Name and Address of the Exporter
 - ii. Letter of permission number and date
 - iii. Name of authorized data com service provider
 - iv. Import Export Code number
 - v. Software Export Declaration
 - vi. Details of Export of Software during the period
 - a) Period of submission i.e. Month name
 - b) SOFTEX Number
 - c) Name of Client
 - d) Address of Client
 - e) Country of Export
 - f) Invoice Number
 - g) Invoice Date
 - h) Project Code or Contract or Agreement or PO & Date
 - i) Type of Software Exported
 - j) Invoice Currency
 - k) Offshore Invoice value
 - vii. Details of billings on account of Royalty on Software Packages/products exported as per **Annexure B**
 - a) Period of submission i.e., Month name
 - b) SOFTEX Number
 - c) Name of Client
 - d) Address of Client
 - e) Country of Export
 - f) Invoice Number
 - g) Invoice Date

- h) Unique internal Project Code or Contract/Agreement/PO Date
- i) Invoice Currency
- j) Offshore Invoice value
- k) Details of Software Package(s)/product(s) exported
- l) Royalty agreement details
 - 1. % age and amount of royalty
 - 2. Period of Royalty agreement
 - 3. Mode of realisation of Royalty value
 - 4. Calculation of Royalty amount

viii. The Authorized dealer's name should be given in Section A of individual bulk statement itself along with email id (**Annexure A & B**). If there are multiple ADs, then exporter may provide full details - i.e., Details such as bank name, address and Authorized Dealer code plus

- a) Details of Letter of Credit(L/C) facility availed by the exporter
- b) Details of Bank Guarantee taken by the exporter
- c) Details of the Bank Accounts into which the transfer/remittance are received

ix. Email id of the Exporter shall be specified to which the attested Bulk Softex statement will be sent

F. Soft copy Submission – Software Exports Declaration in summary excel sheet with above details.

G. Hard copy submission – Covering letter along with summary sheet declarations and Annexure copies in quadruplicate. Copies of Softex forms, Invoices, SoW, MSA or any other document are not required to be submitted along with summary.

H. Additional Information – At the request of STPI, software exporter need to submit additional details about selected sample invoices within 30 days of the request or any reasonable extended time at the discretion of the Director , STPI at the request from the exporter.

I. Time Period for additional Information – STPI would do sample audit periodically but not during the period beyond six months, to make the records concurrent with the filing of the Softex. This however, doesn't stop the regulator from asking old records as per FEMA.

J. STPI will send the attested Bulk Softex statement in hardcopy to software exporter and soft copy to RBI, Regional Office, Authorized Dealer and Exporter with **password protection** (to be provided by STPI)

K. Authorized Dealer will upload this information in their systems for further processing

L. Authorized Dealer will settle the Softex using AD internal control number based on details provided by Exporter on collections as per Annexure C

2. **Reporting of Software export Realizations to Authorized Dealer (AD)**

Software Exporters can have collection account overseas or get credit directly in the bank accounts maintained in India, where individual invoices raised on customers are collected. After meeting “onsite” branch expenses, as permitted by FEMA, net amount will be remitted to India. This would also include 100% realization of offsite exports.

A. Periodicity – Quarterly

B. Applicability – Software exporters with annual turnover in excess of Rs. 1,000 crore or submitting in excess of 600 Softex forms annually.

C. Details of information – As per **Annexure C**, which will cover information as under

- i. Name and Address of the Exporter
- ii. Import Export Code number
- iii. Details of invoice wise collections (**Attachment A**)
 - a) SOFTEX Number
 - b) Name of Customer
 - c) Invoice Number
 - d) Invoice Date
 - e) Invoice Currency
 - f) Offshore Invoice value
 - g) Offshore Invoice value realized
 - h) Date of Realization of exports proceeds
 - i) Name of the Bank
 - j) Country of the Bank
- iv. Details of Foreign Currency Inward Remittance in India (**Attachment B**). Authorized Dealers will give a control number for this Attachment B, which shall be used by them to settle all the softex forms in Attachment A

a) Inward remittance in India from overseas bank accounts

1. Name and address of the Authorized Dealer at which the amount has been received
2. Inward remittance details like FIRC number, date, amount and foreign currency
3. Name and address of the Overseas bank from which remittance has been effected

b) Direct Inward remittance in India from customers against exports of software

1. Name and address of the Authorized Dealer at which the amount has been received
2. Inward remittance details like FIRC number, date, amount and foreign currency
3. Name and address of the Customer from which remittance has been received

v. Documentation: FIRCs to be given to AD for endorsement along with above details

- vi. Software exporters will furnish the credit notes to AD for invoices which have already been certified by STPI and settle the respective Softex forms.

3. Online Submission of Periodic Software Exports Declaration

STPI is in the process of computerizing the submission of Softex form. STPI would be required to ensure that the computerisation of the Softex forms and the populating of the data must be compatible to '**Softex Card Design**' as detailed in **Annexure E** and be able to generate a report in '**ENC file format**' as detailed in **Annexure D**

N.B. In the event of full computerisation at the STPIs, the exporters will upload their bulk statement to the STPI system which will be verified and certified by the STPI and the certified information will flow to RBI, Regional Office, Exporter as well as AD online. The data will eventually flow to DSIM, RBI for record with a copy retained at STPI.

[Annexure](#)



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

RBI/2011-12/403
A.P. (DIR Series) Circular No.81

February 21, 2012

To

All Category – I Authorised Dealer Banks

Madam / Sir,

Export of Goods and Services -
Receipt of advance payment for export of goods
Involving shipment (manufacture and ship) beyond one year

Attention of Authorised Dealer Category – I (AD Category I) banks is invited to the sub-regulation (2) of Regulation 16 of the Foreign Exchange Management (Export of Goods and Services) Regulations, 2000, notified vide [Notification No.FEMA.23/RB-2000, dated 3rd May 2000](#), as amended from time to time, in terms of which prior approval of the Reserve Bank is required to be obtained by an exporter for receipt of advance where the export agreement provides for shipment of goods extending beyond the period of one year from the date of receipt of advance payment.

2. With a view to liberalizing the procedure, it has been decided to permit AD Category- I banks to allow exporters to receive advance payment for export of goods which would take more than one year to manufacture and ship and where the 'export agreement' provides for shipment of goods extending beyond the period of one year from the date of receipt of advance payment subject to the following conditions:-

- i) the KYC and due diligence exercise has been done by the AD Category – I bank for the overseas buyer;
- ii) compliance with the Anti Money Laundering standards has been ensured;
- iii) the AD Category-I bank should ensure that export advance received by the exporter should be utilized to execute export and not for any other purpose i.e., the transaction is a bona-fide transaction;
- iv) progress payment, if any, should be received directly from the overseas buyer strictly in terms of the contract;

- v) the rate of interest, if any, payable on the advance payment shall not exceed London Inter-Bank Offered Rate (LIBOR) + 100 basis points;
 - vi) there should be no instance of refund exceeding 10% of the advance payment received in the last three years;
 - vii) the documents covering the shipment should be routed through the same authorised dealer bank; and
 - viii) in the event of the exporter's inability to make the shipment, partly or fully, no remittance towards refund of unutilized portion of advance payment or towards payment of interest should be made without the prior approval of the Reserve Bank.
3. Necessary amendments to the Foreign Exchange Management (Export of Goods and Services) Regulations, 2000, wherever necessary, are being issued separately.
4. AD Category - I banks may bring the contents of this circular to the notice of their constituents and 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) and are without prejudice to permissions / approvals, if any, required under any law.

Yours faithfully,

(Rashmi Fauzdar)
Chief General Manager



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

RBI/2011-12/404
A.P. (DIR Series) Circular No. 82

February 21, 2012

To

All Authorised Dealers in Foreign Exchange

Madam / Sir,

Release of Foreign Exchange for Imports – Further Liberalisation

Attention of all the Authorised Dealers (ADs) in foreign exchange is invited to the [A.P.\(DIR Series\) Circular No. 106 dated June 19, 2003](#) in terms of which applications by persons, firms and companies for making payments, exceeding USD 500 or its equivalent towards imports into India must be made in Form A-1.

2. Based on suggestions received from the various stake holders, the said limit has been reviewed and it has been decided as a measure of liberalization to raise the above limit for foreign exchange remittance towards imports without any documentation formalities, from USD 500 or its equivalent to USD 5000 or its equivalent, with immediate effect.

3. It is clarified that the ADs need not obtain any document, including Form A-1, except a simple letter from the applicant containing the basic information viz., the name and the address of the applicant, name and address of the beneficiary, amount to be remitted and the purpose of remittance, as long as the exchange being purchased is for a current account transaction (and is not included in the Schedules I and II of the Foreign Exchange Management (Current Account Transactions) Rules, 2000 framed by Government of India vide Notification No. G.S.R.381 (E) dated May 3, 2000, as amended from time to time, the amount does not exceed USD 5000 or its equivalent and the payment is made by a cheque drawn on the applicant's bank account or by a Demand Draft.

4. Authorised Dealers may bring the contents of this circular to the notice of their constituents and 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) and are without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

(Rashmi Fauzdar)
Chief General Manager



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

RBI/2011-12/ 411
A.P. (DIR Series) Circular No. 83

February 27, 2012

To

All Category – I Authorised Dealer Banks

Madam / Sir,

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

Attention of Authorised Dealer Category – I (AD Category – I) banks is invited to the [A.P.\(DIR Series\) Circular No. 34 dated February 18, 2005](#), in terms of which the maximum tenor of gold loan was notified as 240 days consisting of 60 days for manufacture and exports +180 days for fixing the price and repayment of gold loan as per the Foreign Trade Policy 2004-2009 of the Government of India and that the tenor of the Standby Letter of Credit (SBLC), for import of gold on loan basis, where ever required, should be in line with the aforesaid tenor of gold loan.

2. Attention of the AD Category –I banks is also invited to para 4A 23.2 and para 4A 23.3 of the Hand Book of Procedures (HBP) Vol. I of the Foreign Trade Policy (FTP) 2009-14 which states that, "the export has to be completed within a maximum period of 90 days from the date of release of gold on loan basis ", and that, " the exporter shall have flexibility to fix the price and repay gold loan within 180 days from date of export". Accordingly, the maximum tenor of gold loan becomes 270 days at present (i.e. 90 days for manufacture and export + 180 days for fixing the price and repayment) as per FTP 2009-14.

3. AD Category-I Banks may, accordingly, note to comply that (i) the maximum period of gold loan shall be as per the Foreign Trade Policy 2009-14 or as notified by the Government of India from time to time, in this regard and (ii) the tenor of SBLC, for import of gold on loan basis, where ever required, should also be in line with the tenor of gold loan.

4. All the other terms and conditions of the A.P. (DIR Series) circular No. 34 dated February 18, 2005 shall remain unchanged.
5. AD Category – I 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 Section 11 (1) of the Foreign Exchange Management Act (FEMA), 1999 (42 of 1999) and are without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

(Rashmi Fauzdar)
Chief General Manager



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

RBI/2011-12/413

February 29, 2012

A.P. (DIR Series) Circular No. 84

To

All Authorised Dealers in Foreign Exchange

Madam / Sir,

Compilation of R>Returns: Reporting under FETERS

Attention of Authorised Dealer (Category I) banks is invited to [A.P.\(DIR Series\) Circular No.77 dated March 13, 2004](#) giving guidelines for compilation of R>Returns and reporting under the *Foreign Exchange Transactions – Electronic Reporting System (FETERS)*, and also the [A.P.\(DIR Series\) Circular No. 30 dated February 25, 2008](#) on the move from the system of 'branch-wise' reporting to 'bank-wise' reporting under the FETERS.

2. Several subsequent developments have necessitated further modifications in FETERS. These include:

- a) The Working Group on Balance of Payments (BoP) Manual for India (Chairman: Shri Deepak Mohanty) constituted by the Reserve Bank reviewed, *inter alia*, the existing methodology for compilation of India's BoP with a view to making it consistent with the guidelines contained in the Sixth edition of *Balance of Payments and International Investment Position Manual (BPM6)* of the International Monetary Fund (IMF). The Working Group made several recommendations for improving the present compilation procedure as well as presentation of India's BoP statistics conforming to international best practices.
- b) With the transition to core banking system (CBS), move to complete transaction reporting is warranted instead of relying on the unclassified receipts survey (URS) for purpose-wise distribution of the consolidated amount under non-export receipts below a threshold.

- c) Directorate General of Systems (Customs and Central Excise), Govt. of India now issues 6-digit port-code as per UNLOCODE scheme in place of 2-digit port-code earlier issued by RBI.

3. In view of the above, the following changes shall be effected in reporting of R>Returns from the next financial year (*i.e.*, transactions taking place from April 1, 2012):

- i) The purpose codes for classification and reporting of foreign exchange transactions in FETERS should be as per the revised classification. Accordingly, all AD category-I banks are advised to report all foreign exchange transactions as per the revised purpose code list with effect from first fortnight of April 2012 as per the attached guidelines.
- ii) AD banks may indicate purpose codes for all foreign exchange transactions (including receipts under non-export transactions below Rs. 5 lakhs) under FETERS. The present system of reporting of non-export transactions below Rs. 5 lakhs (a) on a consolidated basis in BoP file and (b) submission of purpose-wise distribution of a sample of such small receipt transactions (as part of R-return in the URS file under FETERS), will be discontinued for transactions beyond March 31, 2012.
- iii) The amount field in all FETERS files will be increased to 15-digit format.
- iv) 6-digit port code will be used uniformly for reporting under FETERS.

4. The revised Guidelines for Submission of Data under the FETERS are attached herewith.

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

Yours faithfully,

(Rashmi Fauzdar)
Chief General Manager

Guidelines for Submission of Data: Foreign Exchange Transactions Electronic Reporting System (FETERS)

Nodal offices of Authorised Dealer (AD) banks are required to report purpose, country, currency and other details of their foreign exchange sale and purchase transactions in Foreign Exchange Transaction Electronic Reporting System (FETERS) to the Reserve Bank on a fortnightly basis in the prescribed format since October 1997. These are primarily required for compilation of India's Balance of Payments (BoP) statistics as per international guidelines given by the International Monetary Fund (IMF), and other policy making by the Reserve Bank and are also used for other macroeconomic management purposes. With the signing of General Agreement on Trade in Services (GATS) under World Trade Organisation (WTO), the member countries are required to disseminate the data on international trade in services as per Manual on Statistics on International Trade in Services (MSITS). Accordingly, detailed BoP statistics is released on a quarterly basis and BoP for services is released on a monthly basis.

In order to meet the requirement of compilation of BoP Statistics as per the guidelines under the Balance of Payments and International Investment Position Manual (6th edition) (BPM6) of the IMF, the scope of collection of data on foreign exchange transactions has to be widened. The *Working Group on Balance of Payments Manual for India (Chairman: Shri Deepak Mohanty)* constituted by the Reserve Bank *inter alia* reviewed the existing methodology for compilation of India's BoP consistent with BPM6 guidelines. The Working Group made several recommendations for improving the present compilation procedure as well as presentation of India's BoP statistics conforming to international best practices (For details, see report at web-link: <http://rbidocs.rbi.org.in/rdocs/PublicationReport/Pdfs/IBPM221110R.pdf>)

In order to meet those national perspectives, the purpose codes have been revised and given in Annex I and the structures of four ASCII files to be submitted under FETERS are given in Annex II. The revised system is for reporting of R>Returns for forex transactions performed w.e.f. April 1, 2012.

Reporting to RBI: Banks may submit datafiles on a fortnightly basis (i.e., 15th and end-month), as at present, by email to rreturn@rbi.org.in within one week of the last date of the fortnight. The electronic reporting system is in addition to the submission of R-Return cover page.

Naming Convention: The file name should start with "BANKCODE_" for each FETERS file to be submitted to the Reserve Bank. For example, if bank code is 639, the file name should be:

- 639_BOP6.TXT for BoP6 file
- 639_ENC.txt for ENC file
- 639_sch3to6.txt for SCH3to6 file
- 639_QE.txt for QE file

File Layout Changes: A comparison of the file layouts with the previous version is given below:

Sl. No.	File Name	Previous Width	Revised Width	Reason
1	BankCode_BOP6.txt	59	63	Amount width increased to 15
2	BankCode_ENC.txt	92	103	Invoice value width increased to 15 Shipping_bill_No. width increased to 13 CSN width increased to 14
3	BankCode_SCH3TO6.txt	83	95	Invoice Value width increased to 15 Realised Value width increased to 15 Shipping_bill_No. width increased to 13
4	BankCode_QE.txt	41	45	Amount width increased to 15
5	BankCode_URS6.txt	Discontinued		

Delimiter: The FETERS files should be ASCII files with one record per line. All fields in each file should be delimited with the delimiter "|"

Reporting of Non-applicable items: In cases where an item is not be relevant for a set of transactions of certain purposes, irrelevant fields/ data items may be kept blank in the text file. Structure of this file has been designed in such a way that, many blank fields do not appear in between two relevant fields.

Consistency Checks: In order to ensure accurate reporting of data by ADs, FETERS contains consistency checks. These checks need to be ensured for the entire fortnight and relevant with currency-wise x item-wise cover-page totals. Checks are also introduced for checking the closing balances using the following relationship before submitting data to the Reserve Bank:

$$\text{Closing Balances} = \text{Opening Balances} + \text{Total Purchases} - \text{Total Sales}$$

Inter-relationship among FETERS files: The following inter-relationship among files BOP6.TXT, QE.TXT and R-Return cover page should be ensured.

Name	Coverage (Transactions to be reported) in File BOP6.TXT	Coverage in File QE.TXT*	Item No. R-Return (Nostro)
Imports (S0101, S0102, S0103 & S0109)	All the individual transactions below Rs.5 lakh	Purpose code S0190 ~ Aggregate figure	I. A. (i)
	All the individual transactions above or equivalent of Rs.5 lakh	Purpose code S0191 ~ Aggregate figure	I. A. (ii)
Intermediary imports (S0104 & S0108)	All the individual transactions	Purpose code S0144 ~ Aggregate figure	I. B.
Non-import (Other than Imports)	All the individual transactions below Rs.5 lakh	Purpose code S1590 ~ Aggregate figure	I. C. (i)
	All the individual transactions above or equivalent of Rs.5 lakh	Purpose code S1591 ~ Aggregate figure	I. C. (ii)
Sale to Other ADs in India	No individual Transaction to be Reported	Purpose code S0092 ~ Aggregate figure	I. D
Sale to RBI	No individual Transaction to be Reported	Purpose code S0091 ~ Aggregate figure	I. E
Sales to Overseas Banks / correspondents	No individual Transaction to be Reported	Purpose code S0093 ~ Aggregate figure	I. F
Sales to branches by A-Category	No individual Transaction to be Reported	Purpose code S0095 ~ Aggregate figure	No reporting
Exports (P0101, P0102, P0103 & P0109)	All the individual transactions (i.e. N/P/D, advance received during fortnight, Collection realised during fortnight)	Purpose code P0100 ~ Aggregate figure	Total of II. A(i) (a), II. A(i) (b), II. A(ii)
Intermediary exports (P0104 & P0108)	All the individual transactions	Purpose code P0144 ~ Aggregate figure	II. B.

Non-Export (Other than Exports)	All the individual transactions related to Non-Export (Other than Exports) below equivalent of Rs.5 lakh	Purpose code P1590 ~ Aggregate figure	II. C(i).
	All the individual transactions related to Non-Export (Other than Exports) above or equivalent of Rs 5 lakh	Purpose code P1591 ~ Aggregate figure	II. C(ii).
Purchase from Other ADs in India	No individual Transaction to be Reported	Purpose code P0092 ~ Aggregate figure	II. D
Purchase from RBI	No individual Transaction to be Reported	Purpose code P0091 ~ Aggregate figure	II. E
Purchases from Overseas Banks / correspondents	No individual Transaction to be Reported	Purpose code P0093 ~ Aggregate figure	II. F
Purchases from branches by A-Category	No individual Transaction to be Reported	Purpose code P0095 ~ Aggregate figure	No reporting
Opening Balance		With purpose code P2088/S2088	Net amount (Total III A to III H)
Closing Balance		With purpose code P2199/S2199	Net amount (Total IV A to IV H)
*In case of Nostro, Currency wise fortnightly aggregate; in case of Vostro, Currency X Country of Vostro A/C holder wise fortnightly aggregate			

Helpdesk: To ensure accuracy of the format of the ASCII file generated by their interface, if necessary, ADs may contact us for guidance at the following address:

The Director,
Balance of Payments Statistics Division,
Department of Statistics and Information Management (DSIM)
Reserve Bank of India,
C-8/9, Bandra-Kurla Complex,
Mumbai - 400 051

Helpdesk Contacts:

e-mail : feters@rbi.org.in
Tel No. : (022) 26578700 / 26578359 / 26572695
Fax No. : (022) 26570848 / 26571265 / 26572319

Annex I: Purpose Codes for Reporting under FETERS

A. Payment Purposes (for use in BOP file)

Gr. No.	Purpose Group Name	Purpose Code	Description
00	Capital Account	S0017	Acquisition of non-produced non-financial assets (Purchase of intangible assets like patents, copyrights, trademarks etc., land acquired by government, use of natural resources) – Government
		S0019	Acquisition of non-produced non-financial assets (Purchase of intangible assets like patents, copyrights, trademarks etc., use of natural resources) – Non-Government
		S0026	Capital transfers (Guarantees payments, Investment Grand given by the government/international organisation, exceptionally large Non-life insurance claims) – Government
		S0027	Capital transfers (Guarantees payments, Investment Grand given by the Non-government, exceptionally large Non-life insurance claims) – Non-Government
		S0099	Other capital payments not included elsewhere
	Financial Account		
	Foreign Direct Investments	S0003	Indian Direct investment abroad (in branches & wholly owned subsidiaries) in equity Shares
		S0004	Indian Direct investment abroad (in subsidiaries and associates) in debt instruments
		S0005	Indian investment abroad – in real estate
		S0006	Repatriation of Foreign Direct Investment made by overseas Investors in India – in equity shares
		S0007	Repatriation of Foreign Direct Investment in made by overseas Investors India – in debt instruments
		S0008	Repatriation of Foreign Direct Investment made by overseas Investors in India – in real estate
	Foreign Portfolio Investments	S0001	Indian Portfolio investment abroad – in equity shares
		S0002	Indian Portfolio investment abroad – in debt instruments
		S0009	Repatriation of Foreign Portfolio Investment made by overseas Investors in India – in equity shares
		S0010	Repatriation of Foreign Portfolio Investment made by overseas Investors in India – in debt instruments
	External Commercial Borrowings	S0011	Loans extended to Non-Residents
		S0012	Repayment of long & medium term loans with original maturity above one year received from Non-Residents
	Short term Loans	S0013	Repayment of short term loans with original maturity up to one year received from Non-Residents
	Banking Capital	S0014	Repatriation of Non-Resident Deposits (FCNR(B)/NR(E)RA etc)
		S0015	Repayment of loans & overdrafts taken by ADs on their own account.
		S0016	Sale of a foreign currency against another foreign currency

Gr. No.	Purpose Group Name	Purpose Code	Description
	Financial Derivatives and Others	S0020	Payments made on account of margin payments, premium payment and settlement amount etc. under Financial derivative transactions.
		S0021	Payments made on account of sale of share under Employee stock option
		S0022	Investment in Indian Depositories Receipts (IDRs)
		S0023	Remittances made under Liberalised Remittance Scheme (LRS) for Individuals
	External Assistance	S0024	External Assistance extended by India. e.g. Loans and advances extended by India to Foreign governments under various agreements
		S0025	Repayments made on account of External Assistance received by India.
01	Imports	S0101	Advance payment against imports made to countries other than Nepal and Bhutan
		S0102	Payment towards imports- settlement of invoice other than Nepal and Bhutan
		S0103	Imports by diplomatic missions other than Nepal and Bhutan
		S0104	Intermediary trade/transit trade, i.e., third country export passing through India
		S0108	Goods acquired under merchanting / Payment against import leg of merchanting trade*
		S0109	Payments made for Imports from Nepal and Bhutan, if any
02	Transport	S0201	Payments for surplus freight/passenger fare by foreign shipping companies operating in India
		S0202	Payment for operating expenses of Indian shipping companies operating abroad
		S0203	Freight on imports – Shipping companies
		S0204	Freight on exports – Shipping companies
		S0205	Operational leasing/Rental of Vessels (with crew) –Shipping companies
		S0206	Booking of passages abroad – Shipping companies
		S0207	Payments for surplus freight/passenger fare by foreign Airlines companies operating in India
		S0208	Operating expenses of Indian Airlines companies operating abroad
		S0209	Freight on imports – Airlines companies
		S0210	Freight on exports – Airlines companies
		S0211	Operational leasing / Rental of Vessels (with crew) – Airline companies
		S0212	Booking of passages abroad – Airlines companies
		S0214	Payments on account of stevedoring, demurrage, port handling charges etc.(Shipping companies)
		S0215	Payments on account of stevedoring, demurrage, port handling charges, etc.(Airlines companies)
		S0216	Payments for Passenger - Shipping companies

Gr. No.	Purpose Group Name	Purpose Code	Description
02	Transport	S0217	Other payments by Shipping companies
		S0218	Payments for Passenger - Airlines companies
		S0219	Other Payments by Airlines companies
		S0220	Payments on account of freight under other modes of transport (Internal Waterways, Roadways, Railways, Pipeline transports and others)
		S0221	Payments on account of passenger fare under other modes of transport (Internal Waterways, Roadways, Railways, Pipeline transports and others)
		S0222	Postal & Courier services by Air
		S0223	Postal & Courier services by Sea
		S0224	Postal & Courier services by others
03	Travel	S0301	Business travel.
		S0303	Travel for pilgrimage
		S0304	Travel for medical treatment
		S0305	Travel for education (including fees, hostel expenses etc.)
		S0306	Other travel (including holiday trips and payments for settling international credit cards transactions)
05	Construction Services	S0501	Construction of projects abroad by Indian companies including import of goods at project site abroad
		S0502	cost of construction etc. of projects executed by foreign companies in India.
06	Insurance and Pension Services	S0601	Life Insurance premium except term insurance
		S0602	Freight insurance – relating to import & export of goods
		S0603	Other general insurance premium including reinsurance premium; and term life insurance premium
		S0605	Auxiliary services including commission on insurance
		S0607	Insurance claim Settlement of non-life insurance; and life insurance (only term insurance)
		S0608	Life Insurance Claim Settlements
		S0609	Standardised guarantee services
		S0610	Premium for pension funds
		S0611	Periodic pension entitlements e.g. monthly quarterly or yearly payments of pension amounts by Indian Pension Fund Companies.
		S0612	Invoking of standardised guarantees
07	Financial Services	S0701	Financial intermediation, except investment banking - Bank charges, collection charges, LC charges etc.
		S0702	Investment banking – brokerage, under writing commission etc.
		S0703	Auxiliary services – charges on operation & regulatory fees, custodial services, depository services etc.

