

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

RBI/2012-13/114

A. P. (DIR Series) Circular No.1

July 5, 2012

To

All Category-I Authorised Dealer Banks

Madam / Sir,

Buyback / Prepayment of Foreign Currency Convertible Bonds (FCCBs)

Attention of Authorised Dealer Category – I (AD Category – I) banks is invited to the [A.P. \(DIR Series\) Circular No. 39 dated December 08, 2008](#) and [A.P. \(DIR Series\) Circular No.75 dated June 30, 2011](#) on the captioned subject.

2. On a review, it has been decided to continue the scheme of buyback of FCCBs subject to certain modifications.

3. Accordingly, Reserve Bank will consider proposals from Indian companies for buyback of FCCBs under the **approval route** subject to:

a) The buyback value of the FCCBs shall be at a minimum discount of five per cent on the **accreted** value.

b) In case the Indian company is planning to raise a foreign currency borrowing for buyback of the FCCBs, all FEMA rules/ regulations relating to foreign currency borrowing shall be complied with.

c) All other terms and conditions as stipulated in paragraph 5 of A.P. (DIR Series) Circular No. 39 dated December 8, 2008 will continue to be applicable.

d) This facility shall come into force with immediate effect and the entire process of buyback should be completed by **March 31, 2013 after which the scheme lapses.**

4. The existing requirement of submission of ECB 2 return will continue as hitherto. Further, on completion of the buyback, a report giving details of buyback, such as, the outstanding amount of FCCBs, accreted value of FCCBs bought back, rate at which FCCBs bought back, amount involved, and source/s of funds may be submitted, through the designated AD Category - I bank, to the Reserve Bank.

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/2012-13/120

A.P. (DIR Series) Circular No. 2

July 6, 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. 130 dated May 25, 2012](#), wherein the Rupee value of the Special Currency Basket was indicated as Rs. 75.594562 effective from May 9, 2012.

2. AD Category-I banks are advised that a further revision has taken place on June 21, 2012 and accordingly, the Rupee value of the Special Currency Basket has been fixed at Rs.78.193501 with effect from June 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/2012-13/124

July 11, 2012

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

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](#)] as amended from time to time and [A.P. \(DIR Series\) Circular No.58 dated December 15, 2011](#).

2. Under the extant regulations, the facility of cancellation and rebooking is not permitted for forward contracts, involving Rupee as one of the currencies, booked by residents to hedge current and capital account transactions.

However, forward contract(s), booked by residents to hedge capital account transactions for tenor greater than one year, if cancelled with one AD Category I bank can be rebooked with another AD Category I bank, subject to the following conditions:

- i. the switch is warranted by competitive rates on offer, termination of banking relationship with the AD Category I bank with whom the contract was originally booked;
- ii. the cancellation and rebooking are done simultaneously on the maturity date of the contract; and
- iii. the responsibility of ensuring that the original contract has been cancelled rests with the AD Category I bank who undertakes rebooking of the contract.

3. On a review, it has been decided to extend the above flexibility in regard to rollover of contracts by switching AD Category banks on the maturity date of the contract, to all hedge transactions undertaken by residents.

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,

(Rudra Narayan Kar)
Chief General Manager



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

RBI/2012-13/128

A. P. (DIR Series) Circular No. 4

July 12, 2012

To,

All Authorised Dealers in Foreign Exchange

Madam / Sir,

Non Resident Deposits- Comprehensive Single Return

Attention of banks maintaining Non-Resident Deposit (NRD) Accounts is invited to [A. P. \(DIR Series\) Circular No. 55 dated May 09, 2007](#), in terms of which the data on Non-Resident Deposits are required to be submitted in soft copy in the form of Stat 5 and Stat 8 Returns in Microsoft Excel format, both through email and a hard copy to the Director, Reserve Bank of India, Department of Statistics and Information Management (DSIM), Central Office, Balance of Payments Statistics Division, C-9/8, Bandra-Kurla Complex, Bandra (East), Mumbai – 400 051.

2. As the above system of reporting of Stat 5 and Stat 8 returns in soft copy has stabilized, it has now been decided that the banks, dealing in foreign exchange (excluding RRBs and Co-Operative banks) can stop sending hard copies to DSIM, Central Office. The soft copies as per the prescribed format should only be sent to DSIM, Central Office, henceforth.
3. Co-operative Banks and Regional Rural Banks may, however, continue submission of both hard and soft copies of Stat 5 and Stat 8 Returns, to the Regional Offices of the Foreign Exchange Department, Reserve Bank of India.
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



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

RBI/2012-13/129
A.P. (DIR Series) Circular No. 5

July 12, 2012

To

All Authorised Dealers in Foreign Exchange

Madam/ Sirs,

Foreign Exchange Management Act, 1999 –
Submission of Revised A-2 Form

Attention of Authorised Dealers (ADs) is invited to [A.P. \(DIR Series\) Circular No.77 dated March 13, 2004](#), in terms of which guidelines for compilation of various R>Returns were issued to the Authorised Dealers. The purpose codes for foreign exchange purchase/ sale transactions, used for filling up of the cover page of R-Return have since been revised, vide [A.P.\(DIR Series\) Circular No. 84 dated February 29, 2012](#). It has therefore become necessary to revise the list of purpose codes appended to Form A-2 also. The revised list of purpose codes along with Form A-2 are thus annexed for use by the applicants for remittance of funds abroad.

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

Yours faithfully,

(Rashmi Fauzdar)
Chief General Manager

FORM A2

(For payments other than imports and remittances covering intermediary trade)

Application for Remittance Abroad

AD Code No. _____

Form No. _____
(To be filled in by the Authorised Dealer)

Serial No. _____
(For use of Reserve Bank of India)

Currency _____ Amount _____

Equivalent to Rs. _____
(To be completed by Authorised Dealer)

I/We

(Name of applicant remitter)

authorize

(Name of AD branch)

Savings Bank/ Current/ RFC/ EEFC A/c. No. _____ together with their charges and

* a) Issue a draft : Beneficiary's Name _____
Address _____

* b) Effect the foreign exchange remittance directly –
1) Beneficiary's Name _____
2) Name and address of the bank _____
3) Account No. _____

* c) Issue travelers cheques for _____

* d) Issue foreign currency notes for _____

* (Strike out whichever is not applicable)
for the purpose indicated below

(Remitter should put a tick (✓) against an appropriate purpose code. In case of doubt/ difficulty, the AD bank should be consulted).

Date :

Signature

Name :

Sr. No.	Purpose Group Name	Purpose Code	Description
As per the Annex -I			

**Declaration
(Under FEMA 1999)**

I, _____ declare that –

* (1) The total amount of foreign exchange purchased from or remitted through, all sources in India during this calendar year including this application is within USD _____ (USD _____

_____ only) the annual limit prescribed by Reserve Bank of India for the said purpose.

* (2) Foreign exchange purchased from you is for the purpose indicated above.

* (Strike out whichever is not applicable)

Signature

Name _____

Date :

Annex I: Purpose Codes for Reporting under FETERS

A. Payment Purposes_(for use in BOP file)

Gr. No.	Purpose Group Name	Purpose Code	Description
0	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
	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.
1	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
		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
2	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)
3	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.
4	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
5	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.
6	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.
7	Charges for the use of intellectual	S0901	Franchises services
		S0902	Payment for use, through licensing arrangements, of produced originals or prototypes (such as

	property n.i.e		manuscripts and films), patents, copyrights, trademarks and industrial processes etc.
8	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
9	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
10	Govt. not included elsewhere (G.n.i.e.)	S1201	Maintenance of Indian embassies abroad
		S1202	Remittances by foreign embassies in India
11	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
12	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
13	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)
14	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.
15	Manufacturing services (goods for processing)	S1701	Payments for processing of goods



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

RBI/2012-13/132
A.P. (DIR Series) Circular No. 6

July 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. 2 dated July 6, 2012](#) wherein the Rupee value of the Special Currency Basket was indicated as Rs. 78.193501 effective June 26, 2012.

2. AD Category-I banks are advised that a further revision has taken place on July 3, 2012 and accordingly, the Rupee value of the Special Currency Basket has been fixed at Rs.75.816175 with effect from July 6, 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/2012-13/134

A. P. (DIR Series) Circular No. 7

July 16, 2012

To

All Category – I- Authorised Dealer banks

Madam / Sir,

Scheme for Investment by Qualified Foreign Investors (QFIs) in Indian corporate debt securities

Attention of Authorised Dealers Category – I (AD Category - I) banks is invited to [A.P. \(DIR Series\) Circular No.8 dated August 9, 2011](#), [A.P. \(DIR Series\) Circular No. 42 dated November 3, 2011](#), [A.P. \(DIR Series\) Circular No. 66 dated January 13, 2012](#) and [A.P. \(DIR Series\) Circular No. 89 dated March 1, 2012](#) in terms of which Qualified Foreign Investors (QFI) are allowed to invest in rupee denominated units of domestic Mutual Funds and listed equity shares and allowing SEBI registered FIIs to invest in to be listed debt securities subject to the terms and conditions mentioned therein.

2. It has now been decided to allow QFIs [hereinafter defined as per the revised definition in terms of para 2 (v) below] to purchase on repatriation basis debt securities subject to the following terms and conditions :

(i) **Eligible instruments and eligible transactions** – QFIs shall be permitted to invest through SEBI registered Qualified Depository Participants (QDPs) (defined as per the extant SEBI regulations) in eligible corporate debt instruments, viz. listed Non-Convertible Debentures(NCDs), listed bonds of Indian companies, listed units of Mutual Fund debt Schemes and “to be listed” corporate bonds (hereinafter referred to as ‘eligible debt securities’) directly from the issuer or through a registered stock broker on a recognized stock exchange in India.

The provisions relating to FIIs in case of non-listing of “to be listed” corporate bonds, within 15 days as per A.P. (DIR Series) Circular No. 89 dated March 1, 2012, shall be applicable to QFIs.

QFIs shall also be permitted to sell ‘eligible debt securities’ so acquired by way of sale through registered stock broker on a recognized stock exchange in India or by way of buyback or redemption by the issuer.

(ii) **Mode of payment / repatriation** – A QFI may open a single non-interest bearing Rupee Account with an AD Category- I bank in India, for the limited purpose of routing the receipt and payment for transactions relating to purchase and sale of units of domestic mutual funds {in terms of A.P. (DIR Series) Circular No.8 dated August 9, 2011 and A.P. (DIR Series) Circular No.42 dated November 3, 2011}, equity shares of listed Indian companies {in terms of A.P. (DIR Series) Circular No.66 dated January 13, 2012} and eligible debt securities { as in (i) above }, hereinafter referred to as ‘eligible securities for QFIs’, subject to the following conditions :

(a). The account shall be funded by inward remittance through normal banking channel and by credit of the sale/redemption/buyback proceeds (net of taxes) and on account of interest payment / dividend on the eligible securities for QFIs.

(b). The funds in this account shall be utilized for purchase of eligible securities for QFIs or for remittance (net of taxes) outside India.

(c). The DP will operate such non-interest bearing Rupee Accounts on behalf of the QFIs and at the instructions of the QFIs.

A.P. (DIR Series) Circulars Nos. 8, 42 and 66 dated August 9, 2011, November 3, 2011 and January 13, 2012, respectively would therefore stand amended as above. Accordingly, it is clarified that henceforth there is no more requirement for opening and maintenance of a single rupee pool bank account by the QDP and QFIs can henceforth invest in all ‘eligible securities for QFIs’ through this single non- interest bearing Rupee Account.

(iii) **Demat accounts** - QFIs would be allowed to open a single demat account with a QDP in India for investment in all eligible debt securities under the QFI scheme. It is clarified that each QFI shall maintain a single demat account with a QDP for all investments in 'eligible securities for QFIs' in India.

(iv) **Limits** - QFIs are permitted to invest in corporate debt securities (without any lock-in or residual maturity clause) and Mutual Fund debt schemes subject to a total overall ceiling of USD 1 billion. This limit shall be over and above USD 20 billion for FII investment in corporate debt.

(v) **Eligibility** – The definition of QFI for investments in all eligible securities for QFIs shall be as under :

QFIs shall mean a person who fulfils the following criteria :

(a) Resident in a country that is a member of Financial Action task Force (FATF) or a member of a group which is a member of FATF; and

(b) Resident in a country that is a signatory to IOSCO's MMoU (Appendix A Signatories) or a signatory of a bilateral MoU with SEBI

PROVIDED that the person is not resident in a country listed in the public statements issued by FATF from time to time on jurisdictions having a strategic AML/CFT deficiencies to which counter measures apply or 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;

PROVIDED that such person is not resident in India;

PROVIDED FURTHER that such person is not registered with SEBI as a Foreign Institutional Investor (FII) or Sub-Account of an FII or Foreign Venture Capital Investor (FVCI).

Explanation – For the purposes of this clause :

(1) “bilateral MoU with SEBI” shall mean a bilateral MoU between SEBI and the overseas regulator that, inter alia, provides for information sharing arrangements.

(2) Member of FATF shall not mean an associate member of FATF.

(vi) **Know Your Customer (KYC)** - QDPs will ensure KYC of the QFIs as per the norms prescribed by SEBI. AD Category-I banks will also ensure KYC of the QFIs for opening and maintenance of the single non- interest bearing Rupee accounts as per the extant norms.

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

(viii) **Pricing** – The pricing of all eligible transactions and investment in all eligible securities by QFIs under this scheme shall be in accordance with the relevant and applicable guidelines issued from time to time.

(ix) **Reporting** – In addition to the reporting to SEBI as may be prescribed by them, QDPs and AD Category-I banks (maintaining QFI accounts) 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.

(x) **Hedging** – QFIs would be permitted to hedge their currency risk on account of their permissible investments (in equity and debt instruments) in terms of the guidelines issued by the Reserve Bank from time to time.

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](#)), Foreign Exchange Management (Deposit) Regulations, 2000 ([Notification No. FEMA. 5/2000-RB dated May 3, 2000](#)) and Foreign Exchange Management (Foreign Exchange Derivative Contracts) Regulations, 2000 ([Notification No. FEMA.25/RB-2000 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-in-Charge



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

RBI/2012-13/135

A. P. (DIR Series) Circular No. 8

July 18, 2012

To

All Authorised Dealer Category- I 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](#).

2. On a review, it is advised that the provisions contained in the aforesaid Circular will not apply to the Resident Foreign Currency Accounts.

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,

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



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

**RBI/2012-13/142
A.P. (DIR Series) Circular No.9**

July 24, 2012

To

All Category - I Authorised Dealer Banks

Madam / Sir,

**Exim Bank's Line of Credit of USD 250 million
to the Government of Nepal**

Export-Import Bank of India (Exim Bank) has concluded an Agreement dated October 21, 2011 with the Government of Nepal, making available to the latter, a Line of Credit (LOC) of USD 250 million (USD two hundred fifty million) for financing eligible machinery, equipments, goods and services including consultancy services for the purpose of infrastructure projects such as highways, airports, bridges, irrigation, roads, railways and hydropower projects in Nepal. 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; provided however that, at the request of borrower and with the approval of Government of India, Exim Bank may consider reduction in the Indian content.

2. The Credit Agreement under the LOC is effective from June 29, 2012 and the date of execution of Agreement is October 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 (October 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,

(Rashmi Fauzdar)
Chief General Manager



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

**RBI/2012-13/143
A.P. (DIR Series) Circular No.10**

July 24, 2012

To

All Category - I Authorised Dealer Banks

Madam / Sir,

**Exim Bank's Line of Credit of USD 47 million to the
Government of the Federal Democratic Republic of Ethiopia**

Export-Import Bank of India (Exim Bank) has concluded an Agreement dated April 12, 2012 with the Government of the Federal Democratic Republic of Ethiopia, making available to the latter, a Line of Credit (LOC) of USD 47 million (USD forty seven million) for financing eligible goods, services, machinery and equipment including consultancy services from India for the purpose of financing development of sugar industry in Ethiopia. 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 sellers from India and the remaining 25 percent 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 July 9, 2012 and the date of execution of Agreement is April 12, 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 (April 11, 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 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/2012-13/153
A.P. (DIR Series) Circular No.11**

July 31, 2012

To

All Category - I Authorised Dealer Banks

Madam / Sir,

**Foreign Exchange Management Act, 1999 (FEMA)-
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 subsequent Press Release dated August 13, 2010, clarifying the position on 'technical' contravention and subsequent compounding thereof.

2. In this connection, it is clarified that whenever a contravention is identified by the Reserve Bank or brought to its notice by the entity involved in contravention by way of a reference other than through the prescribed application for compounding, the Bank will continue to decide (i) whether a contravention is technical and/or minor in nature and, as such, can be dealt with by way of an administrative/ cautionary advice; (ii) whether it is material and, hence, is required to be compounded for which the necessary compounding procedure has to be followed or (iii) whether the issues involved are sensitive / serious in nature and, therefore, need to be referred to the Directorate of Enforcement (DOE). However, once a compounding application is filed by the concerned entity suo moto, admitting the contravention, the same will not be considered as 'technical' or 'minor' in nature and the compounding process shall be initiated in terms of

section 15 (1) of Foreign Exchange Management Act, 1999 read with Rule 9 of Foreign Exchange (Compounding Proceedings) Rules, 2000.

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

4. The directions contained in this circular have been issued under 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-in-Charge



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

RBI/2012-13/151

A. P. (DIR Series) Circular No. 12

July 31, 2012

To

All Category - I Authorised Dealer Banks

Dear Madam/ Sir,

**Exchange Earner's Foreign Currency (EEFC) Account, Diamond Dollar Account (DDA)
& Resident Foreign Currency (RFC) Account - Review of Guidelines**

Attention of the Authorised Dealer (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 foreign exchange earnings in EEFC account with any AD in India. Subsequently, in terms of [A.P. \(DIR Series\) Circular No. 124 dated May 10, 2012](#), it was stipulated, inter alia, that in respect of all future foreign exchange earnings, an exchange earner will be eligible to retain only 50% of her/his export earnings in EEFC accounts and the balance 50% shall be surrendered for conversion to rupee balances. This provision was, made applicable, mutatis mutandis, to Diamond Dollar Account and Resident Foreign Currency (RFC) Account as well. Further, in terms of [A.P. \(DIR Series\) Circular No. 8 dated July 18, 2012](#), the RFC accounts were subsequently taken out of the purview of the provisions of the aforesaid Circular dated May 10, 2012.

2. For operational convenience, the regulations have been reviewed. It has now been decided to restore the erstwhile stipulation of allowing credit of 100% foreign exchange earnings to the EEFC account subject to the condition that the sum total of the accruals in the account during a calendar month should be converted into Rupees on or before the last day of the succeeding

calendar month after adjusting for utilization of the balances for approved purposes or forward commitments. Accordingly, balances outstanding in an EEFC account as on July 31, 2012 and those balances that would accrue in the account with effect from August 1, 2012 shall get converted to Rupee balances on or before close of business on September 30, 2012. Similar procedure may be followed for accruals during the subsequent months.

3. The above stipulations would also apply to RFC (Domestic) and Diamond Dollar accounts.

4. All other terms and conditions stipulated in the Circulars referred to above remain unchanged.

5. AD Category - I banks may bring the contents of this circular to the notice of their constituent 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/2012-13/152

A. P. (DIR Series) Circular No. 13

July 31, 2012

To

All Category - I Authorised Dealer Banks

Madam/ Sir,

Risk Management and Inter Bank Dealings

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. 58 dated December 15, 2011](#).

2. Under extant regulations, the facility of cancellation and rebooking is not permitted for forward contracts, involving Rupee as one of the currencies, booked by residents to hedge current and capital account transactions. In order to provide some operational flexibility to the exporters in their hedging operations, the extant regulations have been reviewed. Accordingly, it has been decided to allow exporters to cancel and rebook forward contracts to the extent of 25 percent of the contracts booked in a financial year for hedging their contracted export exposures.

3. Under extant regulations, Net Overnight Open Position Limit (NOOPL), for positions involving Rupee as one of the currencies, of AD Category-I banks takes into account the open positions of the overseas branches of the banks in India. Further, AD Category-I banks also include the delta of the Options Position under NOOPL. On a review, so as to provide some flexibility to them in managing their NOOPL, it has been decided to permit AD Category I banks to exclude their Net Options Position and the positions taken by the overseas branches from their NOOPL, for positions involving Rupee as one of the currencies. Accordingly, limits for such positions, within the overall NOOPL, may be separately fixed by the respective bank's board and communicated to the Reserve Bank for approval.