Gr. No.	Purpose Group Name	Purpose Code	Description
08	Telecommunication, Computer & Information Services	S0801	Hardware consultancy/implementation
		S0802	Software consultancy / implementation
		S0803	Data base, data processing charges
		S0804	Repair and maintenance of computer and software
		S0805	News agency services
		S0806	Other information services- Subscription to newspapers, periodicals
		S0807	Off-site software imports
		S0808	Telecommunication services including electronic mail services and voice mail services
		S0809	Satellite services including space shuttle and rockets etc.
09	Charges for the use of intellectual property n.i.e	S0901	Franchises services
		S0902	Payment for use, through licensing arrangements, of produced originals or prototypes (such as manuscripts and films), patents, copyrights, trademarks and industrial processes etc.
10	Other Business Services	S1002	Trade related services – commission on exports / imports
		S1003	Operational leasing services (other than financial leasing) without operating crew, including charter hire- Airlines companies
		S1004	Legal services
		S1005	Accounting, auditing, book-keeping services
		S1006	Business and management consultancy and public relations services
		S1007	Advertising, trade fair service
		S1008	Research & Development services
		S1009	Architectural services
		S1010	Agricultural services like protection against insects & disease, increasing of harvest yields, forestry services.
		S1011	Payments for maintenance of offices abroad
		S1013	Environmental Services
		S1014	Engineering Services
		S1015	Tax consulting services
		S1016	Market research and public opinion polling service
		S1017	Publishing and printing services
		S1018	Mining services like on–site processing services analysis of ores etc.
		S1020	Commission agent services
		S1021	Wholesale and retailing trade services.
		S1022	Operational leasing services (other than financial leasing) without operating crew, including charter hire- Shipping companies
		S1023	Other Technical Services including scientific/space services.
		S1099	Other services not included elsewhere

Gr. No.	Purpose Group Name	Purpose Code	Description
11	Personal, Cultural & Recreational services	S1101	Audio-visual and related services like Motion picture and video tape production, distribution and projection services.
		S1103	Radio and television production, distribution and transmission services
		S1104	Entertainment services
		S1105	Museums, library and archival services
		S1106	Recreation and sporting activities services
		S1107	Education (e.g. fees for correspondence courses abroad)
		S1108	Health Service (payment towards services received from hospitals, doctors, nurses, paramedical and similar services etc. rendered remotely or on-site)
		S1109	Other Personal, Cultural & Recreational services
12	Govt. not included elsewhere (G.n.i.e.)	S1201	Maintenance of Indian embassies abroad
		S1202	Remittances by foreign embassies in India
13	Secondary Income	S1301	Remittance for family maintenance and savings
		S1302	Remittance towards personal gifts and donations
		S1303	Remittance towards donations to religious and charitable institutions abroad
		S1304	Remittance towards grants and donations to other governments and charitable institutions established by the governments.
		S1305	Contributions/donations by the Government to international institutions
		S1306	Remittance towards payment / refund of taxes.
		S1307	Outflows on account of migrant transfers including personal effects
14	Primary Income	S1401	Compensation of employees
		S1402	Remittance towards interest on Non-Resident deposits (FCNR(B)/NR(E)RA, etc.)
		S1403	Remittance towards interest on loans from Non-Residents (ST/MT/LT loans) e.g. External Commercial Borrowings, Trade Credits, etc.
		S1405	Remittance towards interest payment by ADs on their own account (to VOSTRO a/c holders or the OD on NOSTRO a/c.)
		S1408	Remittance of profit by FDI enterprises in India (by branches of foreign companies including bank branches)
		S1409	Remittance of dividends by FDI enterprises in India (other than branches) on equity and investment fund shares
		S1410	Payment of interest by FDI enterprises in India to their Parent company abroad.
		S1411	Remittance of interest income on account of Portfolio Investment in India
		S1412	Remittance of dividends on account of Portfolio Investment in India on equity and investment fund shares

Gr. No.	Purpose Group Name	Purpose Code	Description
15	Others	S1501	Refunds / rebates / reduction in invoice value on account of exports
		S1502	Reversal of wrong entries, refunds of amount remitted for non-exports
		S1503	Payments by residents for international bidding
		S1504	Notional sales when export bills negotiated/ purchased/ discounted are dishonored/ crystallised/ cancelled and reversed from suspense account
		S1505	Deemed Imports (exports between SEZ, EPZs and Domestic tariff areas)
16	Maintenance and repair services n.i.e	S1601	Payments on account of maintenance and repair services rendered for Vessels, ships, boats, warships, etc.
		S1602	Payments on account of maintenance and repair services rendered for aircrafts, space shuttles, rockets, military aircrafts, helicopters, etc.
17	Manufacturing services (goods for processing)	S1701	Payments for processing of goods

B. Receipt Purposes (for use in BOP file)

Gr. No.	Purpose Group Name	Purpose Code	Description
00	Capital Account	P0017	Receipts on account of Sale of non-produced non-financial assets (Sale of intangible assets like patents, copyrights, trademarks etc., land acquired by government, use of natural resources) – Government
		P0019	Receipts on account of Sale of non-produced non-financial assets (Sale of intangible assets like patents, copyrights, trademarks <i>etc.</i> , use of natural resources) – Non-Government
		P0028	Capital transfer receipts (Guarantee payments, Investment Grant given by the government/international organisation, exceptionally large Non-life insurance claims including claims arising out of natural calamity) - Government
		P0029	Capital transfer receipts (Guarantee payments, Investment Grant given by the Non-government, exceptionally large Non-life insurance claims including claims arising out of natural calamity) – Non-Government
		P0099	Other capital receipts not included elsewhere
	Financial Account		
	Foreign Direct Investment	P0003	Repatriation of Indian Direct investment abroad (by branches & wholly owned subsidiaries and associates) in equity shares
		P0004	Repatriation Indian Direct investment abroad (by branches & wholly owned subsidiaries and associates) in debt instruments
		P0005	Repatriation of Indian investment abroad in real estate
		P0006	Foreign Direct Investment made by overseas Investors in India in equity shares
		P0007	Foreign Direct Investment made by overseas Investors in India in debt instruments.
		P0008	Foreign Direct Investment made by overseas Investors in India in real estate
	Foreign Portfolio Investment	P0001	Repatriation of Indian Portfolio investment abroad in equity capital (shares)
		P0002	Repatriation of Indian Portfolio investment abroad in debt instruments.
		P0009	Foreign Portfolio Investment made by overseas Investors in India in equity shares
		P0010	Foreign Portfolio Investment made by overseas Investors in India in debt Instruments.
	External Commercial Borrowings	P0011	Repayment of loans extended to Non-Residents
		P0012	Long & medium term loans, with original maturity of above one year, from Non-Residents to India (External Commercial Borrowings)
	Short term credits	P0013	Short term loans with original maturity upto one year from Non-Residents to India (Short-term Trade Credit)

Gr. No.	Purpose Group Name	Purpose Code	Description
	Banking Capital	P0014	Receipts o/a Non-Resident deposits (FCNR(B)/NR(E)RA, etc.) {ADs should report these even if funds are not “swapped” into Rupees}
		P0015	Loans & overdrafts taken by ADs on their own account. (Any amount of loan credited to the NOSTRO account which may not be swapped into Rupees should also be reported)
		P0016	Purchase of a foreign currency against another currency.
	Financial Derivatives and Others	P0020	Receipts on account of margin payments, premium payment and settlement amount etc. under Financial derivative transactions
		P0021	Receipts on account of sale of share under Employee stock option
		P0022	Receipts on account of other investment in ADRs/GDRs
	External Assistance	P0024	External Assistance received by India e.g. Multilateral and bilateral loans received by Govt. of India under agreements with other govt. / international institutions.
		P0025	Repayments received on account of External Assistance extended by India
01	Exports (of Goods)	P0101	Value of export bills negotiated / purchased/discounted etc. (covered under GR/PP/SOFTEX/EC copy of shipping bills etc.) – Other than Nepal and Bhutan
		P0102	Realisation of export bills (in respect of goods) sent on collection (full invoice value) – Other than Nepal and Bhutan
		P0103	Advance receipts against export contracts, which will be covered later by GR/PP/SOFTEX/SDF – other than Nepal and Bhutan
		P0104	Receipts against export of goods not covered by the GR /PP /SOFTEX /EC copy of shipping bill etc. (under Intermediary/transit trade, i.e., third country export passing through India
		P0105	Export bills (in respect of goods) sent on collection – other than Nepal and Bhutan
		P0107	Realisation of NPD export bills (full value of bill to be reported) – other than Nepal and Bhutan
		P0108	Goods sold under merchanting / Receipt against export leg of merchanting trade*
		P0109	Export realisation on account of exports to Nepal and Bhutan, if any
02	Transport	P0201	Receipts of surplus freight/passenger fare by Indian shipping companies operating abroad
		P0202	Receipts on account of operating expenses of Foreign shipping companies operating in India
		P0205	Receipts on account of operational leasing (with crew) – Shipping companies
		P0207	Receipts of surplus freight/passenger fare by Indian Airlines companies operating abroad.
		P0208	Receipt on account of operating expenses of Foreign Airlines companies operating in India
		P0211	Receipt on account of operational leasing (with crew) – Airlines companies
		P0214	Receipts on account of other transportation services (stevedoring,

Gr. No.	Purpose Group Name	Purpose Code	Description
02	Transport		demurrage, port handling charges etc).(Shipping Companies)
		P0215	Receipts on account of other transportation services (stevedoring, demurrage, port handling charges etc).(Airlines companies)
		P0216	Receipts of freight fare -Shipping companies operating abroad
		P0217	Receipts of passenger fare by Indian Shipping companies operating abroad
		P0218	Other receipts by Shipping companies
		P0219	Receipts of freight fare by Indian Airlines companies operating abroad
		P0220	Receipts of passenger fare –Airlines
		P0221	Other receipts by Airlines companies
		P0222	Receipts on account of freights under other modes of transport (Internal Waterways, Roadways, Railways, Pipeline transports and Others)
		P0223	Receipts on account of passenger fare under other modes of transport (Internal Waterways, Roadways, Railways, Pipeline transports and Others)
		P0224	Postal & Courier services by Air
		P0225	Postal & Courier services by Sea
		P0226	Postal & Courier services by others
03	Travel	P0301	Purchases towards travel (Includes purchases of foreign TCs, currency notes etc over the counter, by hotels, Emporiums, institutions etc. as well as amount received by TT/SWIFT transfers or debit to Non-Resident account).
		P0302	Business travel
		P0304	Travel for medical treatment including TCs purchased by hospitals
		P0305	Travel for education including TCs purchased by educational institutions
		P0306	Other travel receipts
		P0308	Foreign Currencies/TCs surrendered by returning Indian tourists.
05	Construction Services	P0501	Receipts on account of services relating to cost of construction of projects in India
		P0502	Receipts on account of construction works carried out abroad by Indian Companies
06	Insurance and Pension Services	P0601	Life Insurance premium except term insurance
		P0602	Freight insurance – relating to import & export of goods
		P0603	Other general insurance premium including reinsurance premium; and term life insurance premium
		P0605	Auxiliary services including commission on insurance
		P0607	Insurance claim Settlement of non-life insurance; and life insurance (only term insurance)
		P0608	Life insurance claim settlements (excluding term insurance) received by residents in India
		P0609	Standardised guarantee services
		P0610	Premium for pension funds

Gr. No.	Purpose Group Name	Purpose Code	Description
		P0611	Periodic pension entitlements e.g. monthly quarterly or yearly payments of pension amounts by Indian Pension Fund Companies.
		P0612	Invoking of standardised guarantees
07	Financial Services	P0701	Financial intermediation except investment banking – Bank charges, collection charges, LC charges, etc.
		P0702	Investment banking – brokerage, under writing commission etc.
		P0703	Auxiliary services – charges on operation & regulatory fees, custodial services, depository services etc.
08	Telecommunication, Computer & Information Services	P0801	Hardware consultancy/implementation
		P0802	Software consultancy/implementation (other than those covered in SOFTEX form)
		P0803	Data base, data processing charges
		P0804	Repair and maintenance of computer and software
		P0805	News agency services
		P0806	Other information services- Subscription to newspapers, periodicals, etc.
		P0807	Off-site Software Exports
		P0808	Telecommunication services including electronic mail services and voice mail services
09	Charges for the use of intellectual property n.i.e	P0809	Satellite services including space shuttle and rockets, etc.
		P0901	Franchises services
10	Other Business Services	P0902	Receipts for use, through licensing arrangements, of produced originals or prototypes (such as manuscripts and films), patents, copyrights, trademarks, industrial processes, franchises etc.
		P1002	Trade related services – commission on exports / imports
		P1003	Operational leasing services (other than financial leasing) without operating crew, including charter hire- Airlines companies
		P1004	Legal services
		P1005	Accounting, auditing, book keeping services
		P1006	Business and management consultancy and public relations services
		P1007	Advertising, trade fair service
		P1008	Research & Development services
		P1009	Architectural services
		P1010	Agricultural services like protection against insects & disease, increasing of harvest yields, forestry services.
		P1011	Inward remittance for maintenance of offices in India
		P1013	Environmental Services
		P1014	Engineering Services
		P1015	Tax consulting services
		P1016	Market research and public opinion polling service
		P1017	Publishing and printing services
		P1018	Mining services like on-site processing services analysis of ores etc.
		P1019	Commission agent services
		P1020	Wholesale and retailing trade services.
		P1021	Operational leasing services (other than financial leasing) without operating crew, including charter hire- Shipping companies

Gr. No.	Purpose Group Name	Purpose Code	Description
11	Personal, Cultural & Recreational services	P1022	Other Technical Services including scientific/space services.
		P1099	Other services not included elsewhere
		P1101	Audio-visual and related services like Motion picture and video tape production, distribution and projection services.
		P1103	Radio and television production, distribution and transmission services
		P1104	Entertainment services
		P1105	Museums, library and archival services
		P1106	Recreation and sporting activity services
		P1107	Educational services (e.g. fees received for correspondence courses offered to non-resident by Indian institutions)
		P1108	Health Service (Receipts on account of services provided by Indian hospitals, doctors, nurses, paramedical and similar services etc. rendered remotely or on-site)
12	Govt. not included elsewhere (G.n.i.e.)	P1109	Other Personal, Cultural & Recreational services
		P1201	Maintenance of foreign embassies in India
		P1203	Maintenance of international institutions such as offices of IMF mission, World Bank, UNICEF etc. in India.
13	Secondary Income	P1301	Inward remittance from Indian non-residents towards family maintenance and savings
		P1302	Personal gifts and donations
		P1303	Donations to religious and charitable institutions in India
		P1304	Grants and donations to governments and charitable institutions established by the governments
		P1306	Receipts / Refund of taxes
		P1307	Receipts on account of migrant transfers including Personal Effects
14	Primary Income	P1401	Compensation of employees
		P1403	Inward remittance towards interest on loans extended to non-residents (ST/MT/LT loans)
		P1405	Inward remittance towards interest receipts of ADs on their own account (on investments.)
		P1408	Inward remittance of profit by branches of Indian FDI Enterprises (including bank branches) operating abroad.
		P1409	Inward remittance of dividends (on equity and investment fund shares) by Indian FDI Enterprises, other than branches, operating abroad
		P1410	Inward remittance on account of interest payment by Indian FDI enterprises operating abroad to their Parent company in India.
		P1411	Inward remittance of interest income on account of Portfolio Investment made abroad by India
		P1412	Inward remittance of dividends on account of Portfolio Investment made abroad by India on equity and investment fund shares
		P1499	Other income receipts

Gr. No.	Purpose Group Name	Purpose Code	Description
15	Others	P1501	Refunds / rebates on account of imports
		P1502	Reversal of wrong entries, refunds of amount remitted for non-imports
		P1503	Remittances (receipts) by residents under international bidding process.
		P1505	Deemed Exports (exports between SEZ, EPZs and Domestic Tariff Areas)
16	Maintenance and repair services n.i.e	P1601	Receipts on account of maintenance and repair services rendered for Vessels, Ships, Boats, Warships, etc.
		P1602	Receipts of maintenance and repair services rendered for aircrafts, Space shuttles, Rockets, military aircrafts, etc.
17	Manufacturing services	P1701	Receipts on account of processing of goods

C. Cover Page Purpose Codes (for use in QE file)

Gr. No.	Purpose Group Name	Purpose Code	Description
99	Cover Page Total	P0091	Purchase from Reserve Bank of India (Currency-wise Totals)
		P0092	Purchase from other ADs in India (Currency-wise Totals)
		P0093	Purchase from Overseas banks & correspondents (Currency-wise Totals)
		P0094	debit from the vostro a/c of overseas bank or correspondents (Country-wise Totals)
		P0095	Aggregate Purchases at Branches (Currency-wise Totals)
		P0100	Exports (Totals) {N/P/D + Collection bills Realised during Fortnight + Advance received during Fortnight} (Purchases from Public against exports (Currency-wise Totals))
		P0144	Purchases from Public against third country exports (Currency-wise Totals)
		P1590	receipts below Rs. 5 lakhs (Currency-wise Totals)
		P1591	Non-Exports equivalent & above Rs.5 lakhs (Currency-wise Totals)
		S0091	Sales to Reserve Bank of India (Currency-wise Totals)
		S0092	Sales to other ADs in India (Currency-wise Totals)
		S0093	Sales to Overseas banks & correspondents (Currency-wise Totals)
		S0094	credit to the vostro a/c of overseas bank or correspondents (Country-wise Totals)
		S0095	Aggregate Sales at Branches (Currency-wise Totals)
		S0144	Sales to Public against Imports into other countries (Currency-wise Totals)
		S0190	Imports below Rs.5 lakhs(Currency-wise Totals)
		S0191	Imports equivalent & above Rs.5Lakhs (Currency-wise Totals)
		S1590	Non-Imports payment below Rs 5 lakhs (Currency-wise Totals)
		S1591	Non-Imports equivalent & above Rs.5 lakhs (Currency-wise Totals)
	Cover Page Balance	P2088	Opening Balance (Debit Balance in Mirror/Debit Balance in Vostro)
		P2199	Closing Balance (Debit Balance in Mirror/Debit Balance in Vostro)
		S2088	Opening Balance (Credit Balance in Mirror/Credit Balance in Vostro)
		S2199	Closing Balance (Credit Balance in Mirror/Credit Balance in Vostro)

* - 'Merchanting' here refers to purchase/sale of goods from/to a non-resident combined with subsequent resale of the same goods to another non-resident without goods being present in the compiling economy (resident's economy). Essentially, goods transaction would be termed as 'merchanting' if goods acquired do not enter the territory of the compiling (resident's) economy and secondly, goods being acquired do not undergo any transformation before being resold or repurchased

Annex II: FETERS File Layouts

1. BANKCODE_BOP6.TXT relating to transactions involving sale and purchase of foreign exchange (excluding inter-office, inter-bank, RBI transactions) during the reporting fortnight

Field	Format	Remarks
AD Code	Char (7)	BSR Part-1 Uniform Code
Fortnight-end Date	YYYYMMDD	
Transaction Date	YYYYMMDD	Valid date within fortnight
Serial No.	Num. (4)	
Purpose Code	Char (5)	Purpose code starting with P/S (Part A/B of Annex I)
Country Code	Char (2)	SWIFT code
Currency Code	Char (3)	SWIFT code
Amount [in Foreign Currency (FC)]	Num. (15)	
Date of Shipment	YYYYMMDD	
LC	char (1)	1 for Yes; 0 for No
Country of Vostro a/c Holder	char (2)	SWIFT code

2. BANKCODE_ENC.TXT relating to physical exports, bills in respect of which were negotiated, purchased, discounted or sent for collection during the reporting period

Field	Format	Remarks
A.D. Code	Char (7)	
Fortnight-end date	YYYYMMDD	
Date of Negotiation	YYYYMMDD	
Bill Number	Char (7)	Internal to the Bank (e.g. N000001)
Importer Exporter Code	Char (10)	As given by DGFT
GR/PP/SOFTEX Form Number	Char (8)	e.g. AA000001 (for EDI transactions, pl indicate ZZ)
Shipping Bill Number	Char (13)	<u>EDI transactions</u> : 7-digit Shipping bill preceded by 6-digit port code (e.g., INNSA19999999) <u>Non-EDI transactions</u> : 7-digit Shipping bill preceded by 6 zeros (e.g., 0000009999999)
Shipping Bill Date	YYYYMMDD	
Custom Serial Number	Char (14)	6-digit port code + 2-digit calendar year of export + 6-digit Serial No.
Currency	Char (3)	
Invoice Value (in Currency)	Num. (15)	
Country of Destination	Char (2)	

3. BANKCODE_SCH3TO6.TXT (Schedules 3 to 6) relating to exports where full / part value has been realised / received in advance [*Sch.3: Realisation of Full amount (bill sent for collection); Sch.4: Realisation of Partial amount (bill sent for collection); Sch.5: Receipt of full advance; Sch.6: Receipt of partial advance*]

Field	Format	Remarks
A.D. Code	Char (7)	
Fortnight-end date	YYYYMMDD	
Transaction Date	YYYYMMDD	
Bill Number	Char (7)	
GR/PP/SOFTEX Form Number	Char (8)	
Shipping Bill Number	Char (13)	
Shipping Bill Date	YYYYMMDD	
Currency	Char (3)	
Invoice Value	Num. (15)	
Realised Value	Num. (15)	
Country of Destination	Char (2)	
Schedule No.	Char (1)	e.g. 5 for Schedule 5

4. BANKCODE_QE.TXT for Cover Page Totals

Field	Format	Remarks
A.D. Code	Char (7)	
Fortnight-end date	YYYYMMDD	
Serial Number	Num. (4)	
Purpose Code	Char (5)	As per Part C of Annex I
Country of Vostro A/c holder	Char (2)	
Currency	Char (3)	
Amount in Currency	Num. (15)	
Return (Vostro/Nostro)	Char (1)	V for Vostro; N for Nostro

Related Press Release	
Feb 29, 2012	Compilation of R>Returns : Reporting under FETERS



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

RBI/2011-12/414

A. P. (DIR Series) Circular No.85

February 29, 2012

To

All Category-I Authorised Dealer Banks

Madam / Sir,

**External Commercial Borrowings (ECB) for Infrastructure facilities within
National Manufacturing Investment Zone (NMIZ)**

Attention of Authorized Dealer Category-I (AD Category-I) banks is invited to the Foreign Exchange Management (Borrowing or Lending in Foreign Exchange) Regulations, 2000, notified vide [Notification No. FEMA 3/2000-RB dated May 3, 2000](#), as amended from time to time and [A.P. \(DIR Series\) Circular No. 5 dated August 1, 2005](#), as amended from time to time.

2. As per the extant guidelines, availing of ECB is permissible for the infrastructure sector, which is defined to include (i) power, (ii) telecommunication, (iii) railways, (iv) road including bridges, (v) sea port and airport, (vi) industrial parks, (vii) urban infrastructure (water supply, sanitation and sewage projects), (viii) mining, refining and exploration and (ix) cold storage or cold room facility, including for farm level pre-cooling, for preservation or storage of agricultural and allied produce, marine products and meat. Developers of SEZ were also allowed to provide such infrastructure facilities within the SEZ.

3. Keeping in view the infrastructural needs of the proposed National Manufacturing Investment Zones (NMIZs), it has now been decided to allow developers of NMIZ also to avail of ECB under the "**approval route**" for providing infrastructure facilities within the NMIZ, as indicated above.

4. The modifications to the ECB policy will come into force with immediate effect. All other aspects of the ECB policy, such as, recognised lender, average maturity, all-in-cost, prepayment, refinancing of existing ECB and reporting arrangements shall remain unchanged.

5. AD Category - I banks may bring the contents of this circular to the notice of their constituents and customers.

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,

(Rashmi Fauzdar)
Chief General Manager

Related Press Release	
Feb 29, 2012	<u>ECB for infrastructure facilities within NMIZ</u>



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

RBI/2011-12 /415

February 29, 2012

A.P. (DIR Series) Circular No. 86

To

All Authorised Persons

Madam/ Dear Sir,

Know Your Customer (KYC) norms / Anti-Money Laundering (AML) standards / Combating the Financing of Terrorism (CFT) / Obligation of Authorised Persons under Prevention of Money Laundering Act (PMLA), 2002, as amended by Prevention of Money Laundering (Amendment) Act, 2009- Assessment and Monitoring of Risk – Money Changing Activities

Attention of all the Authorised Persons (APs) is invited to the Anti-Money Laundering Guidelines governing money changing transactions, issued vide [A.P. \(DIR Series\) Circular No. 17 \[A.P. \(FL/RL Series\) Circular No. 04\] dated November 27, 2009](#), as amended from time to time.

2. In terms of paragraph 4.3 (b) and (c) of the aforesaid circular, APs should prepare a profile for each customer, where a business relationship is established, based on risk categorisation and apply enhanced due diligence measures on higher risk customers. Some illustrative examples of customers requiring higher due diligence have also been provided in the paragraph under reference. Further, paragraph 4.8 (a) of the aforesaid circular requires APs to put in place policies, systems and procedures for risk management keeping in view the risks involved in a transaction or business relationship.

3. The Government of India had constituted a National Money Laundering / Financing of Terror Risk Assessment Committee to assess money laundering and terror financing risks, a national AML / CFT strategy and institutional framework for AML/CFT in India. Assessment of risk of Money Laundering /Financing of Terrorism helps both the competent authorities and the regulated entities in taking necessary steps for combating ML / FT adopting a risk-based approach. This helps in judicious and efficient allocation of resources and makes the AML/CFT regime more robust. The Committee has made recommendations regarding

adoption of a risk-based approach, assessment of risk and putting in place a system which would use that assessment to take steps to effectively counter ML/FT. The recommendations of the Committee have since been accepted by the Government of India and need to be implemented.

4. Accordingly, APs should take steps to identify and assess their ML/TF risk for customers, countries and geographical areas as also for products/ services/ transactions/delivery channels, in addition to what has been prescribed in the aforesaid circular, referred to in paragraph 4 of the above-mentioned circular dated November 27, 2009. APs should have policies, controls and procedures, duly approved by their boards, in place to effectively manage and mitigate their risk adopting a risk-based approach as discussed above. As a corollary, APs would be required to adopt enhanced measures for products, services and customers with a medium or high risk rating.

5. APs may design risk parameters according to their activities for risk based transaction monitoring, which will help them in their own risk assessment.

6. All the other instructions contained in the A.P. (DIR Series) Circular No. 17 [A.P. (FL/RL Series) Circular No. 04] dated November 27, 2009, as amended from time to time, shall remain unchanged.

7. These guidelines would also be applicable mutatis mutandis to all agents/franchisees of the APs and it will be the sole responsibility of the franchisers to ensure that their agents/ franchisees also adhere to these guidelines.

8. Authorised Persons should bring the contents of this circular to the notice of their constituents concerned.

9. The directions contained in this circular have been issued under sections 10(4) and Section 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and also under the Prevention of Money Laundering Act (PMLA), 2002 as amended by Prevention of Money Laundering (Amendment) Act, 2009 and

Prevention of Money-Laundering (Maintenance of Records of the Nature and Value of Transactions, the Procedure and Manner of Maintaining and Time for Furnishing Information and Verification and Maintenance of Records of the Identity of the Clients of the Banking Companies, Financial Institutions and Intermediaries) Rules, 2005, as amended from time to time and are without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

(Meena Hemchandra)
Chief General Manager-in-Charge



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

RBI/2011-12/416
A.P. (DIR Series) Circular No. 87

February 29, 2012

To

All Authorised Persons, who are Indian Agents under Money Transfer Service Scheme.

Madam/ Sir,

Know Your Customer (KYC) norms / Anti-Money Laundering (AML) standards / Combating the Financing of Terrorism (CFT) / Obligation of Authorised Persons under Prevention of Money Laundering Act (PMLA), 2002, as amended by Prevention of Money Laundering (Amendment) Act, 2009 - Assessment and Monitoring of Risk - Cross Border Inward Remittance under Money Transfer Service Scheme

Attention of all the Authorised Persons, who are Indian Agents under Money Transfer Service Scheme (MTSS) [APs (Indian Agents)] is invited to the Anti-Money Laundering Guidelines governing money transfer service scheme, issued vide [A.P. \(DIR Series\) Circular No. 18 \[A.P. \(FL/RL Series\) Circular No. 05\] dated November 27, 2009](#), as amended from time to time.

2. In terms of paragraph 5.3 (b) and (c) of the aforesaid circular, APs (Indian Agents) should prepare a profile for each new customer, where regular cross-border inward remittances are/ expected to be received, based on risk categorisation and apply enhanced due diligence measures on higher risk customers. Some illustrative examples of customers requiring higher due diligence have also been provided in the paragraph under reference. Further, paragraph 5.8 (a) of the aforesaid circular requires APs (Indian Agents) to put in place policies, systems and procedures for risk management keeping in view the risks involved in a transaction.

3. The Government of India had constituted a National Money Laundering / Financing of Terror Risk Assessment Committee to assess money laundering and terror financing risks, a national AML/CFT strategy and institutional framework for AML/CFT in India. Assessment of risk of Money Laundering /Financing of Terrorism helps both the competent authorities and the regulated entities in taking

necessary steps for combating ML/FT adopting a risk-based approach. This helps in judicious and efficient allocation of resources and makes the AML/CFT regime more robust. The Committee has made recommendations regarding adoption of a risk-based approach, assessment of risk and putting in place a system which would use that assessment to take steps to effectively counter ML/FT. The recommendations of the Committee have since been accepted by the Government of India and need to be implemented.

4. Accordingly, APs (Indian Agents) should take steps to identify and assess their ML/TF risk for customers, countries and geographical areas as also for products/ services/ transactions/delivery channels, in addition to what has been prescribed in the aforesaid circular, referred to in paragraph 5 of the above-mentioned Circular dated November 27, 2009. APs (Indian Agents) should have policies, controls and procedures, duly approved by their boards, in place to effectively manage and mitigate their risk adopting a risk-based approach as discussed above. As a corollary, APs (Indian Agents) would be required to adopt enhanced measures for products, services and customers with a medium or high risk rating.

5. APs (Indian Agents) may design risk parameters according to their activities for risk based transaction monitoring, which will help them in their own risk assessment.

6. All the other instructions contained in the [A.P. \(DIR Series\) Circular No. 18 \[A.P. \(FL/RL Series\) Circular No. 05\] dated November 27, 2009](#), as amended from time to time, shall remain unchanged.

7. These guidelines would also be applicable mutatis mutandis to all Sub-agents of the Indian Agents under MTSS and it will be the sole responsibility of the APs (Indian Agents) to ensure that their Sub-agents also adhere to these guidelines.

8. Authorised Persons (Indian Agents) should bring the contents of this circular to the notice of their constituents concerned.

9. The directions contained in this circular have been issued under sections 10(4) and Section 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and also under the Prevention of Money Laundering Act (PMLA), 2002 as amended by Prevention of Money Laundering (Amendment) Act, 2009 and Prevention of Money-Laundering (Maintenance of Records of the Nature and Value of Transactions, the Procedure and Manner of Maintaining and Time for Furnishing Information and Verification and Maintenance of Records of the Identity of the Clients of the Banking Companies, Financial Institutions and Intermediaries) Rules, 2005, as amended from time to time and are without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

(Meena Hemchandra)
Chief General Manager-in-Charge



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

RBI/2011-12/ 421
A.P. (DIR Series) Circular No.88

March 1, 2012

To

All Category - I Authorised Dealer Banks

Madam / Sir,

**Clarification - Establishment of Branch Offices (BO) / Liaison Offices (LO)
in India by Foreign Entities – Delegation of Powers**

Attention of Authorised Dealer Category – I (AD Category – I) banks is invited to [A.P. \(DIR Series\) Circular No.24 dated December 30, 2009](#) in terms of which powers have been delegated to the AD Category-I bank regarding submission of Annual Activity Certificate by BO / LOs, extension of the validity period of LOs and closure of BO / LOs of foreign entities in India.

2. In the A.P. (DIR Series) Circular mentioned above, powers as regards the transfer of assets of LO / BO to others have not been delegated. It is, therefore, clarified that transfer of assets of Liaison / Branch Office to subsidiaries or other LO / BO or any other entity is permitted only with the specific approval of the Central Office of the Foreign Exchange Department, Reserve Bank of India.

3. All the other instructions of A.P. (DIR Series) Circular No.24 dated December 30, 2009 shall remain unchanged.

4. AD Category – I banks may bring the contents of this circular to the notice of their constituents and 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) and is without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

(Meena Hemchandra)

Chief General Manager-in-Charge



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

RBI/2011-12/423

A.P. (DIR Series) Circular No. 89

March 01, 2012

To

All Category – I Authorised Dealer banks

Madam / Sir,

Foreign Institutional Investor (FII) investment in 'to be listed' debt securities

Attention of Authorised Dealer Category - I (AD Category-I) banks is invited to Regulation 5(4) and Schedule 5 of [Notification No. FEMA 20/2000-RB dated May 3, 2000](#), viz., Foreign Exchange Management (Transfer or issue of Security by a Person Resident outside India) Regulations, 2000, as amended from time to time, in terms of which the Securities and Exchange Board of India (SEBI) registered FIIs are allowed to invest only in listed non-convertible debentures (NCDs) / bonds issued by an Indian company.

2. SEBI has, vide their circular CIR/IMD/FIIC/18/2010 dated November 26, 2010, issued instructions on the revised allocation of investment limits to FIIs. In terms of paragraph 8 of the circular, SEBI has allowed FIIs to invest in 'to be listed' debt securities. Accordingly, it has been decided that SEBI registered FIIs/sub-accounts of FIIs can now invest in primary issues of Non-Convertible Debentures (NCDs)/ bonds only if listing of such bonds / NCDs is committed to be done within 15 days of such investment. In case the NCDs/bonds issued to the SEBI registered FIIs / sub-accounts of FIIs are not listed within 15 days of issuance to the SEBI registered FIIs / sub-accounts of FIIs, for any reason, then the FII/sub-account of FII shall immediately dispose of these bonds/NCDs either by way of sale to a third party or to the issuer and the terms of offer to FIIs / sub-accounts should contain a clause that the issuer of such debt securities shall immediately redeem / buyback the said securities from the FIIs/sub-accounts of FIIs in such an eventuality.

3. Necessary amendments to the 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 May 3, 2000 will be issued separately.
4. AD Category – I banks may bring the contents of this circular to the notice of their constituents and 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) and are without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

(Meena Hemchandra)
Chief General Manager-in-Charge



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

RBI/2011-12/430
A.P. (DIR Series) Circular No. 90

March 06, 2012

To,

All Category - I Authorised Dealer Banks

Madam / Sir,

Clarification - Liberalised Remittance Scheme for Resident Individuals

Attention of Authorised Dealer Category - I (AD Category - I) banks is invited to [A. P. \(DIR Series\) Circular No. 64 dated February 4, 2004](#), as amended from time to time, [A. P. \(DIR Series\) Circular No. 24 dated December 20, 2006](#), [A.P. \(DIR Series\) Circular No. 9 dated September 26, 2007](#), [A.P. \(DIR Series\) Circular No. 51 dated May 8, 2007](#) and [A.P. \(DIR Series\) Circular No. 32 dated October 10, 2011](#) on the Liberalised Remittance Scheme for Resident Individuals (the Scheme).

2. In this regard, it is clarified that:

- i. The facility is available to all resident individuals including minors. In case of remitter being a minor, the LRS declaration form should be countersigned by the minor's natural guardian. Accordingly, the modified LRS application cum declaration form is enclosed;
- ii. Remittances under the facility can be consolidated in respect of family members subject to individual family members complying with the terms and conditions of the scheme; and
- iii. Remittances under the scheme can be used for purchasing objects of art subject to the provisions of other applicable laws such as the extant Foreign Trade Policy of the Government of India.

3. All other terms and conditions mentioned in the afore-mentioned Circulars shall remain unchanged.

4. AD - Category I banks may bring the contents of this circular to the notice of their constituents and 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) and is without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

(Meena Hemchandra)
Chief General Manager In-Charge

**Application cum Declaration for purchase of foreign exchange under the
Liberalised Remittance Scheme of USD 200,000 for Resident individuals**
(To be completed by the applicant)

I. Details of the applicant

- a. Name
- b. Address.....
- c. Account No.....
- d. PAN No.....

II. Details of the foreign exchange required

- 1. Amount (Specify currency).....
- 2. Purpose

III. Source of funds:

IV. Nature of instrument

- Draft.....
- Direct remittance.....

**V. Details of the remittance made under the Scheme in the financial year
(April- March) 20__ – 20__**

- Date :.....
- Amount :.....

VI. Details of the Beneficiary

- 1. Name
- 2. Address
- 3. Country
- 4*. Name and address of the bank.....
- 5*. Account No.....

(* Required only when the remittance is to be directly credited to the bank account of the beneficiary)

This is to authorize you to debit my account and effect the foreign exchange remittance/ issue a draft as detailed above (strike out whichever is not applicable).

Declaration

I,(Name), hereby declare that the total amount of foreign exchange purchased from or remitted through, all sources in India during the financial year as per item No. V of the Application, including utilisation of the said limit on account of loan extended or gift made in rupees credited to NRO account of non-resident close relative(s), is within the limit of USD 200,000/- (US Dollar Two hundred thousand only), which is the limit prescribed by the Reserve Bank

for the purpose and certify that the source of funds for making the said remittance belongs to me and will not be used for prohibited purposes.

Signature of the applicant

(Name)

Signature of the natural guardian of the applicant @

(Name)

@ Where the applicant is minor, the application should be countersigned by minor's natural guardian

Certificate by the Authorised Dealer

This is to certify that the remittance is not being made by/ to ineligible entities and that the remittance is in conformity with the instructions issued by the Reserve Bank from time to time under the Scheme.

Name and designation of the authorised official:

Place:

Signature:

Date:

Stamp and Seal



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

RBI/2011-12/439

A.P. (DIR Series) Circular No. 91

March 13, 2012

To

All Category - I Authorised Dealer Banks

Madam / Sir,

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

Attention of Authorised Dealer Category-I (AD Category-I) banks is invited to [A.P. \(DIR Series\) Circular No. 74 dated February 01, 2012](#), wherein the Rupee value of the Special Currency Basket was indicated as Rs. 71.456679 effective from January 20, 2012.

2. AD Category-I banks are advised that a further revision has taken place on February 6, 2012 and accordingly, the Rupee value of the Special Currency Basket has been fixed at Rs.68.838139 with effect from February 9, 2012.

3. AD Category-I banks 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 (FEMA), 1999 (42 of 1999) and are without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

(Dr. Sujatha Elizabeth Prasad)
Chief General Manager



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

RBI/2011-12/440

March 13, 2012

A.P. (DIR Series) Circular No. 92

To,

All Category - I Authorised Dealer Banks

Madam / Sir,

**Opening of Diamond Dollar Accounts (DDAs) –
Change in periodicity of the reporting**

Attention of Authorized Dealer Category – I (AD Category-I) banks is invited to para 4 of [A.P. \(DIR Series\) Circular No. 51 dated February 13, 2009](#) in terms of which AD Category - I banks are required to submit a monthly report to the Reserve Bank of India, giving details of the name and address of the firm / company in whose name the Diamond Dollar Account is opened, along with the date of opening / closing the Diamond Dollar Account, by the 10th of the following month to which it relates.

2. With a view to further rationalizing the reporting mechanism, it has now been decided that AD Category-I banks should submit **quarterly reports instead of monthly reports** to the Chief General Manager-in-Charge, Foreign Exchange Department, Reserve Bank of India, Trade Division, Amar Building, Mumbai – 400 001, giving details of the name and address of the firm / company in whose name the Diamond Dollar Account is opened, along with the date of opening / closing the Diamond Dollar Account with effect from the quarter ended March 2012, by the 10th of the month following the quarter to which it relates.

3. The other terms and conditions mentioned in the A.P. (DIR Series) Circular No. 51 dated February 13, 2009 and [A.P. \(DIR Series\) Circular No.13 dated October 29, 2009](#) shall remain unchanged.

4. The directions contained in this circular have been issued under sections 10(4) and 11(2) 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,

(Dr. Sujatha Elizabeth Prasad)
Chief General Manager



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

RBI/2011-12/452

A.P. (DIR Series) Circular No.93

March 19, 2012

To,

All Category – I Authorised Dealer banks

Madam / Sir,

Investment in Indian Venture Capital Undertakings and /or domestic Venture Capital Funds by SEBI registered Foreign Venture Capital Investors

Attention of Authorised Dealers Category – I (AD Category - I) banks is invited to Schedule 6 to the 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 May 3, 2000](#) as amended from time to time, in terms of which, a SEBI registered Foreign Venture Capital Investor (FVCI) may invest in equity, equity linked instruments, debt, debt instruments, debentures of an Indian Venture capital Undertaking (IVCU) or of a Venture Capital Funds (VCF) through Initial Public Offer or Private Placement or in units of schemes / funds set up by a VCF, subject to such terms and conditions mentioned therein.

2. It has now been decided, to allow FVCIs to invest in the eligible securities (equity, equity linked instruments, debt, debt instruments, debentures of an IVCU or VCF, units of schemes / funds set up by a VCF) by way of private arrangement / purchase from a third party also, subject to terms and conditions as stipulated in Schedule 6 of Notification No. FEMA 20 / 2000 -RB dated May 3, 2000 as amended from time to time. It is also being clarified that SEBI registered FVCIs would also be allowed to invest in securities on a recognized stock exchange subject to the provisions of the SEBI (FVCI) Regulations, 2000, as amended from time to time, as well as the terms and conditions stipulated therein.

3. AD Category - I banks may bring the contents of the circular to the notice of their customers and constituents concerned.

4. Necessary amendments to Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000 (Notification No. FEMA 20/2000-RB dated May 3, 2000) are being notified separately.

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

Yours faithfully,

(Meena Hemchandra)
Chief General Manager-in-Charge



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

RBI/2011-12/453

A.P. (DIR Series) Circular No. 94

March 19, 2012

To

All Category – I Authorised Dealer banks

Madam / Sir,

Clarification - Prior intimation to the Reserve Bank of India for raising the aggregate Foreign Institutional Investors / Non-Resident Indian limits for investments under the Portfolio Investment Scheme

Attention of Authorised Dealers Category – I (AD Category - I) banks is invited to the provisions of Schedules 2 and 3 to the [Notification No. FEMA 20/2000-RB dated May 3, 2000](#), viz., Foreign Exchange Management (Transfer or issue of Security by a Person Resident outside India) Regulations, 2000, as amended from time to time, in terms of which registered Foreign Institutional Investors (FII) and Non-Resident Indians (NRI) are allowed to purchase/sale shares and convertible debentures of an Indian company (through registered brokers) on recognized stock exchanges in India subject to, inter-alia, aggregate investment limit of 24 per cent and 10 per cent, respectively, of the paid up equity capital or value of each series of convertible debentures of the Indian company.

2. It is hereby clarified that the Indian company raising the aggregate FII investment limit of 24 per cent to the sectoral cap/ statutory limit, as applicable to the respective Indian company or raising the aggregate NRI investment limit of 10 per cent to 24 per cent, should necessarily intimate the same to the Reserve Bank of India, immediately, as hitherto, along with a Certificate from the Company Secretary stating that all the relevant provisions of the extant Foreign Exchange Management Act, 1999 regulations and the Foreign Direct Policy, as amended from time to time, have been complied with.

3. It may also be noted that the Reserve Bank of India monitors the ceilings on FII/ NRI/ PIO investments in Indian companies on a daily basis. For effective monitoring of foreign investment ceiling limits, the Reserve Bank has fixed cut-off

points that are two percentage points lower than the actual ceilings. Once the aggregate net purchases of equity shares of the company by FIIs/NRIs/PIOs reaches the cut-off point of 2 per cent below the overall limit, the Reserve Bank cautions all the designated bank branches not to purchase any more equity shares of the respective company on behalf of any FIIs/ NRIs/ PIOs without prior approval of the Reserve Bank. The link offices are then required to intimate the Reserve Bank about the total number and value of equity shares/ convertible debentures of the company proposed to be bought on behalf of their FIIs /NRIs /PIOs clients. On receipt of such proposals, the Reserve Bank gives clearances on a first-come-first served basis till such investments in companies reaches the respective limits (such as, 10 / 24 / 30 / 40/ 49 per cent limit or the sectoral caps/statutory ceilings), as applicable. On reaching the aggregate ceiling limit, the Reserve Bank advises all designated bank branches to stop purchases on behalf of their FIIs/ NRIs/ PIOs clients. The Reserve Bank also informs the general public about the `caution' and the `stop purchase' in these companies through a press release and an updated list regarding the same is placed on the RBI website (www.rbi.org.in).

4. AD banks are advised to bring the above changes to the notice of their customers and constituents immediately.

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

Yours faithfully,

(Meena Hemchandra)
Chief General Manager-in-Charge



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

RBI/2011-12/465

A. P. (DIR Series) Circular No.95

March 21, 2012

To

All Category-I Authorised Dealer Banks and Authorised banks

Madam / Sir,

Foreign Exchange Management (Deposit) Regulations, 2000 – Credit to Non Resident (External) Rupee / Foreign Currency Non-Resident (Bank) Account

Attention of Authorised Dealer Category - I (AD Category-I) banks is invited to Regulation 5(6) of Foreign Exchange Management (Borrowing or Lending in Foreign Exchange) Regulations, 2000 notified vide [Notification No. FEMA 3/2000-RB dated May 3, 2000](#), as amended from time to time, in terms of which, an individual resident in India may borrow a sum not exceeding USD 250,000/- or its equivalent from her / his close relatives outside India, subject to the conditions mentioned therein.

2.The Reserve Bank has received representations that the repayment of such loans may be allowed to be credited to the Non Resident (External) Rupee (NRE) Accounts. On review, it has been decided that AD Category-I banks may allow repayment of such loans to NRE / Foreign Currency Non-Resident (Bank) [FCNR(B)] account of the lender concerned subject to the condition that the loan to the resident individual was extended by way of inward remittance in foreign exchange through normal banking channels or by debit to the NRE / FCNR(B) account of the lender and the lender is eligible to open NRE / FCNR(B) account within meaning of the Foreign Exchange Management (Deposit) Regulations, 2000 notified vide [Notification No. FEMA 5/2000-RB dated May 3, 2000](#), as amended from time to time. Such credit shall be treated as an eligible credit to the NRE / FCNR(B) account in terms of Para 3(j) of Schedule-1 read with Para 5 of Scheule-2 of Notification No. FEMA 5/2000-RB, *ibid*.

3.Authorized Dealer banks may please bring the contents of this circular to the notice of their constituents concerned.

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

Yours faithfully,

(Meena Hemchandra)
Chief General Manager-in-Charge



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

RBI/2011-12/473
A.P. (DIR Series) Circular No. 96

March 28, 2012

To

All Category-I Authorised Dealer Banks

Madam / Sir,

Overseas Direct Investments by Indian Party – Rationalisation

Attention of the Authorised Dealer (AD - Category I) banks is invited to the [Notification No. FEMA 120/RB-2004 dated July 7, 2004](#) [Foreign Exchange Management (Transfer or Issue of any Foreign Security) (Amendment) Regulations, 2004] (the Notification), as amended from time to time. To grant more flexibility to the Indian party, it has been decided to further liberalise various provisions / regulations of the Notification as detailed under.

2. Creation of charge on immovable / movable property and other financial assets

The existing regulations of the Notification do not envisage creation of charge on the immovable / movable property and other financial assets (except shares of JV / WOS) of the Indian Party. It has been decided that proposals from the Indian party for creation of charge in the form of pledge / mortgage / hypothecation on the immovable / movable property and other financial assets of the Indian Party and their group companies may be considered by the Reserve Bank under the approval route within the overall limit fixed (presently 400%) for financial commitment subject to submission of a 'No Objection' by the Indian Party and their Group companies from their Indian lenders.

Appropriate reporting mechanism for capturing the financial commitment on account of creation of charge on such property / assets shall be introduced shortly.

3. Reckoning bank guarantee issued on behalf of JV / WOS for computation of Financial Commitment

Presently, the bank guarantee issued on behalf of JV / WOS is not reckoned for the purpose of computing the financial commitment of the Indian Party to its JV / WOS overseas.

It has been decided that the bank guarantee issued by a resident bank on behalf of an overseas JV / WOS of the Indian party, which is backed by a counter guarantee / collateral by the Indian party, shall be reckoned for computation of the financial commitment of the Indian Party and reported accordingly.

Appropriate reporting mechanism for capturing the financial commitment on account of issuance of bank guarantee shall be introduced shortly.

4. Issuance of personal guarantee by the direct / indirect individual promoters of the Indian Party

It has been decided that issuance of personal guarantee by the promoters of the Indian Party as presently allowed under the General Permission shall also be extended to the indirect resident individual promoters of the Indian Party with same stipulations as in the case of personal guarantee by the direct promoters.

5. Financial Commitment without equity contribution to JV / WOS

Presently, Regulation 6(4) of the Notification *ibid* prescribes that an Indian Party may extend a loan or a guarantee to or on behalf of the Joint Venture / Wholly Owned Subsidiary abroad, within the permissible financial commitment, provided that the Indian party has made investment by way of contribution to the equity capital of the Joint Venture.

Keeping in view the business requirement of the Indian party, particularly the legal requirement of the host country, it has now been decided that the proposals from the Indian party for undertaking financial commitment without equity contribution in JV / WOS may be considered by the Reserve Bank under the approval route. AD banks may forward the proposals from their constituents after ensuring that the laws of the host country permit incorporation of a company without equity

participation by the Indian party.

6. Submission of Annual Performance Report

Presently, Regulation 15(iii) of the Notification prescribes that Indian party needs to submit to the Reserve Bank through the designated Authorised Dealer bank every year an Annual Performance Report in Form ODI Part III in respect of each Joint Venture or Wholly Owned Subsidiary outside India, set up or acquired by the Indian party, after the finalization of the audited accounts of the Joint Venture / Wholly Owned Subsidiary outside India.

Where the law of the host country does not mandatorily require auditing of the books of accounts of JV / WOS, the Annual Performance Report (APR) may be submitted by the Indian party based on the un-audited annual accounts of the JV / WOS provided:

- a. The Statutory Auditors of the Indian party certifies that 'The un-audited annual accounts of the JV / WOS reflect the true and fair picture of the affairs of the JV / WOS' and
- b. That the un-audited annual accounts of the JV / WOS has been adopted and ratified by the Board of the Indian party.

7. Compulsorily Convertible Preference Shares (CCPS)

The extant provisions of Overseas Direct Investments envisage setting up / acquiring JV / WOS abroad by subscribing / contributing to the equity capital of the JV / WOS. Therefore, contribution to the preference share capital (whether convertible or non-convertible) of the JV / WOS abroad by the Indian party is treated as loan to them.

Keeping in view the nature of the Compulsorily Convertible Preference Shares (CCPS), it has been decided that Compulsorily Convertible Preference Shares shall be treated at par with equity shares and the Indian party is allowed to undertake financial commitment based on the exposure to JV by way of CCPS.

8. Necessary amendments to the Foreign Exchange Management (Transfer

or Issue of Any Foreign Security), Regulations, 2004 are being issued separately.

9. AD - Category I banks may bring the contents of this circular to the notice of their constituents and customers concerned.

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

Yours faithfully,

(Dr. Sujatha Elizabeth Prasad)
Chief General Manager



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

RBI/2011-12/474

A. P. (DIR Series) Circular No.97

March 28, 2012

To

All Category-I Authorised Dealer Banks

Madam / Sir,

**Overseas Investments by Resident Individuals – Liberalisation /
Rationalisation**

Attention of the Authorised Dealer (AD - Category I) banks is invited to the [Notification No. FEMA 120/RB-2004 dated July 7, 2004](#) [Foreign Exchange Management (Transfer or Issue of any Foreign Security) (Amendment) Regulations, 2004] (the Notification), as amended from time to time.

2. Reserve Bank of India has reviewed the facilities available to the resident individuals for acquiring equity shares of a foreign entity by way of / under (i) qualification shares, (ii) professional services rendered and (iii) ESOP scheme. Further, the Committee to Review the Facilities for Individuals under the Foreign Exchange Management Act, 1999 (Chairperson Smt K J Udeshi) in its report submitted in August 2011 suggested that general permission may be made available to the resident individuals for acquiring equity shares of a foreign entity as above. Accordingly, it has been decided to grant general permission to resident individuals in respect of the following.

3. Acquiring qualification shares of an overseas company for holding the post of a Director

In terms of Regulation 24(1)(a) of the Notification *ibid*, a person resident in India being an individual may acquire foreign securities as qualification shares issued by a company incorporated outside India for holding the post of a Director in the company provided that:

- (i) the number of shares so acquired shall be the minimum required to be held for holding the post of director and in any case shall not exceed 1 (one) per cent of the paid-up capital of the company, and

- (ii) the consideration for acquisition of such shares does not exceed the ceiling as stipulated by RBI from time to time.

Since the necessity of having certain qualification shares by an individual to be appointed as a Director of the company is governed by the law of the host country, it has been decided to remove the existing cap of 1 (one) per cent on the ceiling for resident individuals to acquire qualification shares for holding the post of a Director in the overseas company. Accordingly, henceforth, remittance shall be allowed from resident individuals for acquiring the qualification shares for holding the post of a Director in the overseas company to the extent prescribed as per the law of the host country where the company is located. The limit of remittance for acquiring such qualification shares shall be within the overall ceiling prescribed for the resident individuals under the Liberalized Remittance Scheme (LRS) in force at the time of acquisition.

4. Acquiring shares of a foreign company towards professional services rendered or in lieu of Director's remuneration

Presently, Regulation 20 of the Notification *ibid* prescribes that a Resident individual may apply to the Reserve Bank for permission to acquire shares in a foreign entity offered as consideration for professional services rendered to the foreign entity and the Reserve Bank may, after taking into account certain factors, grant permission subject to such terms and conditions as are considered necessary.

It has been decided to grant General Permission to the resident individuals to acquire shares of a foreign entity in part / full consideration of professional services rendered to the foreign company or in lieu of Director's remuneration. The limit of acquiring such shares in terms of value shall be within the overall ceiling prescribed for the resident individuals under the Liberalized Remittance Scheme (LRS) in force at the time of acquisition.

5. Acquiring shares in a foreign company through ESOP Scheme

As per the extant Regulation 22(2) of the Notification *ibid*, General permission has been granted to a resident individual to purchase equity shares offered by a foreign company under its ESOP Schemes, if he is an employee, or, a Director of

an Indian office or branch of a foreign company, or, of a subsidiary in India of a foreign company, or, an Indian company in which foreign equity holding, either direct or through a holding company/Special Purpose Vehicle (SPV), is not less than 51 per cent.

Accordingly, AD Category – I banks are permitted to allow remittances for purchase of shares by eligible persons under this provision irrespective of the method of operationalisation of the scheme i.e. where the shares under the scheme are offered directly by the issuing company or indirectly through a trust / a Special Purpose Vehicle (SPV) / step down subsidiary, provided:

- (i) the company issuing the shares effectively, directly or indirectly, holds in the Indian company, whose employees / directors are being offered shares, not less than 51 per cent of its equity,
- (ii) the shares under the ESOP Scheme are offered by the issuing company globally on a uniform basis, and
- (iii) an Annual Return is submitted by the Indian company to the Reserve Bank through the AD Category – I bank giving details of remittances / beneficiaries, etc.

It has now been decided that resident employees or Directors may be permitted to accept shares offered under an ESOP Scheme globally, on uniform basis, in a foreign company irrespective of the percentage of the direct or indirect equity stake in the Indian company subject to:

- (i) the shares under the ESOP Scheme are offered by the issuing company globally on a uniform basis, and
- (ii) an Annual Return is submitted by the Indian company to the Reserve Bank through the AD Category – I bank giving details of remittances / beneficiaries, etc.

6. Necessary amendments to the Foreign Exchange Management (Transfer or Issue of Any Foreign Security), Regulations, 2004 are being issued separately.

7. AD - Category I banks 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 (FEMA), 1999 (42 of 1999) and are without prejudice to permissions/approvals, if any, required under any other law.

Yours faithfully,

(Dr. Sujatha Elizabeth Prasad)
Chief General Manager



Reserve Bank of India
Foreign Exchange Department
Central Office
Mumbai-400001

RBI/2011-12/477

A. P. (DIR Series) Circular No. 98

March 30, 2012

To,

All Category – I Authorised Dealer Banks

Madam / Sir,

Discontinuation of Supplying Printed GR forms by Reserve Bank

Attention of Authorised Dealer Category – I banks is invited to [A.P. \(DIR Series\) Circular No. 60 dated March 26, 2009](#), in terms of which GR forms were made available on-line on the Reserve Bank's website www.rbi.org.in. The facility of purchasing printed GR forms from the Regional Offices of Reserve Bank was also allowed to continue for one year.

2. With the advent of technology and penetration of internet access, the need for printing and supplying of GR forms by Reserve Bank does not exist any more. It has therefore, been decided to discontinue supplying/selling printed GR forms across the counter by Regional Offices of Reserve Bank. Therefore, with effect from **July 1, 2012**, GR forms shall be available only online at Reserve Bank's website www.rbi.org.in at the following link:

“Notification-> FEMA -> Forms -> For Printing of GR Form”

3. While downloading the GR forms, the exporter may ensure to use 'Legal' size paper i.e. 8.5 * 14 inches. Further, both the printer (printing preference) and paper size in the page setup option have to be set to legal size before printing. The GR number will be automatically allotted when the document goes to the print queue.

4. AD Category - I banks may bring the contents of this circular to the notice of their constituents and 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) and are without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

(Dr. Sujatha Elizabeth Prasad)
Chief General Manager



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

RBI/2011-12/478

A. P. (DIR Series) Circular No. 99

March 30, 2012

To

All Category-I Authorised Dealer Banks

Madam / Sir,

External Commercial Borrowings (ECB) Policy – Review of all-in-cost ceiling

Attention of Authorized Dealer Category-I (AD Category-I) banks is invited to [A.P. \(DIR Series\) Circular No. 51 dated November 23, 2011](#) relating to External Commercial Borrowings.

2. Considering the developments in the global financial markets and the fact that borrowers were experiencing difficulties in raising ECBs within the existing all-in-cost ceiling, the all-in-cost ceiling for ECBs with average maturity of three and up to five years was enhanced to 6 months Libor + 350 bps with effect from November 23, 2011 and was subject to review on March 31, 2012. On a review, it has been decided to continue with the enhanced all-in-cost ceiling for a further period of six months in respect of ECBs as under:

Average Maturity Period	All-in-cost over 6 month LIBOR*	
Three years and up to five years	350 bps	
More than five years	500 bps	
* for the respective currency of borrowing or applicable benchmark		

3. The all-in-cost ceiling is applicable up to September 30, 2012 and subject to review thereafter. All other aspects of ECB policy remain unchanged.

4. AD Category - I banks may bring the contents of this circular to the notice of their constituents and customers.

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

Yours faithfully,

(Dr. Sujatha Elizabeth Prasad)
Chief General Manager

Related Press Release	
30 Mar 2012	<u>Review of all-in-cost (AIC) on External Commercial Borrowings (ECB) and Trade Credit</u>



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

RBI/2011-12/479

A. P. (DIR Series) Circular No. 100

March 30, 2012

To

All Category-I Authorised Dealer Banks

Madam / Sir,

Trade Credits for Imports into India – Review of all-in-cost ceiling

Attention of Authorized Dealer Category-I (AD Category-I) banks is invited to [A.P. \(DIR Series\) Circular No. 44 dated November 15, 2011](#) relating to the all-in-cost ceiling of Trade Credits for imports into India.

2. Considering the developments in the global financial markets and the fact that domestic importers were experiencing difficulties in raising trade credit within the existing all-in-cost ceiling, the all-in-cost ceiling for trade credit was enhanced to 6 months Libor + 350 bps with effect from November 15, 2011 and was subject to review on March 31, 2012. On a review, it has been decided to continue with the enhanced all-in-cost ceiling for Trade Credits for a further period of six months as under:

Maturity Period	All-in-cost over 6 month LIBOR*	
Upto one year	350 bps	
More than one year and upto three years		

* for the respective currency of credit or applicable benchmark

The all-in-cost ceiling will include arranger fee, upfront fee, management fee, handling/ processing charges, out of pocket and legal expenses, if any.

3. The all-in-cost ceiling is applicable up to September 30, 2012 and subject to review thereafter. All other aspects of Trade Credit policy remain unchanged.

4. AD Category - I banks may bring the contents of this circular to the notice of their constituents and customers.

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

Yours faithfully,

(Dr. Sujatha Elizabeth Prasad)
Chief General Manager

Related Press Release	
30 Mar 2012	Review of all-in-cost (AIC) on External Commercial Borrowings (ECB) and Trade Credit



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

RBI/2011-12/481

A. P. (DIR Series) Circular No.101

April 02, 2012

To

All Category-I Authorised Dealer Banks

Madam / Sir,

Overseas Direct Investments – Liberalisation / Rationalisation

Attention of the Authorised Dealer (AD - Category I) banks are invited to the [Notification No. FEMA10/2000-RB dated May 3, 2000](#) [Foreign Exchange Management (Foreign Currency Accounts by a person resident in India) Regulations, 2000] (the Notification), as amended from time to time.

2. As per the extant provisions of FEMA, an Indian party (as defined under [Notification No. FEMA 120/RB-2004 dated July 07, 2004](#), as amended from time to time) is required to obtain prior permission of the Reserve Bank to open, hold and maintain Foreign Currency Account in a foreign country for the purpose of overseas direct investments in that country, in case the regulation of the host country requires that the investment in the country is to be made through a particular account to be opened with the commercial bank of the country.

3. To provide operational flexibility to the Indian party, it has been decided to liberalise the regulations pertaining to opening / holding / maintaining the Foreign Currency Account by Indian party outside India as under:

An Indian party will now be allowed to open, hold and maintain Foreign Currency Account (FCA) abroad for the purpose of overseas direct investments subject to the following terms and conditions:

- I. The Indian party is eligible for overseas direct investments in terms of Regulation 6 (Regulation 7, if applicable) of Notification No. FEMA 120/RB-2004 dated July 7, 2004, as amended from time to time.
- II. The host country Regulations stipulate that the investments into the country is required to be routed through a designated account.

- III. FCA shall be opened, held and maintained as per the regulation of the host country.
 - IV. The remittances sent to the FCA by the Indian party should be utilized only for making overseas direct investment into the JV / WOS abroad.
 - V. Any amount received in the account by way of dividend and / or other entitlements from the subsidiary shall be repatriated to India within 30 days from the date of credit.
 - VI. The Indian party should submit the details of debits and credits in the FCA on yearly basis to the designated AD bank with a certificate from the Statutory Auditors of the Indian party certifying that the FCA was maintained as per the host country laws and the extant FEMA regulations / provisions as applicable.
 - VII. The FCA so opened shall be closed immediately or within 30 days from the date of disinvestment from JV / WOS or cessation thereof.
4. Necessary amendments to the Foreign Exchange Management (Foreign Currency Accounts by a person resident in India) Regulations, 2000 are being issued separately.
5. AD - Category I 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 (FEMA), 1999 (42 of 1999) and are without prejudice to permissions/approvals, if any, required under any other law.

Yours faithfully,

(Dr. Sujatha Elizabeth Prasad)
Chief General Manager



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

RBI/2011-12/482

A. P. (DIR Series) Circular No.102

April 02, 2012

To

All Authorised Persons in Foreign Exchange

Madam/ Sir,

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

Attention of all Authorised Persons, who are authorised to issue foreign currency pre-paid cards to resident Indians visiting outside India, is invited to Para B(5) of the [A. P. \(DIR Series\) Circular No. 46 dated June 14, 2005](#), in terms of which 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.

2. As per the practice followed by issuers, resident Indians who purchase their travel cards, are permitted refund of the unutilised foreign exchange balance only after 10 days from the date of last transaction and accordingly, this condition is stated in the "user guide". Since these cards are expected to act as substitutes for cash/Travellers Cheques, the facilities available to the user will have to be similar.

3. Accordingly, all such Authorised Persons shall redeem the unutilized balance outstanding in the cards immediately upon request by the resident Indians to whom the cards are issued subject to retention of:-

- a) The amounts that are authorised and remain unclaimed/ not settled by the acquirers as of the date of redemption till the completion of the respective settlement cycle;
- b) A small balance not exceeding US\$ 100, for meeting any pipeline transactions till the completion of the respective settlement cycle; and
- c) Transaction fees/service tax payable in India in Rupees.

For the amounts that are authorised but unclaimed/ not settled by the acquirer, the issuer of such cards can hold such amounts until such transactions are processed/ settled by the acquirers within the prescribed settlement timeframe.

4. All the other instructions contained in the above circular dated June 14, 2005, as amended from time to time, shall remain unchanged.

5. Authorised Persons 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 are without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

(Rudra Narayan Kar)
Chief General Manager



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

RBI/2011-12/484

A. P. (DIR Series) Circular No.103

April 03, 2012

To

All Category – I Authorised Dealer Banks

Madam / Sir,

Data on import of Gold – Statements – Modification

Attention of Authorised Dealer Category – I (AD Category – I) banks is invited to Para 4(v) of [A.P. \(DIR Series\) Circular No.2 dated July 9, 2004](#), in terms of which AD Category – I banks are required to submit to FED, CO, RBI a monthly statement regarding the number of transactions and value in USD million and Rupees in crores of gold imported by (i) Export Oriented Units (EOUs), (ii) Units in SEZ/EPZ, and (iii) Nominated Agencies/Banks.

2. It has been decided to further rationalize the entire reporting system on import of gold. Accordingly, A.D. Category-I banks shall henceforth submit the following statements to the Chief General Manager, Reserve Bank of India, Foreign Exchange Department, Central Office, Trade Division, Amar Building, Fort, Mumbai-400001:

- (i) Statement on **half yearly** basis (end March / end September) showing the quantity and value of gold imported by the nominated banks/ agencies/ EOUs/ SEZs in Gem & Jewellery sector, mode of payment-wise, as per **Annex 'A'**;
- (ii) Statement on **monthly basis** showing the quantity and value of gold imports by the nominated agencies (other than the nominated banks)/ EOUs/ SEZs in Gem & Jewellery sector during the month under report as well as the cumulative position as at the end of the said month beginning from the 1st month of the Financial Year, as per **Annex 'B'**.

Both the statements shall be submitted, even if there is 'Nil' position and they should reach the aforesaid office of RBI by the 10th of the following month / half year to which it relates. The statements may also be submitted by [e-mail](#).