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,

(Rudra Narayan Kar)

Chief General Manager



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

**RBI/2012-13/166
A. P. (DIR Series) Circular No. 14**

August 13, 2012

To

All Category - I Authorised Dealer Banks

Madam / Sir,

**Exim Bank's Line of Credit of USD 40.32 million
to the Government of the Republic of Chad**

Export-Import Bank of India (Exim Bank) has concluded an Agreement dated January 19, 2012 with the Government of the Republic of Chad, making available to the latter, a Line of Credit (LOC) of USD 40.32 million (USD forty million three hundred and twenty thousand) for financing eligible goods, services, machinery and equipment including consultancy services from India for the purpose of financing of four projects viz, (i) Compost Production Unit (USD 7.20mn), (ii) Rural Electrification (solar energy) (USD 15 mn), (iii) Production Unit of Live Stock Feed (USD 2.22 mn) and (iv) Extension of Spinning Mill (addition of weaving and processing capacities)(USD 15.90 mn) in Chad. 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 sellers from India and the

remaining 25 percent 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 July 26, 2012 and the date of execution of Agreement is January 19, 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 18, 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 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/2012-13/171

August 21, 2012

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

To

All Category – I Authorised Dealer Banks

Dear Madam / Sir,

Overseas Direct Investments – Rationalisation of Form ODI

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. In terms of Regulation 15(iii) of the Notification *ibid*, an Indian Party is required to submit to the Reserve Bank through the Authorised Dealer every year within 60 days from the date of expiry of the statutory period as specified by the respective laws of the host country for finalization of the audited accounts of the Joint Venture (JV) /Wholly Owned Subsidiary (WOS) outside India or such further period as may be allowed by the Reserve Bank, an Annual Performance Report (APR) in Form ODI Part III in respect of each JV or WOS outside India set up or acquired by the Indian Party. Further, an Indian party is allowed to undertake overseas direct investments under the General Permission (Automatic Route) subject to compliance to the provisions under Regulation 6 (and Regulation 7, if applicable) of the Notification. Regulation 6(2)(iv) of the Notification requires that the Indian Party has submitted the APR in respect of all its overseas investments in the format given in Part III of the Form ODI.

3. In view of the above, it has been decided to add the following items in Section 'E' and 'F' of Form ODI Part I, to be submitted by every Indian party in terms of Regulation 6(2)(vi) of the Notification, while undertaking ODI transactions:
 - (i) In Section 'E', after item (c), item "(d) Wherever applicable, the Annual Performance Report, as required in terms of Regulation 15(iii) of the Notification No. FEMA 120 / RB - 2004 dated July 07, 2004, as amended from time to time, in respect of all the existing JV / WOS of the Indian party has been submitted."
 - (ii) In Section 'F', after item (v), a clause "Further, certified that, wherever applicable, the Annual Performance Report, as required in terms of Regulation 15(iii) of the Notification *ibid*, in respect of all the existing JV / WOS of the Indian party has been submitted."
4. The revised Section 'E' and 'F' of Form ODI Part I are given in the Annex to the Circular.
5. Necessary amendments to the Foreign Exchange Management (Transfer or Issue of Any Foreign Security), Regulations, 2004 are being issued separately.
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 (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

Encl: Annex

Annex to A.P. (DIR Series) Circular No. 15 dated August 21, 2012

Section E (Revised) : Declaration by the Indian Party

(a) Whether the applicant party (ies), its promoters, directors, etc., are under investigations by any investigative/enforcement agency or regulatory body. If yes, the brief details thereof, including present stage of investigation/ adjudication / manner of disposal of the case.

(b) Whether the promoter Indian party(ies) is(are) presently on Exporters' Caution List of Reserve Bank for non-realization of export proceeds or on the list of defaulters to the Banking System circulated by Reserve Bank. If so, status of the Indian party (ies):

(c) Any other information relevant to this proposal, including any special benefits/ incentives available in the host country for setting up / acquiring the proposed concern.

(d) Wherever applicable, the Annual Performance Report, as required in terms of Regulation 15(iii) of the Notification No. FEMA 120 / RB - 2004 dated July 07, 2004, as amended from time to time, in respect of all the existing JV / WOS of the Indian party has been submitted.

I/ We hereby certify that the information furnished above are true and correct.

Place: _____

(Signature of authorised official)

Date : _____

Stamp/Seal

Name:-----

Designation-----

List of enclosures:

- | | |
|----|----|
| 1. | 4. |
| 2. | 5. |
| 3. | 6. |

Section F (Revised) : Certificate by the Statutory Auditors of the Indian Party

It is certified that the terms and conditions contained in Notification No. FEMA 120/RB-2004 dated July 7, 2004, as amended from time to time (Foreign Exchange Management (Transfer or Issue of any Foreign Security) Regulations, 2004) have been complied with by the Indian party(Name of the Indian Party) in respect of the investment under report. In particular, it is certified that:

- (i) the investment is not in real estate oriented or banking business, and
- (ii) the amount of foreign exchange proposed to be purchased for remittance towards the investment together with remittances for all overseas investments already made and exports and other dues capitalized / swap of shares / investment from ECB / FCCB balances for investment abroad under the Automatic Route is within the limit stipulated by the Reserve Bank from time to time. This has been verified with reference to the net worth of the Indian party (Name of the Indian Party) as on the date of last audited balance sheet, i. e.-----
(date)
- (iii) has complied with the valuation norms prescribed for the investment
- (iv) has complied with the ECB guidelines #
- (v) that the Indian party (a) has made net profits during the preceding three years, (b) has fulfilled the prudential norms of capital adequacy as prescribed by the regulatory authority concerned; (c) has been registered with the appropriate regulatory authority in India and (d) has obtained approval for the investment in financial services sector activities from the regulatory authorities concerned in India and abroad*.

Further, certified that, wherever applicable, the Annual Performance Report, as required in terms of Regulation 15(iii) of the Notification *ibid*, in respect of all the existing JV / WOS of the Indian party has been submitted.

Note: *Applicable only in cases where the investment is in the financial services sector (e.g. insurance, mutual fund, asset management, etc.).

Applicable where investment is funded through ECB/FCCB balances.

(Signature of the Statutory Auditors of the Indian Party)

Name of the firm, Stamp and Registration number



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

RBI/2012-13/ 173

August 22, 2012

A. P. (DIR Series) Circular No. 16

To

All Category – I Authorised Dealer Banks

Madam / Sir,

Foreign Direct Investment by citizen / entity incorporated in Pakistan

Attention of Authorised Dealer (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](#) (hereinafter referred to as Notification No.FEMA 20), and as amended from time to time.

2. In terms of sub-regulation (1) of Regulation 5 of the Notification *ibid*, a person resident outside India who is a citizen of Pakistan or an entity incorporated outside India in Pakistan, is not allowed to purchase shares or convertible debentures of an Indian company under Foreign Direct Investment Scheme.

3. It has now been decided that notwithstanding anything contained in sub-regulation (1) of Regulation 5 of the Notification No.FEMA. 20, a person who is a citizen of Pakistan or an entity incorporated in Pakistan may, with the prior approval of the Foreign Investment Promotion Board of the Government of India, purchase shares and convertible debentures of an Indian company under Foreign Direct Investment Scheme, subject to the terms and conditions specified in Schedule 1 of the Notification, *ibid*, provided further that notwithstanding anything contained in Schedule 1 of the Notification, *ibid*, the Indian company, receiving such foreign direct investment, is not engaged or shall not engage in sectors / activities pertaining to defence, space and atomic energy and sectors/ activities prohibited for foreign investment.

4. AD Category - I banks may bring the contents of the circular to the notice of their customers and 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/2012-13/ 174

August 23, 2012

A. P. (DIR Series) Circular No. 17

To

All Authorised Persons

Madam / 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. 107 dated April 17, 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 June 22, 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/2012-13/175

August 23, 2012

A. P. (DIR Series) Circular No. 18

To

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

Madam / Sir,

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

Please refer to our [A.P. \(DIR Series\) Circular No. 108 dated April 17, 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 June 22, 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/2012-13/178

A. P. (DIR Series) Circular No. 19

August 28, 2012

To,

All Category – I Authorised Dealer banks

Madam / Sir,

Issue of Indian Depository Receipts (IDRs)-Limited two way fungibility

Attention of Authorised Dealers Category – I (AD Category - I) banks is invited to [A.P. \(DIR Series\) Circular No.5 dated July 22, 2009](#), in terms of which, the guidelines regarding issue of IDRs by eligible companies resident outside India have been laid out.

2. It has now been decided to allow a limited two way fungibility for IDRs (similar to the limited two way fungibility facility available for ADRs/GDRs) subject to the following terms and conditions:

- i. The conversion of IDRs into underlying equity shares would be governed by the conditions mentioned in paras 6 and 7 of A.P. (DIR Series) Circular No. 5 dated July 22, 2009.
- ii. Fresh IDRs would continue to be issued in terms of the provisions of A.P. (DIR Series) Circular No. 5 dated July 22, 2009.
- iii. The re-issuance of IDRs would be allowed only to the extent of IDRs that have been redeemed /converted into underlying shares and sold.
- iv. There would be an overall cap of USD 5 billion for raising of capital by issuance of IDRs by eligible foreign companies in Indian markets. This cap would be akin to the caps imposed for FII investment in debt securities and would be monitored by SEBI. Accordingly, Para 5 of A.P. (DIR Series) Circular No. 5 dated July 22, 2009 stands amended as above.

3. The issuance, redemption and fungibility of IDRs would also be subject to the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended from

time to time as well as other relevant guidelines issued in this regard by the Government, the SEBI and the RBI from time to time.

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/2012-13/179

A. P. (DIR Series) Circular No. 20

August 29, 2012

To

All Category-I Authorised Dealer Banks

Madam / Sir,

Non-resident guarantee for non-fund based facilities entered between two resident entities

Attention of Authorised Dealer Category - I (AD Category - I) banks is invited to [Notification No. FEMA 29 / 2000-RB dated September 26, 2000](#) viz. Payment to person resident outside India on invocation of guarantee, [A.P. \(DIR Series\) Circular No. 28 dated March 30, 2001](#) and [A.P. \(DIR Series\) Circular No. 5 dated August 1, 2005](#) relating to External Commercial Borrowings (ECB).

2. Borrowing and lending of Indian Rupees between two persons resident in India does not attract the provisions of the Foreign Exchange Management Act, 1999. In case where a Rupee loan is granted against the guarantee provided by a person resident outside India, there is no transaction involving foreign exchange until the guarantee is invoked and the non-resident guarantor is required to meet the liability under the guarantee. The Reserve Bank vide Notification No. FEMA 29/2000-RB dated September 26, 2000 has granted general permission to a person resident in India, being a principal debtor, to make payment to a person resident outside India, who has met the liability under a guarantee.

3. On a review, it has been decided to extend the facility of non-resident guarantee under the general permission for non-fund based facilities (such as Letters of Credit/guarantees/Letter of Undertaking (LoU) /Letter of Comfort (LoC)) entered into between two persons resident in India. The method of discharge of liability by the non-resident guarantor under the guarantee and the subsequent repayment of the liability by the principal debtor would continue, as hitherto, as detailed in A.P. (DIR Series) Circular No. 28 dated March 30, 2001.

4. It has also been decided to introduce a reporting format to capture such guarantees issued and invoked. Authorized Dealer Category-I banks are required to furnish such details by all its branches, in a consolidated statement, during the quarter, as per the format in Annex to the Chief General Manager, Foreign Exchange Department, ECB Division, Reserve Bank of India, Central Office Building, 11th floor, Fort, Mumbai – 400 001 (and in [MS-Excel](#) file through [email](#)) so as to reach the Department not later than 10th day of the following month.

5. The policy would be reviewed at an appropriate time based on the experience gained in this regard.

6. The modifications to the policy will come into force from the date of this circular. 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



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

RBI/2012-13/185

A. P. (DIR Series) Circular No. 21

August 31, 2012

To

All Category-I Authorised Dealer Banks

Madam / Sir,

Foreign investment by Qualified Foreign Investors (QFIs) – Hedging facilities

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. In terms of [A.P. \(DIR Series\) Circular No.8 dated August 9, 2011](#), [A.P. \(DIR Series\) Circular No. 42 dated November 3, 2011](#), [A.P. \(DIR Series\) Circular No. 66 dated January 13, 2012](#) and [A.P. \(DIR Series\) Circular No. 89 dated March 1, 2012](#), Qualified Foreign Investors (QFI) are allowed to invest in rupee denominated units of domestic Mutual Funds and listed equity shares and allowing SEBI registered FIIs to invest in to be listed debt securities subject to the terms and conditions mentioned therein.

Further, in terms of [A.P. \(DIR Series\) Circular No. 7 dated July 16, 2012](#), Qualified Foreign Investors (QFIs) have been permitted to purchase on repatriation basis debt securities subject to the various terms and conditions. As per para 2(x) of the circular, QFIs would be permitted to hedge their currency risk on account of their permissible investments (in equity and debt instruments) in terms of the guidelines issued by the Reserve Bank from time to time.

3. It has now been decided to allow QFIs to hedge their currency risk on account of their permissible investments (in equity and debt instruments), as per the details given in the Annex.

4. 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.

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,

(Rudra Narayan Kar)
Chief General Manager

**[Annex to A.P. DIR Circular No.21
dated August 31 , 2012]**

Facilities for Qualified Foreign Investors (QFIs)

Purpose

- i) To hedge the currency risk on the market value of entire investment in equity and/or debt in India as on a particular date.
- ii) To hedge Initial Public Offers (IPO) related transient capital flows under the Application Supported by Blocked Amount (ASBA) mechanism.

Products

Forward foreign exchange contracts with rupee as one of the currencies and foreign currency-INR options. Foreign Currency – INR swaps for IPO related flows.

Operational Guidelines, Terms and Conditions

- a) QFIs are allowed to hedge the currency risk on account of their permissible investments with the AD Category-I bank with whom they are maintaining the Rupee Account opened for the purpose of investment.
- b) The eligibility for cover may be determined on the basis of the declaration of the QFI with periodic review undertaken by the AD Category I bank based on the investment value as provided / certified by QDP of the QFI at least at quarterly intervals, on the basis of market price movements, fresh inflows, amounts repatriated and other relevant parameters to ensure that the forward cover outstanding is supported by underlying exposures.
- c) If a hedge becomes naked in part or in full owing to contraction of the market value of the portfolio, for reasons other than sale of securities, the hedge may be allowed to continue till the original maturity, if so desired.
- d) The contracts, once cancelled cannot be rebooked. The forward contracts may, however, be rolled over on or before maturity.
- e) The cost of hedge should be met out of repatriable funds and /or inward remittance through normal banking channel.

f) All outward remittances incidental to the hedge are net of applicable taxes.

g) For IPO related transient capital flows

- i. QFIs can undertake foreign currency- rupee swaps only for hedging the flows relating to the IPO under the ASBA mechanism.
- ii. The amount of the swap should not exceed the amount proposed to be invested in the IPO.
- iii. The tenor of the swap should not exceed 30 days.
- iv. The contracts, once cancelled, cannot be rebooked. Rollovers under this scheme will also not be permitted.



RESERVE BANK OF INDIA
Foreign Exchange Department
Mumbai - 400 001

RBI/2012-13/186
A.P. (DIR Series) Circular No.22

August 31, 2012

To

All Category - I Authorised Dealer Banks

Madam / Sir,

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

Export-Import Bank of India (Exim Bank) has concluded an Agreement dated March 19, 2012 with the Government of the Central African Republic, 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 from India for the development of mining project in Central African Republic. The goods and services including consultancy services and equipment 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 percent 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 22, 2012 and the date of execution of Agreement is March 19, 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 18, 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 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
Mumbai - 400 001

RBI//2012-13/187
A.P. (DIR Series) Circular No.23

August 31, 2012

To

All Category - I Authorised Dealer Banks

Madam / Sir,

Exim Bank's Line of Credit of USD 39.69 million
to the Government of the Central African Republic

Export-Import Bank of India (Exim Bank) has concluded an Agreement dated March 19, 2012 with the Government of the Central African Republic, making available to the latter, a Line of Credit (LOC) of USD 39.69 million (USD thirty nine million six hundred and ninety thousand) for financing eligible goods, services, machinery and equipment including consultancy services from India for two hydro-electric projects in Central African Republic. 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 percent 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 22, 2012 and the date of execution of Agreement is March 19, 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 18, 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 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
Mumbai - 400 001

RBI//2012-13/195
A.P. (DIR Series) Circular No.24

September 6, 2012

To

All Category - I Authorised Dealer Banks

Madam / Sir,

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

Export-Import Bank of India (Exim Bank) has concluded an Agreement dated February 14, 2012 with the Government of Mongolia, making available to the latter, a Line of Credit (LOC) of USD 20 million (USD twenty million) for financing eligible machinery, equipments, goods and services including consultancy services for the purpose of India-Mongolia Joint Information Technology Education and Outsourcing Center (IMJIT) Project in Mongolia. 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 65 per cent of the contract price shall be supplied by the seller from India and the remaining 35 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 August 23, 2012 and the date of execution of Agreement is February 14, 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 (February 13, 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 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/2012-13/198

September 7, 2012

A. P. (DIR Series) Circular No. 25

To

All Category – I Authorised Dealer Banks

Madam / Sir,

Overseas Investment by Indian Parties in Pakistan

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. In terms of Regulation 6 (2) of the Notification *ibid*, "Notwithstanding anything contained in these Regulations, investment in Pakistan shall not be permitted." It has now been decided that the overseas direct investment by Indian Parties in Pakistan shall henceforth be considered under the approval route under Regulation 9 of the Notification, *ibid*.

3. Necessary amendments to the Foreign Exchange Management (Transfer or Issue of Any Foreign Security), Regulations, 2004 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 (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/2012-13/200

A.P. (DIR Series) Circular No. 26

September 11, 2012

To,

All Category - I Authorised Dealer Banks

Madam / Sir,

External Commercial Borrowings (ECB) Policy – Repayment of Rupee loans and/or fresh Rupee capital expenditure – USD 10 billion scheme

Attention of Authorized Dealer Category - I (AD Category - I) banks is invited to [A.P. \(DIR Series\) Circular No. 134 dated June 25, 2012.](#)

2. As per the extant guidelines, the maximum permissible ECB that can be availed of by an individual company under the scheme is limited to 50 per cent of the average annual export earnings realised during the past three financial years.

3. On a review, it has been decided:

(a) to enhance the maximum permissible limit of ECB that can be availed of to 75 per cent of the average foreign exchange earnings realized during the immediate past three financial years or 50 per cent of the highest foreign exchange earnings realized in any of the immediate past three financial years, whichever is higher;

(b) in case of Special Purpose Vehicles (SPVs), which have completed at least one year of existence from the date of incorporation and do not have sufficient track record/past performance for three financial years, the maximum permissible ECB that can be availed of will be limited to 50 per cent of the annual export earnings realized during the past financial year; and

(c) The maximum ECB that can be availed by an individual company or group, as a whole, under this scheme will be restricted to USD 3 billion.

4. All other aspects of the scheme mentioned in [A.P. \(DIR Series\) Circular No. 134 dated June 25, 2012](#) would 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/2012-13/201

A.P. (DIR Series) Circular No. 27

September 11, 2012

To,

All Category - I Authorised Dealer Banks

Madam / Sir,

External Commercial Borrowings (ECB) Policy – Bridge Finance for infrastructure sector

Attention of Authorized Dealer Category - I (AD Category - I) banks is invited to [A.P. \(DIR Series\) Circular No. 26 dated September 23, 2011](#).

2. As per the extant guidelines, Indian companies in the infrastructure sector, where “infrastructure” is as defined under the extant guidelines on External Commercial Borrowings (ECB), have been allowed 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. On a review, it has been decided to allow refinancing of such bridge finance (if in the nature of buyers'/suppliers' credit) availed of, with an ECB under the **automatic route** subject to the following conditions:-

- (i) the buyers'/suppliers' credit is refinanced through an ECB before the maximum permissible period of trade credit;
- (ii) the AD evidences the import of capital goods by verifying the Bill of Entry;

- (iii) the buyers'/suppliers' credit availed of is compliant with the extant guidelines on trade credit and the goods imported conform to the DGFT policy on imports; and
- (iv) the proposed ECB is compliant with all the other extant guidelines relating to availment of ECB.

4. The borrowers will, therefore, approach the Reserve Bank under the approval route only at the time of availing of bridge finance which will be examined subject to conditions mentioned in para 2(i) and (ii).

5. 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 for the ECB. All other conditions of ECB, such as eligible borrower, recognized lender, all-in-cost, average maturity, end-use, maximum permissible ECB per financial year under the automatic route, prepayment, refinancing of existing ECB and reporting arrangements shall remain unchanged and should be complied with.

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

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/2012-13/202

A.P. (DIR Series) Circular No. 28

September 11, 2012

To,

All Category - I Authorised Dealer Banks

Madam / Sir,

Trade Credits for Import into India

Attention of Authorized Dealer Category - I (AD Category - I) banks is invited to [A.P. \(DIR Series\) Circular No. 87 dated April 17, 2004](#) and [A.P. \(DIR Series\) Circular No. 24 dated November 01, 2004](#).

2. As per the extant guidelines, for import of capital goods as classified by DGFT, AD banks may approve trade credits up to USD 20 million per import transaction with a maturity period of more than one year and less than three years (from the date of shipment). No roll-over/extension is permitted beyond the permissible period. AD banks are also permitted to issue Letters of Credit/guarantees/Letter of Undertaking (LoU) /Letter of Comfort (LoC) in favour of overseas supplier, bank and financial institution, up to USD 20 million per transaction for a period up to three years for import of capital goods, subject to prudential guidelines issued by the Reserve Bank from time to time. The period of such Letters of credit / guarantees / LoU / LoC has to be co-terminus with the period of credit, reckoned from the date of shipment. AD banks shall not, however, approve trade credit exceeding USD 20 million per import transaction.