3. The other terms & conditions mentioned in the A.P. (DIR Series) Circular No. 2 dated July 9, 2004 remain unchanged.

4. The directions contained in this circular have been issued under sections 10 (4) and 11 (2) 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,

(Dr. Sujatha Elizabeth Prasad)
Chief General Manager-in-Charge

Annex - 'A'**Statement on Import of Gold for the half year ended _____.****Name of the Bank:**

Mode of payment	Quantity of Gold imported (in kgs)		Value of Gold imported			
	Nominated banks / Agencies	EOU/SEZ	USD million		₹ million	
			Nominated Banks / Agencies	EOU/SEZ	Nominated Banks / Agencies	EOU/SEZ
(i) Delivery against payment basis						
(ii) Suppliers Credit basis						
(iii) Consignment basis						
(iv) Unfixed Price basis						

Note: Full details of transactions may be provided in cases where the aggregate value of export exceeds USD 50 million in respect of single importer.

Annex - 'B'

Name of the AD bank:

Data for import of the gold by non-bank nominated /other agencies for the month of during the FY

Sr. No.	Name of the nominated agencies	For the current month		Up to the current month for the FY		Remarks, if any
		Quantity in Kg	Value in USD	Quantity in Kg	Value in USD	
I. Import of Gold by non-bank nominated agencies						
1						
2						
3						
4						
5						
	Sub-total					
II. Import of gold by EOUs in Gems & Jewellery Sector						
1						
2						
3						
	Sub-total					
III. Import of gold by SEZs in Gems & Jewellery Sector						
1						
2						
3						
	Sub-total					
	Grand Total					



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

RBI/2011-12/488

A. P. (DIR Series) Circular No. 104

April 04, 2012

To

All Authorised Persons in Foreign Exchange

Madam/ Sir,

**Authorised Dealer Category II – Permission for
additional activity and opening of Nostro account**

Attention of all the Authorised Persons in foreign exchange is invited to Para 3 and Para 5 of Annex I to the [A. P. \(DIR Series\) Circular No. 25 \[A.P. \(FL/RL Series\) Circular No. 02\] dated March 6, 2006](#).

2. At present, only Authorised Dealer Category – I (AD Category-I) banks are permitted to issue forex pre-paid cards to residents travelling on private / business visit abroad. It has now been decided to permit Authorised Dealers Category-II also to issue forex pre-paid cards to residents travelling on private/business visits abroad, subject to adherence to KYC / AML / CFT requirements. However, the settlement in respect of forex pre-paid cards may be effected through AD Category-I banks.

3. To ensure greater flexibility in sending remittances, it has now also been decided to allow Authorised Dealers Category-II to open Nostro accounts subject to following terms and conditions:

- i) Only one Nostro account for each currency may be opened;
- ii) Balances in the account should be utilized only for the settlement of remittances sent for permissible purposes and not for the settlement in respect of forex prepaid cards;
- iii) No idle balance shall be maintained in the said account; and
- iv) They will be subject to reporting requirements as prescribed from time to time.

4. All the other instructions contained in the A.P.(DIR Series) Circular No.25 {A.P.(FL/RL Series) Circular No.2} dated March 6, 2006 shall remain unchanged.

5. Authorised Persons 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,

(Rudra Narayan Kar)
Chief General Manager



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

RBI/2011-12/490
A.P. (DIR Series) Circular No. 105

April 10, 2012

To

All Category - I Authorised Dealer Banks

Madam / Sir,

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

Attention of Authorised Dealer Category-I (AD Category-I) banks is invited to [A.P. \(DIR Series\) Circular No. 91 dated March 13, 2012](#), wherein the Rupee value of the Special Currency Basket was indicated as Rs. 68.838139 effective from February 9, 2012.

2. AD Category-I banks are advised that a further revision has taken place on March 7, 2012 and accordingly, the Rupee value of the Special Currency Basket has been fixed at Rs.70.965327 with effect from March 13, 2012.

3. AD Category-I banks 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 (FEMA), 1999 (42 of 1999) and are without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

(Dr. Sujatha Elizabeth Prasad)
Chief General Manager-in-Charge



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

RBI/2011-12/495

A. P. (DIR Series) Circular No. 106

April 12, 2012

To

All Category - I Authorised Dealer Banks

Madam / Sir,

**Exim Bank's Line of Credit of USD 150 million
to the Ecowas Bank for Investment and Development (EBID)**

Export-Import Bank of India (Exim Bank) has concluded an Agreement dated July 21, 2011 with the Ecowas Bank for Investment and Development (EBID), making available to the latter, a Line of Credit (LOC) of USD 150 million (USD one hundred and fifty million) for financing eligible goods, services and equipments including project exports and consultancy services, to be exported from India to the 15 member countries of EBID in West African region viz. Benin, Burkina Faso, Cape Verde, Cote d'Ivoire, Gambia, Ghana, Guinea, Guinea Bissau, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone and Togo. The equipment, goods and services including consultancy services from India for exports under this Agreement are those which are eligible for export under the Foreign Trade Policy of the Government of India and whose purchase may be agreed to be financed by the Exim Bank under this Agreement. Out of the total credit by Exim Bank under this Agreement, the equipment, goods and services including consultancy services of the value of at least 75 per cent of the contract price shall be supplied by the seller from India and the remaining 25 per cent goods and services (other than consultancy services) may be procured by the seller for the purpose of Eligible Contract from outside India.

2. The Credit Agreement under the LOC is effective from March 12, 2012 and the date of execution of Agreement is July 21, 2011. Under the LOC, the last date for opening of Letters of Credit and Disbursement will be 48 months from the scheduled completion date(s) of contract(s) in the case of project exports and 72

months (July 20, 2017) from the execution date of the Credit Agreement in the case of supply contracts.

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

4. No agency commission is payable under the above LOC. However, if required, the exporter may use his own resources or utilize balances in his Exchange Earners' Foreign Currency Account for payment of commission in free foreign exchange. Authorised Dealer Category- I (AD Category-I) banks may allow such remittance after realization of full payment of contract value subject to compliance with the prevailing instructions for payment of agency commission.

5. AD Category-I 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 the Exim Bank's office at Centre One, Floor 21, World Trade Centre Complex, Cuffe Parade, Mumbai 400 005 or log on to www.eximbankindia.in.

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

Yours faithfully,

(Dr.Sujatha Elizabeth Prasad)
Chief General Manager-in-Charge



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

RBI/2011-12/507

A. P. (DIR Series) Circular No. 107

April 17, 2012

To,

All Authorised Persons

Madam/ Dear Sir,

Anti-Money Laundering (AML) / Combating the Financing of Terrorism (CFT)
Standards - Money changing activities

Please refer to our [A.P. \(DIR Series\) Circular No. 77 dated February 15, 2012](#) on risks arising from the deficiencies in AML/CFT regime of certain jurisdiction.

2. Financial Action Task Force (FATF) has issued a further Statement on February 16, 2012 on the subject ([copy enclosed](#)).

3. Authorised Persons are accordingly advised to consider the information contained in the enclosed statement.

4. This, however, does not preclude Authorised Persons from legitimate transactions with these countries and jurisdictions.

5. These guidelines are also applicable mutatis mutandis to all agents/ franchisees of Authorised Persons and it will be the sole responsibility of the franchisers to ensure that their agents / franchisees also adhere to these guidelines.

6. Authorised Persons may bring the contents of this circular to the notice of their constituents concerned.

7. Please advise your Principal Officer to acknowledge receipt of this circular letter.

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 also under the, Prevention of Money Laundering Act, (PMLA), 2002, as amended by Prevention of Money Laundering (Amendment) Act, 2009 and Prevention of Money-Laundering (Maintenance of Records of the Nature and Value of Transactions, the Procedure and Manner of Maintaining and Time for Furnishing Information and Verification and Maintenance of Records of the Identity of the Clients of the Banking Companies, Financial Institutions and Intermediaries) Rules, 2005 as amended from time to time and are without prejudice to permission /approvals, if any, required under any other law.

Yours faithfully,

(Rudra Narayan Kar)
Chief General Manager



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

RBI/2011-12/508
A. P. (DIR Series) Circular No. 108

April 17, 2012

To,

All Authorised Persons, who are Indian Agents under Money Transfer Service Scheme.

Madam/ Dear Sir,

Anti-Money Laundering (AML) / Combating the Financing of Terrorism (CFT)
Standards - Cross Border Inward Remittance under Money Transfer Service Scheme

Please refer to our [A.P. \(DIR Series\) Circular No. 78 dated February 15, 2012](#) on risks arising from the deficiencies in AML/CFT regime of certain jurisdictions.

2. Financial Action Task Force (FATF) has issued a further Statement on February 16, 2012 on the subject ([copy enclosed](#)).
3. Authorised Persons (Indian Agents) are accordingly advised to consider the information contained in the enclosed statement.
4. This, however, does not preclude Authorised Persons (Indian Agents) from legitimate transactions with these countries and jurisdictions.
5. These guidelines would also be applicable mutatis mutandis to all Sub-Agents of the Indian Agents under MTSS and it will be the sole responsibility of the APs (Indian Agents) to ensure that their Sub-agents also adhere to these guidelines.
6. Authorised Persons (Indian Agents) may bring the contents of this circular to the notice of their constituents concerned.

7. Please advise your Principal Officer to acknowledge receipt of this circular letter.

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 also under the, Prevention of Money Laundering Act, (PMLA), 2002, as amended by Prevention of Money Laundering (Amendment) Act, 2009 and Prevention of Money-Laundering (Maintenance of Records of the Nature and Value of Transactions, the Procedure and Manner of Maintaining and Time for Furnishing Information and Verification and Maintenance of Records of the Identity of the Clients of the Banking Companies, Financial Institutions and Intermediaries) Rules, 2005 as amended from time to time and are without prejudice to permission/approvals, if any, required under any other law.

Yours faithfully,

(Rudra Narayan Kar)
Chief General Manager



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

RBI/2011-12/512

A. P. (DIR Series) Circular No. 109

April 18, 2012

To,

All Authorised Persons in Foreign Exchange

Madam/ Sir,

Authorised Dealer Category II – Permission for additional activity and opening of Nostro account

Attention of Authorised Persons is invited to Para 3 of [A. P. \(DIR Series\) Circular No. 104 dated April 4, 2012](#) on the captioned subject.

2. Authorised Dealer Category-II entities desirous of opening Nostro accounts may approach the Reserve Bank for a one time approval to open and operate Nostro accounts.

3. All other instructions contained in the A.P. (DIR Series) Circular No. 104 dated April 4, 2012 shall remain unchanged.

4. Authorised Persons may bring the contents of this circular to the notice of their constituents 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) and are without prejudice to permissions/approvals if any, required under any other law.

Yours faithfully,

(Rudra Narayan Kar)
Chief General Manager



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

RBI/2011-12/518

A. P. (DIR Series) Circular No. 110

April 20, 2012

To

All Category - I Authorised Dealer Banks

Madam / Sir,

**Exim Bank's Line of Credit of USD 15 million to the
Government of the Republic of Togo**

Export-Import Bank of India (Exim Bank) has concluded an Agreement dated November 23, 2011 with the Government of the Republic of Togo, making available to the latter, a Line of Credit (LOC) of USD 15 million (USD fifteen million) for financing export of eligible goods, services, machinery and equipment including consultancy services for the purpose of financing Rural Electrification Project in Togo. The goods, services, machinery and equipment including consultancy services from India for exports under this Agreement are those which are eligible for export under the Foreign Trade Policy of the Government of India and whose purchase may be agreed to be financed by the Exim Bank under this Agreement. Out of the total credit by Exim Bank under this Agreement, the goods and services including consultancy services of the value of at least 75 per cent of the contract price shall be supplied by the seller from India and the remaining 25 percent goods and services (other than consultancy services) may be procured by the seller for the purpose of Eligible Contract from outside India.

2. The Credit Agreement under the LOC is effective from March 30, 2012 and the date of execution of Agreement is November 23, 2011. Under the LOC, the last date for opening of Letters of Credit and Disbursement will be 48 months from the scheduled completion date(s) of contract(s) in the case of project exports and 72 months (November 22, 2017) from the execution date of the Credit Agreement in the case of supply contracts.

3. Shipments under the LOC will have to be declared on GR / SDF Forms as per instructions issued by the Reserve Bank from time to time.
4. No agency commission is payable under the above LOC. However, if required, the exporter may use his own resources or utilize balances in his Exchange Earners' Foreign Currency Account for payment of commission in free foreign exchange. Authorised Dealer Category- I (AD Category-I) banks may allow such remittance after realization of full payment of contract value subject to compliance with the prevailing instructions for payment of agency commission.
5. AD Category-I 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 the Exim Bank's office at Centre One, Floor 21, World Trade Centre Complex, Cuffe Parade, Mumbai 400 005 or log on to www.eximbankindia.in.
6. 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 are without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

(Rashmi Fauzdar)
Chief General Manager



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

RBI/2011-12/519

A. P. (DIR Series) Circular No. 111

April 20, 2012

To

All Category-I Authorised Dealer Banks

Madam / Sir,

**External Commercial Borrowings (ECB) Policy –
Liberalisation and Rationalisation**

Attention of Authorized Dealer Category-I (AD Category-I) banks is invited to the Foreign Exchange Management (Borrowing or Lending in Foreign Exchange) Regulations, 2000, notified vide [Notification No. FEMA 3/2000-RB dated May 3, 2000](#) and [A.P. \(DIR Series\) Circular No. 5 dated August 1, 2005](#), as amended from time to time, relating to External Commercial Borrowings.

2. On a review of the policy related to ECB and keeping in view the announcements made in the Union Budget for the Year 2012-13, it has been decided to further rationalize and liberalize the extant guidelines as under:-

(i) Enhancement of Refinancing limit for Power Sector

Indian companies in the **power sector** will be allowed to utilise 40 per cent of the fresh ECB raised towards refinancing of the Rupee loan/s availed by them from the domestic banking system, **under the approval route**, subject to the condition that at least 60 per cent of the fresh ECB proposed to be raised should be utilised for fresh capital expenditure for infrastructure project(s). All other terms and conditions relating to refinancing of Rupee loans mentioned in [A.P. \(DIR Series\) Circular No. 25 dated September 23, 2011](#) remain unchanged.

(ii) ECB for Maintenance and Operation of Toll systems for Roads and Highways

ECBs would also be allowed for **capital expenditure** under **the automatic route** for the purpose of maintenance and operations of toll systems for roads and highways provided they form part of the original project.

3. The modifications to the ECB policy will come into force with immediate effect. All other aspects of the ECB policy, such as, maximum permissible limit under the automatic route, eligible borrower, recognised lender, average maturity, all-in-cost, prepayment, refinancing of existing ECB and reporting arrangements shall remain unchanged.

4. AD Category - I banks may bring the contents of this circular to the notice of their constituents and customers.

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

Yours faithfully,

(Rashmi Fauzdar)
Chief General Manager



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

RBI/2011-12/520

A. P. (DIR Series) Circular No. 112

April 20, 2012

To

All Category-I Authorised Dealer Banks

Madam / Sir,

**External Commercial Borrowings (ECB) Policy –
Refinancing/Rescheduling of ECB**

Attention of Authorized Dealer Category-I (AD Category-I) banks is invited to the Foreign Exchange Management (Borrowing or Lending in Foreign Exchange) Regulations, 2000, notified vide [Notification No. FEMA 3/2000-RB dated May 3, 2000](#) and [A.P. \(DIR Series\) Circular No. 5 dated August 1, 2005](#), as amended from time to time.

2. As per the extant guidelines, existing ECB may be refinanced by raising a fresh ECB subject to the condition that the fresh ECB is raised at a lower all-in-cost.
3. On a review, it has been decided that the borrowers desirous of refinancing an existing ECB can raise fresh ECB at a higher all-in-cost/reschedule an existing ECB at a higher all-in-cost **under the approval route** subject to the condition that the enhanced all-in-cost does not exceed the all-in-cost ceiling prescribed as per the extant guidelines.
4. The modifications to the ECB policy will come into force with immediate effect and will be subject to review. All other aspects of ECB policy remain unchanged.
5. Necessary amendments to the Foreign Exchange Management (Borrowing or Lending in Foreign Exchange) Regulations, 2000 dated May 3, 2000 are being issued separately wherever necessary.
6. AD Category - I banks 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) and are without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

(Rashmi Fauzdar)
Chief General Manager



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

RBI/2011-12/523

A. P. (DIR Series) Circular No. 113

April 24, 2012

To

All Category-I Authorised Dealer Banks

Madam / Sir,

External Commercial Borrowings (ECB) for Civil Aviation Sector

Attention of Authorized Dealer Category-I (AD Category-I) banks is invited to the Foreign Exchange Management (Borrowing or Lending in Foreign Exchange) Regulations, 2000, notified vide [Notification No. FEMA 3/2000-RB dated May 3, 2000](#) and [A.P. \(DIR Series\) Circular No. 5 dated August 1, 2005](#), as amended from time to time, relating to External Commercial Borrowings.

2. As per the extant guidelines, availing of ECB for working capital is not a permissible end-use. On a review of the policy related to ECB and keeping in view the announcement made in the Union Budget for the Year 2012-13, it has been decided to allow ECB for working capital as a permissible end-use for the civil aviation sector, **under the approval route**, subject to the following conditions:

- (i) Airline companies registered under the Companies Act, 1956 and possessing scheduled operator permit license from DGCA for passenger transportation are eligible to avail of ECB for working capital;
- (ii) ECB will be allowed to the airline companies based on the cash flow, foreign exchange earnings and its capability to service the debt;
- (iii) The ECB for working capital should be raised within 12 months from the date of issue of the circular;
- (iv) The ECB can be raised with a minimum average maturity period of three years; and
- (v) The overall ECB ceiling for the entire civil aviation sector would be **USD one billion** and the maximum permissible ECB that can be availed by an individual airline company will be **USD 300 million**. This limit can be utilized for working capital as well as refinancing of the outstanding working capital Rupee

loan(s) availed of from the domestic banking system. Airline companies desirous of availing of such ECBs for refinancing their working capital Rupee loans may submit the necessary certification from the domestic lender/s regarding the outstanding Rupee loan/s.

3. ECB availed for working capital/refinancing of working capital as above will not be allowed to be rolled over.

4. The application for such ECB should be accompanied by a certificate from a chartered accountant confirming the requirement of the working capital loan and the projected foreign exchange cash flows/earnings which would be used for servicing the loan. Authorised Dealer should ensure that the foreign exchange for repayment of ECB is not accessed from Indian markets and **the liability is extinguished only out of the foreign exchange earnings of the borrowing company.**

5. The modifications to the ECB policy will come into force from the date of this circular. All other aspects of the ECB policy shall remain unchanged.

6. AD Category - I banks 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) and are without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

(Rashmi Fauzdar)
Chief General Manager



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

RBI/2011-12/529

A. P. (DIR Series) Circular No.114

May 02, 2012

To

All Category - I Authorised Dealer Banks

Madam / Sir,

**Exim Bank's Line of Credit of USD 80 million
to the Government of the Republic of Burundi**

Export-Import Bank of India (Exim Bank) has concluded an Agreement dated May 24, 2011 with the Government of the Republic of Burundi, making available to the latter, a Line of Credit (LOC) of USD 80 million (USD Eighty million) for financing eligible goods, machinery, equipment and services including consultancy services from India for the purpose of installation of the Kabu Hydro Electric Project in Burundi. The goods, machinery, equipment and services including consultancy services from India for exports under this Agreement are those which are eligible for export under the Foreign Trade Policy of the Government of India and whose purchase may be agreed to be financed by the Exim Bank under this Agreement. Out of the total credit by Exim Bank under this Agreement, the goods and services including consultancy services of the value of at least 75 per cent of the contract price shall be supplied by the sellers from India and the remaining 25 per cent goods and services (other than consultancy services) may be procured by the sellers for the purpose of Eligible Contract from outside India.

2. The Credit Agreement under the LOC is effective from April 19, 2012 and the date of execution of Agreement is May 24, 2011. Under the LOC, the last date for opening of Letters of Credit and Disbursement will be 48 months from the scheduled completion date(s) of contract(s) in the case of project exports and 72 months (May 23, 2017) from the execution date of the Credit Agreement in the case of supply contracts.

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

4. No agency commission is payable under the above LOC. However, if required, the exporter may use his own resources or utilize balances in his Exchange Earners' Foreign Currency Account for payment of commission in free foreign exchange. Authorised Dealer Category- I (AD Category-I) banks may allow such remittance after realization of full payment of contract value subject to compliance with the prevailing instructions for payment of agency commission.

5. AD Category-I 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 the Exim Bank's office at Centre One, Floor 21, World Trade Centre Complex, Cuffe Parade, Mumbai 400 005 or log on to www.eximbankindia.in.

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

Yours faithfully,

(Rashmi Fauzdar)
Chief General Manager



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

RBI/2011-12/532

A. P. (DIR Series) Circular No.115

May 04, 2012

To

All Category - I Authorised Dealer Banks

Madam / Sir,

**Exim Bank's Line of Credit of USD 70 million
to the Government of the Republic of Congo**

Export-Import Bank of India (Exim Bank) has concluded an Agreement dated December 14, 2011 with the Government of the Republic of Congo, making available to the latter, a Line of Credit (LOC) of USD 70 million (USD seventy million) for financing eligible goods, services, machinery and equipments including consultancy services for the purpose of the Rural Electrification Project in the Republic of Congo. The machinery, equipment, goods and services including consultancy services from India for exports under this Agreement are those which are eligible for export under the Foreign Trade Policy of the Government of India and whose purchase may be agreed to be financed by the Exim Bank under this Agreement. Out of the total credit by Exim Bank under this Agreement, the goods and services including consultancy services of the value of at least 75 per cent of the contract price shall be supplied by the seller from India and the remaining 25 per cent goods and services (other than consultancy services) may be procured by the seller for the purpose of Eligible Contract from outside India.

2. The Credit Agreement under the LOC is effective from March 28, 2012 and the date of execution of Agreement is December 14, 2011. Under the LOC, the last date for opening of Letters of Credit and Disbursement will be 48 months from the scheduled completion date(s) of contract(s) in the case of project exports and 72 months (December 13, 2017) from the execution date of the Credit Agreement in the case of supply contracts.

3. Shipments under the LOC will have to be declared on GR / SDF Forms as per instructions issued by the Reserve Bank from time to time.
4. No agency commission is payable under the above LOC. However, if required, the exporter may use his own resources or utilize balances in his Exchange Earners' Foreign Currency Account for payment of commission in free foreign exchange. Authorised Dealer Category- I (AD Category-I) banks may allow such remittance after realization of full payment of contract value subject to compliance with the prevailing instructions for payment of agency commission.
5. AD Category-I 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 the Exim Bank's office at Centre One, Floor 21, World Trade Centre Complex, Cuffe Parade, Mumbai 400 005 or log on to www.eximbankindia.in.
6. 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 are without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

(Rashmi Fauzdar)
Chief General Manager



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

RBI/2011-12/533

A. P. (DIR Series) Circular No.116

May 04, 2012

To

All Category - I Authorised Dealer Banks

Madam / Sir,

**Exim Bank's Line of Credit of USD 382.37 million to the
Government of the Democratic Socialist Republic of Sri Lanka**

Export-Import Bank of India (Exim Bank) has concluded an Agreement dated January 17, 2012 with the Government of the Democratic Socialist Republic of Sri Lanka, making available to the latter, a Line of Credit (LOC) of USD 382.37 million (USD three hundred eighty two million three hundred seventy thousand) for financing export of eligible goods and services including consultancy services for the purpose of (i) Track-laying on the Pallai-Kankesanthurai Railway Line (USD 149.34 million), (ii) Setting up of signaling and telecommunications system for the Northern Railway Line (USD 86.52 million) and (iii) any other contracts that may be mutually approved by the Government of the Democratic Socialist Republic of Sri Lanka and the Government of India in Sri Lanka (USD 146.51 million). The goods and services including consultancy services from India for exports under this Agreement are those which are eligible for export under the Foreign Trade Policy of the Government of India and whose purchase may be agreed to be financed by the Exim Bank under this Agreement. Out of the total credit by Exim Bank under this Agreement, the goods and services including consultancy services of the value of at least 75 per cent of the contract price shall be supplied by the seller from India and the remaining 25 per cent goods and services (other than consultancy services) may be procured by the seller for the purpose of Eligible Contract from outside India.

2. The Credit Agreement under the LOC is effective from April 11, 2012 and the date of execution of Agreement is January 17, 2012. Under the LOC, the last date for opening of Letters of Credit and Disbursement will be 48 months from the scheduled completion date(s) of contract(s) in the case of project exports and 72

months (January 16, 2018) from the execution date of the Credit Agreement in the case of supply contracts.

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

4. No agency commission is payable under the above LOC. However, if required, the exporter may use his own resources or utilize balances in his Exchange Earners' Foreign Currency Account for payment of commission in free foreign exchange. Authorised Dealer Category- I (AD Category-I) banks may allow such remittance after realization of full payment of contract value subject to compliance with the prevailing instructions for payment of agency commission.

5. AD Category-I 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 the Exim Bank's office at Centre One, Floor 21, World Trade Centre Complex, Cuffe Parade, Mumbai 400 005 or log on www.eximbankindia.in.

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

Yours faithfully,

(Rashmi Fauzdar)
Chief General Manager



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

RBI/2011-12/536

A. P. (DIR Series) Circular No.117

May 07, 2012

To

All Authorised Dealer banks and Authorised banks

Madam/Sir,

Transfer of Funds from Non-Resident Ordinary (NRO) account to Non-Resident External (NRE) Account

The Committee to Review the Facilities for Individuals Under FEMA, 1999 (Chairperson : Smt. K.J.Udeshi) has recommended that the NRIs/PIOs may be permitted, subject to payment of applicable taxes, to transfer repatriable funds from their NRO account within the overall ceiling of US \$ 1 million per financial year, for credit to their NRE account in India. At present transfer of funds from NRO to NRE account is not permissible.

2. On a review, it has been decided that henceforth NRI as defined in Foreign Exchange Management (Deposit) Regulations, 2000 contained in [Notification No. FEMA.5/2000-RB dated 3rd May 2000](#), as amended from time to time, shall be eligible to transfer funds from NRO account to NRE account within the overall ceiling of USD one million per financial year **subject to payment of tax**, as applicable (i.e. as applicable if funds were remitted abroad). Such credit of funds to NRE account shall be treated as eligible credit in terms of paragraph 3(j) of Schedule-1 of Notification No. FEMA.5/2000-RB dated 3rd May 2000.

3. All Authorised Dealer banks and Authorised 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, 1999 (42 of 1999) and are without prejudice to permissions/approvals, if any, required under any other law.

Yours faithfully,

(Rudra Narayan Kar)
Chief General Manager



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

RBI/2011-12/537

A. P. (DIR Series) Circular No.118

May 07, 2012

To

All Authorised Dealers in Foreign Exchange

Madam/ Sir,

Release of Foreign Exchange for Miscellaneous Remittances

Attention of Authorised Dealers in foreign exchange is drawn to [A.P.\(DIR Series\) Circular No. 16 dated September 12, 2002](#), in terms of which the Authorised Dealers were advised to release amounts up to USD 500 or its equivalent for all permissible transactions on the basis of a simple letter from the applicant containing the basic information, viz., names and the addresses of the applicant and the beneficiary, amount to be remitted and the purpose of remittance. It was clarified in the circular that Authorised Dealers need not insist upon submission of A2 Forms in such cases. The limit was subsequently enhanced to USD 5000 in terms of the [A.P.\(DIR Series\) Circular No. 55 dated December 23, 2003](#).

2. With a view to further liberalizing the documentation requirements, the limit for foreign exchange remittance for miscellaneous purposes without documentation formalities, has been raised from USD 5000 to USD 25000 with immediate effect.

3. It is clarified that Authorised Dealers need not obtain any document, including Form A-2, except a simple letter as stated above as long as the foreign exchange is being purchased for a current account transaction (not included in the Schedules I and II of Government Notification on Current Account Transactions), and the amount does not exceed USD 25000 or its equivalent and the payment is made by a cheque drawn on the applicant's bank account or by a Demand Draft. AD banks shall prepare dummy A-2 so as to enable them to provide purpose of remittance for statistical inputs for Balance of Payment.

4. Authorised Dealers may bring the contents of this circular to the notice of their constituents 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) and are without prejudice to permissions/approvals, if any, required under any other law.

Yours faithfully,

(Rudra Narayan Kar)
Chief General Manager



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

RBI/2011-12/539

A. P. (DIR Series) Circular No.119

May 7, 2012

To

All Category-I Authorised Dealer Banks

Madam / Sir,

**External Commercial Borrowings (ECB) Policy - Utilization of ECB proceeds
for Rupee expenditure**

Attention of Authorized Dealer Category-I (AD Category-I) banks is invited to [A.P. \(DIR Series\) Circular No. 5 dated August 1, 2005](#) and [A.P. \(DIR Series\) Circular No. 52 dated November 23, 2011](#) relating to External Commercial Borrowings.

2. As per the extant guidelines, ECB proceeds can be utilized for permissible foreign currency expenditure and Rupee expenditure. On a review, it has been decided that at the time of availing Loan Registration Number (LRN) from the Reserve Bank, borrowers should provide bifurcation of the utilization of the ECB proceeds towards foreign currency and Rupee expenditure in Form-83.

3. The primary responsibility to ensure that the ECB proceeds meant for Rupee expenditure in India are repatriated to India for credit to their Rupee accounts with AD Category- I banks in India as per A.P. (DIR Series) Circular No. 52 dated November 23, 2011 is that of the borrower concerned and any contravention of the ECB guidelines will be viewed seriously and will invite penal action under the Foreign Exchange Management Act (FEMA), 1999. The designated AD bank is also required to ensure that the ECB proceeds meant for Rupee expenditure are repatriated to India immediately after drawdown.

4. The modifications to the ECB policy will come into force with immediate effect and subject to review. All other aspects of the ECB policy shall remain unchanged.

5. AD Category - I banks may bring the contents of this circular to the notice of their constituents and customers.

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,

(Rashmi Fauzdar)
Chief General Manager



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

RBI/2011-12/541

A. P. (DIR Series) Circular No.120

May 08, 2012

To

All Category-I Authorised Dealer Banks

Madam / Sir,

Foreign Direct Investment (FDI) in India - Issue of equity shares under the FDI scheme allowed under the Government route

Attention of Authorised Dealers Category – I (AD Category - I) banks is invited to the [A.P. \(DIR Series\) Circular No. 74 dated June 30, 2011](#), and [A.P. \(DIR Series\) Circular No. 55 dated December 09, 2011](#), on issue of equity shares/ preference shares under the Government route by conversion of import of capital goods / machineries / equipments (including second-hand machineries) and pre-operative / pre-incorporation expenses (including payments of rent, etc.), subject to the terms and conditions stated therein.

2. With a view to incentivising use of machinery embodying the latest state-of-the-art technology, compliant with international standards, in terms of being green, clean and energy efficient, it has now been decided to exclude conversion of imported second-hand machinery from the purview of this provision.
3. All the other instructions contained in the above referred A.P. (DIR Series) Circulars shall remain unchanged.
4. AD Category - I banks may bring the contents of the circular to the notice of their customers/constituents concerned.
5. Necessary amendments to Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 ([Notification No. FEMA 20/2000-RB dated May 3, 2000](#)) are being notified separately.

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,

(Rudra Narayan Kar)
Chief General Manager



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

RBI/2011-12/542

A. P. (DIR Series) Circular No.121

May 08, 2012

To

All Category-I Authorised Dealer Banks

Madam / Sir,

**Foreign investment in Commodity Exchanges and NBFC Sector -
Amendment to the Foreign Direct Investment (FDI) Scheme**

Attention of Authorised Dealers Category – I (AD Category - I) banks is invited to Schedule 1 to the 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 May 3, 2000](#), as amended from time to time read with para 2 of [A.P \(DIR Series\) Circular No.41 dated April 28, 2008](#), which allowed foreign investment in commodity exchanges, subject to a composite (FDI & FII) ceiling of 49 per cent with FDI limit of 26 per cent and FII limit of 23 per cent under Portfolio Investment Scheme (PIS), subject to conditions stated therein.

2. The extant policy for foreign investment in commodity exchanges, has since been reviewed and it has been decided that prior approval of the Government (FIPB) would be required only for FDI component and Government approval would not be required for investment by registered FIIs in commodity exchanges. All other conditions contained in A.P (DIR Series) Circular No.41 dated April 28, 2008 shall remain unchanged.

3. Further, under the extant FDI policy, 'leasing and finance' is one of the 18 NBFC activities wherein FDI up to 100 per cent is permitted under automatic route, subject to minimum capitalisation norms. It is hereby clarified that FDI is permitted only in 'financial leases' (financial leasing activity) and not in 'operating leases' (operating leasing activity).

4. AD Category - I banks may bring the contents of the circular to the notice of their customers/constituents concerned.
5. Necessary amendments to Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 (Notification No. FEMA 20/2000-RB dated May 3, 2000) are being notified separately.
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,

(Rudra Narayan Kar)
Chief General Manager



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

RBI/2011-12/545

A. P. (DIR Series) Circular No. 122

May 09, 2012

To,

All Authorised Dealer Category - I Banks

Madam / Sir,

Risk Management and Inter Bank Dealings

Attention of Authorized Dealers Category – I (AD Category – I) banks is invited to [A.P. \(DIR Series\) Circular No.92 dated April 4, 2003](#) on the captioned subject.

2. In terms of paragraph C 4(iv) of the aforesaid circular, AD banks have been permitted to deploy foreign currency funds for granting loans to resident constituents for meeting their foreign exchange requirements or for the rupee working capital/capital expenditure needs subject to the prudential/interest-rate norms, credit discipline and credit monitoring guidelines in force.

3. The Reserve Bank of India has reviewed the interest rate and the end use of the FCNR(B) deposits vide its [circular DBOD.Dir.BC.102/13.03.00/2011-12 dated May 4, 2012](#). Accordingly, it has been decided that FCNR(B) funds representing deposit liabilities may be utilised for making loans to resident constituents for meeting -

- i. their foreign exchange requirements or
- ii. for the rupee working capital/capital expenditure needs of exporters /corporates who have a natural hedge or a risk management policy for managing the exchange risk

Subject to the prudential/interest-rate norms, credit discipline and credit monitoring guidelines in force. Authorised dealers may be guided accordingly.

4. AD Category-I banks may bring the contents of this circular to the notice of their constituents 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) and are without prejudice to permissions/approvals, if any, required under any other law.

Yours faithfully,

(Rudra Narayan Kar)
Chief General Manager



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

RBI/2011-12/546

May 10, 2012

A.P. (DIR Series) Circular No.123

To,

All Authorised Dealer Category - I Banks

Madam / Sir,

Risk Management and Inter Bank Dealings

Attention of Authorized Dealers Category – I (AD Category – I) banks is invited to [A.P. \(DIR Series\) Circular No.58 dated December 15, 2011](#) on the captioned subject.

2. In terms of the above circular, Intra-day open position / daylight limit of Authorised Dealers should not exceed the erstwhile Net Overnight Open Position Limit available to them. It was further clarified through FEDAI Circular SPL-58/Risk Mgmt./2011 dated 21st December 2011 that restrictions placed on Intraday positions limits is only applicable for positions involving Rupee as one of the currencies.

3. On a review it has been decided to fix the intra-day open position / daylight limit of the Authorised Dealers at five times the Net Overnight Open Position Limit available to them or the existing Intra-day open position limit as approved by the Reserve Bank, whichever is higher, for positions involving Rupee as one of the currencies.

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

Yours faithfully,

(Rudra Narayan Kar)
Chief General Manager



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

RBI/2011-12/547

A. P. (DIR Series) Circular No. 124

May 10, 2012

To

AD Category I Authorised Dealer Banks

Madam/ Sir,

Exchange Earner's Foreign Currency (EEFC) Account

Attention of Authorised Dealer Category - I (AD Category - I) banks is invited to [A.P. \(DIR Series\) Circular No.15 dated November 30, 2006](#) in terms of which all foreign exchange earners were permitted to retain 100% of their forex earnings in EEFC account with any AD in India.

2. On a review of the Scheme, it has been decided as under :-

- a) 50% of the balances in the EEFC accounts should be converted forthwith into rupee balances and credited to the rupee accounts as per the directions of the account holder. This process may be completed within a fortnight from the date of the circular and compliance reported to the Chief General Manager, Foreign Exchange Department, Central Office, Trade Division, Amar Building, Sir P.M. Road, Fort, Mumbai 400 001
- b) In respect of all future forex earnings, an exchange earner is eligible to retain 50% (as against the previous limit of 100%) in non-interest bearing EEFC accounts. The balance 50% shall be surrendered for conversion to rupee balances.
- c) The facility of EEFC scheme is intended to enable exchange earners to save on conversion/transaction costs while undertaking forex transactions in future. This facility is not intended to enable exchange earners to maintain assets in foreign currency, as India is still not fully convertible on Capital Account. Accordingly, EEFC

account holders henceforth will be permitted to access the forex market for purchasing foreign exchange only after utilising fully the available balances in the EEFC accounts. ADs may, accordingly, obtain a declaration while selling foreign exchange to their constituents.

3. It may be noted that the provisions at paragraph 2(b) and 2(c) above will apply, mutatis mutandis, also to holder of either a Resident Foreign Currency Account (RFC) or a Diamond Dollar Account (DDA).

4. AD Category - I banks may bring the contents of this circular to the notice of their constituents and 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) and are without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

(Rashmi Fauzdar)
Chief General Manager



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

RBI/2011-12/549

A. P. (DIR Series) Circular No.125

May 10, 2012

To

All Category - I Authorised Dealer Banks

Madam / Sir,

**Exim Bank's Line of Credit of USD 13 million to the
Government of the Republic of Mozambique**

Export-Import Bank of India (Exim Bank) has concluded an Agreement dated September 1, 2011 with the Government of the Republic of Mozambique, making available to the latter, a Line of Credit (LOC) of USD 13 million (USD thirteen million) for the purpose of financing of Solar Photo Voltaic Module Manufacturing plant in Mozambique. The goods, machinery, equipment and services including consultancy services from India for exports under this Agreement are those which are eligible for export under the Foreign Trade Policy of the Government of India and whose purchase may be agreed to be financed by the Exim Bank under this Agreement. Out of the total credit by Exim Bank under this Agreement, the goods and services including consultancy services of the value of at least 75 per cent of the contract price shall be supplied by the seller from India and the remaining 25 per cent goods and services (other than consultancy services) may be procured by the seller for the purpose of Eligible Contract from outside India.

2. The Credit Agreement under the LOC is effective from April 23, 2012 and the date of execution of Agreement is September 1, 2011. Under the LOC, the last date for opening of Letters of Credit and Disbursement will be 48 months from the scheduled completion date(s) of contract(s) in the case of project exports and 72 months (August 31, 2017) from the execution date of the Credit Agreement in the case of supply contracts.

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

4. No agency commission is payable under the above LOC. However, if required, the exporter may use his own resources or utilize balances in his Exchange Earners' Foreign Currency Account for payment of commission in free foreign exchange. Authorised Dealer Category- I (AD Category-I) banks may allow such remittance after realization of full payment of contract value subject to compliance with the prevailing instructions for payment of agency commission.

5. AD Category-I 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 the Exim Bank's office at Centre One, Floor 21, World Trade Centre Complex, Cuffe Parade, Mumbai 400 005 or log on to www.eximbankindia.in.

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

Yours faithfully,

(Rashmi Fauzdar)
Chief General Manager



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

RBI/2011-12 /561

A.P. (DIR Series) Circular No. 126

May 14, 2012

To

All Category - I Authorised Dealer Banks

Madam / Sir,

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

Attention of Authorised Dealer Category-I (AD Category-I) banks is invited to [A.P. \(DIR Series\) Circular No. 105 dated April 10, 2012](#) , wherein the Rupee value of the Special Currency Basket was indicated as Rs. 70.965327 effective from March 13, 2012.

2. AD Category-I banks are advised that a further revision has taken place on April 23, 2012 and accordingly, the Rupee value of the Special Currency Basket has been fixed at Rs.73.305676 with effect from April 26, 2012.

3. AD Category-I banks 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 (FEMA), 1999 (42 of 1999) and are without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

(Rashmi Fauzdar)
Chief General Manager



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

RBI/2011-12/562

A.P. (DIR Series) Circular No. 127

May 15, 2012

To

All Category - I Authorised Dealer Banks

Madam / Sir,

**Foreign investment in NBFC Sector under the Foreign Direct
Investment (FDI) Scheme - Clarification**

Attention of Authorised Dealers Category – I (AD Category - I) banks is invited to [A.P. \(Dir Series\) Circular No.121 dated May 8, 2012](#).

2. The Reserve Bank of India has been receiving requests for clarifications as to whether 'operating leases' would not be permissible in terms of para 3 of the circular *ibid*.

3. It is clarified that the activity 'leasing and finance', which is one among the eighteen NBFC activities wherein FDI up to 100 per cent is permitted under the automatic route, subject to minimum capitalisation norms, covers only 'financial leases' and not 'operating leases', in so far as the NBFC sector is concerned.

4. AD Category - I banks may bring the contents of the circular to the notice of their customers/constituents concerned.

5. Necessary amendments to Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 ([Notification No. FEMA 20/2000-RB dated May 3, 2000](#)) are being notified separately.

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,

(Rudra Narayan Kar)
Chief General Manager



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

RBI/2011-12/564

A.P. (DIR Series) Circular No. 128

May 16, 2012

To

All Category - I Authorised Dealer Banks

Madam / Sir,

Exchange Earner's Foreign Currency (EEFC) Account

Attention of Authorised Dealer Category – I (AD Category – I) banks is invited to [A.P. \(DIR Series\) Circular No. 124 dated May 10, 2012](#) on the captioned subject in terms of which 50% of the balances in the EEFC accounts should be converted forthwith into rupee balances and credited to the rupee accounts as per the directions of the account holder.

2. Based on various queries received from Authorised Dealers, it is clarified that the conversion of the EEFC balances into rupee balances will only be applicable to available balances in the EEFC account which may be arrived at by netting off earmarked amounts on account of outstanding forward / option contracts booked before May 10, 2012.

3. AD Category - I 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, 1999 (42 of 1999) and are without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

(Rashmi Fauzdar)
Chief General Manager



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA
www.rbi.org.in

RBI/2011-12/569

A.P. (DIR Series) Circular No. 129

May 21, 2012

To,

All Authorised Dealer Category - I Banks

Madam / Sir,

Risk Management and Inter Bank Dealings

Attention of Authorized Dealers Category – I (AD Category – I) banks is invited to para 2 (v) of the [A.P.\(DIR Series\) Circular No.58 dated December 15, 2011](#) and the subsequent clarifications issued by the Foreign Exchange Dealers' Association of India(FEDAI) vide its circular SPL-58/Risk Mgmt./2011 dated 21st December 2011 on the Net Overnight Open Position Limit (NOOPL) of the Authorised Dealers.

2. In view of the recent developments in the foreign exchange market, until further review, it has been decided as under:

- i. The current NOOPL of the banks as applicable to the positions involving Rupee as one of the currencies shall not include the positions undertaken in the Currency Futures/Options segment in the exchanges.
- ii. The positions in the exchanges (both Futures and Options) cannot be netted/offset by undertaking positions in the OTC market and vice-versa. The positions initiated in the exchanges shall be liquidated/closed in the exchanges only.
- iii. The position limit for the trading member AD Category-I bank in the exchanges for trading Currency Futures and Options shall be US\$ 100 million or 15 per cent of the outstanding open interest, whichever is lower.

3. Further, the AD Category- I banks are advised that they may bring down their positions to the above limits within June 30, 2012.

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

Yours faithfully,

(Rudra Narayan Kar)
Chief General Manager



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

RBI/2011-12/575

A.P. (DIR Series) Circular No.130

May 25, 2012

To

All Category - I Authorised Dealer Banks

Madam / Sir,

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

Attention of Authorised Dealer Category-I (AD Category-I) banks is invited to [A.P. \(DIR Series\) Circular No. 126 dated May 14, 2012](#), wherein the Rupee value of the Special Currency Basket was indicated as Rs. 73.305676 effective from April 26, 2012.

2. AD Category-I banks are advised that a further revision has taken place on May 4, 2012 and accordingly, the Rupee value of the Special Currency Basket has been fixed at Rs.75.594562 with effect from May 9, 2012.

3. AD Category-I banks 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 (FEMA), 1999 (42 of 1999) and are without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

(Rashmi Fauzdar)
Chief General Manager



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA
www.rbi.org.in

RBI/2011-2012/585
A.P. (DIR Series) Circular No.131

May 31, 2012

To

All Category-I Authorised Dealer Banks

Madam / Sir,

**Overseas Direct Investments by Indian Party-
Online Reporting of Overseas Direct Investment in Form ODI**

Attention of Authorised Dealer Category - I (AD Category - I) banks is invited to [A.P. \(DIR Series\) Circular No. 36 dated February 24, 2010](#), wherein ADs were advised about the operationalisation of the online reporting system of overseas direct investments (ODI) with effect from March 2, 2010. The system, *inter alia* enables online generation of the Unique Identification Number (UIN).

2. Under the online reporting system, AD Category – I banks could generate the UIN online under the automatic route. However, reporting of subsequent remittances under the automatic route as well as the approval route was to be done online in Part II of form ODI, only after receipt of the letter from the Reserve Bank confirming the UIN.

3. It has now been decided to communicate the UIN in respect of cases under the Automatic Route to the ADs/Indian Party through an auto generated e-mail to the email-id made available by the AD/Indian Party. Accordingly, with effect from **June 01, 2012 (Friday)**, the auto generated e-mail, giving the details of UIN allotted to the JV / WOS under the automatic route, shall be treated as confirmation of allotment of UIN, and no separate letter shall be issued by the Reserve Bank to the Indian party and AD Category - I bank confirming the allotment of UIN.



4. It may also be noted that the subsequent remittances under the automatic route and remittances under the approval route are to be reported online in Part II of form ODI, only after receipt of the e-mail communication/confirmation conveying the UIN.

5 The applications in form ODI for overseas direct investment under the approval route would continue to be submitted to the Reserve Bank in physical form as hitherto, in addition to the online reporting of Part I of the Form as contemplated in A.P. (DIR Series) Circular No. 36 dated February 24, 2010.

6. AD Category - I banks 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 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,

(Dr. Sujatha Elizabeth Prasad)
Chief General Manager-in-Charge



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

RBI/2011-12/596

A. P. (DIR Series) Circular No. 132

June 8, 2012

To,

All Authorised Persons, who are Indian Agents under Money Transfer Service Scheme.

Madam/ Sir,

Money Transfer Service Scheme

Attention of all Authorised Persons (APs), who are Indian Agents under the Money Transfer Service Scheme (MTSS) is invited to [paragraph 5 \(c\) of the the Notification dated June 4, 2003](#) on MTSS and the specific permission accorded to them under FEMA, 1999 by the Reserve Bank to undertake inward cross-border money transfer activities in India, through tie-up arrangements with Overseas Principals.

2. It has been decided to increase the number of remittances from 12 to 30 to be received by a single individual beneficiary in a calendar year.
3. All other instructions contained in the said Notification *ibid*, as amended from time to time remain unchanged.
4. These guidelines would also be applicable *mutatis mutandis* to all Sub Agents of the Indian Agents under MTSS and it will be the sole responsibility of the APs (Indian Agents) to ensure that their Sub Agents also adhere to these guidelines.
5. Authorised Persons (Indian Agents) 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,

(Rudra Narayan Kar)
Chief General Manager



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

RBI/2011-12/613

June 20, 2012

A.P. (DIR Series) Circular No.133

To

All Category - I Authorised Dealer Banks

Madam / Sir,

**Annual return on Foreign Liabilities and Assets
Reporting by Indian Companies – Revised format**

Attention of the Authorised Dealer (AD) Category – I banks is invited to [A. P. \(DIR Series\) Circular No.45 dated March 15, 2011](#) wherein, it was, *inter-alia*, stipulated that the annual return on Foreign Liabilities and Assets (FLA) is required to be submitted directly by all the Indian companies which have received FDI and/or made FDI abroad (i.e. overseas investment) in the previous year(s) including the current year, to the Director, External Liabilities and Assets Statistics Division, Department of Statistics and Information Management (DSIM), Reserve Bank of India, C-8, 3rd floor, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051, by July 15 of every year.

2. The Annual Return on FLA is now modified as attached. An easy-to-fill [soft form](#) of the return with guidance to users and in-built validations is now being made available on the RBI website (www.rbi.org.in → Forms category → FEMA Forms) which can be duly filled-in, validated and sent by [e-mail](#), by July 15 every year. Any queries related to filling of annual return should be [e-mailed](#). These directions will come into force with immediate effect. AD Category-I banks may bring the contents of this circular to the notice of their constituents and customers concerned.

3. Necessary amendments to the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000 and the Foreign Exchange Management (Transfer or Issue of any Foreign Security)

(Amendment) Regulations, 2004 notified vide [Notification No. FEMA 20/2000-RB dated May 3, 2000](#) and [Notification No. FEMA 120 dated July 07, 2004](#), respectively will be issued separately.

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

(Rudra Narayan Kar)
Chief General Manager



Confidential

RESERVE BANK OF INDIA

Annual Return on Foreign Liabilities and Assets as on 31 March, 20 __

(Return to be filled under A.P. (DIR Series) Circular No. _____ dated _____)

and submitted to the Department of Statistics and Information Management, RBI, Mumbai)

Please read the guidelines/definitions carefully before filling-in the Return

(Respondents are encouraged to submit the e-form of this return, which can be downloaded from the FEMA Forms section under the 'Forms' category on the RBI website (www.rbi.org.in). The e-form is easy-to-fill with user guidance and consistency checks. The duly filled-in e-form should be [emailed](#).)

1. Name and Address of the Indian Company:

Name of the Company: _____

Address: _____

City: _____

State: _____

Pin: _____

2. PAN Number of Company given by Income Tax Department (10 digit)

3. CIN Number allotted by Ministry of Corp. Affairs, Govt. of India (21 digit)

4. Contact Details

Contact Person Name: _____

Designation: _____

Telephone No: _____

Fax: _____

e-mail: _____

Company's Web- Site (if any): _____

5. Account closing date

6. Nature of Business:

(As per National Industrial Classification (NIC) 2008 Code)

7. Whether your Company Name has changed during the last financial year (April - March) (Y/N)?

If yes, please specify the Company's old Name

Company's old Name: _____

Effective Date (DD/MM/YYYY)

8. Whether the Company is listed **(Y/N)**?

If yes, please furnish the share price on closing date of reference period

	Face Value (Per Share)	Market Value (Per Share)	
	Latest March	Previous March	Latest March
Ordinary/Equity Share			

9. Identification of the reporting Company **(in terms of inward FDI)**

(a) Subsidiary of Foreign entity

(b) Associate of foreign entity

(c) Public Private Partnership

(d) Special Purpose Vehicle

(d) Other

10. Whether the Company is Asset Management Company **(Y/N)**?

11. Whether the Company has Technical Foreign collaboration **(Y/N)**?

12. Whether the company has any business activity during the last financial year (April - March) **(Y/N)**?

Section II
(Financial Details)

Block 1: Financial Detail of Reporting Company

CARE: Information should be reported for all the reference period, i.e. Previous March and Latest March. If reporting period is different from Account Closing Period, then information should be given on internal assessment

Block 1A: Total Paid- up Capital of Indian Company:

Item	End-of Previous March		End-of Latest March	
	Number of Shares in actual	Amount in Rs lakh	Number of Shares in actual	Amount in Rs lakh
1.0 Total Paid-up Capital (= 1.1 + 1.2)				
1.1 Total Equity & Participating Preference Share capital (= 1.1(a) + 1.1(b))				
(a) Ordinary/Equity Share*				
(b) Participating Preference Share				
1.2 Non-participating Preference Share#				
2.0 Non-resident Holdings (at face value in Rs lakh)				
2.1 Equity & Participating Preference share capital (Sum of item-1 to item-12)				
1 Individuals				
2 Companies				
3 Foreign Institutional Investors (FIIs)				
4 Foreign Venture Capital Investors (FVCIs)				
5 Foreign Trusts				
6 Private Equity Funds				
7 Pension/ Provident Funds				
8 Sovereign Wealth Fund (SWF)				
9 Partnership/ Proprietorship firms				
10 Financial Institutions				
11 NRIs/PIO				
12 Others non-resident holdings				
2.2 Non-Participating Preference share				
3.0 Non Resident Equity & Participating Preference share capital %				

Note

*In case of different class of Equity Share (class A, class B etc.), consolidated figure should be reported.

#Non-participating Preference Share do not have following rights.

- (a) to receive dividend, out of surplus profit after paying the dividend to equity shareholders.
- (b) to have share in surplus assets remaining after the entire capital is paid in case of winding up of the company.

Block 1B: Profit and Loss Account (from P/L Account)

Item	Amount in Rs lakh	
	Previous Year (April - March)	Latest Year (April - March)
3.1 Profit (+) / Loss (-) before tax (During the Year)		
3.2 Profit (+) / Loss (-) after tax (During the Year)		
3.3 Dividend (Interim & Final Dividend)		
3.4 Tax on Dividend (if any)		
3.5 Retained Profit (= 3.2 - 3.3 - 3.4)		

Block 1C: Reserves & Surplus (from Balance Sheet)

Item	Amount in Rs lakh as at the end of	
	Previous March	Latest March
4.1 Reserves (Excluding Profit and Loss account balance)		
4.2 Profit (+) and Loss (-) account balance		
4.3 Reserve and Surplus (= 4.1 + 4.2)		
4.4 Net worth of Company (= 1.1 + 4.3)		

Block 1D: Sales and Purchase made during the Financial Year

Note: To be filled in by company where single foreign direct investor holding is more than 50% in total equity (i.e. If reporting Indian company is subsidiary of Foreign company).

Item	Amount in Rs lakh (During the year)	
	Previous March	Latest March
5.1 Domestic Sales		
5.2 Exports		
5.3 Total Sales (= 5.1+ 5.2)		
5.4 Domestic purchase		
5.5 Imports		
5.6 Total Purchase (= 5.4 + 5.5)		

Section III

(FOREIGN LIABILITIES)

CARE: Information should be reported for all the reference period, i.e. Previous March and Latest March. If reporting period is different from Account Closing Period, then information should be given on internal assessment.

2. Investments made in India:

- (i) In case of **listed companies**, equity should be valued **using share price on closing date of reference period**.
- (ii) In case of **unlisted companies**, **Own Fund of Book Value (OFBV) Method** should be used.

Block-2A:

Investment in India under Foreign Direct Investment (FDI) scheme (10% or more Equity Participation).

[Please furnish here the outstanding investments made under the FDI Scheme in India by Non-resident Direct investors, who were **individually holding 10 per cent or more** ordinary/equity & preference shares of your company on the reporting date]

Name of the non-resident Company/ Individual	Type of Capital	Country of non-resident investor	Equity & Participating Preference share capital holding per cent as at the end of latest year (%)	Amount in Rs lakh as at the end of	
				Previous March	Latest March
	1.0 Equity Capital (= 1.1 - 1.2)				
	1.1 Liabilities to Direct Investor				
	1.2 Claims on Direct Investor (Reverse investment)				
	2.0 Other Capital # (= 2.1 - 2.2)				
	2.1 Liabilities to Direct Investor				
	2.2 Claims on Direct Investor				

Note:

- (i) If the information is to be furnished for more than one investor, then add separate Block with same format
- (ii) #: Other capital, item 2.1 & 2.2 of Block-2A includes all other liabilities and claims at Nominal value, except equity and participating preference shares, (i.e. trade credit, loan, debentures, Non-participating share capital, other accounts receivable and payables etc.) of Indian reporting company with its **director investor indicated in Block-2A**.

Block 2B:

Investment in India under Foreign Direct Investment (FDI) scheme (Less than 10% Equity Holding)

[Please furnish here the outstanding investments made under the FDI Scheme in India by Non-resident Direct investors, who were individually holding less than 10 per cent ordinary/equity and participating preference shares of your company on the reporting date].

Country-wise consolidated information should be provided below:

Type of Capital	Country of non-resident investor	Equity & Participating Preference share capital holding per cent as at the end of latest year (%)	Amount in Rs lakh as at the end of	
			Previous March	Latest March
1.0 Equity Capital (= 1.1-1.2)				
1.1 Liabilities to Direct Investor				
1.2 Claims on Direct Investor (Reverse investment)				
2.0 Other Capital (= 2.1-2.2) #				
2.1 Liabilities to Direct Investor				
2.2 Claims on Direct Investor				

Note:

(i) If the information is to be furnished for more than one country, then add separate Block with same format.

(ii) #: Other capital, item 2.1 & 2.2 of Block-2B includes all other liabilities and claims at Nominal value, except equity and participating preference shares, (i.e. trade credit, loan, debentures, Non-participating share capital, other accounts receivable and payables etc.) of Indian reporting company with **non-resident investors holding less than 10 per cent equity and related parties.**

2C. Portfolio Investment in India

Please furnish here the outstanding investments by non-resident investors, other than those made under Foreign Direct Investment Scheme in India (i.e. other than those reported in Block-2A & Block-2B).

Portfolio Investment	Equity & Participating Preference share capital holding per cent as at the end of latest year (%)	Amount in Rs lakh as at the end of	
		Previous March	Latest March
1.0 Equity Securities (at Market Value)			
2.0 Debt Securities (=2.1+2.2)			
2.1 Money Market Instruments (original maturity upto 1 year)			
2.2 Bonds and Other instruments (original maturity more than 1 year)			

Please ensure that Non-resident Equity & Participating Preference share capital mentioned at item 2.1 of block 1(A) should be reported in either Block-2A or Block-2B or Block-2C at Market Value i.e. sum of equity % in Block-2A, Block-2B & Block-2C must be equal to the item 3.0 of Block-1A for the latest march.

Section IV

(FOREIGN ASSETS)

1. Please use the **exchange rate as at end-March Previous FY and end-March Latest FY** (as applicable) of reporting year while reporting the **foreign Assets in Rs lakh**.
2. If overseas company is listed; equity should be valued using share price on closing date of **reference period**.
3. If overseas company is **unlisted**, **Own Fund of Book Value (OFBV)** Method should be used for valuation of equity investment.

Block-3: Equity Capital, Reserves & Surplus of Direct Investment Enterprise (DIE) Abroad (10% or more equity holding by Indian Reporting company)

[Please report here the total equity of DIE, **equity held by your company**, reserves (excluding P&L Account) and P&L Account of those DIEs in each of which your company hold 10% or more equity shares on the reference date.]

Name of the DIE	Item	Currency	Amount in Foreign Currency as at the end of (in actual)	
			Previous March	Latest March
	3.1 Total Equity of DIE			
	3.2 Equity of DIE held by you			
	3.3 Reserves (Excluding P&L Account)			
	3.4 Profit and Loss Account balance			
	3.5 Reserve and Surplus (=3.3+3.4)			
	3.6 Net Worth of DIE (=3.1+3.5)			
	3.7 Exchange rate in Rs per unit foreign currency*			

*: Exchange rate of reporting foreign currency against Indian Rs should be given as on closing date of reference period. FEDAI website (<http://www.fedai.org.in>) may be used for Exchange rates.

Block-4: Direct Investment Abroad under Overseas Direct Investment (ODI) Scheme

Block-4A: Direct Investment Abroad (10% or more equity holding)

Please furnish here the market value of outstanding investments in DIE, made by your company under the ODI Scheme, in each of which your company hold 10% or more equity shares on the reference date.

Name of the non-resident DIE	Type of Capital	Country of non-resident DIE	Equity holding per cent as at the end of latest year (%)	Amount in Rs lakh as at the end of	
				Previous March	Latest March
	1.0 Equity Capital (=1.1-1.2)				
	1.1 Claims on Direct Investment Enterprise				
	1.2 Liabilities to Direct Investment Enterprise (Reverse investment)				
	2.0 Other Capital (=2.1-2.2) #				
	2.1 Claims on Direct Investment Enterprise				
	2.2 Liabilities to Direct Investment Enterprise				

Note:

(i) If the information is to be furnished for more than one overseas company, then ADD separate Block 3 and Block 4A with the same format.

(ii) #: Other capital, item 2.1 & 2.2 of Block-4A includes all other liabilities and claims at Nominal value, except equity shares, (i.e. trade credit, loan, debentures, Non-participating share capital, other accounts receivable and payables etc.) of Indian reporting company with its DIE reported in **Block-4A**.

Block-4B: Direct Investment Abroad (Less than 10% equity holding).

Please furnish here the market value of outstanding investments in DIE, made by your company under the ODI Scheme, in each of which your company hold less than 10 % equity shares on the reference date.

Type of Capital	Country of non-resident DIE	Equity holding per cent as at the end of latest year (%)	Amount in Rs lakh as at the end of	
			Previous March	Latest March
1.0 Equity Capital (=1.1-1.2)				
1.1 Claims on Direct Investment Enterprise				
1.2 Liabilities to Direct Investment Enterprise (Reverse investment)				
2.0 Other Capital (=2.1-2.2) #				
2.1 Claims on Direct Investment Enterprise				
2.2 Liabilities to Direct Investment Enterprise				

Note:

(i) If the information is to be furnish for more than one country, then use the ADD Block 4B with the same format.

(ii) #: Other capital, item 2.1 & 2.2 of Block-4B includes all other liabilities and claims at Nominal value, except equity, (i.e. trade credit, loan, debentures, Non-participating share capital, other accounts receivable and payables etc.) of Indian reporting company with **non-resident companies where Indian company holds less than 10 per cent equity and also with related parties**.

Block-5: Portfolio Investment Abroad

Please furnish here the market value of outstanding investments in non-resident enterprises, **other than those made under ODI scheme reported in Block-4**.

Portfolio Investment	Country of non-resident enterprise	Amount in Rs lakh as at the end of	
		Previous March	Latest March
1.0 Equity Securities (at Market Value)			
2.0 Debt Securities (=2.1+2.2)			
2.1 Money Market Instruments (original maturity upto 1 year)			
2.2 Bonds and Other instruments (original maturity more than 1 year)			

Note:

(i) Country wise consolidated information pertaining to each type of investment should be reported separately.

(ii) If the information is to be furnish for more than one country, then use the ADD Block 5 with the same format..

Section V
(Other Assets and Liabilities)

Block 6: Other Investment ((i.e., position with unrelated parties)

This is a residual category that includes all financial outstanding liability and claims not considered as direct investment or portfolio investment.