3. On a review, it has been decided to allow companies in the infrastructure sector, where "infrastructure" is as defined under the extant guidelines on External Commercial Borrowings (ECB) to avail of trade credit up to a maximum period of five years for import of capital goods as classified by DGFT subject to the following conditions: -

(i) the trade credit must be abinitio contracted for a period not less than fifteen months and should not be in the nature of short-term roll overs; and

(ii) AD banks are not permitted to issue Letters of Credit/guarantees/Letter of Undertaking (LoU) /Letter of Comfort (LoC) in favour of overseas supplier, bank and financial institution for the extended period beyond three years.

4. The all-in-cost ceilings of trade credit will be as under:

Maturity period	All-in-cost ceilings over 6 months LIBOR*
Up to one year	350 basis points
More than one year and up to three years	
More than three years and up to five 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.

5. All other aspects of Trade Credit policy will remain unchanged and should be complied with. The amended trade credit policy will come into force with immediate effect and is subject to review based on the experience gained in this regard.

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. 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/2012-13/203

A.P. (DIR Series) Circular No. 29

September 12, 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. It has been decided to amend the guidelines relating to submission of Annual Performance Report (APR) as under:

2. An Indian party, which has set up / acquired a Joint Venture (JV) or Wholly Owned Subsidiary (WOS) overseas in terms of the Regulations of the Notification *ibid*, shall submit, to the designated Authorised Dealer every year, an Annual Performance Report (APR) in Form ODI Part III in respect of each JV or WOS outside India and other reports or documents as may be specified by the Reserve Bank from time to time, on or before the 30th of June each year. The APR, so required to be submitted, has to be based on the latest audited annual accounts of the JV / WOS, unless specifically exempted by the Reserve Bank.
3. The exemption granted for submission of APR based on the un-audited accounts of the JV / WOS subject to the terms and conditions as specified in the [A.P \(DIR Series\) Circular No. 96 dated March 28, 2012](#) shall continue.

4. Necessary amendments to the Foreign Exchange Management (Transfer or Issue of Any Foreign Security) Regulations, 2004 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, 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/2012-13/204

A.P. (DIR Series) Circular No. 30

September 12, 2012

To,

All Category - I Authorised Dealer Banks

Madam / Sir,

Comprehensive Guidelines on Over the Counter (OTC) Foreign Exchange Derivatives – Cost Reduction Structures

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. Under the extant instructions, use of cost reduction structures, i.e., cross currency option cost reduction structures and foreign currency –INR option cost reduction structures have been permitted to hedge exchange rate risk arising out of trade transactions and the External Commercial Borrowings (ECBs).
3. On a review, it has been decided to permit the use of cost reduction structures for hedging the exchange rate risk arising out of foreign currency loans availed of domestically against FCNR (B) deposits.
4. 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.
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,

(Rudra Narayan Kar)
Chief General Manager



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

RBI/2012-13/211

A. P. (DIR Series) Circular No. 31

September 17, 2012

To

All Category-I Authorised Dealer Banks

Madam / Sir,

Establishment of Liaison Office (LO) / Branch Office (BO) / Project Office (PO) in India by Foreign Entities – Clarification.

Attention of Authorised Dealer 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, in terms of which a person resident outside India requires prior approval of the Reserve Bank for establishing LO / BO in India.

2. In terms of [Notification No FEMA 95/2000-RB dated July 02, 2003](#) general permission is granted to a foreign company to open project office in India provided it has secured from an Indian company, a contract to execute a project in India, and subject to satisfying certain other criteria.

3. It is clarified that permission to establish offices, in India by foreign Non-Government Organisations/Non-Profit Organisations/Foreign Government Bodies/Departments, by whatever name called, are under the Government Route as specified in A. P. (DIR Series) Circular No. 23 dated December 30, 2009. Accordingly, such entities are required to apply to the Reserve Bank for prior permission to establish an office in India, whether Project Office or otherwise.

4. AD Category - I 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,

(Rudra Narayan Kar)
Chief General Manager



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

RBI/2012-13/217

A. P. (DIR Series) Circular No. 32

September 21, 2012

To

All Category-I Authorised Dealer Banks

Madam / Sir,

**Foreign investment in Single–Brand Product Retail Trading/ Multi-Brand Retail Trading / Civil Aviation Sector / Broadcasting Sector / Power Exchanges -
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.

2. The extant Foreign Direct Investment policy has since been reviewed and it has now been decided as follows:

- a) FDI up to 100 per cent is now permitted in Single–Brand Product Retail Trading by only one non-resident entity, whether owner of the brand or otherwise, under the Government route subject to the terms and conditions as stipulated in [Press Note No. 4 \(2012 Series\) dated September 20, 2012](#) issued by the Department of Industrial Policy & Promotion, Ministry of Commerce & Industry, Government of India.
- b) FDI up to 51 per cent is now permitted in Multi-Brand Retail Trading under the Government route, subject to the terms and conditions as stipulated in [Press Note No. 5 \(2012 Series\) dated September 20, 2012](#) issued by the Department of Industrial Policy & Promotion, Ministry of Commerce & Industry, Government of India.
- c) Foreign airlines are permitted FDI up to 49% in the capital of Indian companies in Civil Aviation Sector, operating scheduled and non-scheduled air transport,

under the automatic/Government route subject to the terms and conditions as stipulated in [Press Note No. 6 \(2012 Series\) dated September 20, 2012](#) issued by the Department of Industrial Policy & Promotion, Ministry of Commerce & Industry, Government of India.

d) FDI limits in companies engaged in providing Broadcasting Carriage Services under the automatic/Government route have been reviewed and the same would be subject to the terms and conditions as stipulated in [Press Note No. 7 \(2012 Series\) dated September 20, 2012](#) issued by the Department of Industrial Policy & Promotion, Ministry of Commerce & Industry, Government of India.

e) FDI up to 49% is permitted in Power Exchanges registered under the Central Electricity Regulatory Commission (Power Market) Regulations, 2010, under the Government route, subject to the terms and conditions as stipulated in [Press Note No. 8 \(2012 Series\) dated September 20, 2012](#) issued by the Department of Industrial Policy & Promotion, Ministry of Commerce & Industry, Government of India.

3. A copy each of [Press Note Nos. 4,5,6,7 and 8 \(2012 Series\) dated September 20, 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,

(Rudra Narayan Kar)
Chief General Manager



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

RBI/2012-13/219

A. P. (Dir Series) Circular No. 33

September 24, 2012

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 (APs) is invited to Para 4.4 (f) of F-Part- I of the Annex to the [A.P. \(Dir Series\) Circular No.17 \[A.P.\(FL/RL Series\) Circular No.04\] dated November 27, 2009](#) on the captioned subject and condition (iv) of Para 5 (Part-E) of Annex-I to the [A.P. \(Dir Series\) Circular No.57 \[A.P.\(FL/RL Series\) Circular No.04\] dated March 9, 2009](#) on Memorandum of Instructions governing money changing activities, as amended from time to time.

2. It is clarified that for sale of foreign exchange to a person within his/her eligibility on single drawal, APs may receive payment only by crossed cheque drawn on the bank account of the applicant's firm / company sponsoring the visit of the applicant / Banker's cheque / Pay Order /Demand Draft / debit cards / credit cards / prepaid cards, if the rupee payment exceeds Rs.50,000/-. For sale of foreign exchange to a person within his/her eligibility through more than one

drawal within 30 days or for a single journey/visit abroad, APs may receive second and subsequent payments only by crossed cheque drawn on the bank account of the applicant's firm/company sponsoring the visit of the applicant/Bank's cheque / Pay Order / Demand Draft / debit cards / credit cards / prepaid cards, if the total rupee payment, including payments on earlier drawal /s, exceeds Rs. 50,000/- on the second or subsequent drawals.

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, as amended from time to time, 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/2012-13/220

September 24, 2012

A.P. (DIR Series) Circular No. 34

To

All Category - I Authorised Dealer Banks

Madam / Sir,

Foreign Exchange Management Act, 1999-Import of gold in any form including jewellery made of gold/precious metals or / and studded with diamonds / semi precious / precious stones - clarification

Attention of Authorised Dealer Category – I (AD Category – I) banks is invited to the provisions contained in [A.P.\(DIR Series\) Circular No.59 dated May 6, 2011](#), in terms of which, AD Category – I banks have been permitted to approve Suppliers' and Buyers' credit (trade credit) including the usance period of Letters of Credit for import of rough, cut and polished diamonds, for a period not exceeding 90 days, from the date of shipment .

2. It is clarified that Suppliers' and Buyers' credit (trade credit) including the usance period of Letters of Credit opened for import of gold in any form including jewellery made of gold/precious metals or/ and studded with diamonds/ semi precious / precious stones should not exceed 90 days, from the date of shipment.

3. All the instructions issued for direct import of gold, vide [A.P. \(DIR Series\) Circular No.2 dated July 9, 2004](#); import of Platinum / Palladium/ Rhodium /Silver vide [A.P. \(DIR Series\) Circular No.12 dated August 28, 2008](#); advance remittance for import of rough diamonds, vide [A.P. \(DIR Series\) Circular No. 21 dated December 29, 2009](#) and import of rough, cut and polished diamonds, vide A.P.(DIR Series) Circular No.59 dated May 6, 2011, 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/2012-13/222

A.P. (DIR Series) Circular No. 35

September 25, 2012

To

All Category - I Authorised Dealer Banks

Madam / Sir,

Establishment of Liaison Offices (LO) /Branch Offices (BO) / Project Offices (PO) in India by Foreign Entities – Reporting requirement

Attention of Authorised Dealer Category – I banks is invited to [A.P. \(DIR Series\) Circular No. 6 dated August 9, 2010](#) read with paragraph 5 (i) of [A.P. \(DIR Series\) Circular No.24 dated December 30, 2009](#) regarding submission of Annual Activity Report. Their attention is also drawn to reporting requirements in respect of Project Offices prescribed in [A.P. \(DIR Series\) Circular No. 44 dated May 17, 2005](#) in the matter.

2. It has now been decided that in addition to the reporting prescribed in terms of aforesaid circulars, all the new entities setting up LO/BO/PO shall also:

- i) submit a report containing information as per Annex within five working days of the LO/BO/PO becoming functional to the Director General of Police (DGP) of the state concerned in which LO/BO/PO has established its office; if there are more than one office of such a foreign entity, in such cases to each of the DGP concerned of the state where it has established office in India;
- ii) a copy of the report as per Annex shall also be filed with the DGP concerned on annual basis along with a copy of the Annual Activity Certificate/Annual report required to be submitted by LO/BO/PO concerned, as the case may be.
- iii) A copy of report thus filed as above shall also be filed with AD by LO/BO/PO concerned.

3. The existing LO/BO/PO shall henceforth report the information as per Annex along with the copy of Annual Activity Certificate/Annual report to DGP of state concerned and also file a copy of the same with AD bank.

4. **The instructions 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.

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 permission/approval, required under any other law.

Yours faithfully,

(Rudra Narayan Kar)
Chief General Manager

Annex

Sr. No	Particulars	Details
1.	Details of the Foreign Entity a. Name b. Address c. Date and Place of Incorporation d. E-mail ID or Web address	
2.	Details of Office in India a. Type of Office – Liaison Office / Branch Office / Project Office or for others indicate type b. Address c. Contact Number d. Date of opening of Office	
3.	Head of Office in India a. Name b. Nationality c. Designation d. Address e. Passport Particulars i. Passport Number ii. Place of Issue iii. Date of Issue iv. Date of Expiry v. Any other relevant information f. E-mail address g. Land line number h. Mobile number	
4.	Whether all foreign nationals employed at Liaison/Branch/Project Offices are on E Visas. If not, indicate details of such foreign nationals.	
5.	Whether the foreign nationals on E visas have reported to mandatory authorities i.e. Police Station etc. If not, name of such nationals / nationality along with relevant details and reasons for not complying with requirement	
6.	List of Personnel employed, including foreigners in India Office	
<u>Foreigners</u>		

Sl. No	Name	Parentage	Nationality	Age	E-mail & Mobile Particulars	Passport & Visa particular	Designation /Profession	Date of entry into India and Place of stay	
<u>Indians</u>									
Sl. No	Name	Parentage	Age	E-mail & Mobile Particulars	Designation /Profession				
7.	List of foreigners other than employees who visited Indian Office in connection with the activities of the company with details								
Sl. No	Name	Parentage	Nationality	Age	Purpose of visit	Designation /Profession	Date of visit / Place of stay in India		
8.	Projects/ Contracts/Collaborations worked upon or initiated during the year along with details								

SL.No.	Name of Project / Contract/ Collaboration	Name of Indian Partner	Nature of Business Activity	Approx. Value of Project/ Work	Place / Area of Project / Work	Period of Project / Work	Approx number of foreign work force required in India

9.	List of equipment imported for business activities in India		
Sl. No.,.	Name / Technical Details	Purpose	Date of Import into India / Place of Installation in India
10.	Details of suppliers or services rendered to the Government Sector.		
Sl. No	Name of the Supply / Service	Name of Government Organisation/ Agency	Approx value of supplies / services
11.	Details of places / states visited along with dates, accommodation used.		
12.	Details of contact with Government Departments / PSUs including names of officials		
13.	Details of contact with Civil Society Bodies / Trusts / Non-Government Organisation.		



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

RBI/2012-13/223

A.P. (DIR Series) Circular No. 36

September 26, 2012

To

All Category - I Authorised Dealer banks

Madam / Sir,

**Foreign Direct Investment (FDI) in India -
Allotment of Shares to person resident outside India under Memorandum of
Association (MoA) of an Indian company - Pricing guidelines**

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](#) (hereinafter referred to as Notification No. FEMA 20), as amended from time to time.

2. In terms of sub-regulation (1) of Regulation 5 of the Notification *ibid*, a person resident outside India or an entity incorporated outside India may purchase shares or convertible debentures of an Indian company under Foreign Direct Investment Scheme, subject to compliance with the issue price specified in para 5 of Schedule 1 of the Notification *ibid*.

3. It has been decided that in cases, where non-residents (including NRIs) make investment in an Indian company in compliance with the provisions of the Companies Act, 1956, by way of subscription to Memorandum of Association, such investments may be made at face value subject to their eligibility to invest under the FDI scheme.

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

(Rudra Narayan Kar)
Chief General Manager



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

RBI/2012-13/225

A.P. (DIR Series) Circular No. 37

September 26, 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. 6 dated July 13, 2012](#) wherein the Rupee value of the Special Currency Basket was indicated as Rs. 75.816175 effective from July 6, 2012.

2. AD Category-I banks are advised that a further revision has taken place on September 13, 2012 and accordingly, the Rupee value of the Special Currency Basket has been fixed at Rs.78.105433 with effect from September 17, 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/2012-13/233
A.P. (DIR Series) Circular No. 38

October 4, 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. 37 dated September 26, 2012](#) wherein the Rupee value of the Special Currency Basket was indicated as Rs.78.105433 effective from September 17, 2012.

2. AD Category-I banks are advised that a further revision has taken place on September 24, 2012 and accordingly, the Rupee value of the Special Currency Basket has been fixed at Rs.75.037184 with effect from September 27, 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/2012-13/239

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

October 09, 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. 100 dated March 30, 2012](#) and [A.P. \(DIR Series\) Circular No. 28 dated September 11, 2012](#) relating to trade credits for imports into India.

2. It has been decided that the all-in-cost ceiling as specified under paragraph 4 of A.P. (DIR Series) Circular No. 28 dated September 11, 2012 will continue to be applicable for trade credits for imports into India until further review.

3. All other aspects of Trade Credit policy remain unchanged and AD Category - I banks may bring the contents of this circular to the notice of their constituents and customers.

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



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

RBI/2012-13/240

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

October 09, 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. 99 dated March 30, 2012](#) relating to ECB.

2. It has been decided that the all-in-cost ceiling as specified in A.P. (DIR Series) Circular No. 99 dated March 30, 2012 will continue to be applicable until further review.
3. All other aspects of ECB policy remain unchanged and AD Category - I banks may bring the contents of this circular to the notice of their constituents and customers.
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**



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

RBI/2012-13/241

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

October 10, 2012

To

All Category-I Authorised Dealer Banks

Madam / Sir,

**Foreign investment in NBFC Sector -
Amendment to the Foreign Direct Investment (FDI) Scheme**

Attention of Authorised Dealer Category – I (AD Category-I) banks is invited to 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, read with Sr.No.24.2 of Annex B to [A.P. \(DIR Series\) Circular No. 137 dated June 28, 2012](#) pertaining to sector specific conditions for FDI in NBFCs .

2. It has now been decided in consultation with the Government to amend certain conditions in the aforesaid circular. The amended conditions are given in the Annex.

3. All other conditions contained in Sr. No. 24.2 in the A.P. (DIR Series) Circular No. 137 dated June 28, 2012 shall remain unchanged.

4. A copy of [Press Note No.9 \(2012 Series\) dated October 3, 2012](#) issued in this regard by Department of Industrial Policy and Promotion (DIPP), Ministry of Commerce and Industry, Government of India is enclosed.

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

6. 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.

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,

(Rudra Narayan Kar)
Chief General Manager

[A. P. (DIR Series) Circular No.
dated October , 2012]

c.f. A.P.(DIR Series) Circular No. 137 dated June 28, 2012	Earlier Condition	Revised condition
Sr.No.24.2 (1) (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 to downstream subsidiaries.	NBFCs (i) having foreign investment more than 75% and up to 100%, and (ii) 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 of DIPP Circular 1 of 2012 dated April 10, 2012 on Consolidated FDI Policy, therefore, shall not apply to downstream subsidiaries.

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

RBI/2012-13/245

October 12, 2012

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

To,

All Authorised Persons

Madam/ Dear Sir,

Uploading of Reports in 'Test Mode' on FINnet Gateway

Please refer to F-Part-III of Annex to [A.P.\(DIR Series\) Circular No.17 \[A.P.\(FL/RL Series\) Circular No.04\] dated November 27, 2009](#), prescribing reporting formats for Authorised Persons as required under provisions of PML Rules 2005. In this connection, we invite your attention to FIU-IND's letter F.No.9-29/2011-FIU-IND dated March 31, 2011 advising Authorised Persons to go through reporting formats viz. Cash Transaction Reports (CTRs) and Suspicious Transaction Reports (STRs) and initiate urgent steps to develop capacity to generate reports compliant with the XML format specifications and be in readiness to implement the new format as and when advised by the FIU-IND.

2. FIU-IND have now advised vide their letter F.No.9-29/2011-FIU-IND dated August 28, 2012 (contents of the letter given in the Annex), that all Authorised Persons should initiate submission of reports on the FINnet Gateway in 'Test Mode' from August 31, 2012 to test their ability to upload the report electronically. Such submission in 'Test Mode' would continue till FIU-IND informs the Authorised Persons about 'go-live' of the project. Authorised Persons are also required to continue to submit the existing reports in CD as presently required till further notice. All Authorised Persons are accordingly advised to take action as required by FIU-IND.

3. All other instructions 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 will remain unchanged.

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

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 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

F.No.9-29/2011-FIU-IND
Government of India
Ministry of Finance
Department of Revenue
Financial Intelligence Unit-India

6th Floor, Hotel Samrat
Chanakyapuri,
New Delhi – 110 021

Date: August 28, 2012

OFFICE MEMORANDUM

Subject:- Upload of Reports in 'Test Mode' on FINnet Gateway

Kindly refer to OM of even no. dated 31st March, 2011 releasing the new reporting format under Project FINnet. The reporting entities were advised to initiate urgent steps to build capacity to generate reports, which are compliant with the XML format specifications.

2. You may kindly now advise the reporting entities to initiate submission of reports on the FINnet gateway in 'TEST MODE' from 31-08-2012 to test their ability to upload the report electronically. The reporting entities may contact FIU Help Desk at [email](#) or phone numbers 011-24109792/93 for any clarification or assistance.
3. The reporting entities may continue to submit the reports to FIU-IND in CD form as per earlier prescribed reporting format till go-live date (provisional go-live date is 1st October, 2012) after which the earlier procedure will be discontinued. The go-live date will be communicated to the reporting entities separately.
4. This issues with the approval of Director (FIU-IND).

Sd/-

(Sanjeev Singh)
Additional Director

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

RBI/2012-13/246

October 12, 2012

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

To,

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

Madam/ Dear Sir,

Uploading of Reports in 'Test Mode' on FINnet Gateway

Please refer to [Annex- III](#) to A.P.(DIR Series) Circular No.18 [A.P.(FL/RL Series) Circular No. 05] dated November 27, 2009, prescribing reporting formats for Authorised Persons (Indian Agents) as required under provisions of PML Rules 2005. In this connection, we invite your attention to FIU-IND's letter F.No.9-29/2011-FIU-IND dated March 31, 2011 advising Authorised Persons (Indian Agents) to go through reporting formats viz. Cash Transaction Reports (CTRs) and Suspicious Transaction Reports (STRs) and initiate urgent steps to develop capacity to generate reports compliant with the XML format specifications and be in readiness to implement the new format as and when advised by the FIU-IND.