Other Investment	Outstanding Liabilities with unrelated party		Outstanding claims on unrelated party	
	Amount in Rs lakh as at the end of			
	Previous March	Latest March	Previous March	Latest March
6.1 Trade Credit				
6.2 Loans				
6. 3 Currency & Deposits				
6. 4 Other receivable and payable accounts				

[e-Form version of this Return is available on the FEMA Forms section under the 'Forms' category on the RBI website (www.rbi.org.in). System Requirement: MS-Excel 2003 and above, with macro enabled]

Place:

Signature and Name of the Authorized person

Date:

Seal/Stamp of the Company

RESERVE BANK OF INDIA
Annual Return on Foreign Liabilities and Assets

INSTRUCTIONS:

The Reserve Bank's **Coordinated Direct Investment Survey** (CDIS) and **Coordinated Portfolio Investment Survey**(CPIS) are conducted under the auspices of the International Monetary Fund (IMF), wherein information is collected from **Indian resident companies on their foreign financial liabilities and assets position** as at end-March of the previous financial year (FY) and end-March of the latest FY. This information is used in the compilation of India's Balance of Payments (**BoP**), International Investment Position (**IIP**), Coordinated Direct Investment and Coordinated Portfolio Investment.

The completed return should be sent by **July, 15 every year**. The **filled-in return in excel format** should be send at [e-mail](#), however, **queries related to filling of return** should be [e-mailed](#).

Confidentiality Clause: The company-wise information so provided will be kept confidential and only consolidated aggregates will be released by the Reserve Bank.

General Instruction for filling-in the Schedule:

- 1) Refer to the **definitions given in the Excel format of the return** before filling-in the return.
- 2) Irrespective of company's Account Closing date, information should be provided in prescribed format for end of previous March and latest March.
- 3) If the reference period is different from the Account Closing Period and/or accounts are unaudited, information should be furnished based on internal assessment or unaudited accounts.
- 4) All amounts should be reported as follows:
 - (a) Blocks 1, 2, 4 & 5 should be reported in Rs. Lakh.
 - (b) Blocks 3 should be reported in actual foreign currencies.
- 5) If any block is not sufficient to report the information, use add button to insert the blocks. Except filled-in return (in excel), **no information in separate annexure will be accepted.**
- 6) **Methodology for valuation of foreign liabilities and foreign assets:**

In case of listed company, equity should be valued using share price on closing date of reference period, while in case of unlisted company, Own Fund of Book Value (OFBV) Method should be used.

Example: Valuation of Equity Investment using OFBV method in case of unlisted company

		Previous March	Latest March
A	Equity Share Capital		
B	Participating Preference Share Capital		
C	Equity & Participating Preference Share Capital	A+B	A+B
D	Reserves & Surplus		
E	Net worth of the Company	C+D	C+D
F	Equity Share Capital held by Non Resident Direct investor		
G	Participating Preference Share Capital held by Non Resident Direct investor		
H	Equity & Participating Preference Share Capital held by Non Resident Direct investor	F+G	F+G
I	Equity & Participating Preference Share holding Percentage	H/C	H/C
J	FDI at Market Value	E*I	E*I

Note:

a) Shares issued to non-resident on Non-Repatriable basis should not be reported in Annual Return.

b) Traded Debt securities should be valued at market price, while all other types of debt, viz., loan, trade credit, deposits, and other accounts payable / receivable should be valued at nominal value.

c) While reporting the foreign currency denominated, use the exchange rate as at end-March Previous FY and end-March Latest FY (as applicable)

Before filling the return to the Reserve Bank of India, please check that:

- You have reported all the items of the return relevant to you and as per your record.
- You have kept a copy of the filled-in schedule in your own records.

For any clarification, please contact:

ELASD Help -desk

Telephone No.:(022)26571265 / 26578340 / 26578241

FAX No. :(022) 26571265 /26570848

[e-mail:](#)

Concepts & Definitions to be used while filling-in Annual Return on Foreign Liabilities and Assets

Residence of Enterprises

An enterprise is said to have a centre of economic interest and to be a resident unit of a country (economic territory) when the enterprise is engaged in a significant amount of production of goods and/or services there or when it owns land or buildings located there. The enterprise must maintain at least one production establishment in the country and must plan to operate the establishment indefinitely or over a long period of time.

Retained Profit (Block 1B, Item 3.5, Section -II)

Retained profit (loss) = Profit (loss) after tax - Dividend declared - Tax on dividend
(i.e. Item 3.5 = Item 3.2 minus Item 3.3 minus Item 3.4, of Block 1B)

Reserves (Block 1C, Item 4.1, Section-II)

It includes all the reserves shown in the balance sheet of a company. It should not include the balances carried forward from P/L accounts.

Profit and loss account Balance (Block 1C, item 4.2, Section-II)

The Profit and Loss (P/L) Account balances carry forwarded to the balance sheet should be reported at item 4.2 of Block 1C. The information should be taken from the Balance sheet and not from P/L account.

A. Direct Investment:

Direct investment is a category of international investment in which a resident entity in one economy [Direct Investor (DI)] acquires a lasting interest in an enterprise resident in another economy [Direct Investment Enterprise (DIE)]. It consists of two components, viz., Equity Capital and Other Capital.

(i) Equity Capital under Direct Investment

It covers (1) Equity in branches and all shares (except non-participating preference shares) in subsidiaries and associates; (2) Contributions such as the provision of machinery, land & building(s) by a direct investor to a DIE by equity participation; (3) Acquisition by a DIE of shares in its direct investor, termed as Reserve investment (i.e. claims on DI).

(a) Foreign Direct Investment in India (Block 2A, 2B, Section-III)

If the Indian company has issued the shares to non-resident entities under the FDI scheme in India, then it should be reported under the Foreign Direct Investment in India (Liabilities), Section III of the return. If the non-resident entity **holds the 10 per cent or more** equity plus participating preference shares together, in the reporting Indian company, then it should be reported under **Block-2A** (item 1.1, liabilities to direct investor). However, if non-resident entity holds **less than 10 per cent** of the equity plus participating preference shares capital of reporting Indian company, then it should be reported under **Block-2B** (item 1.1, liabilities to direct investor). In both

the cases, the non-resident entity is called as the Direct Investor (DI) while the reporting Indian company is called as Direct Investment Enterprise (DIE).

If the **reporting Indian company** also holds the **equity shares in its DI** company abroad and if its shareholding is **less than 10 per cent** of equity capital of DI company, then it is called as **reverse investment** and same should be **reported under item 1.2** (claims on direct investor) of the respective blocks, i.e. **Block 2A or 2B**.

(b) Direct Investment abroad by Indian companies (Block 4A and 4B, Section-IV)

If the reporting Indian company invests in equity and/or participating preference shares of overseas company, under the Overseas Direct Investment Scheme in India, i.e. investment in Joint venture or wholly owned subsidiaries abroad, then it should be reported under Section IV of the return. If the Indian company **holds 10 per cent or more** equity plus participating preference shares together, in overseas company, then it should be reported under **Block-4A** (item 1.1, claims on direct investment enterprise). However, if the Indian company holds **less than 10 per cent** of the equity plus participating preference shares capital of overseas company, then it should be reported under **Block-4B** (item 1.1, claims on direct investment enterprise). In both the cases, the Indian company is called as the Direct Investor (DI) while the overseas company is called as Direct Investment Enterprise (DIE).

If the **overseas DIE** also holds the **equity shares in Indian reporting company** (DI) and if its shareholding is **less than 10 per cent** of equity capital of Indian reporting company, then it is called as **reverse investment** and same should be reported **under item 1.2** (liabilities to DIE) of the respective blocks, i.e. **Block-4A or 4B**.

(ii) Other Capital under Direct Investment (Block 2A, 2B, 4A and 4B)

The other capital (other receivables and payables, except equity and participating preference shares investment) component of direct investment covers the outstanding liabilities or claims arising due to **borrowing and lending of funds, investment in debt securities including non-participating preference shares, trade credits, financial leasing, share application money etc., between direct investors and DIEs and between two DIEs that share the same Direct Investor**. Non-participating preference shares owned by the direct investor are treated as debt securities & should be included in Other Capital.

Other payables and receivables between Indian reporting company and its non-resident direct investor holding 10 per cent or more equity and/or preference share capital, should be reported at item 2.1 and 2.2 respectively of Block 2A. However, other payables and receivables between Indian reporting company and non-resident investor holding less than 10 per cent of equity and/or preference capital as well as with non-resident fellow enterprises (related parties) should be reported at item 2.1 and 2.2 respectively of Block 2B.

Similarly, other receivables and payables between Indian reporting company and its overseas direct investment enterprise where Indian company hold 10 per cent or more equity and/or preference capital, should be reported at item 2.1 and 2.2 respectively of Block 4A. However, other receivables and payables between Indian reporting company and overseas direct investment enterprise where Indian company

hold less than 10 per cent of equity and/or preference share capital of overseas company, as well as with non-resident fellow enterprises (related parties) should be reported at item 2.1 and 2.2 respectively of Block 4B.

B. Portfolio Investment:

(i) Portfolio Investment (Block 2C & 5)

It covers **external claims by or liabilities to reporting Indian company** in equity and debt securities **other than those included in direct investment** (Block 2A, 2B on liability side and Block 4A and 4B on asset side). Debt securities include long-term bonds & notes and short-term money market instruments.

Any investment made **by the non-resident entities in Indian company** under the **Portfolio Scheme in India** should be reported under **Block-2C** (Portfolio liabilities). Further, shares purchased by non-residents of Indian reporting company through the secondary market, should be reported as Portfolio liabilities at Block 2C.

Any investment made **by the Indian company** in foreign shares and / or debt securities, **apart from the investment made under the Overseas Direct Investment Scheme**, should be reported under **Block-5** (Portfolio assets).

(ii) Equity Securities (Block 2C & 5, Item 1.0)

Equity securities are instruments acknowledging the holders' claim to the residual income of the issuing enterprise after the claims of all creditors have been met. These include ordinary shares, stocks, participating preference shares, depository receipts (ADRs/GDRs) denoting ownership of equity securities issued to non-residents, shares/units in mutual funds & investment trusts, equity securities that are sold under repurchase agreement, equity securities that are sold under securities lending arrangement.

(iii) Debt Securities (Block 2C & 5, Item 2.0)

These include bonds & notes and money market instruments.

(iii.a) Bonds and Notes (Block 2C & 5, Item 2.1)

This category includes debt securities with original contractual maturities of more than one year (long-term). It includes the long-term securities such as Debentures, Non-participating preference shares, Convertible bonds, Negotiable certificates of deposit, Perpetual bonds, Collateralized mortgage obligations, Dual currency, Zero coupon and other Deep discounted bonds, Floating rate bonds and Index-linked bonds etc.

(v) Money Market Instruments (Block 2C & 5, Item 2.2)

These short-term instruments with original contractual maturities up to one year include treasury bills, commercial paper, banker's acceptances, short-term negotiable certificates of deposit and short-term notes issued under note issuance facilities. It may be noted that the instruments that share the characteristics of money market instruments but are issued with maturities of more than one year are classified as Bonds and Notes.

C. Other Investments: (Block 6, Section-V)

This is a residual category that **includes** all financial outstanding liabilities and assets **not considered as direct investment or portfolio investment** such as:

(C.i) Trade Credits

Trade credits are assets and liabilities that arise from the **direct extension of credit** from a **supplier to a buyer** for transactions in **goods and services** and **advance payments** by buyers for transactions in goods and services and for work in progress. **Trade credit assets** are **advance payments** made by **importer (you)** for (your) imports or **credit extended by exporter (you)** directly to (your) importer. **Trade credit liabilities** are **advance payment received** by the exporter (you) for (your) exports or **credit received by importer (you)** directly from (your) exporter. It may be noted here that **funding provided by an enterprise other than the supplier** for the purpose of purchasing goods or services is treated **as a loan** and not as trade credit.

(C.ii) Loans

Loans are direct lending of funds by a creditor to a debtor through arrangements. These include, external commercial borrowings, loans to finance trade (i.e. Buyers' credit in which a bank or a financial institution or an export credit agency in the exporting country extends a loan directly to a foreign buyer or to a bank in the importing country to pay for the purchase of goods and services), mortgages, and other loans and advances. Financial leases and repurchase agreements are also considered loans. These outstanding loans (liabilities/claims) should be reported under the loan item of Block 6.

Note that **loan received from or payable to the non-resident direct investor** should be reported under **Other Capital of Block-2A or 2B** while **loan extended to or taken from your subsidiaries/ associates abroad** should be reported under **Other Capital of block 4A or 4B**.

(C.iii) Currency & Deposits:

If the reporting Indian company is a **bank**, then all the outstanding balances of NRE, NRO (current/saving/fixed deposits) and FCNR accounts as well as any credit balance in VOSTRO accounts and overdue in NOSTRO accounts, should be reported against ***currency and deposits under the heads 'outstanding liabilities'***. Similarly, credit balances in NOSTRO accounts as well as debit balances in VOSTRO accounts should be reported against ***currency and deposits under the heads 'outstanding claims'***.

If the reporting entity is **other bank**, then the currency and deposits kept abroad, including the ECB park abroad, should be reported against currency and deposits under the heads 'outstanding claims'.

(C.iv) Other Receivable and Payable Accounts:

These are the residual items that include all external financial liabilities and assets not recorded elsewhere. These are miscellaneous receivables and payables such as accounts relating to interest payments in arrears, loan payments in arrears, outstanding wages and salaries, prepaid insurance premium, outstanding taxes etc.

Identification of the Indian company (Item 9, Section-I).

a) Foreign Subsidiary:

An Indian company is called as a Foreign Subsidiary if a non-resident investor owns more than 50% of the voting power/equity capital OR where a non-resident investor

and its subsidiary(s) combined own more than 50% of the voting power/equity capital of an Indian enterprise.

b) Foreign Associate:

An Indian company is called as Foreign Associate if non-resident investor owns at least 10% and no more than 50% of the voting power/equity capital OR where non-resident investor and its subsidiary(s) combined own at least 10% but no more than 50% of the voting power/equity capital of an Indian enterprise.

c) Special Purpose Vehicle:

A special purpose Vehicle (SPV) is a legal entity (usually a limited company of some type or, sometimes, a limited partnership) created to fulfil narrow, specific or temporary objectives. SPV have little or no employment, or operations, or physical presence in the jurisdiction in which they are created by their parent enterprises, which are typically located in other jurisdictions (economies). They are often used as devices to raise capital or to hold assets and liabilities and usually do not undertake significant production.

d) Public Private Partnership:

Public-private partnership (PPP) describes a government service or private business venture which is funded and operated through a partnership of government and one or more private sector companies. PPP involves a contract between a public sector authority and a private party, in which the private party provides a public service or project and assumes substantial financial, technical and operational risk in the project.



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

RBI/2011-12/617

A. P. (DIR Series) Circular No. 134

June 25, 2012

To

All Category-I Authorised Dealer Banks

Madam / Sir,

External Commercial Borrowings (ECB) – Repayment of Rupee loans

Attention of Authorized Dealer Category-I (AD Category-I) banks is invited to the Foreign Exchange Management (Borrowing or lending in foreign exchange) Regulations, 2000, notified vide [Notification No. FEMA 3/2000-RB dated May 3, 2000](#), as amended from time to time, [A.P. \(DIR Series\) Circular No. 25 dated September 23, 2011](#) and [A.P. \(DIR Series\) Circular No. 111 dated April 20, 2012](#) relating to relaxation of ECB norms for Infrastructure and Power sector.

2. On a review, it has been decided to allow Indian companies to avail of ECBs for **repayment of Rupee loan(s)** availed of from the domestic banking system and / or for fresh Rupee capital expenditure, **under the approval route**, subject to them satisfying the following conditions:-

- i) Only companies in the manufacturing and infrastructure sector will be eligible to avail of such ECBs;
- ii) Such companies shall be a consistent foreign exchange earner during the past three financial years;
- iii) Such companies are not in the default list/caution list of the Reserve Bank of India; and
- iv) Such ECBs shall only be utilized for repayment of the Rupee loan(s) availed of for 'capital expenditure' incurred earlier and are still outstanding in the books of the domestic banking system and / or for fresh Rupee capital expenditure.

3. The overall ceiling for such ECBs as in para 2 above shall be **USD 10 (ten) billion**. The maximum permissible ECB that can be availed of by an individual company will be limited to **50 per cent of the average annual export earnings realised** during the past three financial years. The ECBs will be allowed to companies based on the foreign exchange earnings and its ability to service the ECB. The companies should draw down

the entire facility within a month after taking the Loan Registration Number (LRN) from the Reserve Bank.

4. Companies desirous of availing such ECBs may submit their applications in Form ECB through their designated Authorised Dealer bank with certification from the Statutory Auditor regarding the utilization of Rupee loan(s) with respect to 'capital expenditure' incurred earlier. Statutory Auditor shall also certify that the company is a consistent foreign exchange earner during the past three financial years. The outstanding Rupee loan(s) shall be duly certified by the domestic lending bank(s) concerned and the designated Authorised Dealer bank. Authorised Dealer should ensure that the foreign exchange for repayment of ECB is not accessed from Indian markets and **the liability arising out of ECB is extinguished only out of the foreign exchange earnings of the borrowing company.**

5. The designated AD - Category I bank shall monitor the end-use of funds and bank(s) in India will not be permitted to provide any form of guarantee(s). All other conditions of ECB, such as recognized lender, all-in-cost, average maturity, prepayment, refinancing of existing ECB and reporting arrangements shall remain unchanged and shall be complied with.

6. This facility will come into with immediate effect and is subject to review at an appropriate time depending upon evolving macroeconomic conditions and other relevant factors. The existing policy for repayment of Rupee loans as per A.P. (DIR Series) Circular No. 25 dated September 23, 2011 and A.P. (DIR Series) Circular No. 111 dated April 20, 2012 will continue to be applicable, as hitherto, to companies in the infrastructure sector without natural hedge.

7. AD Category - I banks may bring the contents of this circular to the notice of their constituents and customers.

8. The directions 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 are without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

(Rashmi Fauzdar)
Chief General Manager

Related Press Release	
Jun 25, 2012	RBI announces Further Liberalisation Measures for Capital Account Transactions



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

RBI/2011-12/618

A. P. (DIR Series) Circular No. 135

June 25, 2012

To

All Category – I Authorized Dealer banks

Madam / Sir,

**Foreign investment in India by SEBI registered FIIs in Government securities
and SEBI registered FIIs and QFIs in infrastructure debt**

Attention of Authorized Dealer Category-I (AD Category-I) banks is invited to Schedule 5 to FEMA [Notification No.20/2000-RB dated May 3, 2000](#), as amended from time to time [and A.P.\(DIR Series\) Circular No.55 dated April 29, 2011](#), and [A.P.\(DIR Series\) Circular No.42 dated November 3, 2011](#) in terms of which FIIs are allowed to (i) invest in non-convertible debentures / bonds issued by Indian companies in the infrastructure sector and non-convertible debentures / bonds issued by Non-Banking Financial Companies categorized as 'Infrastructure Finance Companies'(IFCs) by the Reserve Bank of India within the overall limit of USD 25 billion; and (ii) invest in Government securities within an overall limit of USD 15 billion; subject to terms and conditions *ibid*.

2. Attention of the AD Category-I banks is also invited to [A.P. \(DIR Series\) Circular No.8 dated August 9, 2011](#), in terms of which Qualified Foreign Investors (QFIs), as defined therein were allowed to invest in units of Mutual Funds debt schemes upto a limit of USD three billion within the overall limit of USD 25 billion for FII investment in non-convertible debentures / bonds issued by Indian companies in the infrastructure sector.

3. On a review it has been decided as under :

Government Securities

i) The limit of USD 15 billion for FII investment in Government securities stands enhanced with immediate effect by USD 5 billion to USD 20 billion. It has also been decided to rationalize the conditions governing the investments under this scheme by making the residual maturity of the instrument at the time of first purchase by FIIs and SEBI registered eligible non- resident investors in IDFs and foreign Central Banks to be at least three years for a sublimit of USD 10 billion. Accordingly, the existing and new sub limits and attendant conditions are summarized as follows :

Existing position		New position		Remarks
Sub limit	Conditions	Sub limit	Conditions	
USD 10 billion	No conditions	USD 10 billion	No conditions	No change
USD 5 billion	Residual maturity of at least 5 years	USD 10 billion (existing sub limit of USD 5 billion plus the enhancement of USD 5 billion)	Residual maturity of the instrument at the time of first purchase by FIIs to be at least three years	Increase in sub limit and change in conditions

Further, in order to broad base the non resident investor base for Government securities, it has also been decided to allow long term investors like Sovereign Wealth Funds (SWFs), Multilateral agencies, endowment funds, insurance funds, pension funds and foreign Central Banks to be registered with SEBI to also invest in Government securities within this enhanced limit of USD 20 billion.

Infrastructure Debt

ii) The conditions for the limit of USD 22 billion including the sub-limit of USD 5 billion with one year lock-in/residual maturity requirement and USD 10 billion for non resident investment in IDFs (which are all within the overall limit of USD 25 billion for investment in infrastructure corporate bonds) have been changed as under :

- The lock-in period for investments under this limit has been uniformly reduced to one year; and
- The residual maturity of the instrument at the time of first purchase by an FII/ eligible IDF investor would be at least fifteen months.

(iii) Further, as a measure of relaxation, QFIs can now invest in those MF schemes that hold at least 25 per cent of their assets (either in debt or equity or both) in the infrastructure sector under the current USD 3 billion sub-limit for investment in mutual funds related to infrastructure. This relaxation would be subject to review.

4. Necessary amendments to the Foreign Exchange Management (Transfer of Issue of Security by a Person Resident outside India) Regulations, 2000 notified vide Notification No. FEMA 20/2000-RB dated May 3, 2000 are being notified separately.

5. AD Category – I banks may bring the contents of the circular to the notice of their constituents.

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,

(Rudra Narayan Kar)
Chief General Manager

Related Press Release	
Jun 25, 2012	RBI announces Further Liberalisation Measures for Capital Account Transactions



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

RBI/2011-12/620

A. P. (DIR Series) Circular No. 136

June 26, 2012

To

All Category-I Authorised Dealer Banks

Madam / Sir,

External Commercial Borrowings (ECB) – Rationalisation of Form-83

Attention of Authorized Dealer Category-I (AD Category-I) banks is invited to the Foreign Exchange Management (Borrowing or lending in foreign exchange) Regulations, 2000, notified vide [Notification No. FEMA 3/2000-RB dated May 3, 2000](#), as amended from time to time and [A.P. \(DIR Series\) Circular No.60 dated January 31, 2004](#) relating to ECB.

2. On a review, it has been decided to rationalize the Form-83 submitted to the Reserve Bank for obtaining Loan Registration Number (LRN) to reflect the liberalization and rationalization measures that have been carried out over a period of time. Accordingly, borrowers desirous of obtaining Loan Registration Number (LRN) with effect from July 01, 2012 may submit Form-83 in the revised format (Annex I). An illustration of calculation of average maturity period is provided at Annex II for guidance.

3. All other conditions of ECB, such as eligible borrower, recognized lender, end use, all-in-cost, average maturity, prepayment, refinancing of existing ECB and **reporting arrangements** shall remain unchanged and shall be complied with.

4. AD Category - I banks may bring the contents of this circular to the notice of their constituents and customers.

5. The directions 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 are without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

(Rashmi Fauzdar)
Chief General Manager

Form-83**Annex I**

(Reporting of loan agreement details under Foreign Exchange Management Act, 1999)

To be submitted in duplicate by the borrower to designated Authorised Dealer (AD) for all categories and any amount of external commercial borrowing (ECB). After examining conformity with the extant ECB guidelines, the AD may provide requisite details in Part F of the Form and forward one copy (*within 7 days from the date of signing loan agreement between borrower and lender*) for allotment of Loan Registration Number (LRN) to:

The Director
Balance of Payments Statistics Division
Department of Statistics and Information Management (DSIM)
Reserve Bank of India
C-8-9 Bandra-Kurla Complex
Mumbai – 400 051

Agreement Details (To be filled by borrowers of External Commercial Borrowings)									
ECB under (Tick one) >>	Approval Route		Automatic Route						
In case of Approval Route									
No. and Date of RBI-FED approval: (attach copy of approval letter)									
Loan Key Number (allotted by RBI)									
Earlier Loan Registration No. (Applicable only for Revised Form-83)									

Part A: Borrower details		
Name and address of the Borrower (in BLOCK letters) Registration Number given by the Registrar of Companies: PAN Number of Company: Business Activity: Contact Official's Name: Designation: Phone No. : Fax No. : E-mail ID : (No item should be left blank)	Borrower Category (Tick one)	
	Public Sector	Private Sector
	Detailed Category (Tick one)	
	Corporate - Manufacturing	
	Corporate - Infrastructure	
	Corporate –Service Sector - (Hotels, Hospitals and Software)	
	Corporate – Service Sector – (Other than Hotels, Hospitals and Software)	
	Bank	
	Financial Institution (other than NBFC)	
	NBFC- IFC	Reg. No.
	NBFC- MFI	Reg. No.
	NBFC- Others	Reg. No.
	Non-Government Organization (NGO)	
	Micro Finance Institution (MFI)	
Others (Specify)		
Part B: Lender details		
Name and address of the lender/ lessor /foreign supplier (in BLOCK letters) Country: E-mail ID : (No item should be left blank)	Lender Category (Tick one)	
	Multilateral Financial Institution	
	Foreign Government (Bilateral Agency)	
	Export Credit Agency	
	Indian Commercial Bank branch abroad	
	Other Commercial Bank	
	Supplier of Equipment	
	Leasing Company	
	Foreign Collaborator / Foreign Equity Holder	
	International Capital Market	
	Regional Financial Institution	
	Government Owned Development Financial Institution	
Others (Specify)		

Details of foreign equity holding of the lender in the borrower company: (a) Share in paid-up equity of the borrower (%)					(b) Amount of paid-up capital									
ECB-Liability: equity ratio in case of borrowings above USD 5 million from foreign equity holder :														
Part C: Loan Details														
Loan Agreement Date (YYYY/MM/DD)									/			/		
Effective Date of the Loan									/			/		
Last Date of Disbursement									/			/		
Maturity Date (Last payment date)									/			/		
Grace Period (if in agreement)					Years						Months			
Currency Name 1. 2. 3.										Currency Code (SWIFT)				
Amount (in Foreign Currency) 1. 2. 3.														
Equivalent Amount (in US Dollars) (as on date of this form)														
Proposed Bifurcation of the amount					Foreign Currency Expenditure					Rupee Expenditure				
(in loan currency)														
Hedging details (Tick one)			Currency Swap			Interest Rate Swap			Others			Unhedged		
In case options are provided in the loan agreement (tick in the appropriate box)														
Call Option			___ per cent of Debt			Can be executed after date						/		
Put Option			___ per cent of Debt			Can be executed after date						/		
Name and address of the Guarantor (in Block letters)														
<p>Contact Official's Name:</p> <p>Designation :</p> <p>Phone No.: Fax No.: E-mail id:</p> <p>Guarantee Status Code (as per Box 1):</p>														
Borrowing Purpose Code (as per Box 2): (In case of multiple purpose, give break up of amount to be utilised under each purpose as Annex)														
Project Details:														
If import , specify the Country of import (if more than one country, attach details as Annex):														
Economic Sector/ Industry Code (See Box-3)														
Type of ECB (Tick in appropriate box)														
1.Buyers' Credit			2.Commercial Loan / Syndicated Loan (attach sheet for percentage distribution among lenders)											
3.Suppliers' Credit			4.Export Credit from Bilateral Sources											
5.Line of Credit			6.Securitised Instruments (Bonds, CP, FRN, etc.)											
7.Financial Lease			8.FCCB, FCEB, Non-Convertible Preference Shares, Optionally Convertible Preference Shares, Partially Convertible Preference Shares											

9. Refinancing of old ECBs														
LRN of the old ECB:				Approval No.				Date of Approval:						
Amount refinanced:				Reason:										
10. Others (Specify)														
Interest Payment Schedule														
First Payment Date						/			/			No. of payments per year		
Fixed Rate														
Floating Rate		Base with currency				Margin				Cap Rate			Floor Rate	
Drawdown Schedule														
Tranche No.	Date* (YYYY-MM-DD)	Currency	Amount	If more than one equal installment#										
				Total No. of drawals	No. of drawals in a calendar year									
* 1. In case of import of goods or services, date of import is to be furnished against date of drawdown. 2. In case of financial lease, date of acquisition (import) of the goods is to be mentioned as date of drawdown. 3. In case securitised instruments, date of issue has to be shown as date of drawdown. 4. In case of more than one equal drawdown transactions are shown in a row, the first date of transaction should be mentioned. # If drawdown is in unequal installments, details should be given in Annex.														
Principal Repayment Schedule														
Date (YYYY-MM-DD)	Currency	Amount	If more than one equal installments #											
			Total No. of payments	No. of payments in a calendar year										
# If repayment is in unequal instalments, details should be given in Annex.														
Part D: Other Charges														
Specify Nature of charge	Expected Date of Payment	Currency	Amount	In case of multiple equal payments										
				No. of payments in a year	Total number of payments									
Penal Interest for late payments		Fixed	% or Base:	Margin:										
Commitment Charges			% per annum of:	% of Undrawn Amount:										
Part E: Details of ECB already availed (not applicable for the first-time borrower)														
Year	Loan Reg.No. (LRN)	Currency	Amount of Loan											
			Principal (as per agreement)	Disbursed so far	Net outstanding (Principal)									

We hereby certify that the particulars given above are true and correct to the best of our knowledge and belief and no material information has been withheld and/or misrepresented. Furthermore, the ECB is in compliance with the extant ECB guidelines.

Place: _____

Date: _____

Stamp

(Signature of the Authorised Official of the Company)

Name: _____ Designation: _____

Place: _____

(Signature of Company Secretary/ Chartered Accountant)

Date: _____ Stamp

Name: _____

Registration No.: _____

Part F: [To be filled-in by the Authorised Dealer]

We have scrutinized the related documents and confirm the following:

1	End-use (give % share if more than one end-use)	(i) (ii) (iii)	Tick one	
			Permissible under Automatic Route	Approved by Foreign Exchange Department, RBI under Approval Route
2	Average Maturity	Years		Months
3	Cost Factors (%)	Fixed Rate Loan	Floating Rate Loan	
			Margin (spread) over base	Base
	a) Interest Rate			
	b) All-in-cost			
4	In case of loan from 'Foreign Equity Holder', it is confirmed that: a) Direct equity holding of lender is at least 25per cent of the paid-up equity (as per FCGPR taken on record by RBI / FCTRS return taken on record) b) Including the proposed borrowing, the "ECB Liability – Equity Ratio" (4:1) criteria is satisfied for borrowings of more than US \$ 5 million			
5	Borrower has given written undertaking to AD to the effect that it has been submitting ECB-2 Returns regularly to RBI in respect of past ECB/FCCB loans)			Yes / Not Applicable
6	Other important facts relevant for the allotment of LRN			

We certify that the borrower is our customer and the particulars given in this Form are true and correct to the best of our knowledge and belief. This application complies with the extant ECB guidelines and we recommend it for allotment of Loan Registration Number (LRN) by RBI.

Place: _____

Stamp

(Signature of the Authorised Official)

Date: _____

Name: _____ Designation: _____

Name of the bank/ branch _____

AD Code (Part I and Part II): _____

Tel.No.: _____ Fax No. _____

e-mail ID: _____

For RBI (DSIM) Use only

CS-DRMS Team	Received on	Action Taken on	Loan Classification
LRN (if allotted)			

Instructions for Submitting Form 83

1. All dates should be in the format YYYY/MM/DD (*e.g.*, 2012/01/21 for January 21, 2012).
2. No item should be left blank. In case, any item is not applicable, write 'N.A.' against it.
3. If space is not sufficient for giving full details against any item, separate sheet(s) may be attached to the Form and serially numbered as Annex. Each such Annex should be certified by both the borrower and AD.
4. The borrower should give a brief description of his business activity (whether in manufacturing/ trade/ provide services etc.) for the AD's use.
5. Before forwarding the Form to the Reserve Bank of India, AD must ensure that the form is complete in all respects and scrutinise all the related original documents at its end. Incomplete Forms are liable to be rejected/returned by RBI to AD.
6. Firms/ companies obtaining sub-loans through DFIs/ FIs/ banks/ NBFCs etc. should not complete this form but approach the concerned financial institutions directly for reporting.
7. Following codes are for use in filling Part C of the Form:

Box I: Guarantee Status Code		
Sr.No.	Code	Description
1	GG	Govt. of India guarantee
2	CG	Public Sector guarantee
3	PB	Public Sector Bank guarantee
4	FI	Financial Institution guarantee
5	MB	Multilateral/ Bilateral Institution guarantee
6	PG	Private Bank guarantee
7	PS	Private Sector guarantee
8	MS	Mortgage of assets/ security
9	OG	Other guarantee
10	NN	Not guaranteed

Box II: Borrowing Purpose Code		
Sr.No.	Code	Description
1	IC	Import of capital goods
2	RL	Local sourcing of capital goods (Rupee expenditure)
3	SL	On-lending or sub-lending
4	RF	Refinancing of earlier ECB
5	NP	New Project
6	ME	Modernisation/Expansion of existing units
7	PW	Power
8	TL	Telecommunication
9	RW	Railways
10	RD	Roads
11	PT	Ports
12	IS	Industrial Parks
13	UI	Urban infrastructure
14	OI	Overseas investment in JV/ WOS
15	DI	PSU Disinvestment
16	TS	Textile/Steel Restructuring Package
17	MF	Micro Finance activity
18	OT	Others (specify)
19	ER	Mining, Exploration and Refining
20	CS	Cold storage or cold room facility
21	CI	Interest during construction
22	RR	Refinancing of rupee loans
23	RB	Redemption of FCCBs

Box 3: Industry Code		
Industry group name	Industry description	Code
Plantations (100)	Tea	111
	Coffee	112
	Rubber	113
	Others	119
Mining (200)	Coal	211
	Metal	212
	Others	219
Petroleum & petroleum products manufacturing		300
Agricultural products (400)	Food	411
	Beverages	412
	Sugar	413
	Cigarettes & Tobacco	414
	Breweries & distilleries	415
	Others	419
Textile products (420)	Cotton textile	421
	Jute & coir goods	422
	Silk & rayon	423
	Other textile	429
Transport equipment (430)	Automobiles	431
	Auto accessories & parts	432
	Ship building equipments & stores	433
	Railway equipment & stores	434
	Others	439
Machinery & tools (440)	Textile machinery	441
	Agricultural machinery	442
	Machine tools	443
	Others	449
Metal & metal products (450)	Ferrous (iron & steel)	451
	Non-ferrous	452
	Special alloys	453
	Others	459
Electrical electronic goods & machinery (460)	Electrical goods	461
	Cables	462
	Computer hardware & computer based systems	463
	Electronic valves, tubes & others	464
	Others	469
Chemicals & Allied products (470)	Fertilizers	471
	Dyes & dyes stuff	472
	Medicines & pharmaceuticals	473
	Paints & varnishing	474
	Soaps, detergents, shampoos, shaving product	475
	Others	479
Others of manufacturing (480)	Cement	481
	Other Building Materials	482
	Leather and leather products	483
	Wood products	484
	Rubber goods	485
	Paper & paper products	486
	Typewriters & other office equipment	487
	Printing & publishing	488
	Miscellaneous	489
Trading		500
Construction & turn-key projects		600
Transport		700
Utilities (800)	Power generation, transmission & distribution	811
	Others	812
Banking sector		888
Services (900)	Telecommunication services	911

	Software development services	912
	Technical engineering & consultancy services	913
	Tours & travels services	914
	Cold storage, canning & warehousing services	915
	Media advertising & entertainment services	916
	Financial services	917
	Transport services	919
	Others	950
Others (not elsewhere classified)		999

Annex II**Calculation of Average Maturity- An Illustration**

ABC LTD.

Loan Amount = USD 2 million

Date of drawal/ repayment (MM/DD/YYYY)	Drawal	Repayment	Balance	No. of Days** balance with the borrower	Product= (Col.4 * Col. 5)/ (Loan amount * 360)
Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6
05/11/2007	0.75		0.75	24	0.0250
06/05/2007	0.50		1.25	85	0.1476
08/31/2007	0.75		2.00	477	1.3250
12/27/2008		0.20	1.80	180	0.4500
06/27/2009		0.25	1.55	180	0.3875
12/27/2009		0.25	1.30	180	0.3250
06/27/2010		0.30	1.00	180	0.2500
12/27/2010		0.25	0.75	180	0.1875
06/27/2011		0.25	0.50	180	0.1250
12/27/2011		0.25	0.25	180	0.0625
06/27/2012		0.25	0.00		

Average Maturity= 3.2851

** Calculated by = DAYS360 (firstdate, seconddate, 360)



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA
www.rbi.org.in

RBI/2011-12/626

A.P. (DIR Series) Circular No. 137

June 28, 2012

To

All Category – I Authorised Dealer banks

Madam/Sir,

**Foreign Investment in India -
Sector Specific conditions**

Attention of Authorised Dealer Category – I (AD Category-I) banks is invited to Annex A and B of Schedule 1 to Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000 notified by the Reserve Bank vide [Notification No. FEMA 20/2000-RB dated 3rd May 2000](#), as amended from time to time whereby description of sectors/activities wherein FDI is prohibited as also the entry norms, sectoral cap and other conditions for sectors/activities in which FDI is permitted under Government route and Automatic route are specified.

2. The Department of Industrial Policy and Promotion (DIPP), Ministry of Commerce & Industry, Government of India has been updating/notifying the FDI policy through issue of Consolidated FDI Policy Circular. Accordingly, Government has notified the latest FDI policy changes vide FDI Policy Circular 1 of 2012 dated April 10, 2012 and the same is available at Government website www.dipp.gov.in. In order to bring uniformity in the sectoral classification position for FDI as notified under the Consolidated FDI Policy Circular with the FEMA Regulation, the revised position on Annex A and Annex B of Schedule 1 to Notification No. FEMA 20/2000-RB dated 3rd May 2000, has been suitably revised and is enclosed.

3. Necessary amendments to the 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 May 3, 2000 will be issued separately.

4. AD Category – 1 banks may bring the contents of this circular to the notice of their constituents and 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) and are without prejudice to permissions/approvals, if any, required under any other law.

Yours faithfully,

(Rudra Narayan Kar)
Chief General Manager

Sectors Prohibited for FDI.

FDI is prohibited in:

- (a) Retail Trading (except single brand product retailing)
- (b) Lottery Business including Government /private lottery, online lotteries, etc.
- (c) Gambling and Betting including casinos etc.
- (d) Business of Chit funds
- (e) Nidhi company
- (f) Trading in Transferable Development Rights (TDRs)
- (g) Real Estate Business or Construction of Farm Houses
- (h) Manufacturing of Cigars, cheroots, cigarillos and cigarettes, of tobacco or of tobacco substitutes
- (i) Activities / sectors not open to private sector investment e.g. Atomic Energy and Railway Transport (other than Mass Rapid Transport Systems).

Note: Foreign technology collaboration in any form including licensing for franchise, trademark, brand name, management contract is also prohibited for Lottery Business and Gambling and Betting activities.

[Annex to A. P. (DIR Series) Circular No. 45 dated June 28, 2012]

Sector-specific policy for foreign investment

In the following sectors/activities, FDI up to the limit indicated against each sector/activity is allowed, subject to applicable laws/ regulations; security and other conditionalities In sectors/activities not listed below, FDI is permitted upto 100% on the automatic route, subject to applicable laws/ regulations; security and other conditionalities.

Wherever there is a requirement of minimum capitalization, it shall include share premium received along with the face value of the share, only when it is received by the company upon issue of the shares to the non-resident investor. Amount paid by the transferee during post-issue transfer of shares beyond the issue price of the share, cannot be taken into account while calculating minimum capitalization requirement.

Sl.No.	Sector/Activity	% of FDI Cap/Equity	Entry Route
AGRICULTURE			
1	Agriculture & Animal Husbandry		
	a) Floriculture, Horticulture, Apiculture and Cultivation of Vegetables & Mushrooms under controlled conditions; b) Development and production of Seeds and planting material; c) Animal Husbandry (including breeding of dogs), Pisciculture, Aquaculture, under controlled conditions; and d) services related to agro and allied sectors Note: Besides the above, FDI is not allowed in any other agricultural sector/activity	100%	Automatic

Sl.No.	Sector/Activity	% of FDI Cap/Equity	Entry Route
1.1	Other conditions:		
	<p>I. For companies dealing with development of transgenic seeds/vegetables, the following conditions apply:</p> <p>(i) When dealing with genetically modified seeds or planting material the company shall comply with safety requirements in accordance with laws enacted under the Environment (Protection) Act on the genetically modified organisms.</p> <p>(ii) Any import of genetically modified materials if required shall be subject to the conditions laid down vide Notifications issued under Foreign Trade (Development and Regulation) Act, 1992.</p> <p>(iii) The company shall comply with any other Law, Regulation or Policy governing genetically modified material in force from time to time.</p> <p>(iv) Undertaking of business activities involving the use of genetically engineered cells and material shall be subject to the receipt of approvals from Genetic Engineering Approval Committee (GEAC) and Review Committee on Genetic Manipulation (RCGM).</p> <p>(v) Import of materials shall be in accordance with National Seeds Policy.</p>		
	<p>II. The term 'under controlled conditions' covers the following:</p> <p>❖ 'Cultivation under controlled conditions' for the categories of Floriculture, Horticulture, Cultivation of vegetables and Mushrooms is the practice of cultivation wherein rainfall, temperature, solar radiation, air humidity and culture medium are controlled artificially. Control in these parameters may be effected through protected cultivation under green houses, net houses, poly houses or any other improved infrastructure facilities where micro-climatic conditions are regulated anthropogenically.</p>		

Sl.No.	Sector/Activity	% of FDI Cap/Equity	Entry Route
	<ul style="list-style-type: none"> ❖ In case of Animal Husbandry, scope of the term ‘under controlled Conditions’ covers – <ul style="list-style-type: none"> ○ Rearing of animals under intensive farming systems with stall-feeding. Intensive farming system will require climate systems (ventilation, temperature/humidity management), health care and nutrition, herd registering/pedigree recording, use of machinery, waste management systems. ○ Poultry breeding farms and hatcheries where micro-climate is controlled through advanced technologies like incubators, ventilation systems etc. ❖ In the case of pisciculture and aquaculture, scope of the term ‘under controlled conditions’ covers – <ul style="list-style-type: none"> ○ Aquariums ○ Hatcheries where eggs are artificially fertilized and fry are hatched and incubated in an enclosed environment with artificial climate control. ❖ In the case of apiculture, scope of the term ‘under controlled conditions’ covers – <ul style="list-style-type: none"> ○ Production of honey by bee-keeping, except in forest/wild, in designated spaces with control of temperatures and climatic factors like humidity and artificial feeding during lean seasons. 		
2	Tea Plantation		
2.1	Tea sector including tea plantations	100%	Government
	Note: Besides the above, FDI is not allowed in any other plantation sector/activity		
2.2	Other conditions:		
	<ul style="list-style-type: none"> (i) Compulsory divestment of 26% equity of the company in favour of an Indian partner/Indian public within a period of 5 years (ii) Prior approval of the State Government concerned in case of any future land use change. 		

Sl.No.	Sector/Activity	% of FDI Cap/Equity	Entry Route
3	<u>MINING</u>		
3.1	Mining and Exploration of metal and non-metal ores including diamond, gold, silver and precious ores but excluding titanium bearing minerals and its ores; subject to the Mines and Minerals (Development & Regulation) Act, 1957.	100%	Automatic
3.2	Coal and Lignite		
	(1) Coal & Lignite mining for captive consumption by power projects, iron & steel and cement units and other eligible activities permitted under and subject to the provisions of Coal Mines (Nationalization) Act, 1973	100%	Automatic
	(2) Setting up coal processing plants like washeries subject to the condition that the company shall not do coal mining and shall not sell washed coal or sized coal from its coal processing plants in the open market and shall supply the washed or sized coal to those parties who are supplying raw coal to coal processing plants for washing or sizing.	100%	Automatic
3.3	Mining and mineral separation of titanium bearing minerals and ores, its value addition and integrated activities		

Sl.No.	Sector/Activity	% of FDI Cap/Equity	Entry Route
3.3.1	Mining and mineral separation of titanium bearing minerals & ores, its value addition and integrated activities subject to sectoral regulations and the Mines and Minerals (Development and Regulation Act 1957)	100%	Government
3.3.2	Other conditions:		
	<p>India has large reserves of beach sand minerals in the coastal stretches around the country. Titanium bearing minerals viz. Ilmenite, rutile and leucoxene, and Zirconium bearing minerals including zircon are some of the beach sand minerals which have been classified as 'prescribed substances' under the Atomic Energy Act, 1962.</p> <p>Under the Industrial Policy Statement 1991, mining and production of minerals classified as 'prescribed substances' and specified in the Schedule to the Atomic Energy (Control of Production and Use) Order, 1953 were included in the list of industries reserved for the public sector. Vide Resolution No. 8/1(1)/97-PSU/1422 dated 6th October 1998 issued by the Department of Atomic Energy laying down the policy for exploitation of beach sand minerals, private participation including Foreign Direct Investment (FDI), was permitted in mining and production of Titanium ores (Ilmenite, Rutile and Leucoxene) and Zirconium minerals (Zircon).</p> <p>Vide Notification No. S.O.61(E) dated 18.1.2006, the Department of Atomic Energy re-notified the list of 'prescribed substances' under the Atomic Energy Act 1962. Titanium bearing ores and concentrates (Ilmenite, Rutile and Leucoxene) and Zirconium, its alloys and compounds and minerals/concentrates including Zircon, were removed from the list of 'prescribed substances'.</p>		

Sl.No.	Sector/Activity	% of FDI Cap/Equity	Entry Route
	<p>(i) FDI for separation of titanium bearing minerals & ores will be subject to the following additional conditions viz.:</p> <p>(A) value addition facilities are set up within India along with transfer of technology;</p> <p>(B) disposal of tailings during the mineral separation shall be carried out in accordance with regulations framed by the Atomic Energy Regulatory Board such as Atomic Energy (Radiation Protection) Rules, 2004 and the Atomic Energy (Safe Disposal of Radioactive Wastes) Rules, 1987.</p> <p>(ii) FDI will not be allowed in mining of 'prescribed substances' listed in the Notification No. S.O. 61(E) dated 18.1.2006 issued by the Department of Atomic Energy.</p> <p>Clarification: (1) For titanium bearing ores such as Ilmenite, Leucoxene and Rutile, manufacture of titanium dioxide pigment and titanium sponge constitutes value addition. Ilmenite can be processed to produce 'Synthetic Rutile or Titanium Slag as an intermediate value added product.</p> <p>(2) The objective is to ensure that the raw material available in the country is utilized for setting up downstream industries and the technology available internationally is also made available for setting up such industries within the country. Thus, if with the technology transfer, the objective of the FDI Policy can be achieved, the conditions prescribed at (i) (A) above shall be deemed to be fulfilled.</p>		
4	Petroleum & Natural Gas		
4.1	Exploration activities of oil and natural gas fields, infrastructure related to marketing of petroleum products and natural gas, marketing of natural gas and petroleum products, petroleum product pipelines, natural gas/pipelines, LNG	100%	Automatic

Sl.No.	Sector/Activity	% of FDI Cap/Equity	Entry Route
	Regasification infrastructure, market study and formulation and Petroleum refining in the private sector, subject to the existing sectoral policy and regulatory framework in the oil marketing sector and the policy of the Government on private participation in exploration of oil and the discovered fields of national oil companies		
4.2	Petroleum refining by the Public Sector Undertakings (PSU), without any disinvestment or dilution of domestic equity in the existing PSUs.	49%	Government
	<u>MANUFACTURING</u>		
5	Manufacture of items reserved for production in Micro and Small Enterprises (MSEs)		
5.1	FDI in MSEs (as defined under Micro, Small And Medium Enterprises Development Act, 2006 (MSMED, Act 2006)) will be subject to the sectoral caps, entry routes and other relevant sectoral regulations. Any industrial undertaking which is not a Micro or Small Scale Enterprise, but manufactures items reserved for the MSE sector would require Government route where foreign investment is more than 24% in the capital. Such an undertaking would also require an Industrial License under the Industries (Development & Regulation) Act 1951, for such manufacture. The issue of Industrial License is subject to a few general conditions and the specific condition that the Industrial Undertaking shall undertake to export a minimum of 50% of the new or additional annual production of the MSE reserved items to be achieved within a maximum period of three years. The export obligation would be		

Sl.No.	Sector/Activity	% of FDI Cap/Equity	Entry Route
	applicable from the date of commencement of commercial production and in accordance with the provisions of section 11 of the Industries (Development & Regulation) Act 1951.		
6	DEFENCE		
6.1	Defence Industry subject to Industrial license under the Industries (Development & Regulation) Act 1951	26%	Government
6.2	Other conditions:		
	<p>(i) Licence applications will be considered and licences given by the Department of Industrial Policy & Promotion, Ministry of Commerce & Industry, in consultation with Ministry of Defence.</p> <p>(ii) The applicant should be an Indian company / partnership firm.</p> <p>(iii) The management of the applicant company / partnership should be in Indian hands with majority representation on the Board as well as the Chief Executives of the company / partnership firm being resident Indians.</p> <p>(iv) Full particulars of the Directors and the Chief Executives should be furnished along with the applications.</p> <p>(v) The Government reserves the right to verify the antecedents of the foreign collaborators and domestic promoters including their financial standing and credentials in the world market. Preference would be given to original equipment manufacturers or design establishments, and companies having a good track record of past supplies to Armed Forces, Space and Atomic energy sections and having an established R & D base.</p>		

Sl.No.	Sector/Activity	% of FDI Cap/Equity	Entry Route
			<p>(vi) There would be no minimum capitalization for the FDI. A proper assessment, however, needs to be done by the management of the applicant company depending upon the product and the technology. The licensing authority would satisfy itself about the adequacy of the net worth of the non-resident investor taking into account the category of weapons and equipment that are proposed to be manufactured.</p> <p>(vii) There would be a three-year lock-in period for transfer of equity from one non-resident investor to another non-resident investor (including NRIs & erstwhile OCBs with 60% or more NRI stake) and such transfer would be subject to prior approval of the Government.</p> <p>(viii) The Ministry of Defence is not in a position to give purchase guarantee for products to be manufactured. However, the planned acquisition programme for such equipment and overall requirements would be made available to the extent possible.</p> <p>(ix) The capacity norms for production will be provided in the licence based on the application as well as the recommendations of the Ministry of Defence, which will look into existing capacities of similar and allied products.</p> <p>(x) Import of equipment for pre-production activity including development of prototype by the applicant company would be permitted.</p> <p>(xi) Adequate safety and security procedures would need to be put in place by the licensee once the licence is granted and production commences. These would be subject to verification by authorized Government agencies.</p>

Sl.No.	Sector/Activity	% of FDI Cap/Equity	Entry Route
	<p>(xii) The standards and testing procedures for equipment to be produced under licence from foreign collaborators or from indigenous R & D will have to be provided by the licensee to the Government nominated quality assurance agency under appropriate confidentiality clause. The nominated quality assurance agency would inspect the finished product and would conduct surveillance and audit of the Quality Assurance Procedures of the licensee. Self-certification would be permitted by the Ministry of Defence on case to case basis, which may involve either individual items, or group of items manufactured by the licensee. Such permission would be for a fixed period and subject to renewals.</p> <p>(xiii) Purchase preference and price preference may be given to the Public Sector organizations as per guidelines of the Department of Public Enterprises.</p> <p>(xiv) Arms and ammunition produced by the private manufacturers will be primarily sold to the Ministry of Defence. These items may also be sold to other Government entities under the control of the Ministry of Home Affairs and State Governments with the prior approval of the Ministry of Defence. No such item should be sold within the country to any other person or entity. The export of manufactured items would be subject to policy and guidelines as applicable to Ordnance Factories and Defence Public Sector Undertakings. Non-lethal items would be permitted for sale to persons / entities other than the Central of State Governments with the prior approval of the Ministry of Defence. Licensee would also need to institute a verifiable system of removal of all goods out of their factories. Violation of these provisions may lead to cancellation of the licence.</p>		

Sl.No.	Sector/Activity	% of FDI Cap/Equity	Entry Route
	(xv) Government decision on applications to FIPB for FDI in defence industry sector will be normally communicated within a time frame of 10 weeks from the date of acknowledgement.		
<u>SERVICES SECTOR</u>			
INFORMATION SERVICES			
7	Broadcasting		
7.1	Terrestrial Broadcasting FM (FM Radio) subject to such terms and conditions as specified from time to time by Ministry of Information and Broadcasting for grant of permission for setting up of FM Radio Stations	26% (FDI, NRI & PIO investments and portfolio investment)	Government
7.2	Cable Network, subject to Cable Television Network Rules, 1994 and other conditions as specified from time to time by Ministry of Information and Broadcasting	49% (FDI, NRI & PIO investments and portfolio investment)	Government
7.3	Direct-to-Home subject to such guidelines/terms and conditions as specified from time to time by Ministry of Information and Broadcasting	49% (FDI, NRI & PIO investments and portfolio investment) Within this limit, FDI component not to exceed 20%	Government
7.4	Headend-In-The-Sky (HITS) Broadcasting Service refers to the multichannel downlinking and distribution of television programme in C-Band or Ku Band wherein all the pay channels are downlinked at a central facility (Hub/teleport) and again uplinked to a satellite after encryption of channel. At the cable headend these encrypted pay channels are downlinked using a single satellite antenna, transmodulated and sent to the subscribers by using a land based transmission system comprising of infrastructure of cable/optical fibres network.		
7.4.1	FDI limit in (HITS) Broadcasting Service is subject to such guidelines/terms and conditions as specified from time to time by Ministry of Information and	74% (total direct and indirect foreign investment including portfolio and FDI)	Automatic up to 49% Government route beyond

Sl.No.	Sector/Activity	% of FDI Cap/Equity	Entry Route
	Broadcasting.		49% and up to 74%
7.5	Setting up hardware facilities such as up-linking, HUB etc.		
	(1) Setting up of Up-linking HUB/ Teleports	49% (FDI & FII)	Government
	(2) Up-linking a Non-News & Current Affairs TV Channel	100%	Government
	(3) Up-linking a News & Current Affairs TV Channel subject to the condition that the portfolio investment from FII/ NRI shall not be 'persons acting in concert' with FDI investors, as defined in the SEBI(Substantial Acquisition of Shares and Takeovers) Regulations, 1997	26% (FDI & FII)	Government
7.5.1	Other conditions:		
	<p>(i) All the activities at (1), (2) and (3) above will be further subject to the condition that the Company permitted to uplink the channel shall certify the continued compliance of this requirement through the Company Secretary at the end of each financial year.</p> <p>(ii) FDI for Up-linking TV Channels will be subject to compliance with the Up-linking Policy notified by the Ministry of Information & Broadcasting from time to time.</p>		
8	Print Media		
8.1	Publishing of Newspaper and periodicals dealing with news and current affairs	26% (FDI and investment by NRIs/PIOs/FII)	Government
8.2	Publication of Indian editions of foreign magazines dealing with news and current affairs	26% (FDI and investment by NRIs/PIOs/FII)	Government
8.2.1	Other Conditions:		
	<p>(i) '[Magazine]', for the purpose of these guidelines, will be defined as a periodical publication, brought out on non-daily basis, containing public news or comments on public news.</p> <p>(ii) Foreign investment would also be subject to the Guidelines for Publication of Indian editions of foreign magazines dealing with news</p>		

Sl.No.	Sector/Activity	% of FDI Cap/Equity	Entry Route
	and current affairs issued by the Ministry of Information & Broadcasting on 4.12.2008.		
8.3	Publishing/printing of Scientific and Technical Magazines/specialty journals/ periodicals, subject to compliance with the legal framework as applicable and guidelines issued in this regard from time to time by Ministry of Information and Broadcasting.	100%	Government
8.4	Publication of facsimile edition of foreign newspapers	100%	Government
8.4.1	Other Conditions:		
	<p>(i) FDI should be made by the owner of the original foreign newspapers whose facsimile edition is proposed to be brought out in India.</p> <p>(ii) Publication of facsimile edition of foreign newspapers can be undertaken only by an entity incorporated or registered in India under the provisions of the Companies Act, 1956.</p> <p>(iii) Publication of facsimile edition of foreign newspaper would also be subject to the Guidelines for publication of newspapers and periodicals dealing with news and current affairs and publication of facsimile edition of foreign newspapers issued by Ministry of Information & Broadcasting on 31.3.2006, as amended from time to time.</p>		
9	Civil Aviation		
9.1	<p>The Civil Aviation sector includes Airports, Scheduled and Non-Scheduled domestic passenger airlines, Helicopter services / Seaplane services, Ground Handling Services, Maintenance and Repair organizations; Flying training institutes; and Technical training institutions.</p> <p>For the purposes of the Civil Aviation sector:</p> <p>(i) 'Airport' means a landing and taking off area for aircrafts, usually with</p>		

Sl.No.	Sector/Activity	% of FDI Cap/Equity	Entry Route
	<p>runways and aircraft maintenance and passenger facilities and includes aerodrome as defined in clause (2) of section 2 of the Aircraft Act, 1934;</p> <p>(ii) "Aerodrome" means any definite or limited ground or water area intended to be used, either wholly or in part, for the landing or departure of aircraft, and includes all buildings, sheds, vessels, piers and other structures thereon or pertaining thereto;</p> <p>(iii) "Air transport service" means a service for the transport by air of persons, mails or any other thing, animate or inanimate, for any kind of remuneration whatsoever, whether such service consists of a single flight or series of flights;</p> <p>(iv) "Air Transport Undertaking" means an undertaking whose business includes the carriage by air of passengers or cargo for hire or reward;</p> <p>(v) "Aircraft component" means any part, the soundness and correct functioning of which, when fitted to an aircraft, is essential to the continued airworthiness or safety of the aircraft and includes any item of equipment;</p> <p>(vi) "Helicopter" means a heavier-than -air aircraft supported in flight by the reactions of the air on one or more power driven rotors on substantially vertical axis;</p> <p>(vii) "Scheduled air transport service" means an air transport service undertaken between the same two or more places and operated according to a published time table or with flights so regular or frequent that they constitute a recognizably systematic series, each flight being open to use by members of the public;</p> <p>(viii) "Non-Scheduled Air Transport service" means any service which is not a scheduled air transport service and will include Cargo airlines;</p> <p>(ix) "Cargo airlines" would mean such airlines which meet the conditions as given in the Civil Aviation Requirements issued by the Ministry of Civil Aviation;</p>		

Sl.No.	Sector/Activity	% of FDI Cap/Equity	Entry Route
	<p>(x) "Seaplane" means an aeroplane capable normally of taking off from and alighting solely on water;</p> <p>(xi) "Ground Handling" means (i) ramp handling , (ii) traffic handling both of which shall include the activities as specified by the Ministry of Civil Aviation through the Aeronautical Information Circulars from time to time, and (iii) any other activity specified by the Central Government to be a part of either ramp handling or traffic handling.</p>		
9.2	Airports		
	(a) Greenfield projects	100%	Automatic
	(b) Existing projects	100%	Automatic up to 74% Government route beyond 74%
9.3	Air Transport Services		
	<p>(a) Air Transport Services would include Domestic Scheduled Passenger Airlines; Non-Scheduled Air Transport Services, helicopter and seaplane services.</p> <p>(b) No foreign airlines would be allowed to participate directly or indirectly in the equity of an Air Transport Undertaking engaged in operating Scheduled and Non-Scheduled Air Transport Services except Cargo airlines.</p> <p>(c) Foreign airlines are allowed to participate in the equity of companies operating Cargo airlines, helicopter and seaplane services.</p>		
	(1) Scheduled Air Transport Service/ Domestic Scheduled Passenger Airline	49% FDI (100% for NRIs)	Automatic
	(2) Non-Scheduled Air Transport Service	74% FDI (100% for NRIs)	Automatic up to 49% Government route beyond 49% and up to

Sl.No.	Sector/Activity	% of FDI Cap/Equity	Entry Route
			74%
	(3) Helicopter services/seaplane services requiring DGCA approval	100%	Automatic
9.4	Other services under Civil Aviation sector		
	(1) Ground Handling Services subject to sectoral regulations and security clearance	74% FDI (100% for NRIs)	Automatic up to 49% Government route beyond 49% and up to 74%
	(2) Maintenance and Repair organizations; flying training institutes; and technical training institutions	100%	Automatic
10	Courier services for carrying packages, parcels and other items which do not come within the ambit of the Indian Post Office Act, 1898 and excluding the activity relating to the distribution of letters.	100%	Government
11	Construction Development: Townships, Housing, Built-up infrastructure		
11.1	Townships, housing, built-up infrastructure and construction-development projects (which would include, but not be restricted to, housing, commercial premises, hotels, resorts, hospitals, educational institutions, recreational facilities, city and regional level infrastructure)	100%	Automatic
11.2	Investment will be subject to the following conditions: (1) Minimum area to be developed under each project would be as under: (i) In case of development of serviced housing plots, a minimum land area of 10 hectares (ii) In case of construction-development projects, a minimum built-up area of 50,000 sq.mts		

Sl.No.	Sector/Activity	% of FDI Cap/Equity	Entry Route
	<p>(iii) In case of a combination project, any one of the above two conditions would suffice</p> <p>(2) Minimum capitalization of US\$10 million for wholly owned subsidiaries and US\$ 5 million for joint ventures with Indian partners. The funds would have to be brought in within six months of commencement of business of the Company.</p> <p>(3) Original investment cannot be repatriated before a period of three years from completion of minimum capitalization. Original investment means the entire amount brought in as FDI. The lock-in period of three years will be applied from the date of receipt of each installment/tranche of FDI or from the date of completion of minimum capitalization, whichever is later. However, the investor may be permitted to exit earlier with prior approval of the Government through the FIPB.</p> <p>(4) At least 50% of each such project must be developed within a period of five years from the date of obtaining all statutory clearances. The investor/investee company would not be permitted to sell undeveloped plots. For the purpose of these guidelines, 'undeveloped plots' will mean where roads, water supply, street lighting, drainage, sewerage, and other conveniences, as applicable under prescribed regulations, have not been made available. It will be necessary that the investor provides this infrastructure and obtains the completion certificate from the concerned local body/service agency before he would be allowed to dispose of serviced housing plots.</p> <p>(5) The project shall conform to the norms and standards, including land use requirements and provision of community amenities and common facilities, as laid down in the applicable building control regulations, bye-laws, rules, and other regulations of the State Government/Municipal/Local Body concerned.</p> <p>(6) The investor/investee company shall be responsible for obtaining all necessary approvals, including those of the building/layout plans, developing</p>		