2. FIU-IND have now advised vide their letter F.No.9-29/2011-FIU-IND dated August 28, 2012 (contents of the letter given in the Annex), that all Authorised Persons (Indian Agents) should initiate submission of reports on the FINnet Gateway in 'Test Mode' from August 31, 2012 to test their ability to upload the report electronically. Such submission in 'Test Mode' would continue till FIU-IND informs the Authorised Persons (Indian Agents) about 'go-live' of the project.

Authorised Persons (Indian Agents) are also required to continue to submit the existing reports in CD as presently required till further notice. All Authorised Persons (Indian Agents) are accordingly advised to take action as required by FIU-IND.

3. All other instructions 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 will remain unchanged.

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

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 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

F.No.9-29/2011-FIU-IND
Government of India
Ministry of Finance
Department of Revenue
Financial Intelligence Unit-India

6th Floor, Hotel Samrat
Chanakyapuri,
New Delhi – 110 021

Date: August 28, 2012

OFFICE MEMORANDUM

Subject:- Upload of Reports in 'Test Mode' on FINnet Gateway

Kindly refer to OM of even no. dated 31st March, 2011 releasing the new reporting format under Project FINnet. The reporting entities were advised to initiate urgent steps to build capacity to generate reports, which are compliant with the XML format specifications.

2. You may kindly now advise the reporting entities to initiate submission of reports on the FINnet gateway in 'TEST MODE' from 31-08-2012 to test their ability to upload the report electronically. The reporting entities may contact FIU Help Desk at [email](#) or phone numbers 011-24109792/93 for any clarification or assistance.
3. The reporting entities may continue to submit the reports to FIU-IND in CD form as per earlier prescribed reporting format till go-live date (provisional go-live date is 1st October, 2012) after which the earlier procedure will be discontinued. The go-live date will be communicated to the reporting entities separately.
4. This issues with the approval of Director (FIU-IND).

Sd/-

(Sanjeev Singh)
Additional Director

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

RBI/2012-13/247

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

October 12, 2012

To,

All Category-I Authorised Dealer banks and Authorised banks

Madam / Sir,

**Foreign Exchange Management (Deposit) Regulations, 2000-
Loans to Non Residents / third parties against security of Non Resident
(External) Rupee Accounts [NR (E) RA] / Foreign Currency Non Resident
(Bank) Accounts [FCNR (B)] Deposits**

Attention of Authorised Dealer Category-I banks and Authorised banks (the banks) is invited to Para 6 of Schedule 1 and Para 9 of Schedule 2 to Foreign Exchange Management (Deposit) Regulations, 2000 notified vide [Notification No.FEMA 5/ 2000-RB dated May 3, 2000](#), as amended from time to time regarding loans against security of funds held in deposit accounts. Further, attention of the banks is also invited to [A. P. \(DIR Series\) Circular No.66 dated April 28, 2009](#) in terms of which it was decided to enhance the then existing cap of Rs.20 lakh to Rs.100 lakh on loans against security of funds held in NR(E)RA and FCNR(B) deposits either to the depositors or third parties.

2. The Committee to review the facilities for individuals under FEMA, 1999 (Chairperson: Smt. K.J.Udeshi) has recommended that the banks may sanction Rupee loans in India or foreign currency loans outside India to either the account holder or a third party to the extent of the balance in the NRE/FCNR (B) account subject to margin requirements. The existing position in this regard has been reviewed and it has been decided, in exercise of powers under paragraph 6(d) of Schedule-1 read with para 9(1) of Schedule-2 of the Foreign Exchange Management (Deposit) Regulations, 2000, that the banks may now grant loans against NR(E)RA and FCNR(B) deposits either to the depositors or the third parties as under:-

	Existing provision	Proposed provision
Rupee loans* in India		
Loans against NRE/FCNR(B) Fixed Deposits	Rs. 100 lakhs ceiling applicable	Rupee loans to be allowed to depositor/third party without any ceiling subject to usual margin requirements**
Foreign Currency loan* in India/ outside India		
Loans against NRE/FCNR(B) Fixed Deposits	Rs. 100 lakhs ceiling applicable	Foreign Currency loans to be allowed to depositor/third party without any ceiling subject to usual margin requirements **

** The term 'loan' shall include all types of fund based/non-fund based facilities.*

*** In case of FCNR deposits, the margin requirement shall be notionally calculated on the rupee equivalent of the deposits in accordance with para 9(2) of Schedule-2 of Foreign Exchange Management (Deposit) Regulations, 2000.*

Further, the facility of premature withdrawal of NRE/FCNR deposits shall not be available where loans against such deposits are to be availed of. This requirement may specifically be brought to the notice of the deposit holder at the time of sanction of the loan. The existing loans which are not in conformity with the above instructions shall continue for their existing term and shall not be rolled over/renewed. Other conditions as regards grant of loan against NRE/FCNR deposits shall remain unchanged.

3. The above instructions shall come into force with immediate effect. The banks may bring 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/2012-13/258

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

October 22, 2012

To,

All Authorised Dealer Category – I Banks

Madam / Sir,

Facilities for Persons Resident outside India – FIIs

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 \[Notification No. FEMA/25/RB-2000\]](#) and [A.P. \(DIR Series\) Circular No.32 dated December 28, 2010](#), as amended from time to time.

2. As per the extant guidelines, only designated branches of AD Category I banks maintaining accounts of FIIs are allowed to act as market makers to FIIs for hedging their currency risk on the market value of entire investment in equity and/or debt in India as on a particular date.

3. It has now been decided to allow FIIs to approach any AD Category I bank for hedging their currency risk on the market value of entire investment in equity and/or debt in India as on a particular date subject to the following conditions:

- i. The eligibility for cover may be determined on the basis of a valuation certificate provided by the designated AD category bank along with a declaration by the FII to the effect that its global outstanding hedges plus the derivatives contracts cancelled across all AD category banks is within the market value of its investments.

- ii. The FII should also provide a quarterly declaration to the custodian bank that the total amount of derivatives contract booked across AD Category banks are within the market value of its investments.
 - iii. The hedges taken with AD banks other than designated AD banks, have to be settled through the Special Non-Resident Rupee A/c maintained with the designated bank through RTGS/NEFT.
4. AD Category – I bank 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,

(Rudra Narayan Kar)
Chief General Manager



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

RBI/2012-13/259

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

October 23, 2012

To

All Category - I Authorised Dealer Banks

Dear Madam/ Sir,

**Supply of Goods and Services by Special Economic Zones (SEZs) to Units
in Domestic Tariff Areas (DTAs) against payment in foreign exchange**

Attention of the Authorised Dealer (AD) Category - I banks is invited to [A.P. \(Dir Series\) Circular No.105 dated June 16, 2003](#), in terms of which units in the Domestic Tariff Areas (DTAs) have been permitted to purchase foreign exchange from ADs for making payment towards goods supplied to them by units in the Special Economic Zones (SEZs).

2. The matter has since been reviewed in consultation with the Ministry of Commerce and Industry, Government of India and it has been decided to allow ADs to sell foreign exchange to a unit in the DTA for making payment in foreign exchange to a unit in the SEZ for the services rendered by it (i.e. a unit in SEZ) to a DTA unit. It may, however, be ensured that there is an enabling provision of supplying these goods/services by the SEZ unit to the DTA unit and for payment in foreign exchange for such goods/ services to the SEZ unit, in the Letter of Approval (LoA) issued to the SEZ unit by the Development Commissioner(DC) of the SEZ.

3. AD Category - I banks may bring the contents of this circular to the notice of their constituent 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



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

RBI/2012-13/260

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

October 23, 2012

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 27, 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 authorized 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, simplified and revised Softex procedure was introduced vide [A.P. \(DIR](#)

[Series\) Circular No.80 dated February 15, 2012.](#) Initially the revised procedure was applicable in STPI at Bangalore, Hyderabad, Chennai, Pune and Mumbai with effect from April 01, 2012.

3. Since the revised procedure is running successfully at the 5 designated centres, it has been decided to implement the revised procedure in all the STPIs in India with immediate effect.

4. 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 on all India basis, will be eligible to submit a statement in excel format as detailed in our A.P. (DIR Series) Circular No.80 dated February 15, 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



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

RBI/2012-13/284

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

November 6, 2012

To

All Category - I Authorised Dealer Banks

Madam / Sir,

External Commercial Borrowings (ECB) Policy – ECB by Small Industries Development Bank of India (SIDBI)

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 [A.P. \(DIR Series\) Circular No. 5 dated August 1, 2005](#) relating to the External Commercial Borrowings (ECB).

2. On a review of the extant ECB policy, it has been decided to include SIDBI as an eligible borrower for availing of ECB for on-lending to MSME sector, as defined under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006, subject to the following terms and conditions:-

- a) such on-lending by SIDBI shall be to the borrowers' directly either in INR or in foreign currency (FCY);
 - (i) the foreign currency risk shall be hedged by SIDBI in full in case of on-lending to MSME sector in INR; and
 - (ii) on-lending in foreign currency shall be subject to Regulation 5(5) of FEMA Notification No. 3/2000-RB dated May 03, 2000, as amended from time to time and shall only be to those beneficiaries which have natural hedge by way of foreign exchange earnings;
- (b) availment of ECBs, including the outstanding ECBs, up to 50 per cent of their owned funds, for on-lending to MSME sector, will be under the automatic route and beyond 50 per cent of owned funds, will be under the approval route, subject to a ceiling of USD 500 million per financial year; and

(c) the proceeds of ECB availed by SIDBI, shall be used for on-lending to MSME sector only for the permissible end-uses as provided under the extant ECB policy.

3. 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.

4. The amended ECB policy shall come into force with immediate effect and is subject to review based on the experience gained in this regard.

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/2012-13/286

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

November 7, 2012

To,

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

Madam / Sir,

Money Transfer Service Scheme - List of Sub Agents

As per extant instructions, Authorised Persons (APs), who are Indian Agents under the Money Transfer Service Scheme (MTSS), are required to submit list of their Sub Agents to the Foreign Exchange Department (FED), Central Office (CO) of the Reserve Bank on a half yearly basis.

2. On a review, it has been decided to discontinue submission of the said half yearly statement to FED,CO. The list of Sub Agents has already been placed on the RBI website (www.rbi.org.in). Authorised Persons (Indian Agents) should inform any addition/ deletion to the list (names and addresses of Sub Agents) immediately, as and when they appoint/ remove any Sub Agent under the scheme, to the concerned Regional Offices (ROs) of the Foreign Exchange Department (FED) of the Reserve Bank, under whose jurisdiction their registered offices fall and the Forex Markets Division, Foreign Exchange Department, Reserve Bank of India, Central Office, Mumbai-400001. Authorised Persons (Indian Agents) should visit the RBI website and verify the list of Sub Agents on regular intervals and any aberration to the list observed may immediately be brought to the notice of the concerned FED ROs and FED Central Office (CO). Further, Authorised Persons (Indian Agents) should confirm the veracity of the list placed on RBI website to FED CO either in form of a letter or by [e-mail](#) at within 15 days of the end of a quarter.

3. Authorised Persons (Indian Agents) 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 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/2012-13 /287
A.P. (DIR Series) Circular No. 50

November 7, 2012

To,

All Authorized Persons,.

Madam / Sir,

Memorandum of Instructions governing Money Changing Activities

Attention of Authorised Persons is invited to Para 17 of Part E 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 all single branch AMCs having a turnover of more than US \$ 100,000 or equivalent per month and all multiple branch AMCs should institute a system of monthly audit.

2. On a review based on representations received, it has been decided to allow AMCs having multiple branches to put in place a system of Concurrent Audit which will cover 80 per cent of the transactions value-wise under a system of monthly audit and rest 20 per cent of the transactions value-wise under quarterly audit.

3. All other instructions issued vide A.P.(DIR Series) Circular No. 57 [A.P.(FL/RL Series) Circular No.04] dated March 09, 2009, as amended from time to time will remain unchanged.

4. The directions contained in this Circular have been issued under Section 10(4) and Section 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) 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/2012-13 /294

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

November 15, 2012

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, as amended by the [A.P. \(Dir Series\) Circular No. 60 dated December 22, 2011](#).

2. Based on several representations received from Full Fledged Money Changers (FFMCs), regarding difficulties in obtaining documents other than passport, and taking into account the procedure followed for money changing in other countries, 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](#), as amended from time to time shall remain unchanged.

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

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

7. 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

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

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		Transactions With Individuals	
- Legal name and any other names used	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.	- Legal name and any other names used	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.
- Correct permanent address	<p>(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).</p> <p>(any one of the documents, which provides customer information to the satisfaction of the AP will suffice).</p> <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>	- Correct permanent address	<p>(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).</p> <p>(any one of the documents, which provides customer information to the satisfaction of the AP will suffice).</p> <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. However, where neither passports contain any address nor foreign tourists are able to produce any address proof, APs may obtain and keep on record, a copy of passport</p>

			and visa duly stamped by the Indian Immigration authorities and a declaration duly signed from foreign tourists regarding the permanent address.
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RESERVE BANK OF INDIA
Foreign Exchange Department
Central Office
Mumbai - 400 001

RBI/2012-13/298

A.P. (DIR Series) Circular No. 52

November 20, 2012

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. 40 dated November 01, 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, 2012.

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, 2012 till March 31, 2013**.

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 20, 2012	<u>Export of Goods and Software - Realisation and Repatriation of Export Proceeds - Liberalisation</u>



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

RBI/2012-13 /301
A.P. (DIR Series) Circular No. 53

November 20, 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. 38 dated October 4, 2012](#) wherein the Rupee value of the Special Currency Basket was indicated as Rs.75.037184 effective from September 27, 2012.

2. AD Category-I banks are advised that a further revision has taken place on October 19, 2012 and accordingly, the Rupee value of the Special Currency Basket has been fixed at Rs.75.570411 with effect from October 25, 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/2012-13/310

A.P. (DIR Series) Circular No. 54

November 26, 2012

To,

All Category - I Authorised Dealer Banks

Madam / Sir,

External Commercial Borrowings (ECB) Policy for 2G spectrum allocation

Attention of Authorized Dealer Category - I (AD Category - I) banks is invited to [A.P. \(DIR Series\) Circular No. 26 dated October 22, 2008](#), para 2 (v) of [A.P. \(DIR Series\) Circular No.19 dated December 9, 2009](#), [A.P. \(DIR Series\) Circular No. 28 dated January 25, 2010](#) relating to External Commercial Borrowings (ECB) for spectrum allocation.

2. As per the extant policy, eligible borrowers in the telecommunication sector are permitted to avail of ECB for the purpose of payment for spectrum allocation, under the automatic route. Successful bidders of 3G auction were also permitted to make the payment for spectrum allocation initially out of Rupee resources to be refinanced with a long-term ECB under the approval route subject to certain conditions.

3. On a review of the ECB policy and keeping in view the large outlay of funds required to be paid directly to the Government within a limited period of time, the following relaxations are provided for the 2G spectrum auction:-

(i) Refinancing of Rupee resources

The successful bidders making the **upfront payment** for the award of 2G spectrum initially out of Rupee loans availed of from the domestic lenders would be eligible to refinance such Rupee loans with a long-term ECB, under the **automatic route**, subject to the following conditions:

- a. the long term ECB shall be raised within a period of 18 months from the date of sanction of such Rupee loans for the stated purpose from the domestic lenders;

- b. the designated AD Category I bank has evidenced the payment of upfront fees to Gol in the form of a receipt/challan from DoT; and
- c. the designated AD - Category I bank shall monitor the end-use of funds.

(ii) Relaxation in ECB-liability ratio and percentage of shareholding

The successful bidders in the 2G auction will be allowed to avail of ECB under the '**automatic route**' from their ultimate parent company without any maximum ECB liability-equity ratio subject to the condition that the lender holds minimum paid-up equity of 25 per cent in the borrower company, either directly or indirectly.

(iii) Bridge Finance facility

The successful bidders can avail of short term foreign currency loan in the nature of bridge finance under the 'automatic route' for the purpose of making upfront payment towards 2G spectrum allocation and replace the same with a long term ECB under the automatic route subject to the following conditions:-

- (a) the long term ECB is raised within a period of 18 months from the date of drawdown of bridge finance; and
- (b) the long term ECB is in compliance with all the extant guidelines on ECB.

4. The relaxations in respect of the ECB liability-equity ratio, percentage of shareholding by the ultimate parent, refinancing of Rupee loans and bridge finance are part of a special dispensation applicable only to the successful bidders in the upcoming 2G spectrum auction.

5. All other aspects of ECB policy, such as **USD 750 million limit per company per financial year under the automatic route**, eligible borrower, recognised lender, end-use, average maturity period, all-in-cost, prepayment, refinancing of existing ECB and reporting arrangements remain unchanged.

6. Reserve Bank has since amended the Regulations and notified vide [Notification No.245 / 2012 RB dated November 12, 2012](#).

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



**FOREIGN EXCHANGE DEPARTMENT
FOREIGN INVESTMENT DIVISION
CENTRAL OFFICE**

RBI/2012-13/311

A. P. (DIR Series) Circular No. 55

November 26 , 2012

To

All Authorised Dealers Category - I Banks

Madam / Sir,

Liaison Office (LO)/Branch Office (BO) in India by Foreign Entities – Reporting to Income Tax Authorities.

Attention of Authorised Dealer Category – I banks is invited to [A.P. \(DIR Series\) Circular No. 24 dated 30.12.2009](#) in terms of which LOs/BOs are required to furnish copy of the Annual Activity Certificate (AAC) to Director General of Income Tax (International Taxation), Drum Shaped Building, I.P. Estate, New Delhi 110002.

2 It is clarified that copies of the AACs submitted to the DGIT (International Taxation) should be accompanied by audited financial statements including receipt and payment account.

3. Further, at the time of renewal of permission of LOs by AD banks, they may note to endorse a copy of each such renewal to the office of the DGIT (international Taxation).

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

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
Mumbai - 400 001

RBI/2012-13/312
A.P. (DIR Series) Circular No.56

November 27, 2012

To

All Category - I Authorised Dealer Banks

Madam / Sir,

**Exim Bank's Line of Credit of USD 13.095 million to the
Government of the Republic of Togo**

Export-Import Bank of India (Exim Bank) has concluded an Agreement dated January 12, 2012 with the Government of the Republic of Togo, making available to the latter, a Line of Credit (LOC) of USD 13.095 million (USD thirteen million ninety five thousand) for the purpose of Farming and Cultivation of Rice, Maize and Sorghum in Togo. 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 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 April 27, 2012 and the date of execution of Agreement is January 12, 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 11, 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 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
Mumbai - 400 001

RBI/2012-13/323
A.P. (DIR Series) Circular No.57

December 11, 2012

To

All Category - I Authorised Dealer Banks

Madam / Sir,

**Exim Bank's Line of Credit of USD 178.125 million to the
Government of the United Republic of Tanzania**

Export-Import Bank of India (Exim Bank) has concluded an Agreement dated October 2, 2012 with the Government of the United Republic of Tanzania, making available to the latter, a Line of Credit (LOC) of USD 178.125 million (USD one hundred seventy-eight million and one hundred twenty –five thousand) for the purpose of augmentation of water supply scheme of Dar-es-Salaam and Chalinze regions in Tanzania. 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 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 November 21, 2012 and the date of execution of Agreement is October 2, 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 (October 1, 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 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/2012-13/336

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

December 14, 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](#), [A.P. \(DIR Series\) Circular No. 100 March 30, 2012](#) relating to the all-in-cost ceiling of Trade Credits for imports into India.

2. It has been decided that the all-in-cost ceiling as specified in A.P. (DIR Series) Circular No. 44 dated November 15, 2011 will continue to be applicable till March 31, 2013 and subject to review thereafter. All other aspects of Trade Credit policy remain unchanged.
3. The amended ECB policy will come into force with immediate effect and is subject to review based on the experience gained in this regard.
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/2012-13/337

A.P. (DIR Series) Circular No. 59

December 14 , 2012

To,

All Category - I Authorised Dealer Banks

Madam / Sir,

Trade Credits for Import into India

Attention of Authorized Dealer Category - I (AD Category - I) banks is invited [A.P. \(DIR Series\) Circular No. 28 dated September 11, 2012](#).

2. As per extant guidelines on Trade Credit the companies in the infrastructure sector , where “infrastructure” is as defined under the extant guidelines on External Commercial Borrowings (ECB) are allowed to avail of trade credit up to a maximum period of five years for import of capital goods as classified by DGFT subject to the that (i) the trade credit must be abinitio contracted for a period not less than fifteen months and should not be in the nature of short-term roll overs; and (ii) AD banks are not permitted to issue Letters of Credit/guarantees/Letter of Undertaking (LoU) /Letter of Comfort (LoC) in favour of overseas supplier, bank and financial institution for the extended period beyond three years.

3. On review, it has been decided to further relax the condition of 'abinitio' buyers' credit for 15 (fifteen) months to 6 (six) months **for existing trade credits**. However, the condition regarding 'abinitio' buyers' credit for 15 months shall continue for future trade credit.

4. All other aspects of Trade Credit policy will remain unchanged and should be complied with. The amended trade credit policy will come into force with immediate effect and is subject to review based on the experience gained in this regard.

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/2012-13/338

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

December 14, 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. 99 dated March 30, 2012](#) and [A.P. \(DIR Series\) Circular No. 40 dated October 09, 2012](#) relating to ECB.

2. It has been decided that the all-in-cost ceiling as specified in A.P. (DIR Series) Circular No. 99 dated March 30, 2012 will continue to be applicable till March 31, 2013 and subject to review thereafter. All other aspects of ECB policy remain unchanged.
3. The amended ECB policy will come into force with immediate effect and is subject to review based on the experience gained in this regard.
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/2012-13/339

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

December 17, 2012

To,

All Category - I Authorised Dealer Banks

Madam / Sir,

External Commercial Borrowings (ECB) for the low cost affordable housing projects

Attention of Authorized Dealer Category - I (AD Category - I) banks is invited to [A.P. \(DIR Series\) Circular No. 5 dated August 01, 2005](#) relating to ECB policy.

2. 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 low cost affordable housing projects as a permissible end-use, **under the approval route**. ECB can be availed of by developers/builders for low cost affordable housing projects. Housing Finance Companies (HFCs)/National Housing Bank (NHB) can also avail of ECB for financing prospective owners of low cost affordable housing units.

3. Detailed guidelines on ECB for low cost affordable housing scheme are set out below:-

(I) Definition of eligible project

A low cost affordable housing project for the purpose of ECB would be a project in which at least 60 per cent of the permissible FSI would be for units having maximum carpet area up to 60 square meters.

Slum rehabilitation projects will also be eligible under the low cost affordable housing scheme. The eligibility of slum rehabilitation project for ECB will be based on the parameters to be set by the Central Sanctioning and Monitoring Committee of the

Affordable Housing in Partnership Scheme (AHP) constituted under the Chairmanship of Secretary, Housing & Urban Poverty Alleviation (HUPA) which administers the slum rehabilitation projects.

(II) Eligible Borrowers :-

(a) Developers/builders:-

Developers/builders with proven financial track record based on the following criteria shall qualify for availing ECB for low cost affordable housing projects:

- i) Developers/builders undertaking low cost affordable housing projects should be a company registered under the Companies Act, 1956;
- ii) Such developers/builders should have minimum 5 years' experience in undertaking residential projects, and should have good track record in terms of quality and delivery;
- iii) The developers/builders should not have defaulted in any of their financial commitments to banks/ financial institutions or any other agencies;
- iv) The project should not be a matter of litigation;
- v) The project should be in conformity with the provisions of master plan/ development plan of the area. The layout should conform to the land use stipulated by the town and country planning department for housing projects; and
- vi) All necessary clearances from various bodies including Revenue Department with respect to land usage/environment clearance, etc., are available on record.

(b) Housing Finance Companies (HFCs):-

HFCs, satisfying the following conditions, can avail of ECB for financing prospective owners of low cost affordable housing units: -

- i) The HFC should be registered with the National Housing Bank (NHB) and operating in accordance with the regulatory directions and guidelines issued by NHB;
- ii) The minimum paid-up capital, as per the latest audited balance sheet, shall not be less than INR 50 crore;
- iii) The minimum Net Owned Funds (NOF) for the past three financial years shall not be less than INR 300 crore;

: 3 :

- iv) Borrowing through the ECB should be within the HFC's overall borrowing limit of 16 times their Net Owned Funds (NOF);
- v) The net non-performing assets (NNPA) shall not exceed 2.5 % of the net advances;
- vi) The maximum loan amount sanctioned to the individual buyer will be capped at INR 25 lakh subject to the condition that the cost of the individual housing unit shall not exceed INR 30 lakh; and
- vii) The ECB shall be swapped into Rupees for the entire maturity on fully hedged basis.

Besides HFCs meeting norms set at para above, NHB shall be eligible for raising of ECB for financing low cost affordable housing units of individual borrowers. Further, in the event a developer of low cost affordable housing project not being able to raise ECB directly as envisaged above, National Housing Bank shall be permitted to avail of ECB for on-lending to such developers who satisfy the conditions stated in para3 (II) (a) above subject to the interest rate spread set by RBI.

(III) End –use:

ECB proceeds shall be utilized only for low cost affordable housing projects and shall not be utilized for acquisition of land.

(IV) Nodal agency for deciding project's eligibility for low cost affordable housing

Builders/developers meeting the eligibility criteria shall have to apply to the National Housing Bank (NHB) in the prescribed format. NHB shall act as the nodal agency for deciding a project's eligibility as a low cost affordable housing project, and on being satisfied, forward the application to the Reserve Bank for consideration under the approval route. Once NHB decides to forward an application for consideration of RBI, the prospective borrower (builder/developer) will be advised by the NHB to approach RBI for availing ECB through his Authorised Dealer in the prescribed format. Guidelines with respect to the format of application, project monitoring, etc. are being separately issued by NHB.

4. Developers/builders/HFCs/ NHB will **not** be permitted to raise Foreign Currency Convertible Bonds (FCCBs) under this scheme.

5. For the financial year 2012-13, an aggregate limit of USD 1(one) billion is fixed for ECB under the low cost affordable housing scheme which includes ECBs to be raised by developers/builders and NHB/specified HFCs. This limit shall be subject to annual review.
6. All other ECB parameters, such as, recognized lender, minimum average maturity period, all-in-cost ceilings, restrictions on issuance of guarantee, choice of security, parking of ECB proceeds, prepayment, refinancing of ECB, reporting requirements remain unchanged and shall be complied with.
7. The amended policy will come into force with immediate effect and the scheme will be reviewed after a period of one year based on the experience gained in the implementation of the scheme.
8. Reserve Bank of India has since amended the Regulations and notified vide [Notification No.FEMA.246/2012 dated November 27, 2012](#).
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, 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
Mumbai - 400 001

RBI//2012-13/341
A.P. (DIR Series) Circular No.62

December 18, 2012

To

All Category - I Authorised Dealer Banks

Madam / Sir,

**Exim Bank's Line of Credit of USD 16.88 million
to the Government of the Republic of Gambia**

Export-Import Bank of India (Exim Bank) has concluded an Agreement dated October 19, 2012 with the Government of the Republic of Gambia, making available to the latter, a Line of Credit (LOC) of USD 16.88 million (USD sixteen million eight hundred and eighty thousand) for financing eligible goods, services, machinery and equipment including consultancy services from India for the purpose of completion of national Assembly Building complex in Gambia. 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 65 per cent of the contract price shall be supplied by the seller from India and the remaining 35 percent goods and 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 December 4, 2012 and the date of execution of Agreement is October 19, 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 (October 18, 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 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/2012-13/346

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

December 20, 2012

To

All Category-I Authorised Dealer Banks

Madam / Sir,

External Commercial Borrowings (ECB) for Micro Finance Institutions (MFIs) and Non-Government Organizations (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, [A.P. \(DIR Series\) Circular No. 40 dated April 25, 2005](#) and [A.P. \(DIR Series\) Circular No. 59 dated December 19, 2011](#) relating to the External Commercial Borrowings (ECB).

2. It has been decided that the extant guidelines as specified in A.P. (DIR Series) Circular No. 59 dated December 19, 2011 will continue to be applicable until further review.

3. Hedging: ECB by MFIs/NGOs should be fully hedged. Designated AD has to ensure at the time of drawdown that the forex exposure of the borrower is fully hedged.

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
Mumbai - 400 001

RBI/2012-13/349
A.P. (DIR Series) Circular No. 64

December 27, 2012

To

All Category - I Authorised Dealer Banks

Madam / Sir,

**Exim Bank's Line of Credit of USD 19 million
to the Government of the Co-Operative Republic of Guyana**

Export-Import Bank of India (Exim Bank) has concluded an Agreement dated October 30, 2012 with the Government of the Co-Operative Republic of Guyana, making available to the latter, a Line of Credit (LOC) of USD 19 million (USD nineteen million) for financing eligible goods and services including consultancy services from India for the purpose of setting up of a multispecialty hospital in Guyana. 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 percent 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 December 20, 2012 and the date of execution of Agreement is October 30, 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 (October 29, 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 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
Mumbai - 400 001

RBI//2012-13/350

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

December 27, 2012

To

All Category - I Authorised Dealer Banks

Madam / Sir,

**Exim Bank's Line of Credit of USD 250 million
to the Government of the Republic of Mozambique**

Export-Import Bank of India (Exim Bank) has concluded an Agreement dated September 20, 2012 with the Government of the Republic of Mozambique, making available to the latter, a Line of Credit (LOC) of USD 250 million (USD two hundred fifty million) for financing eligible goods, machinery, equipment and services including consultancy services from India for the purpose of improving the quality of power supply 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 sellers from India and the remaining 25 percent goods and 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 December 26, 2012 and the date of execution of Agreement is September 20, 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 (September 19, 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 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/2012-13/359

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

January 1, 2013

To

All Category - I Authorized Dealer Banks

Madam / Sir,

**Export of Goods and Services –
Simplification and Revision of Softex Procedure at SEZs**

Attention of the Authorised Dealer Banks 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 27, 2001](#), in terms of which designated officials of the Ministry of Information Technology/ Ministry of Commerce and Industry(as the case may be), 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 authorized to certify exports declared through SOFTEX Forms.

2. A revised Softex procedure was first introduced at the 5 designated centres of STPIs from April 1, 2012 vide [A.P. \(DIR Series\) Circular No.80 dated February 15, 2012](#) and subsequently extended to all STPIs in India vide [A.P. \(DIR Series\) Circular No.47 dated October 23, 2012](#).

3. It has now been decided to implement the revised Softex procedure at all SEZs/EPZs/100%EOU/DTA also with immediate effect.

4. As per the revised procedure, a software exporter either under STPIs or SEZs/EPZs/100%EOU/DTA, whose annual turnover is at least Rs.1000 crore or who files at least 600 SOFTEX forms annually on all India basis, will be eligible to submit statements in revised excel format sheets as per enclosed Annexures A & B. All other terms and conditions mentioned in the A.P. (DIR Series) Circular No.80 dated

February 15, 2012 applicable to exporters of software situated in STPIs would remain unchanged.

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

Format of Softex Forms submitted in bulk

Summary Sheet

Section –A

Name and address of Exporter		Period from & to :
Letter of Permission (LOP) No.(STP/EHTP/SEZ/EPZ/100% EOU/DTA Unit)		Date of LOP issued :
Name of Authorised Datacom Service Provider		IEC Code :
Name and Address of Authorised Dealer/Bank		Authorised Dealer Code :

Section - B

List of Invoices for offshore export value through datacom/link

Period of Invoices raised from _____ to _____

Sr. No.	Softex No.	Name of the Client	Address of the Client	Country	Currency	Invoice Number	Invoice Date (DD/MM/YY)	Internal project code/ Contract Agreement No. & Date	Type of S/W Exported (RBI Distinct Code) Ex 906 to 911 then specify	Offshore Export Value in Foreign Currency (Invoice Amt)

Section – C

Declaration by Exporter

I/We hereby declare that I/we am/are the seller of the software in respect of which this declaration is made and that the particulars given above are true and that the value to be received from the buyer represents the export value contracted and declared above. I/We also declare that the software has been developed and exported by using authorized and legitimate datacom links.

I/We undertake that I/We will deliver to the bank named above the foreign exchange representing the full value of the software exported as above on or before _____ (i.e. within six months from the date of invoice/ date of last invoice raised during a month), in the manner specified in the Regulations made under the Foreign Exchange Management Act, 1999

Place :
Date :
Name :
Designation :

Stamp

Signature of the Exporter

Space for use of the Competent Authority in STPI/EPZ/SEZ

- *1. Certified that the software described above was actually transmitted and the export value declared by the exporter has been found to be in order and accepted by us.
*2. Certified on the basis of above declaration by the SEZ unit that the software described above and the export value declared by the exporter has been found to be in order and accepted by us.

Place :
Date :
Name :
Designation :

Stamp

Signature of the Designated Official of
STPI/EPZ/SEZ

* Strike out which is not applicable

Format of Softex Forms submitted in bulk for royalty receipt																
Summary Sheet																
Section – A																
Name and address of Exporter										Period from & to :						
Letter of Permission (LOP)										Date of LOP issued :						
No.(STP/EHTP/SEZ/EPZ/100% EOU/DTA Unit)																
Name of Authorised Datacom Service Provider										IEC Code :						
Name and Address of Authorised Dealer/Bank										Authorised Dealer Code :						
Section - B																
List of Invoices for offshore export value through datacom/link																
Details of invoices for Royalty on software Packages/products exported during the period raised from _____ to _____																
Sr. No.	Softex No.	Name of the Client	Address of the Client	Country	Currency	Invoice Number	Invoice Date (DD/MM/YYYY)	Unique Internal project code/ Contract Agreement / PO Date	Offshore Export value in Invoice currency	Type of Software Exported	Details of Software Packages/ Products exported				Mode of realisation of Royalty value	Calculation of Royalty amount
											GR/SDF/PP/ SOFTEX Form No. on which exports were declared	Date of Export	Royalty agreement details % and amount of royalty Period of Royalty agreement			

Section – C
Declaration by Exporter

I/We hereby declare that I/we am/are the seller of the software in respect of which this declaration is made and that the particulars given above are true and that the value to be received from the buyer represents the export value contracted and declared above. I/We also declare that the software has been developed and exported by using authorized and legitimate datacom links.

I/We undertake that I/We will deliver to the bank named above the foreign exchange representing the full value of the software exported as above on or before _____ (i.e. within six months from the date of invoice/ date of last invoice raised during a month), in the manner specified in the Regulations made under the Foreign Exchange Management Act, 1999

Place :
Date :
Name :
Designation :

Stamp

Signature of the Exporter

Space for use of the Competent Authority in STPI/EPZ/SEZ

- *1. Certified that the software described above was actually transmitted and the export value declared by the exporter has been found to be in order and accepted by us.
*2. Certified on the basis of above declaration by the SEZ unit that the software described above and the export value declared by the exporter has been found to be in order and accepted by us.

Place :
Date :
Name :
Designation :

Stamp

Signature of the Designated Official of
STPI/EPZ/SEZ

* Strike out which is not applicable



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

RBI/2012-13/362

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

January 2, 2013

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- Cross Border Inward Remittance under Money Transfer Service Scheme

Please refer to [Annex-II](#) to 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.

2. In order to ease the burden on the prospective customers in complying with KYC requirements for doing money transfer activities under the Money Transfer Service Scheme, it has now been decided that:

If the address on the document submitted for identity proof by the prospective customer is same as that declared by him/her, the document may be accepted as a valid proof of both identity and address. If the address indicated on the document submitted for identity proof differs from the current address declared by the customer, a separate proof of address should be obtained.

3. 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.

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

7. 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/2012-13/361

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

January 2, 2013

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, as amended from time to time.

2. In order to ease the burden on the prospective customers in complying with KYC requirements for doing money changing activities, it has now been decided that:

If the address on the document submitted for identity proof by the prospective customer is same as that declared by him/her, the document may be accepted as a valid proof of both identity and address. If the address indicated on the document submitted for identity proof differs from the current address declared by the customer, a separate proof of address should be obtained.

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](#), as amended from time to time shall remain unchanged.

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

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

7. 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/2012-13/367

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

January 07, 2013

To,

All Category - I Authorised Dealer Banks

Madam / Sir,

External Commercial Borrowings (ECB) Policy – Non-Banking Financial Company – Infrastructure Finance Companies (NBFC-IFCs)

Attention of Authorized Dealer Category-I banks is invited to [A. P. \(DIR Series\) Circular No. 51 dated May 11, 2010](#) relating to External Commercial Borrowings (ECBs) policy on NBFC-IFCs.

2. 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.

3. On a review, it has been decided to enhance the ECB limit for NBFC-IFCs under the **automatic route** from 50 % of their owned funds to 75 % of their owned funds, including the outstanding ECBs. NBFC-IFCs desirous of availing ECBs beyond 75 % of their owned funds would require the approval of the Reserve Bank and will, therefore, be considered under the **approval route**.

4. It has also been decided to reduce the hedging requirement for currency risk from 100 per cent of their exposure to 75 per cent of their exposure.

5. Designated Authorized Dealer banks should ensure compliance with the extant norms while certifying the ECB application both under the automatic and approval routes. Designated AD Category – I banks shall continue to certify the leverage ratio (i.e. outside liabilities/owned funds) of NBFC-IFCs desirous of availing ECBs under the approval route while forwarding such proposals to the Reserve Bank of India as per [A.P. \(DIR Series\) Circular No.70 dated January 25, 2012](#).

6. The amended ECB policy will come into force with immediate effect and is subject to review based on the experience gained in this regard.

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

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

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 E. Prasad)
Chief General Manager - in - Charge



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

RBI/2012-13/371

A.P. (DIR Series) Circular No. 70

January 10, 2013

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. 17 dated August 23, 2012](#) on risks arising from the deficiencies in AML/CFT regime of certain jurisdiction.

2. Financial Action Task Force (FATF) has updated its Statement on the subject and document 'Improving Global AML/CFT Compliance: on-going process' on October 19, 2012 ([copy enclosed](#)). The statement /document can be accessed from the following URL also : <http://www.fatf-gafi.org/media/fatf/documents/FATF%20Public%20Statement%2019%20October%202012.pdf> and <http://www.fatf-gafi.org/topics/high-riskandnon-cooperativejurisdictions/documents/improvingglobalamlcftcomplianceon-goingprocess-19october2012.html>

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. 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/2012-13/373

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

January 10, 2013

To

All Authorised Persons

Madam/Sir,

Uploading of Reports on FINnet Gateway

Please refer to our [A.P.\(DIR Series\) Circular No. 42 dated October 12, 2012](#), advising all Authorised Persons to initiate submission of reports on the FINnet Gateway in 'Test Mode' from August 31, 2012.

2. FIU-IND have now advised that the 'go-live' date is October 20, 2012 and that Authorised Persons may discontinue submission of reports in CD format after October 20, 2012, using only FINnet gateway for uploading of reports in the new XML reporting format. Any report in CD format received after October 20, 2012 will not be treated as a valid submission by FIU-IND.

3. All Authorised Persons are accordingly advised to take action as required by FIU-IND and ensure that all reports are submitted in time as per the schedule.

4. For any clarification/assistance regarding submission of reports, you may contact FIU-IND help desk at [e-mail](#) or telephone numbers 011-24109792/93.

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 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

: 2 :

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/2012-13/374

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

January 10, 2013

To

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

Madam/ Dear Sir,

Uploading of Reports on FINnet Gateway

Please refer to our [A.P.\(DIR Series\) Circular No. 43 dated October 12, 2012](#), advising all Authorised Persons, who are Indian Agents under Money Transfer Service Scheme (MTSS) to initiate submission of reports on the FINnet Gateway in 'Test Mode' from August 31, 2012.

2. FIU-IND have now advised that the 'go-live' date is October 20, 2012 and that Authorised Persons, who are Indian agents under MTSS may discontinue submission of reports in CD format after October 20, 2012, using only FINnet gateway for uploading of reports in the new XML reporting format. Any report in CD format received after October 20, 2012 will not be treated as a valid submission by FIU-IND.

3. All Authorised Persons, who are Indian agents under MTSS are accordingly advised to take action as required by FIU-IND and ensure that all reports are submitted in time as per the schedule.

4. For any clarification/assistance regarding submission of reports, you may contact FIU-IND help desk at [e-mail](#) or telephone numbers 011-24109792/93.

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 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/2012-13/375

A. P. (DIR Series) Circular No.74

January 10, 2013

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 Para 3 of [A.P. \(DIR Series\) Circular No. 74 dated June 30, 2011](#) read with [A.P. \(DIR Series\) Circular No. 55 dated December 9, 2011](#), allowing thereby issue of equity shares/ preference shares under the Government route by conversion of import of capital goods, etc., subject to terms and conditions stated therein.

2. On review of the policy, it has now been decided to amend certain conditions in the aforesaid para. The amended conditions are given in the Annex.