Sl.No.	Sector/Activity	% of FDI Cap/Equity	Entry Route
	<p>internal and peripheral areas and other infrastructure facilities, payment of development, external development and other charges and complying with all other requirements as prescribed under applicable rules/bye-laws/regulations of the State Government/ Municipal/Local Body concerned.</p> <p>(7) The State Government/ Municipal/ Local Body concerned, which approves the building / development plans, would monitor compliance of the above conditions by the developer.</p> <p>Note:</p> <p>(i) The conditions at (1) to (4) above would not apply to Hotels & Tourism, Hospitals, Special Economic Zones (SEZs), Education Sector, Old age Homes and investment by NRIs.</p> <p>(ii) FDI is not allowed in Real Estate Business.</p>		
12	Industrial Parks – new and existing	100%	Automatic
12.1	<p>(i) “Industrial Park” is a project in which quality infrastructure in the form of plots of developed land or built up space or a combination with common facilities, is developed and made available to all the allottee units for the purposes of industrial activity.</p> <p>(ii) “Infrastructure” refers to facilities required for functioning of units located in the Industrial Park and includes roads (including approach roads), water supply and sewerage, common effluent treatment facility, telecom network, generation and distribution of power, air conditioning.</p> <p>(iii) “Common Facilities” refer to the facilities available for all the units located in the industrial park, and include facilities of power, roads (including approach roads), water supply and sewerage, common effluent treatment, common testing, telecom services, air conditioning, common facility buildings, industrial canteens, convention/conference halls, parking, travel desks, security service, first aid center,</p>		

Sl.No.	Sector/Activity	% of FDI Cap/Equity	Entry Route
	<p>ambulance and other safety services, training facilities and such other facilities meant for common use of the units located in the Industrial Park.</p> <p><u>(iv) “Allocable area” in the Industrial Park means-</u></p> <p>(a) in the case of plots of developed land- the net site area available for allocation to the units, excluding the area for common facilities.</p> <p>(b) in the case of built up space- the floor area and built up space utilized for providing common facilities.</p> <p>(c) in the case of a combination of developed land and built-up space- the net site and floor area available for allocation to the units excluding the site area and built up space utilized for providing common facilities.</p> <p>(v) “Industrial Activity” means manufacturing; electricity; gas and water supply; post and telecommunications; software publishing, consultancy and supply; data processing, database activities and distribution of electronic content; other computer related activities; basic and applied R&D on bio-technology, pharmaceutical sciences/life sciences, natural sciences and engineering; business and management consultancy activities; and architectural, engineering and other technical activities.</p>		
12.2	<p>FDI in Industrial Parks would not be subject to the conditionalities applicable for construction development projects etc. spelt out in para 11 above, provided the Industrial Parks meet with the under-mentioned conditions:</p> <p>(i) it would comprise of a minimum of 10 units and no single unit shall occupy more than 50% of the allocable area;</p>		

Sl.No.	Sector/Activity	% of FDI Cap/Equity	Entry Route
	(ii) the minimum percentage of the area to be allocated for industrial activity shall not be less than 66% of the total allocable area.		
13	Satellites – Establishment and operation		
13.1	Satellites – Establishment and operation, subject to the sectoral guidelines of Department of Space/ISRO	74%	Government
14	Private Security Agencies	49 %	Government
15	Telecom Services Investment caps and other conditions for specified services are given below. However, licensing and security requirements notified by the Department of Telecommunications will need to be complied with for all services.		
15.1	(i) Telecom services	74%	Automatic up to 49% Government route beyond 49% and up to 74%
15.1.1	Other conditions:		
	(1) General Conditions: (i) This is applicable in case of Basic, Cellular, Unified Access Services, National/ International Long Distance, V-Sat, Public Mobile Radio Trunked Services (PMRTS), Global Mobile Personal Communications Services (GMPCS) and other value added Services. (ii) Both direct and indirect foreign investment in the licensee company shall be counted for the purpose of FDI ceiling. Foreign Investment shall include investment by Foreign Institutional Investors (FIIs), Non-resident Indians (NRIs), Foreign Currency Convertible Bonds (FCCBs), American Depositary Receipts (ADRs), Global Depositary Receipts (GDRs) and convertible preference shares held by foreign		

Sl.No.	Sector/Activity	% of FDI Cap/Equity	Entry Route
	<p>entity. In any case, the `Indian` shareholding will not be less than 26 Percent.</p> <p>(iii) FDI in the licensee company/Indian promoters/investment companies including their holding companies shall require approval of the Foreign Investment Promotion Board (FIPB) if it has a bearing on the overall ceiling of 74 percent. While approving the investment proposals, FIPB shall take note that investment is not coming from countries of concern and/or unfriendly entities.</p> <p>(iv) The investment approval by FIPB shall envisage the conditionality that Company would adhere to licence Agreement.</p> <p>(v) FDI shall be subject to laws of India and not the laws of the foreign country/countries.</p> <p>(2) Security Conditions:</p> <p>(i) The Chief Officer In-charge of technical network operations and the Chief Security Officer should be a resident Indian citizen.</p> <p>(ii) Details of infrastructure/network diagram (technical details of the network) could be provided on a need basis only to telecom equipment suppliers/manufacturers and the affiliate/parents of the licensee company. Clearance from the licensor (Department of Telecommunications) would be required if such information is to be provided to anybody else.</p> <p>(iii) For security reasons, domestic traffic of such entities as may be identified /specified by the licensor shall not be hauled/routed to any place outside India.</p> <p>(iv) The licensee company shall take adequate and timely measures to ensure that the information transacted through a network by the subscribers is secure and protected.</p>		

Sl.No.	Sector/Activity	% of FDI Cap/Equity	Entry Route
	<p>(v) The officers/officials of the licensee companies dealing with the lawful interception of messages will be resident Indian citizens.</p> <p>(vi) The majority Directors on the Board of the company shall be Indian citizens.</p> <p>(vii) The positions of the Chairman, Managing Director, Chief Executive Officer (CEO) and/or Chief Financial Officer (CFO), if held by foreign nationals, would require to be security vetted by Ministry of Home Affairs (MHA). Security vetting shall be required periodically on yearly basis. In case something adverse is found during the security vetting, the direction of MHA shall be binding on the licensee.</p> <p>(viii) The Company shall not transfer the following to any person/place outside India:-</p> <p style="padding-left: 40px;">(a) Any accounting information relating to subscriber (except for international roaming/billing) (Note: it does not restrict a statutorily required disclosure of financial nature) ; and</p> <p style="padding-left: 40px;">(b) User information (except pertaining to foreign subscribers using Indian Operator's network while roaming).</p> <p>(ix) The Company must provide traceable identity of their subscribers. However, in case of providing service to roaming subscriber of foreign Companies, the Indian Company shall endeavour to obtain traceable identity of roaming subscribers from the foreign company as a part of its roaming agreement.</p> <p>(x) On request of the licensor or any other agency authorised by the licensor, the telecom service provider should be able to provide the geographical location of any subscriber (BTS location) at a given point of time.</p>		

Sl.No.	Sector/Activity	% of FDI Cap/Equity	Entry Route
	<p>(xi) The Remote Access (RA) to Network would be provided only to approved location(s) abroad through approved location(s) in India. The approval for location(s) would be given by the Licensor (DOT) in consultation with the Ministry of Home Affairs.</p> <p>(xii) Under no circumstances, should any RA to the suppliers/manufacturers and affiliate(s) be enabled to access Lawful Interception System(LIS), Lawful Interception Monitoring(LIM), Call contents of the traffic and any such sensitive sector/data, which the licensor may notify from time to time.</p> <p>(xiii) The licensee company is not allowed to use remote access facility for monitoring of content.</p> <p>(xiv) Suitable technical device should be made available at Indian end to the designated security agency /licensor in which a mirror image of the remote access information is available on line for monitoring purposes.</p> <p>(xv) Complete audit trail of the remote access activities pertaining to the network operated in India should be maintained for a period of six months and provided on request to the licensor or any other agency authorised by the licensor.</p> <p>(xvi) The telecom service providers should ensure that necessary provision (hardware/software) is available in their equipment for doing the Lawful interception and monitoring from a centralized location.</p> <p>(xvii) The telecom service providers should familiarize/train Vigilance Technical Monitoring (VTM)/security agency officers/officials in respect of relevant operations/features of their systems.</p> <p>(xviii) It shall be open to the licensor to restrict the Licensee Company</p>		

Sl.No.	Sector/Activity	% of FDI Cap/Equity	Entry Route
	<p>from operating in any sensitive area from the National Security angle.</p> <p>(xix) In order to maintain the privacy of voice and data, monitoring shall only be upon authorisation by the Union Home Secretary or Home Secretaries of the States/Union Territories.</p> <p>(xx) For monitoring traffic, the licensee company shall provide access of their network and other facilities as well as to books of accounts to the security agencies.</p> <p>(xxi) The aforesaid Security Conditions shall be applicable to all the licensee companies operating telecom services covered under this circular irrespective of the level of FDI.</p> <p>(xxii) Other Service Providers (OSPs), providing services like Call Centres, Business Process Outsourcing (BPO), tele-marketing, tele-education, etc, and are registered with DoT as OSP. Such OSPs operate the service using the telecom infrastructure provided by licensed telecom service providers and 100% FDI is permitted for OSPs. As the security conditions are applicable to all licensed telecom service providers, the security conditions mentioned above shall not be separately enforced on OSPs.</p> <p>(3) The above General Conditions and Security Conditions shall also be applicable to the companies operating telecom service(s) with the FDI cap of 49%.</p> <p>(4) All the telecom service providers shall submit a compliance report on the aforesaid conditions to the licensor on 1st day of July and January on six monthly basis.</p>		
15.2	<p>(a) ISP with gateways</p> <p>(b) ISP's not providing gateways i.e. without gate-ways (both for satellite</p>	74%	<p>Automatic up to 49%</p> <p>Government route beyond 49% and up to</p>

Sl.No.	Sector/Activity	% of FDI Cap/Equity	Entry Route
	<p>and marine cables)</p> <p>Note: The new guidelines of August 24, 2007 Department of Telecommunications provide for new ISP licenses with FDI up to 74%.</p> <p>(c) Radio paging</p> <p>(d) End-to-End bandwidth</p>		74%
15.3	<p>(a) Infrastructure provider providing dark fibre, right of way, duct space, tower (IP Category I)</p> <p>(b) Electronic Mail</p> <p>(c) Voice Mail</p> <p>Note: Investment in all the above activities is subject to the conditions that such companies will divest 26% of their equity in favour of Indian public in 5 years, if these companies are listed in other parts of the world.</p>	100%	<p>Automatic up to 49%</p> <p>Government route beyond 49%</p>
16	TRADING		
16.1	(i) Cash & Carry Wholesale Trading/ Wholesale Trading (including sourcing from MSEs)	100%	Automatic
16.1.1	<p>Definition: Cash & Carry Wholesale trading/Wholesale trading, would mean sale of goods/merchandise to retailers, industrial, commercial, institutional or other professional business users or to other wholesalers and related subordinated service providers. Wholesale trading would, accordingly, be sales for the purpose of trade, business and profession, as opposed to sales for the purpose of personal consumption. The yardstick to determine whether the sale is wholesale or not would be the type of customers to whom the sale is made and not the size and volume of sales. Wholesale trading would include</p>		

Sl.No.	Sector/Activity	% of FDI Cap/Equity	Entry Route
	resale, processing and thereafter sale, bulk imports with ex-port/ex-bonded warehouse business sales and B2B e-Commerce.		
16.1.2	<p>Guidelines for Cash & Carry Wholesale Trading/Wholesale Trading (WT):</p> <p>(a) For undertaking WT, requisite licenses/registration/ permits, as specified under the relevant Acts/Regulations/Rules/Orders of the State Government/Government Body/Government Authority/Local Self-Government Body under that State Government should be obtained.</p> <p>(b) Except in case of sales to Government, sales made by the wholesaler would be considered as ‘cash & carry wholesale trading/wholesale trading’ with valid business customers, only when WT are made to the following entities:</p> <p style="padding-left: 40px;">(I) Entities holding sales tax/ VAT registration/service tax/excise duty registration; or</p> <p style="padding-left: 40px;">(II) Entities holding trade licenses i.e. a license/registration certificate/membership certificate/registration under Shops and Establishment Act, issued by a Government Authority/ Government Body/ Local Self-Government Authority, reflecting that the entity/person holding the license/ registration certificate/ membership certificate, as the case may be, is itself/ himself/herself engaged in a business involving commercial activity; or</p> <p style="padding-left: 40px;">(III) Entities holding permits/license etc. for undertaking retail trade (like tehbazari and similar license for hawkers) from Government Authorities/Local Self Government Bodies; or</p> <p style="padding-left: 40px;">(IV) Institutions having certificate of incorporation or registration as a society or registration as public trust for their self consumption.</p> <p style="text-align: center;">Note: An Entity, to whom WT is made, may fulfill any one of</p>		

Sl.No.	Sector/Activity	% of FDI Cap/Equity	Entry Route
	<p>the 4 conditions.</p> <p>(c) Full records indicating all the details of such sales like name of entity, kind of entity, registration/license/permit etc. number, amount of sale etc. should be maintained on a day to day basis.</p> <p>(d) WT of goods would be permitted among companies of the same group. However, such WT to group companies taken together should not exceed 25% of the total turnover of the wholesale venture</p> <p>(e) WT can be undertaken as per normal business practice, including extending credit facilities subject to applicable regulations.</p> <p>(f) A Wholesale/Cash & carry trader cannot open retail shops to sell to the consumer directly.</p>		
16.2	E-commerce activities	100%	Automatic
	<p>E-commerce activities refer to the activity of buying and selling by a company through the e-commerce platform. Such companies would engage only in Business to Business (B2B) e-commerce and not in retail trading, inter-alia implying that existing restrictions on FDI in domestic trading would be applicable to e-commerce as well.</p>		
16.3	Test marketing of such items for which a company has approval for manufacture, provided such test marketing facility will be for a period of two years, and investment in setting up manufacturing facility commences simultaneously with test marketing.	100%	Government
16.4	Single Brand product retail trading	100%	Government
	(1) Foreign Investment in Single Brand product retail trading is aimed at		

Sl.No.	Sector/Activity	% of FDI Cap/Equity	Entry Route
	<p>attracting investments in production and marketing, improving the availability of such goods for the consumer, encouraging increased sourcing of goods from India, and enhancing competitiveness of Indian enterprises through access to global designs, technologies and management practices.</p> <p>(2) FDI in Single Brand product retail trading would be subject to the following conditions:</p> <ul style="list-style-type: none"> (a) Products to be sold should be of a 'Single Brand' only. (b) Products should be sold under the same brand internationally i.e. products should be sold under the same brand in one or more countries other than India. (c) 'Single Brand' product-retail trading would cover only products which are branded during manufacturing. (d) The foreign investor should be the owner of the brand. (e) In respect of proposals involving FDI beyond 51%, mandatory sourcing of at least 30% of the value of products sold would have to be done from Indian 'small industries/ village and cottage industries, artisans and craftsmen'. 'Small industries' would be defined as industries which have a total investment in plant & machinery not exceeding US \$ 1.00 million. This valuation refers to the value at the time of installation, without providing for depreciation. Further, if at any point in time, this valuation is exceeded, the industry shall not qualify as a 'small industry' for this purpose. The compliance of this condition will be ensured through self-certification by the company, to be subsequently checked, by statutory auditors, from the duly certified accounts, which the company will be required to maintain. <p>(3) Application seeking permission of the Government for FDI in retail trade of 'Single Brand' products would be made to the Secretariat for Industrial Assistance (SIA) in the Department of Industrial Policy & Promotion. The application would specifically indicate the product/ product categories which</p>		

Sl.No.	Sector/Activity	% of FDI Cap/Equity	Entry Route
	<p>are proposed to be sold under a 'Single Brand'. Any addition to the product/ product categories to be sold under 'Single Brand' would require a fresh approval of the Government.</p> <p>(4) Applications would be processed in the Department of Industrial Policy & Promotion, to determine whether the products proposed to be sold satisfy the notified guidelines, before being considered by the FIPB for Government approval.</p>		
	<p><u>FINANCIAL SERVICES</u> Foreign investment in other financial services , other than those indicated below, would require prior approval of the Government:</p>		
17	Asset Reconstruction Companies		
17.1	'Asset Reconstruction Company' (ARC) means a company registered with the Reserve Bank of India under Section 3 of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act).	49% of paid-up capital of ARC	Government
17.2	Other conditions:		
	<p>(i) Persons resident outside India, other than Foreign Institutional Investors (FIIs), can invest in the capital of Asset Reconstruction Companies (ARCs) registered with Reserve Bank only under the Government Route. Such investments have to be strictly in the nature of FDI. Investments by FIIs are not permitted in the equity capital of ARCs.</p> <p>(ii) However, FIIs registered with SEBI can invest in the Security Receipts (SRs) issued by ARCs registered with Reserve Bank. FIIs can invest up to 49 per cent of each tranche of scheme of SRs, subject to the condition that investment by a single FII in each tranche of SRs shall not exceed 10 per cent</p>		

Sl.No.	Sector/Activity	% of FDI Cap/Equity	Entry Route
	of the issue. (iii)Any individual investment of more than 10% would be subject to provisions of section 3(3) (f) of Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002.		
18	Banking –Private sector		
18.1	Banking –Private sector	74% including investment by FIIs	Automatic up to 49% Government route beyond 49% and up to 74%
18.2	Other conditions:		
	<p>(1) This 74% limit will include investment under the Portfolio Investment Scheme (PIS) by FIIs, NRIs and shares acquired prior to September 16, 2003 by erstwhile OCBs, and continue to include IPOs, Private placements, GDR/ADRs and acquisition of shares from existing shareholders.</p> <p>(2) The aggregate foreign investment in a private bank from all sources will be allowed up to a maximum of 74 per cent of the paid up capital of the Bank. At all times, at least 26 per cent of the paid up capital will have to be held by residents, except in regard to a wholly-owned subsidiary of a foreign bank.</p> <p>(3) The stipulations as above will be applicable to all investments in existing private sector banks also.</p> <p>(4) The permissible limits under portfolio investment schemes through stock exchanges for FIIs and NRIs will be as follows:</p> <p>(i) In the case of FIIs, as hitherto, individual FII holding is restricted to 10 per cent of the total paid-up capital, aggregate limit for all FIIs cannot exceed 24 per cent of the total paid-up capital, which can be raised to 49 per cent of the total paid-up capital by the bank concerned through a resolution by its Board of Directors followed by a special resolution to that effect by its General Body.</p>		

Sl.No.	Sector/Activity	% of FDI Cap/Equity	Entry Route
	<p>(a) Thus, the FII investment limit will continue to be within 49 per cent of the total paid-up capital.</p> <p>(b) In the case of NRIs, as hitherto, individual holding is restricted to 5 per cent of the total paid-up capital both on repatriation and non-repatriation basis and aggregate limit cannot exceed 10 per cent of the total paid-up capital both on repatriation and non-repatriation basis. However, NRI holding can be allowed up to 24 per cent of the total paid-up capital both on repatriation and non-repatriation basis provided the banking company passes a special resolution to that effect in the General Body.</p> <p>(c) Applications for foreign direct investment in private banks having joint venture/subsidiary in insurance sector may be addressed to the Reserve Bank of India (RBI) for consideration in consultation with the Insurance Regulatory and Development Authority (IRDA) in order to ensure that the 26 per cent limit of foreign shareholding applicable for the insurance sector is not being breached.</p> <p>(d) Transfer of shares under FDI from residents to non-residents will continue to require approval of RBI and Government as per para 3.6.2 above as applicable.</p> <p>(e) The policies and procedures prescribed from time to time by RBI and other institutions such as SEBI, D/o Company Affairs and IRDA on these matters will continue to apply.</p> <p>(f) RBI guidelines relating to acquisition by purchase or otherwise of shares of a private bank, if such acquisition results in any person owning or controlling 5 per cent or more of the paid up capital of the private bank will apply to non-resident investors as well.</p> <p>(ii) Setting up of a subsidiary by foreign banks</p> <p>(a) Foreign banks will be permitted to either have branches or</p>		

Sl.No.	Sector/Activity	% of FDI Cap/Equity	Entry Route
	<p>subsidiaries but not both.</p> <p>(b) Foreign banks regulated by banking supervisory authority in the home country and meeting Reserve Bank's licensing criteria will be allowed to hold 100 per cent paid up capital to enable them to set up a wholly-owned subsidiary in India.</p> <p>(c) A foreign bank may operate in India through only one of the three channels viz., (i) branches (ii) a wholly-owned subsidiary and (iii) a subsidiary with aggregate foreign investment up to a maximum of 74 per cent in a private bank.</p> <p>(d) A foreign bank will be permitted to establish a wholly-owned subsidiary either through conversion of existing branches into a subsidiary or through a fresh banking license. A foreign bank will be permitted to establish a subsidiary through acquisition of shares of an existing private sector bank provided at least 26 per cent of the paid capital of the private sector bank is held by residents at all times consistent with para (i) (b) above.</p> <p>(e) A subsidiary of a foreign bank will be subject to the licensing requirements and conditions broadly consistent with those for new private sector banks.</p> <p>(f) Guidelines for setting up a wholly-owned subsidiary of a foreign bank will be issued separately by RBI</p> <p>(g) All applications by a foreign bank for setting up a subsidiary or for conversion of their existing branches to subsidiary in India will have to be made to the RBI.</p> <p>(iii) At present there is a limit of ten per cent on voting rights in respect of banking companies, and this should be noted by potential investor. Any change in the ceiling can be brought about only after final policy decisions and appropriate Parliamentary approvals.</p>		
19	Banking- Public Sector		
19.1	Banking- Public Sector subject to	20% (FDI and	Government

Sl.No.	Sector/Activity	% of FDI Cap/Equity	Entry Route
	Banking Companies (Acquisition & Transfer of Undertakings) Acts 1970/80. This ceiling (20%) is also applicable to the State Bank of India and its associate Banks.	Portfolio Investment)	
20	Commodity Exchanges		
20.1	<p>1 Futures trading in commodities are regulated under the Forward Contracts (Regulation) Act, 1952. Commodity Exchanges, like Stock Exchanges, are infrastructure companies in the commodity futures market. With a view to infuse globally acceptable best practices, modern management skills and latest technology, it was decided to allow foreign investment in Commodity Exchanges.</p> <p>2 For the purposes of this chapter,</p> <p>(i) "Commodity Exchange" is a recognized association under the provisions of the Forward Contracts (Regulation) Act, 1952, as amended from time to time, to provide exchange platform for trading in forward contracts in commodities.</p> <p>(ii) "recognized association" means an association to which recognition for the time being has been granted by the Central Government under Section 6 of the Forward Contracts (Regulation) Act, 1952</p> <p>(iii) "Association" means any body of individuals, whether incorporated or not, constituted for the purposes of regulating and controlling the business of the sale or purchase of any goods and commodity derivative.</p> <p>(iv) "Forward contract" means a contract for the delivery of goods and which is not a ready delivery contract.</p> <p>(v) "Commodity derivative" means-</p> <ul style="list-style-type: none"> a contract for delivery of goods, which is not a ready delivery contract; or 		

Sl.No.	Sector/Activity	% of FDI Cap/Equity	Entry Route
	<ul style="list-style-type: none"> a contract for differences which derives its value from prices or indices of prices of such underlying goods or activities, services, rights, interests and events, as may be notified in consultation with the Forward Markets Commission by the Central Government, but does not include securities. 		
20.2	Policy for FDI in Commodity Exchange	49% (FDI & FII) [Investment by Registered FII under Portfolio Investment Scheme (PIS) will be limited to 23% and Investment under FDI Scheme limited to 26%]	Government (For FDI)
20.3	Other conditions:		
	(i) FII purchases shall be restricted to secondary market only and (ii) No non-resident investor/ entity, including persons acting in concert, will hold more than 5% of the equity in these companies.		
21	Credit Information Companies (CIC)		
21.1	Credit Information Companies	49% (FDI & FII)	Government
21.2	Other Conditions:		
	(1) Foreign investment in Credit Information Companies is subject to the Credit Information Companies (Regulation) Act, 2005. (2) Foreign investment is permitted under the Government route, subject to regulatory clearance from RBI. (3) Investment by a registered FII under the Portfolio Investment Scheme would be permitted up to 24% only in the CICs listed at the Stock Exchanges, within the overall limit of 49% for foreign investment. (4) Such FII investment would be permitted subject to the conditions that: <ul style="list-style-type: none"> (a) No single entity should directly or indirectly hold more than 10% equity. 		

Sl.No.	Sector/Activity	% of FDI Cap/Equity	Entry Route
	(b) Any acquisition in excess of 1% will have to be reported to RBI as a mandatory requirement; and (c) FIIs investing in CICs shall not seek a representation on the Board of Directors based upon their shareholding.		
22	Infrastructure Company in the Securities Market		
22.1	Infrastructure companies in Securities Markets, namely, stock exchanges, depositories and clearing corporations, in compliance with SEBI Regulations	49% (FDI & FII) [FDI limit of 26 per cent and an FII limit of 23 per cent of the paid-up capital]	Government (For FDI)
22.2	Other Conditions:		
22.2.1	FII can invest only through purchases in the secondary market		
23	Insurance		
23.1	Insurance	26%	Automatic
23.2	Other Conditions:		
	(1) FDI in the Insurance sector, as prescribed in the Insurance Act, 1938, is allowed under the automatic route. (2) This will be subject to the condition that Companies bringing in FDI shall obtain necessary license from the Insurance Regulatory & Development Authority for undertaking insurance activities.		
24	Non-Banking Finance Companies (NBFC)		
24.1	Foreign investment in NBFC is allowed under the automatic route in only the following activities: (i) Merchant Banking (ii) Under Writing (iii) Portfolio Management Services (iv) Investment Advisory Services (v) Financial Consultancy	100%	Automatic

Sl.No.	Sector/Activity	% of FDI Cap/Equity	Entry Route
	(vi) Stock Broking (vii) Asset Management (viii) Venture Capital (ix) Custodian Services (x) Factoring (xi) Credit Rating Agencies (xii) Leasing & Finance (xiii) Housing Finance (xiv) Forex Broking (xv) Credit Card Business (xvi) Money Changing Business (xvii) Micro Credit (xviii) Rural Credit		
24.2	Other Conditions:		
	(1) Investment would be subject to the following minimum capitalisation norms: (i) US \$0.5 million for foreign capital up to 51% to be brought upfront (ii) US \$ 5 million for foreign capital more than 51% and up to 75% to be brought upfront (iii) US \$ 50 million for foreign capital more than 75% out of which US\$ 7.5 million to be brought upfront and the balance in 24 months. (iv) 100% foreign owned NBFCs with a minimum capitalisation of US\$ 50 million can set up step down subsidiaries for specific NBFC activities, without any restriction on the number of operating subsidiaries and without bringing in additional capital. The minimum capitalization condition as mandated by para 3.10.4.1, therefore, shall not apply		

Sl.No.	Sector/Activity	% of FDI Cap/Equity	Entry Route
	<p>to downstream subsidiaries.</p> <p>(v) Joint Venture operating NBFCs that have 75% or less than 75% foreign investment can also set up subsidiaries for undertaking other NBFC activities, subject to the subsidiaries also complying with the applicable minimum capitalisation norm mentioned in (i), (ii) and (iii) above and (vi) below.</p> <p>(vi) Non-Fund based activities : US \$0.5 million to be brought upfront for all permitted non-fund based NBFCs irrespective of the level of foreign investment subject to the following condition:</p> <p style="padding-left: 40px;">It would not be permissible for such a company to set up any subsidiary for any other activity, nor it can participate in any equity of an NBFC holding/operating company.</p> <p>Note: The following activities would be classified as Non-Fund Based activities:</p> <ul style="list-style-type: none"> (a) Investment Advisory Services (b) Financial Consultancy (c) Forex Broking (d) Money Changing Business (e) Credit Rating Agencies <p>(vii) This will be subject to compliance with the guidelines of RBI.</p> <p>Note: (i) Credit Card business includes issuance, sales, marketing & design of various payment products such as credit cards, charge cards, debit cards, stored value cards, smart card, value added cards etc.</p> <p>(ii) Leasing & Finance covers only financial leases and not operating leases.</p>		

Sl.No.	Sector/Activity	% of FDI Cap/Equity	Entry Route
	(2) The NBFC will have to comply with the guidelines of the relevant regulator/ s, as applicable		
25	Pharmaceuticals		
25.1	Greenfield	100%	Automatic
25.2	Existing Companies	100%	Government



RESERVE BANK OF INDIA
Mumbai - 400 001

RBI/2011-12/627
A.P. (DIR Series) Circular No. 138

June 28, 2012

To

All Category - I Authorised Dealer Banks

Madam / Sir,

**Exim Bank's Line of Credit of USD 50 million
to the Government of the Republic of Zambia**

Export-Import Bank of India (Exim Bank) has concluded an Agreement dated March 29, 2012 with the Government of the Republic of Zambia, making available to the latter, a Line of Credit (LOC) of USD 50 million (USD Fifty million) for financing eligible goods, services, machinery and equipments including consultancy services for the purpose of pre-fabricated health posts in the Republic of Zambia. The machinery, equipment, goods and services including consultancy services from India for exports under this Agreement are those which are eligible for export under the Foreign Trade Policy of the Government of India and whose purchase may be agreed to be financed by the Exim Bank under this Agreement. Out of the total credit by Exim Bank under this Agreement, the goods and services including consultancy services of the value of at least 75 per cent of the contract price shall be supplied by the seller from India and the remaining 25 percent goods and services (other than consultancy services) may be procured by the seller for the purpose of Eligible Contract from outside India.

2. The Credit Agreement under the LOC is effective from June 8, 2012 and the date of execution of Agreement is March 29, 2012. Under the LOC, the last date for opening of Letters of Credit and Disbursement will be 48 months from the scheduled completion date(s) of contract(s) in the case of project exports and 72

months (March 28, 2018) from the execution date of the Credit Agreement in the case of supply contracts.

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

4. No agency commission is payable under the above LOC. However, if required, the exporter may use his own resources or utilize balances in his Exchange Earners' Foreign Currency Account for payment of commission in free foreign exchange. Authorised Dealer Category- I (AD Category-I) banks may allow such remittance after realization of full payment of contract value subject to compliance with the prevailing instructions for payment of agency commission.

5. AD Category-I 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 the Exim Bank's office at Centre One, Floor 21, World Trade Centre Complex, Cuffe Parade, Mumbai 400 005 or log on to <http://www.eximbankindia.in/>.

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

Yours faithfully,

(Rudra Narayan Kar)
Chief General Manager