3. All the other conditions contained in the A.P. (DIR Series) Circulars No. 74 dated June 30, 2011 and No. 55 dated December 9, 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](#)) have been notified vide [Notification No. FEMA.229/2012-RB dated April 23, 2012](#) and [Notification No. FEMA.242/2012-RB dated October 19, 2012](#)

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

Annex

[A. P. (DIR Series) Circular No.
dated January , 2013]

c.f. A.P.(DIR Series) Circular No. 74 dated June 30, 2011	Earlier Condition	Revised condition
Para 3(l)	Import of capital goods/ machineries/equipments (including second-hand machineries),	Import of capital goods/ machineries/equipments (excluding second-hand machineries),
Para 3(l)(b)	There is an independent valuation of the capital goods / machineries / equipments (including second-hand machineries) by a third party entity, preferably by an independent valuer from the country of import along with production of copies of documents /certificates issued by the customs authorities towards assessment of the fair-value of such imports;	There is an independent valuation of the capital goods / machineries / equipments (excluding second-hand machineries) by a third party entity, preferably by an independent valuer from the country of import along with production of copies of documents /certificates issued by the customs authorities towards assessment of the fair-value of such imports;



RESERVE BANK OF INDIA
Mumbai - 400 001

RBI/2012-13/380
A.P. (DIR Series) Circular No.75

January 15, 2013

To

All Category - I Authorised Dealer Banks

Madam / Sir,

Exim Bank's Line of Credit of USD 37.90 million
to the Government of the Kingdom of Swaziland

Export-Import Bank of India (Exim Bank) has concluded an Agreement dated October 01, 2012 with the Government of the Kingdom of Swaziland making available to the latter, a Line of Credit (LOC) of USD 37.90 million (USD Thirty Seven million and nine hundred thousand) for financing eligible goods, services, including consultancy services from India for the purpose of Agriculture Development and Mechanization of Agriculture in Swaziland. The goods, 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 January 03, 2013 and the date of execution of Agreement is October 01, 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 (September 30, 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 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/2012-13/383

A.P. (DIR Series) Circular No. 76

January 17, 2013

To

All Category - I Authorised Dealer Banks

Madam /Sir,

Reporting under Foreign Exchange Management Act, 1999 (FEMA)

In terms of Section 11 (2) of FEMA, 1999, the Reserve Bank may, for the purpose of ensuring the compliance with the provisions of the Act or of any rule, regulation, notification, direction or order made thereunder, direct any authorized person to furnish such information, in such manner, as it deems fit. Accordingly, RBI has entrusted to the Authorised Dealers (ADs) the responsibility of complying with the prescribed rules/ regulations for the foreign exchange transactions and reporting the same as per the directions issued from time to time.

2. During the compounding process, on a number of occasions, it has been brought to our notice by the applicants that the contraventions of the provisions of FEMA by corporates and individuals are due to the acts of omission and commission of the Authorised Dealers and some of the applicants have also produced documentary evidence in support of their claim. Such contraventions being dealt with by the Reserve Bank mainly relate to:

- i. Draw down of External Commercial Borrowing (ECB) without obtaining Loan Registration Number (LRN) [Regulations 3 and 6 of FEMA 3/2000];
- ii. Allowing draw down of ECB under the automatic route from unrecognised lender, to ineligible borrower, for non-permitted end uses, etc. [Regulations 3 and 6 of FEMA 3/2000];

- iii. Non-filing of form ODI for obtaining UIN before making the second remittance to overseas WOS/JV for Overseas Direct Investment (ODI) [Regulation 6(2)(vi) of FEMA 120/2004];
- iv. Non-submission of Annual Performance Reports (APRs) / copies of Share Certificates to the AD (and non-reporting thereof by the AD to Reserve Bank) in respect of overseas investments [Regulation 15 of FEMA 120/2004];
- v. Delay in submission of the Advance Reporting Format in respect of Foreign Direct Investment (FDI) to the concerned Regional Office of the Reserve Bank [paragraph 9 (1) (A) of Schedule I to FEMA 20/2000];
- vi. Delay in filing of details after issue of eligible instruments under FDI within 30 days in form FC-GPR to the concerned Regional Office of the Reserve Bank [paragraph 9 (1) (B) of Schedule I to FEMA 20/2000];
- vii. Delay in filing of details pertaining to transfer of shares for FDI transactions in form FC-TRS by resident individual/companies [Regulation 10 (A) (b) of FEMA 20/2000]; etc.

3. From the data on compounding cases received by Reserve Bank, it is observed that more than 70% of the total cases pertain to FDI within which about 72% relate to delay in advance reporting/ submission of FCGPR. In the case of ECB, 24% of the cases received relate to drawdown without obtaining LRN. Similarly, 66% of the ODI cases relate to non-reporting of overseas investments online. Authorised Dealers have an important role to play in avoidance of such contraventions and accordingly, the dealing officials in the banks need to be sensitised and trained to discharge this function efficiently.

4. All the transactions involving Foreign Direct Investment (FDI), External Commercial Borrowing (ECB) and Outward Foreign Direct Investment (ODI) are important components of our Balance of Payments statistics which are being compiled and published on a quarterly basis. Any delay in reporting affects the integrity of data and consequently the quality of policy decisions relating to

capital flows into and out of the country. Authorised Dealers are, therefore, advised to take necessary steps to ensure that checks and balances are incorporated in systems relating to dealing with and reporting of foreign exchange transactions so that contraventions of provisions of FEMA, 1999 attributable to the Authorised Dealers do not occur.

5. In this connection, it is reiterated that in terms of Section 11(3) of FEMA, 1999, the Reserve Bank may impose on the authorized person a penalty for contravening any direction given by the Reserve Bank under this Act or failing to file any return as directed by the Reserve Bank.

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

Yours faithfully,

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



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

RBI/2012-13/384
A.P. (DIR Series) Circular No.77

January 18, 2013

To

All Category - I Authorised Dealer Banks

Madam / Sir,

Exim Bank's Line of Credit (LOC) of USD 20 million to Nigerian Export-Import Bank

Export-Import Bank of India (Exim Bank) has concluded an agreement dated November 15, 2011 with the Nigerian Export-Import Bank, making available to the latter, a Line of Credit (LOC) of USD 20 million (USD Twenty millions) for financing exports of eligible goods and services from India. The goods and services for export under the 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 Exim Bank under this agreement. Out of the total credit under this Agreement, the goods and services of the value of at least 90 per cent of the contract price shall be supplied by the seller from India.

2. The Credit Agreement under the LOC is effective from May 10, 2012 and the date of execution of Agreement is November 15, 2011. Under the LOC, the last date for opening Letters of Credit and Disbursement will be 36 months (May 9, 2015) and 42 months (November 09, 2015) from the effective date of the Agreement.

3. Shipments under the credit will have to be declared on GR / SDF Forms as per instructions issued by 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 merit, requests for payment of commission up to a maximum of 5 per cent of the f.o.b. (free on board) / c&f (cost and freight)/c.i.f.(cost, insurance and

freight) value in respect of goods exported and which require after sales services. 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 f.o.b / c&f /c.i.f. 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 services), if required the exporter may use his own resources or utilize 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 Exim Bank's office at Centre One, Floor 21, World Trade Centre Complex, Cuffe Parade, Mumbai 400 005.

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/2012-13/387

A.P. (DIR Series) Circular No.78

January 21, 2013

To,
All Category - I Authorised Dealer Banks

Madam / Sir,

**External Commercial Borrowings (ECB) Policy –
Repayment of Rupee loans and/or fresh Rupee
capital expenditure – USD 10 billion scheme**

Attention of Authorized Dealer Category - I (AD Category - I) banks is invited to [A.P. \(DIR Series\) Circular No. 134 dated June 25, 2012](#) and [A.P. \(DIR Series\) Circular No. 26 dated September 11, 2012](#).

2. As per the extant guidelines, Indian companies in the manufacturing and infrastructure sector (as defined under the extant ECB policy), which are consistent foreign exchange earners, are allowed to avail of ECBs for repayment of outstanding Rupee loan(s) availed of from the domestic banking system and / or for fresh Rupee capital expenditure.

3. On a review, it has been decided to include Indian companies in the hotel sector (with a total project cost of INR 250 crore or more), irrespective of geographical location as eligible borrowers under this scheme. AD may certify the project cost at the time of forwarding the ECB application to the Reserve Bank.

4. All other aspects of the scheme shall remain unchanged and the amended ECB policy will come into force with immediate effect and is subject to review based on the experience gained in this regard.

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/2012-13/390

A. P. (DIR Series) Circular No. 79

January 22, 2013

To

All Category - I Authorized Dealer Banks

Madam/ Sir,

Exchange Earner's Foreign Currency (EEFC) Account, Diamond Dollar Account (DDA) & Resident Foreign Currency (RFC) Domestic Account

Attention of Authorised Dealer (AD) Category - I banks is invited to [A.P. \(DIR Series\) Circulars Nos. 15, 124, 128, 8 and 12](#) dated November 30, 2006, May 10, 2012, May 16, 2012, July 18, 2012 and July 31, 2012 respectively, in terms of which all the foreign exchange earners were permitted to retain their foreign exchange earnings in EEFC account subject to certain conditions with an Authorized Dealer (AD) Category - I bank in India.

2. Keeping in view the operational difficulties faced by the account holders and the Authorized Dealer banks, as a measure of rationalization, it has been decided to dispense with the stipulation made in A.P. (DIR Series) Circular No. 124 dated May 10, 2012, that EEFC account holders henceforth will be permitted to access the forex market for purchasing foreign exchange only after utilizing fully the available balances in the EEFC accounts.

3. The above instructions would also apply to the RFC (Domestic) and Diamond Dollar accounts.

4. All other terms and conditions stipulated in the Circulars referred to above 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/2012-13/391

A. P. (DIR Series) Circular No.80

January 24, 2013

To

All Category-I Authorised Dealer Banks

Madam / Sir,

**Foreign investment in India by SEBI registered FIIs in Government securities
and corporate debt**

Attention of Authorized Dealer 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 SEBI registered Foreign Institutional Investors (FIIs) may purchase, on repatriation basis Government securities and non-convertible debentures (NCDs) / bonds issued by an Indian company subject to such terms and conditions as mentioned therein and limits as prescribed for the same by RBI and SEBI from time to time. The present limit for FII investments in Government securities is USD 20 billion and for corporate debt is USD 45 billion including sub-limit of USD 25 billion for the bonds of the infrastructure sector.

2. Attention of AD Category-I banks is also invited to [A.P.\(DIR Series\) Circular No.135 dated June 25, 2012](#) in terms of which FIIs and long terms investors like Sovereign Wealth Funds (SWFs), Multilateral Agencies, Endowment Funds, Insurance Funds, Pension Funds and Foreign Central Banks to be registered with SEBI may invest in Government securities having residual maturity of three years at the time of first purchase upto USD 10 billion within the overall limit of USD 20 billion for FII investment in Government securities subject to terms and conditions, *ibid*. In respect of infrastructure debt, the condition of lock-in period for the limit of USD 22 billion including USD 10 billion for non resident investment in Infrastructure Debt Funds (IDFs) having lock-in period of 3 years (which is within the overall limit of USD

25 billion for investment in NCDs / bonds in the infrastructure sector) was uniformly reduced to one year.

3. On a review it has now been decided to implement the following changes:

(A) Government Securities

(a) The sub-limit of USD 10 billion for investment by FIIs and the long term investors in dated Government securities stands enhanced by USD 5 billion, i.e., from USD 10 billion to USD 15 billion. Accordingly, the total limit for investment in Government Securities stands enhanced from USD 20 billion to USD 25 billion.

(b) The condition of three year residual maturity of the Government securities at the time of first purchase for the above sub-limit shall no longer be applicable. Thus, residual maturity condition shall not be applicable for the entire sub-limit of USD 15 billion but such investments will not be allowed in short term paper like Treasury Bills, as hitherto.

(c) A summary of revised position for Government Securities is given below:

Instrument	Limit	Investor	Conditions	Remarks
Government securities	USD 10 billion	FIIs	No conditions	-
Government dated securities	USD 15 billion	FIIs and SWF, Multilateral Agencies, Pension/ Insurance/ Endowment Funds, Foreign Central Banks	Investments in short term paper like Treasury Bills not permitted	No residual maturity requirement

(B) Corporate Debt

(d) The limit for FII investment in corporate debt in other than infrastructure sector stands enhanced by USD 5 billion, i.e., from USD 20 billion to USD 25 billion. However, the enhanced limit of USD 5 billion shall not be available for investment in

Certificate of Deposits (CD) and Commercial Papers (CP). Accordingly, the total corporate debt limit stands enhanced from USD 45 billion to USD 50 billion with sub-limit of USD 25 billion each for infrastructure and other than infrastructure sector bonds. In addition, as hitherto, Qualified Foreign Investors (QFIs) shall continue to be eligible to invest in corporate debt securities (without any lock-in or residual maturity clause) and Mutual Fund debt schemes subject to a total overall ceiling of USD 1 billion in terms of [A.P.\(DIR Series\) Circular No.7 dated July 16, 2012](#). This limit of USD 1 billion shall continue to be over and above the revised limit of USD 50 billion for investment in corporate debt.

(e) The revised limit of USD 25 billion for corporate bonds for other than infrastructure sector shall be available for investment by FIIs and the long term investors like Sovereign Wealth Funds (SWFs), Multilateral Agencies, Endowment Funds, Insurance Funds, Pension Funds and Foreign Central Banks registered with SEBI.

(f) As a measure of further relaxation, it has also been decided to dispense with the condition of one year lock-in period for the limit of USD 22 billion (comprising the limits of infrastructure bonds of USD 12 billion and USD 10 billion for non –resident investment in IDFs) within the overall limit of USD 25 billion for foreign investment in infrastructure corporate bond. The residual maturity period (at the time of first purchase) requirement for entire limit of USD 22 billion for foreign investment in infrastructure sector has been uniformly kept at 15 months. The 5 years residual maturity requirement for investments by QFIs within the USD 3 billion limit has been modified to 3 years original maturity.

4. A summary of revised position for corporate debt limits is given below:

Instrument	Limit	Investor	Conditions	Remarks
(A) Non-Infrastructure Sector				
(i) Listed NCDs/ bonds, CPs	USD 20 billion	FII s	Investment in CDs not permitted.	No lock-in period requirement; No residual maturity restriction; No original maturity restriction.
(ii) Listed NCDs/ bonds	USD 5 billion	FIIs, SWFs, Multilateral Agencies, Pension/ Insurance/ Endowment Funds, Foreign Central Banks	Investments in CPs and CDs not permitted	No lock-in period requirement; No residual maturity restriction; No original maturity restriction.
(iii) Security Receipts, Perpetual debt instruments, units of domestic mutual funds; “to be listed corporate bonds”	Within the total limit of USD 25 billion for non- infrastructure sector	FIIs	-	No Lock-in period, No residual maturity requirements; No original maturity restriction.
(B) Non-Infrastructure limit for Qualified Foreign Investors (QFIs)				
Listed NCDs, listed bonds, listed units of mutual funds debt schemes, “to be listed corporate bonds”	USD 1 billion	QFIs	-	No lock-in period and no residual maturity requirements; No original maturity restriction.
(C) Infrastructure Sector				
Listed NCDs/ bonds, NCDs/ bonds of	USD12 billion	FIIs	Indian companies in	No lock-in period

Instrument	Limit	Investor	Conditions	Remarks
NBFC-IFC and unlisted NCDs/ bond in infrastructure sector	(within the total limit of USD 25 billion)		infrastructure sector – infrastructure as defined in the ECB guidelines and Non Banking Financial Companies (NBFCs) defined as IFCs	requirement; Residual maturity at the time of first purchase fifteen months; No original maturity restriction.
Corporate debt – non-convertible debentures/ bonds, non-convertible debentures/ bonds of NBFCs-IFC, Units of Domestic Mutual fund Debt schemes	USD 3 billion (within the total limit of USD 25 billion)	QFIs	NBFCs defined as IFCs - MF schemes that hold at least 25% of debt or equity or both in mutual funds in infra	No lock in period requirement. Original maturity of 3 years;
IDF – Rupee bonds/units registered as NBFC or Mutual Funds	USD 10 billion (within the total limit of USD 25 billion) [investment by NRI not subject to this limit]	FII, NRIs, SWFs, Multilateral Agencies, Pension/ Insurance/ Endowment Funds, HNIs registered with SEBI, sub-account of FII or IDF	Infrastructure as defined in the ECB guidelines IDFs set up as NBFCs may invest in debt securities of PPP infra projects and should have completed one year of commercial operations; IDFs set up as Mutual Funds would invest 90% in debt	No lock-in period requirement ; Residual maturity at the time of first purchase fifteen months; No original maturity restriction.

Instrument	Limit	Investor	Conditions	Remarks
			securities of infra companies/ SPV	

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

6. Reserve Bank of India has since amended the relevant Regulations and notified vide [Notification No.FEMA.255/2013-RB dated January 19, 2013](#).

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,

(Rudra Narayan Kar)
Chief General Manager



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

RBI/2012-13/394

A. P. (DIR Series) Circular No.81

January 24, 2013

To,

All Authorised Dealer Category - I 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 Part (B) 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 the captioned subject, as amended from time to time.

2. Items No. 7 and 8 under Part **(B) Permitted Transactions** of Annex-I to the above mentioned circular have been modified and the said modified items may be read as under:

7. Payments to medical institutions and hospitals in India, for medical treatment of NRIs / their dependents and nationals of Gulf Countries, Hong Kong, Singapore and Malaysia.

8. Payments to hotels by nationals of Gulf Countries, Hong Kong, Singapore and Malaysia / NRIs for their stay.

3. All other instructions issued vide 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 will 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 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,

(Rudra Narayan Kar)
Chief General Manager



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

RBI/2012-13/414

A.P.(DIR Series) Circular No.82

February 11, 2013

To

All Authorised Dealer banks and Authorised banks

Madam / Sir,

Opening of NRO accounts by individuals of Bangladesh Nationality

Attention of all the Authorised Dealer banks and Authorised banks (Authorised banks) is invited to Paragraph 1 of Schedule-3 of Foreign Exchange Management (Deposit) Regulations, 2000 contained in [Notification No. FEMA.5/2000-RB dated May 3, 2000](#), as amended from time to time, in terms of which opening of Non-Resident Ordinary Rupee (NRO) accounts by individuals/ entities of Bangladesh/ Pakistan nationality/ ownership requires approval of Reserve Bank.

2. The extant instructions have been reviewed and it has been decided that henceforth, Authorised banks would be permitted to open NRO account of individual/s of Bangladesh nationality without the approval of the Reserve Bank subject to the following conditions:

- (i) The bank concerned should satisfy itself that the individual is holding valid visa and valid residential permit issued by Foreigner Registration Office (FRO)/Foreigner Regional Registration Office (FRRO) concerned;
- (ii) The Authorised bank should put in place a system of quarterly reporting whereby each branch of the Authorised bank shall maintain a record of the bank accounts opened by individual/s of Bangladesh nationality and details of such account shall be forwarded to their Head Office. The Head Office of the bank shall furnish details of such accounts on quarterly basis to the Under Secretary (Foreigners), Ministry of Home Affairs, NDCC-II Building, Jai Singh Road, New Delhi- 110 001. [E Mail](#).
- (iii) The report shall contain details of Name/s of the Individual/s, Date of arrival in India, Passport No. and Place/Country of issue, Residential permit reference

and date and place of issue, Name of the FRO/ FRRO concerned and the Complete address and contact number of the branch where the bank account is being maintained.

3. Opening of accounts by entities of Bangladesh ownership shall continue to require approval of Reserve Bank, as hitherto.
4. Necessary amendments to the Notification No. FEMA.5/2000-RB dated May 3, 2000 have been issued vide [Notification No.FEMA.253/2013-RB dated January 02, 2013](#).
5. Authorised banks may bring the contents of this circular to the notice of their constituents and customers concerned.
6. The directions contained in the circular have been issued under sections 10(4) and 11(1) of the Foreign Exchange Management Act, 1999 (FEMA) (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/2012-13/418
A.P. (DIR Series) Circular No.83

February 20, 2013

To

All Category - I Authorised Dealer Banks

Madam / Sir,

Foreign Exchange Management Act,1999 - Import of precious and semi precious stones- Clarification

Attention of Authorised Dealer Category – I (AD Category – I) banks is invited to the provisions contained in [A.P.\(DIR Series\) Circular No.34 dated September 24, 2012](#), in terms of which AD Category – I banks have been permitted to approve Suppliers' and Buyers' Credit (trade credit) including the usance period of Letters of Credit opened for import of gold in any form including jewellery made of gold/ precious metal or and studded with diamonds/semi precious/ precious stone should not exceed 90 days from the date of shipment.

2. It is clarified that Suppliers' and Buyers' Credit (trade credit) including the usance period of Letters of Credit opened for import of precious stones and semi-precious stones should not exceed 90 days from the date of shipment. The revised directions will come into force with immediate effect.

3. The instructions issued for direct import of gold vide [A.P.\(DIR Series\) Circular No.2 dated July 9, 2004](#), import of Platinum / Palladium/ Rhodium /Silver vide [A.P.\(DIR Series\) Circular No.12 dated August 28, 2008](#), advance remittance for import of rough diamonds, vide [A.P.\(DIR Series\) Circular No.21 dated December 29, 2009](#), import of rough,cut and polished diamonds vide [A.P.\(DIR Series\) Circular No.59 dated May 6,2011](#) andimport of gold in any form including jewellery made of gold/ precious metal or and studded with diamonds/semi precious/ precious stone vide A.P.(DIR Series) No. 34 dated September 24, 2012 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/2012-13/419

A. P. (DIR Series) Circular No. 84

February 22, 2013

To,

All Authorised Persons

Madam/ Dear Sir,

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

Please refer to Para 4.4 (a) of {[A.P.\(DIR Series\) Circular No. 17 \[A.P.\(FL/RL Series\) Circular No.04\]](#) } dated November 27, 2009 on the captioned subject as amended from time to time.

2. Rule 9(1A) of Prevention of Money Laundering Rules 2005 requires that every Authorised Person under money changing activity shall identify the beneficial owner and take all reasonable steps to verify his identity while undertaking money changing activities. The term "beneficial owner" has been defined as the natural person who ultimately owns or controls a client and/or the person on whose behalf the transaction is being conducted, and includes a person who exercises ultimate effective control over a juridical person. Government of India has since examined the issue and has specified the procedure for determination of Beneficial Ownership. The procedure as advised by the Government of India is as under:

A. Where the client is a person other than an individual or trust, the Authorised Person shall identify the beneficial owners of the client and take reasonable measures to verify the identity of such persons, through the following information:

- (i) The identity of the natural person, who, whether acting alone or together, or through one or more juridical person, exercises control through ownership or who ultimately has a controlling ownership interest.

Explanation: Controlling ownership interest means ownership of/entitlement to more than 25 percent of shares or capital or profits of the juridical person, where the juridical person is a company; ownership of/entitlement to more than 15% of the capital or profits of the juridical

person where the juridical person is a partnership; or, ownership of/entitlement to more than 15% of the property or capital or profits of the juridical person where the juridical person is an unincorporated association or body of individuals.

- (ii) In cases where there exists doubt under (i) as to whether the person with the controlling ownership interest is the beneficial owner or where no natural person exerts control through ownership interests, the identity of the natural person exercising control over the juridical person through other means.

Explanation: Control through other means can be exercised through voting rights, agreement, arrangements, etc.

- (iii) Where no natural person is identified under (i) or (ii) above, the identity of the relevant natural person who holds the position of senior managing official.

B. Where the client is a trust, the Authorised Person shall identify the beneficial owners of the client and take reasonable measures to verify the identity of such persons, through the identity of the settler of the trust, the trustee, the protector, the beneficiaries with 15% or more interest in the trust and any other natural person exercising ultimate effective control over the trust through a chain of control or ownership.

C. Where the client or the owner of the controlling interest is a company listed on a stock exchange, or is a majority-owned subsidiary of such a company, it is not necessary to identify and verify the identity of any shareholder or beneficial owner of such companies.

3. Authorised Persons may review their KYC policy in the light of the above instructions and ensure strict adherence to the same.

4. 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.

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 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-in Charge



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

RBI/2012-13/423

A. P. (DIR Series) Circular No. 85

February 28, 2013

To,

All Authorised Dealer Category - I 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 [A.P. \(DIR Series\) Circular No. 28 \[A. P. \(FL/RL Series\) Circular No. 02\] dated February 6, 2008](#) on the captioned subject, as amended from time to time.

2. Under the extant Rupee Drawing Arrangements (RDAs), cross-border inward remittances are received in India by AD Category-I banks through Exchange Houses situated in Gulf countries, Hong Kong, Singapore and Malaysia (for Malaysia only under Speed Remittance Procedure). With a view to extending the scope of the said arrangement to certain other jurisdictions, it has been decided to extend the RDAs only under the Speed Remittance Procedure to Exchange Houses situated in all countries which are FATF compliant.

3. Accordingly, items No. 7 and 8 under Part **(B) Permitted Transactions** of Annex-I to the above mentioned circular have been modified and the said modified items may be read as under:

7. Payments to medical institutions and hospitals in India, for medical treatment of NRIs / their dependents and nationals of all FATF countries.

8. Payments to hotels by nationals of all FATF compliant countries/ NRIs for their stay.

4. All other instructions issued vide 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 will 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 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,

(Rudra Narayan Kar)
Chief General Manager-In-Charge



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

RBI/2012-13/426

A. P. (DIR Series) Circular No. 86

March 1, 2013

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](#) issued on Risk Management and Inter-Bank Dealings.

2. As per para C.2 of the above mentioned circular "The overnight open exchange position and the aggregate gap limits are required to be approved by Reserve Bank." Further, Annex I of the said circular provided the detail guidelines for the Foreign Exchange Exposure Limits of the Authorised Dealers.

3. In view of the various developments in the forex markets a group comprising officials of Reserve Bank of India, representatives of select banks and the Foreign Exchange Dealers Association of India (FEDAI) went into the various issues involved in the guidelines relating to the Foreign Exchange Exposure Limits of Authorised Dealers. Based on the recommendations of the group, it has been decided to revise the existing guidelines on calculation of the Foreign Exchange Exposure Limits of the Authorised Dealers. The revised guidelines are provided in the Annex.

4. Further, for the present , it has been decided to withdraw the restrictions placed on open positions limit of the Authorised Dealers involving Rupee as one of the currencies, (on both overnight and intra-day open positions) vide [A.P. \(Dir Series\) Circular No.58 dated 15th December 2011](#). Consequently, the instructions issued vide [A.P. \(Dir Series\) Circular No.129 dated 21st May 2012](#) and [A.P. \(Dir Series\) Circular No. 13 dated 31st July 2012](#) also stand withdrawn.

5. Until further review, the following instructions shall however continue to be effective:

- i. 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.
- ii. 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.

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- in-Charge

A. Guidelines for Foreign Exchange Exposure Limits of Authorised Dealers Category – I

The Foreign Exchange Exposure Limits of Authorised Dealers would be dual in nature.

- i. Net Overnight Open Position Limit (NOOPL) for calculation of capital charge on forex risk
- ii. Limit for positions involving Rupee as one of the currencies (NOP-INR) for exchange rate management.

For banks incorporated in India , the exposure limits fixed by the Board should be the aggregate for all branches including their overseas branches and Off-shore Banking Units. For foreign banks, the limits will cover only their branches in India.

i. Net Overnight Open Position Limit (NOOPL) for calculation of capital charge on forex risk

NOOPL may be fixed by the boards of the respective banks and communicated to the Reserve Bank immediately. However, such limits should not exceed 25 percent of the total capital (Tier I and Tier II capital) of the bank.

The Net Open position may be calculated as per the method given below:

1. Calculation of the Net Open Position in a Single Currency

The open position must first be measured separately for each foreign currency. The open position in a currency is the sum of (a) the net spot position, (b) the net forward position and (c) the net options position.

a) Net Spot Position

The net spot position is the difference between foreign currency assets and the liabilities in the balance sheet. This should include all accrued income/expenses.

b) Net Forward Position

This represents the net of all amounts to be received less all amounts to be paid in the future as a result of foreign exchange transactions, which have been concluded. These transactions, which are recorded as off-balance sheet items in the bank's books, would include:

- i) spot transactions which are not yet settled;
- ii) forward transactions;
- iii) Guarantees and similar commitments denominated in foreign currencies which are certain to be called;
- iv) Net future income/expenses not yet accrued but already fully hedged (at the discretion of the reporting bank);
- v) Net of amounts to be received/paid in respect of currency futures, and the principal on currency futures/swaps.

c) Net Options Position

The options position is the "delta-equivalent" spot currency position as reflected in the authorized dealer's options risk management system, and includes any delta hedges in place which have not already been included under 1(a) or 1(b) (i) and (ii) above.

2. Calculation of the Overall Net Open Position

This involves measurement of risks inherent in a bank's mix of long and short position in different currencies. It has been decided to adopt the "shorthand method" which is accepted internationally for arriving at the overall net open position. Banks may, therefore, calculate the overall net open position as follows:

- i. Calculate the net open position in each currency (paragraph 1 above).
- ii. Calculate the net open position in gold.
- iii. Convert the net position in various currencies and gold into Rupees in terms of existing RBI / FEDAI Guidelines. All derivative transactions including forward exchange contracts should be reported on the basis of Present Value (PV) adjustment.

- iv. Arrive at the sum of all the net short positions.
- v. Arrive at the sum of all the net long positions.

Overall net foreign exchange position is the higher of (iv) or (v). The overall net foreign exchange position arrived at as above must be kept within the limit approved by the bank's Board.

Note: Authorised Dealer banks should report all derivative transactions including forward exchange contracts on the basis of PV adjustment for the purpose of calculation of the net open position. Authorised Dealer banks may select their own yield curve for the purpose of PV adjustments. The banks however should have an internal policy approved by its ALCO regarding the yield curve/(s) to be used and apply it on a consistent basis.

3. Offshore exposures

For banks with overseas presence, the offshore exposures should be calculated on a standalone basis as per the above method and should not be netted with onshore exposures. The aggregate limit (on-shore + off-shore) may be termed Net Overnight open Position (NOOP) and will be subjected to capital charge. Accumulated surplus of foreign branches need not be reckoned for calculation of open position. An illustrative example is as follows:

If a bank has, let us say three foreign branches and the three branches have open position as below-

Branch A: + Rs 15 crores

Branch B: + Rs 5 crores

Branch C: - Rs 12 crores

The open position for the overseas branches taken together would be Rs 20 crores.

4. Capital¹ Requirement

¹ Capital refers to Tier I capital as per instructions issued by Reserve Bank of India (Department of Banking Operations and Development).

As prescribed by the Reserve Bank from time to time

5. Other Guidelines

- i. ALCO / Internal Audit Committee of the Authorized Dealers should monitor the utilization of and adherence to the limits.
- ii. Authorized Dealers should also have a system in place to demonstrate, whenever required, the various components of the NOOP as prescribed in the guidelines for verification by the Reserve Bank.
- iii. Transactions undertaken by Authorized Dealers till the end of business day may be computed for calculation of Foreign Exchange Exposure Limits. The transactions undertaken after the end of business day may be taken into the positions for the next day. The end of day time may be approved by the bank's Board.

ii. Limit for positions involving Rupee as one of the currencies (NOP-INR) for exchange rate management

- a. NOP-INR may be prescribed to Authorised Dealers at the discretion of the Reserve Bank of India depending on the market conditions.
- b. The NOP-INR positions may be calculated by netting off the long & short onshore positions (as arrived at by the short hand method) plus the net INR positions of offshore branches.
- c. Positions undertaken by banks in currency futures / options traded in exchanges will not form part of the NOP-INR.
- d. As regards option position, any excesses on account of large option Greeks during volatile market closing / revaluations may be treated as technical breaches. However, such breaches are to be monitored by the banks with proper audit trail. Such breaches should also be regularized and ratified by appropriate authorities (ALCO / Internal Audit Committee).

B. Aggregate Gap Limits (AGL)

- i. AGL may be fixed by the boards of the respective banks and communicated to the Reserve Bank immediately. However, such limits should not exceed 6 times the total capital (Tier I and Tier II capital) of the bank.
- ii. However, Authorised Dealers which have instituted superior measures such as tenor wise PV01 limits and VaR to aggregate foreign exchange gap risks are allowed to fix their own PV01 and VaR limits based on their capital, risk bearing capacity etc. in place of AGL and communicate the same to the Reserve Bank. The procedure and calculation of the limit should be clearly documented as an internal policy and strictly adhered to.



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

RBI/2012-13/429

A.P. (DIR Series) Circular No. 87

March 5, 2013

To

All Category - I Authorised Dealer Banks

Madam / Sir,

**External Commercial Borrowings (ECB) Policy –
Corporates under Investigation**

Attention of Authorized Dealer Category - I (AD Category - I) banks is invited to the [A.P. \(DIR Series\) Circular No. 71 dated June 30, 2009](#) and Third Amendment to [FEMA Notification No.3 \(FEMA 197/2009-RB\) dated September 22, 2009](#)

2. As per the extant guidelines, corporates that are under investigation by any law enforcing agencies like the Directorate of Enforcement (DoE), etc. are not allowed to access ECB under the Automatic route. Any request by such corporates for ECB is examined by the Reserve Bank under the approval route.

3. On a review, it has been decided to permit all entities to avail of ECBs under the automatic route as per the current norms, notwithstanding the pending investigations / adjudications / appeals by the law enforcing agencies, without prejudice to the outcome of such investigations / adjudications / appeals. Accordingly, in case of all applications where the borrowing entity has indicated about the pending investigations / adjudications / appeals, Authorised Dealers while approving the proposal shall intimate the concerned agencies by endorsing the copy of the approval letter. The same procedure will be followed by the Reserve Bank of India also while approving such proposals.

4. The modifications to the ECB guidelines will come into force with immediate effect. All other aspects of the ECB policy, under the Automatic route such as amount of ECB, eligible borrower, recognised lender, end-use, all-in-cost ceiling,

average maturity period, prepayment, refinancing of existing ECB and reporting arrangements remain unchanged.

5. Necessary amendments to the Foreign Exchange Management (Borrowing or Lending in Foreign Exchange) Regulations, 2000 dated May 3, 2000 have been issued vide [Notification No.FEMA.256/2013-RB dated February 06, 2013](#), notified vide G.S.R.No.125(E) dated February 26, 2013.

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 (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-in-Charge



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

RBI/2012-13/435

A.P. (DIR Series) Circular No. 88

March 12, 2013

To

All Category - I Authorized Dealer Banks

Madam / Sir,

“Write-off” of unrealized export bills –
Export of Goods and Services – Simplification of procedure

Attention of Authorized Dealer Category – I (AD Category –I) banks is invited to [A.P. \(DIR. Series\) Circular No. 12, 30, 61, 40, 33 and 03](#) dated September 09, 2000, April 04, 2001, December 14, 2002, December 05, 2003, February 28, 2007 and July 22, 2010 respectively in terms of which the exporters were given limited powers of write-off and also AD Category – I banks have been permitted to accede to the requests for "write-off" made by the exporters, subject to the conditions, inter alia, that the exporter had to surrender proportionate export incentives, if availed of, in respect of the relative shipments.

2. With a view to further simplifying and liberalizing the procedure and for providing greater flexibility to all exporters as well as the Authorized Dealer banks, the earlier instructions have been reviewed. **It has now been decided to effect, subject to the stipulations regarding surrender of incentives prior to "write-off" adduced in the A.P. (DIR Series) Circular No. 03 dated 22 July 2010**, the following liberalization in the limits of "write-offs" of unrealized export bills:

- a) Self "write-off" by an exporter
(Other than Status Holder Exporter) ----- 5%*
- b) Self "write-off" by Status Holder Exporters ----- 10%*
- c) 'Write-off" by Authorized Dealer bank ----- 10%*

*of the total export proceeds realized during the previous calendar year.

3. The above limits will be related to total export proceeds realized during the previous calendar year and will be cumulatively available in a year.

4. The above "write-off" will be subject to the following conditions:

- (a) The relevant amount has remained outstanding for more than one year;

(b) Satisfactory documentary evidence is furnished in support of the exporter having made all efforts to realize the dues;

(c) The case falls under any of the undernoted categories :

- (i) The overseas buyer has been declared insolvent and a certificate from the official liquidator indicating that there is no possibility of recovery of export proceeds has been produced.
 - (ii) The overseas buyer is not traceable over a reasonably long period of time.
 - (iii) The goods exported have been auctioned or destroyed by the Port / Customs / Health authorities in the importing country.
 - (iv) The unrealized amount represents the balance due in a case settled through the intervention of the Indian Embassy, Foreign Chamber of Commerce or similar Organization;
 - (v) The unrealized amount represents the undrawn balance of an export bill (not exceeding 10% of the invoice value) remaining outstanding and turned out to be unrealizable despite all efforts made by the exporter;
 - (vi) The cost of resorting to legal action would be disproportionate to the unrealized amount of the export bill or where the exporter even after winning the Court case against the overseas buyer could not execute the Court decree due to reasons beyond his control;
 - (vii) Bills were drawn for the difference between the letter of credit value and actual export value or between the provisional and the actual freight charges but the amount has remained unrealized consequent on dishonour of the bills by the overseas buyer and there are no prospects of realization.
- (d)** The exporter has surrendered proportionate export incentives (for the cases not covered under A. P. (DIR. Series) Circular No.03 dated July 22, 2010), if any, availed of in respect of the relative shipments. The AD Category – I banks should obtain documents evidencing surrender of export incentives availed of before permitting the relevant bills to be written off.
- (e)** In case of self write-off, the exporter should submit to the concerned AD bank, a Chartered Accountant's certificate, indicating the export realization in the preceding calendar year and also the amount of write-off already availed of during the year, if any, the relevant GR / SDF Nos. to be written off, Bill No., invoice value, commodity exported, country of export. The CA certificate may also indicate that the export benefits, if any, availed of by the exporter have been surrendered.

5. However, the following would not qualify for the “write off” facility :
- (a) Exports made to countries with externalization problem i.e. where the overseas buyer has deposited the value of export in local currency but the amount has not been allowed to be repatriated by the central banking authorities of the country.
 - (b) GR / SDF forms which are under investigation by agencies like, Enforcement Directorate, Directorate of Revenue Intelligence, Central Bureau of Investigation, etc. as also the outstanding bills which are subject matter of civil / criminal suit.
6. The respective AD banks may forward a statement in form **EBW**, in the enclosed format, to the Regional Office of Reserve Bank under whose jurisdiction they are functioning, indicating details of write-offs allowed under this circular.
7. AD banks are advised to put in place a system under which their internal inspectors or auditors (including external auditors appointed by authorised dealers) should carry out random sample check / percentage check of “write-off” outstanding export bills.
8. Cases not covered by the above instructions / beyond the above limits, may be referred to the concerned Regional Office of Reserve Bank of India.
9. Authorized Dealers may bring the contents of the Circular to the notice of their constituents concerned.
10. 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 / 2012-13 / 436

A.P. (DIR Series) Circular No. 89

March 12, 2013

To

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

Madam / Sir,

Money Transfer Service Scheme – Revised Guidelines

Attention of all Authorised Persons (APs), who are Indian Agents under the Money Transfer Service Scheme (MTSS) is invited to the Notification dated June 4, 2003 on MTSS, as amended from time to time 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. The MTSS Guidelines have been revised in consultation with the Government of India and the revised MTSS Guidelines are in the **Annex-I**.

3. All other instructions issued vide 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--in-Charge

Annex-I

Revised Guidelines on Money Transfer Service Scheme

PART-A

SECTION I

Guidelines for permitting(authorising) Indian Agents under Money Transfer Service Scheme (MTSS):

1. Introduction

1.1 Money Transfer Service Scheme (MTSS) is a quick and easy way of transferring personal remittances from abroad to beneficiaries in India. Only inward personal remittances into India such as remittances towards family maintenance and remittances favouring foreign tourists visiting India are permissible. No outward remittance from India is permissible under MTSS. The system envisages a tie-up between reputed money transfer companies abroad known as Overseas Principals and agents in India known as Indian Agents who would disburse funds to beneficiaries in India at ongoing exchange rates. The Indian Agent is not allowed to remit any amount to the Overseas Principal. Under MTSS the remitters and the beneficiaries are individuals only.

Statutory Basis

1.2 In terms of the powers granted under Section 10 (1) of the Foreign Exchange Management Act (FEMA), 1999, the Reserve Bank of India may accord necessary permission (authorization) to any person to act as an Indian Agent under the Money Transfer Service Scheme. No person can handle the business of cross-border money transfer to India in any capacity unless specifically permitted by the Reserve Bank.

1.3 These guidelines lay down basic conditions for grant of permission (authorisation) to Indian Agents and renewal of existing MTSS permissions given to them. These guidelines also include guidelines for Overseas Principals and appointment of Sub-Agents by the Indian Agents. The guidelines are not exhaustive and other relevant information, security considerations, etc., will be factored into the decision of permitting an entity. These guidelines will apply to all applications pending with the Reserve Bank

for new arrangements, renewal of permissions given to Indian Agents, etc. Existing Indian Agents who do not meet the eligibility norms will have to meet the norms in a phased manner with the approval of the Reserve Bank or wind up the business of money transfer immediately.

2. Guidelines

Entry Norms

- (i) The applicant to become an Indian Agent should be an Authorised Dealer Category-I bank or an Authorised Dealer Category-II or a Full Fledged Money Changer (FFMC), as defined in the [A.P. \(DIR Series\) Circular No. 25 \[A.P. \(FL Series\) Circular No. 02\] dated March 6, 2006](#), or a Scheduled Commercial Bank or the Department of Posts.
- (ii) The applicant should have minimum Net Owned Funds of Rs.50 lakh.

Note :- (i) Owned Funds :- (Paid-up Equity Capital + Free reserves + Credit balance in Profit & Loss A/c) minus (Accumulated balance of loss, Deferred revenue expenditure and Other intangible assets)

(ii) Net Owned Funds :- Owned funds minus the amount of investments in shares of its subsidiaries, companies in the same group, all (other) non-banking financial companies as also the book value of debentures, bonds, outstanding loans and advances made to and deposits with its subsidiaries and companies in the same group in excess of 10 per cent of the Owned funds.

3. Procedure for making Applications to the Reserve Bank

Application for necessary permission to act as an Indian Agent may be made to the Chief General Manager-in-Charge, Forex Markets Division, Foreign Exchange Department, Reserve Bank of India, Central Office, Amar Building, Fort, Mumbai-400 001 and should be accompanied by the documents pertaining to its proposed Overseas Principal, as detailed in **Section II** below and the following documents:

- a. A declaration to the effect that no proceedings have been initiated by / are pending with the Directorate of Enforcement (DoE) / Directorate of Revenue Intelligence (DRI) or any other law enforcing authorities, against the applicant or

its directors and that no criminal cases are initiated / pending against the applicant or its directors.

- b. A declaration to the effect that proper policy framework on KYC / AML / CFT, in accordance with the guidelines 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, will be put in place on obtaining permission (authorization) of the Reserve Bank and before commencement of money transfer operations.
- c. Name and address of the Overseas Principal with whom the MTSS will be conducted.
- d. Full details of the operation of the scheme by the Overseas Principal.
- e. List of branches in India and their addresses where MTSS will be conducted by the applicant.
- f. Estimated volume of business per month/year under the scheme.
- g. Audited Balance Sheet and Profit and Loss Account for the last two financial years of the applicant, if available or a copy of the latest audited accounts, with a certificate from Statutory Auditors regarding the position of the Net Owned Funds as on the date of application.
- h. Memorandum and Articles of Association of the applicant where either a provision exists for taking up money transfer business or an appropriate amendment thereto has been filed with the Company Law Board.
- i. Confidential Report from at least two of the applicant's bankers in sealed cover.
- j. Details of sister/ associated concerns of the applicant functioning in the financial sector.
- k. A certified copy of the board resolution for undertaking money transfer business by the applicant.
- l. A letter from the proposed Overseas Principal, agreeing to enter into tie up with the applicant and also to provide necessary collateral.

4. Collateral requirement

Collateral equivalent to 3 days' average drawings or US \$ 50,000, whichever is higher, may be kept by the Overseas Principal in favour of the Indian Agent with a designated bank in India. The minimum amount of US \$ 50,000 shall be kept as a foreign currency deposit while the balance amount may be kept in the form of a Bank Guarantee. The adequacy of collateral should be reviewed by Indian Agents at quarterly intervals on the basis of remittances received during the past three months.

5. Other conditions

- a. Only cross-border personal remittances, such as, remittances towards family maintenance and remittances favouring foreign tourists visiting India shall be allowed under this arrangement. Donations/contributions to charitable institutions/trusts, trade related remittances, remittance towards purchase of property, investments or credit to NRE Accounts shall not be made through this arrangement.
- b. A cap of US \$ 2500 has been placed on individual remittance under the scheme. Amounts up to Rs.50,000/- may be paid in cash to a beneficiary in India. Any amount exceeding this limit shall be paid by means of account payee cheque/ demand draft/ payment order, *etc.*, or credited directly to the beneficiary's bank account only. However, in exceptional circumstances, where the beneficiary is a foreign tourist, higher amounts may be disbursed in cash. Full details of such transactions should be kept on record for scrutiny by the auditors/ inspectors.
- c. Only 30 remittances can be received by a single individual beneficiary under the scheme during a calendar year.

6. Criteria for RBI decisions

- (i) The Indian Agents need to have strength and efficiency to function profitably in a highly competitive environment. As a number of Indian Agents are already functioning, permission (authorization) will be issued on a very selective basis to those who meet the above requirements, have necessary outreach and who are likely to conform to the best international and domestic standards of customer service and efficiency.
- (ii) The Indian Agent should commence its money transfer operations under the scheme within a period of **six months** from the date of issuance of permission(authorization) and inform the Central Office and the Regional Office concerned of the Foreign Exchange Department of the Reserve Bank.

SECTION II

Guidelines for Overseas Principals:

Indian Agents entering into arrangements with Money Transfer Operators overseas, known as Overseas Principals, may note that Overseas Principals with adequate volume of business, track record and outreach will only be considered under the scheme. Further, since the primary objective of permitting the business of money transfer business in the country is to facilitate cheaper and more efficient means of receipt of remittances, operators with limited outreach in terms of branch network in the country and localized operations overseas will not be entertained.

Applicant Indian Agents should submit the following documents / comply with the following requirements, in respect of their Overseas Principals:

- a. The Overseas Principal should obtain necessary authorisation from the Department of Payment and Settlement Systems, Reserve Bank of India under the provisions of the Payment and Settlement Systems Act (PSS Act), 2007 to commence/ operate a payment system. Prior to such authorization, the Reserve Bank will verify the background and antecedents of the Overseas Principal with the help of Govt. of India,
- b. The Overseas Principal should be a registered entity, licenced by the Central Bank / Government or financial regulatory authority of the country concerned for carrying on Money Transfer Activities. The country of registration of the Overseas Principal should be AML compliant.
- c. The minimum Net Worth of Overseas Principals should be at least US \$ 1 million as per the latest audited balance sheet, which should be maintained at all times. However, the Reserve Bank may consider relaxing the minimum Net Worth criterion in case of Overseas Principals incorporated in FATF member countries and are supervised by the concerned Central Bank/ Government or financial regulatory authority.
- d. The Overseas Principal should be well established in the money transfer business with a track record of operations in well regulated markets.
- e. The arrangement with Overseas Principal should result in considerably increasing access to formal money transfer facilities at both ends.
- f. The Overseas Principal should be registered with the overseas trade / Industry bodies.

- g. The Overseas Principal should have a good rating from one of the international credit rating agencies.
- h. The Overseas Principal should submit confidential reports from at least two of its bankers.
- i. The Overseas Principal should submit a report certified by independent Chartered Accountants, regarding steps taken to comply with anti money laundering norms in the home/ host country.
- j. The Overseas Principals will be fully responsible for the activities of their Agents and Sub Agents in India.
- k. Proper records of remitters as also beneficiaries pertaining to all pay-outs in India are to be maintained by the Overseas Principals. All records must be made accessible on demand to the Reserve Bank or other agencies of the Government of India, viz., Ministry of Finance, Ministry of Home Affairs, FIU-IND, etc. Full details of the remitters and the beneficiaries should be provided by the Overseas Principals, if called for.

SECTION III

Guidelines for appointment of Sub Agents by Indian Agents:

1. The Scheme

Under the Scheme, Indian Agents can enter into Sub Agency agreements with entities, fulfilling certain conditions, for the purpose of undertaking money transfer business.

2. Sub Agents

A Sub Agent should have a place of business, and whose bonafides are acceptable to the Indian Agent. Indian Agents are free to decide on the tenor of the arrangement as also the commission or fee through mutual agreement with the Sub Agent. The audit and on-site inspection of premises and records of the Sub Agents by the Indian Agent to be conducted at least once in a month and in a year respectively.

3. Procedure for Submission of information in respect of Sub Agents by Indian Agents

Indian Agents should submit necessary information in the prescribed format (**Annex-III**) in soft copy form pertaining to their existing Sub Agents within one month of the date of this circular, to the respective Regional Offices of the Foreign Exchange Department of the Reserve Bank under whose jurisdiction the registered office of the Indian Agent falls, for onward submission to the Ministry of Home Affairs (MHA), Govt. of India (GoI) through the Ministry of Finance (MoF), Govt. of India (GoI). Thereafter, Indian Agents should submit on a quarterly basis necessary information in the prescribed format (**Annex-III**) in soft copy form pertaining to their Sub Agents appointed during a quarter within 15 days of the end of the quarter, to the respective Regional Offices of the Foreign Exchange Department of the Reserve Bank under whose jurisdiction the registered office of the Indian Agent falls for onward submission to the Ministry of Home Affairs (MHA), Govt. of India (GoI) through the Ministry of Finance (MoF), Govt. of India (GoI). In case of any objection by the MHA, the Sub Agency arrangement concerned should be terminated immediately.

Indian Agents should also furnish certificates along with the information in Annex-III that the Sub Agents appointed by them comply with the eligibility norms and also they have done due diligence, wherever applicable, in respect of them.

4. Due Diligence of Sub Agents

The Indian Agents and the Overseas Principals should undertake the following minimum checks while conducting due diligence of the Sub Agents, other than ADs Cat-I, ADs Cat-II, Scheduled Commercial Banks, FFMCS and the Deptt. of Posts.

- existing business activities of the Sub Agent/ its position in area
- Shop & Establishment/ other applicable municipal certification in favour of the Sub Agent
- verification of physical existence of location of the Sub Agent
- conduct certificate of the Sub Agent from the local police authorities. (certified copy of Memorandum and Articles of Association and Certificate of Incorporation in respect of incorporated entities).

Note: Although obtaining of conduct certificate of the Sub Agent from the local police authorities is non-mandatory for the Indian Agents, the Indian

Agents must take due care to avoid appointing individuals/ entities as Sub Agents who have cases / proceedings initiated / pending against them by any law enforcing agencies.

- declaration regarding past criminal cases, cases initiated/ pending against the Sub Agent and/or its directors/ partners by any law enforcing agency, if any
- PAN Card of the Sub Agents and its directors/ partners
- Photographs of the directors/ partners and the key persons of the Sub Agent

The above checks should be done on a regular basis, at least once in a year. The Indian Agents should obtain from the Sub Agents proper documentary evidence confirming the location of the Sub Agents in addition to personal visits to the site. The Indian Agents should discontinue agreements with Sub Agents who do not meet the criteria laid down above within three months from the date of this circular.

5. Selection of Centers

The Indian Agents are free to select centers for operationalising the Scheme. However, this may be advised to the Reserve Bank.

6. Training

The Indian Agents would be expected to impart training to the Sub Agents as regards operations and maintenance of records.

7. Reporting, Audit and Inspection

The Indian Agents would be expected to put in place adequate arrangements for reporting of transactions by the Sub Agents to the Indian Agents (on a regular basis) in a simple format to be prescribed by them, say at monthly intervals.

Regular spot audits of all locations of Sub Agents, at least on a monthly basis, should be conducted by Indian Agents. Such audits should involve a dedicated team and **'mystery customer'**(Individuals acting as potential customers to experience and measure the extent up to which people and process perform as they should) concept should be used to test the compliance carried out by Sub Agents. As mentioned above, a system of inspection of the books of the Sub Agents should be put in place. The purpose of such inspection, which should be done at least once a

year, would be to ensure that the money transfer business is being carried out by the Sub Agents in conformity with the terms of agreement/prevaling RBI guidelines and that necessary records are being maintained by the Sub Agents.

Note:- As of now, the Indian Agents are fully responsible for the activities of their Sub Agents. While the Indian Agents will be encouraged to act as self-regulated entities, the onus of ensuring the conduct of activities of the Sub Agents in the prescribed manner will lie solely on the Indian Agents concerned and Reserve Bank of India can in no way be held responsible for the activities of the Sub Agents. Each Indian Agent would be required to conduct due diligence before appointing a Sub Agent and any irregularity observed could render the Indian Agent's permission liable for cancellation.

SECTION IV

Guidelines for renewal of permission(authorization) of existing Indian Agents:

1. Necessary permission to Indian Agents will be issued initially for a period of one year, which may be renewed for one to three years at a time on the basis of fulfilment of all conditions and other directions/ instructions issued by the Reserve Bank from time to time by Indian Agents.
2. The applicant should be an Authorised Dealer Category-I bank or an Authorised Dealer Category-II or a Full Fledged Money Changer (FFMC), as defined in the A.P. (DIR Series) Circular No. 25 [A.P. (FL Series) Circular No. 02] dated March 6, 2006, or a Scheduled Commercial Bank or the Department of Posts.
3. The Indian Agent should have minimum Net Owned Funds of Rs.50 lakh.
4. Application for renewal of permission should be submitted to the Regional Office concerned of the Foreign Exchange Department of the Reserve Bank under whose jurisdiction the registered office of the Indian Agent falls along-with the documents pertaining to the Overseas Principal as detailed in **Section II** above and the following documents:
 - a. A declaration to the effect that no proceedings have been initiated by / are pending with the Directorate of Enforcement (DoE) / Directorate of Revenue Intelligence (DRI) or any other law enforcing authorities, against the Indian Agent

or its directors and that no criminal cases are initiated / pending against the Indian Agent or its directors.

- b. A write up on the KYC / AML / CFT, risk management and internal control policy framework, put in place by the Indian Agent.
- c. Audited Balance Sheet and Profit and Loss Account for the last two financial years of the Indian Agent, if available or a copy of the latest audited accounts, with a certificate from statutory auditors regarding the position of the Net Owned Funds as on the date of application.
- d. Confidential Reports from at least two of the bankers of the Indian Agent in sealed cover.
- e. Details of sister/ associated concerns of the Indian Agent functioning in the financial sector.
- f. A certified copy of the board resolution for renewal of permission.

Note :- An application for the renewal of permission under MTSS shall be made not later than one month, or such other period as the Reserve Bank may prescribe, before the expiry of the permission. Where an entity submits an application for the renewal of its MTSS permission, the permission shall continue in force until the date on which the permission is renewed or the application for renewal of permission is rejected, as the case may be. No application for renewal of MTSS permission shall be made after the expiry of the permission.

SECTION V

Inspection of Indian Agents

Inspections of the Indian Agents may be conducted by the Reserve Bank under the provisions of Section 12(1) of the FEMA, 1999.

SECTION VI

KYC/ AML/ CFT Guidelines for the Indian Agents

Detailed instructions on Know Your Customer (KYC) norms/Anti-Money Laundering (AML) standards/Combating the Financing of Terrorism (CFT) for Indian Agents under MTSS in respect of cross-border inward remittance activities, in the context of the FATF Recommendations on Anti Money Laundering standards and on Combating the Financing of Terrorism have been prescribed **(Annex-II)**.

SECTION VII

General Instructions

All Overseas Principals are required to submit their annual audited balance sheet along with a certificate on Net Worth from their Statutory Auditors to the Central Office of the Foreign Exchange Department and the Department of Payment and Settlement Systems of the Reserve Bank. Similarly, all Indian Agents are required to submit their annual audited balance sheet along with a certificate from their Statutory Auditors on Net Owned Funds to the Regional offices concerned of the Foreign Exchange Department of the Reserve Bank. As the Overseas Principals and the Indian Agents are expected to maintain minimum Net Worth and Net Owned Funds respectively on an ongoing basis, they are required to bring it to the notice of the Reserve Bank immediately along with a detailed plan of restoring the Net Worth/ Net Owned Funds to the minimum required level, if there is any reduction in their Net Worth/ Net Owned Funds below the minimum level.

PART-B

Reports / Statements

1. A quarterly statement of the quantum of remittances received, as per the enclosed format (**Annex-IV**) should be furnished by the Indian Agents to the Regional Offices (ROs) concerned of the Foreign Exchange Department (FED) of the Reserve Bank, under whose jurisdiction their registered offices fall and Foreign Exchange Department, Forex Markets Division, Central Office, Amar Building, Fort, Mumbai-400001 **within 15 days** from the close of the quarter to which it relates.
 2. List of their additional locations should be furnished by the Indian Agents to the ROs concerned of the FED of the Reserve Bank, under whose jurisdiction their registered offices fall, on **quarterly** basis **within 15 days** from the close of the quarter to which it relates.
 3. Indian Agents should forward the list of their Sub Agents, Overseas Principal-Indian Agent wise along with the addresses of all the locations of their Sub Agents in excel format in soft form by [emailing](#) the same. Indian Agents should [e-mail](#) in excel format in soft form and to the concerned FED Regional Office, full updated list (names and addresses of all the locations) of the Sub Agents, whenever they appoint/ remove any Sub Agent. Indian Agents should visit the RBI website and verify the list of Sub Agents on regular intervals and any aberration to the list observed may immediately be brought to the notice of the concerned FED ROs and FED Central Office (CO). Further, Indian Agents should confirm the veracity on quarterly basis of the list placed on RBI website to FED CO either in form of a letter or by [e-mail](#) **within 15 days** of the end of a quarter.
 3. A **half-yearly** statement of the collateral held as at the end of June and December every year, as per the enclosed format (**Annex-V**) should be furnished by the Indian Agents to the ROs concerned of the FED of the Reserve Bank, under whose jurisdiction their registered offices fall and Foreign Exchange Department, Forex Markets Division, Central Office, Amar Building, Fort, Mumbai-400001 **within 15 days** from the close of the half-year to which it relates.
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Annex-II

KYC/ AML/ CFT Guidelines for Indian Agents

SECTION-I

Know Your Customer (KYC) norms/Anti-Money Laundering (AML) standards/Combating the Financing of Terrorism (CFT)/Obligation of Authorised Persons (Indian Agents) under Prevention of Money Laundering Act, (PMLA), 2002, as amended by Prevention of Money Laundering (Amendment) Act, 2009 - Cross Border Inward Remittance under Money Transfer Service Scheme

1. Introduction

The offence of Money Laundering has been defined in Section 3 of the Prevention of Money Laundering Act, 2002 (PMLA) as "whosoever directly or indirectly attempts to indulge or knowingly assists or knowingly is a party or is actually involved in any process or activity connected with the proceeds of crime and projecting it as untainted property shall be guilty of offence of money laundering". Money Laundering can be called a process by which money or other assets obtained as proceeds of crime are exchanged for "clean money" or other assets with no obvious link to their criminal origins.

2. The objective

The objective of prescribing KYC/AML/CFT guidelines is to prevent the system of cross border inward money transfer into India from all over the world under the MTSS from being used, intentionally or unintentionally, by criminal elements for money laundering or terrorist financing activities. KYC procedures also enable Authorised Persons, who are Indian Agents under MTSS [referred as APs (Indian Agents) hereinafter] to know/understand their customers and their financial dealings better, which in turn help them manage their risks prudently.

3. Definition of Customer

For the purpose of KYC policy, a 'Customer' is defined as :

- a person who receives occasional/ regular cross border inward remittances under MTSS;

- one on whose behalf a cross border inward remittance under MTSS is received (*i.e.*, the beneficial owner)

[In view of Government of India Notification dated February 12, 2010 - Rule 9, sub-rule (1A) of PML Rules - 'Beneficial Owner' means the natural person who ultimately owns or controls a client and or the person on whose behalf a transaction is being conducted, and includes a person who exercises ultimate effective control over a juridical person].

4. Guidelines

4.1 General

APs (Indian Agents) should keep in mind that the information collected from the customer while making payment of cross border inward remittances is to be treated as confidential and details thereof are not to be divulged for cross selling or any other like purposes. APs (Indian Agents) should, therefore, ensure that information sought from the customer is relevant to the perceived risk, is not intrusive, and is in conformity with the guidelines issued in this regard. Any other information from the customer, wherever necessary, should be sought separately with his/her consent.

4.2 KYC Policy

APs (Indian Agents) should frame their KYC policies incorporating the following four key elements:

- a. Customer Acceptance Policy;
- b. Customer Identification Procedures;
- c. Monitoring of Transactions; and
- d. Risk Management.

4.3 Customer Acceptance Policy (CAP)

a) Every AP (Indian Agent) should develop a clear Customer Acceptance Policy laying down explicit criteria for acceptance of customers. The Customer Acceptance Policy must ensure that explicit guidelines are in place on the following aspects of customer relationship in the AP (Indian Agent).

- i. No remittance is received in anonymous or fictitious/ benami name(s). [APs (Indian Agents) should not allow any transaction in any anonymous or fictitious

name (s) or on behalf of other persons whose identity has not been disclosed or cannot be verified in view of Government of India Notification dated June 16, 2010 Rule 9, sub-rule (1C)].

- ii. Parameters of risk perception are clearly defined in terms of the nature of business activity, location of customer and his clients, mode of payments, volume of turnover, social and financial status, etc. to enable categorisation of customers into low, medium and high risk (APs may choose any suitable nomenclature, viz., level I, level II and level III). Customers requiring very high level of monitoring, e.g., Politically Exposed Persons (PEPs) may, if considered necessary, be categorised even higher.
- iii. Documentation requirements and other information to be collected in respect of different categories of customers depending on perceived risk and keeping in mind the requirements of Prevention of Money Laundering Act, (PMLA), 2002, as amended by Prevention of Money Laundering (Amendment) Act, 2009, 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, as well as instructions / guidelines issued by the Reserve Bank, from time to time.
- iv. Not to make payment of any remittance where the AP (Indian Agent) is unable to apply appropriate customer due diligence measures, i.e., AP (Indian Agent) is unable to verify the identity and /or obtain documents required as per the risk categorisation due to non-cooperation of the customer or non reliability of the data/information furnished to the AP (Indian Agent). It is, however, necessary to have suitable built in safeguards to avoid harassment of the customer. In the circumstances when an AP (Indian Agent) believes that it would no longer be satisfied that it knows the true identity of the customer, the AP (Indian Agent) should file an STR with FIU-IND.
- v. Circumstances, in which a customer is permitted to act on behalf of another person/entity, should be clearly spelt out, the beneficial owner should be identified and all reasonable steps should be taken to verify his identity.

b) 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. The customer profile may contain information relating to customer's

identity, social / financial status, *etc.* The nature and extent of due diligence will depend on the risk perceived by the AP (Indian Agent). However, while preparing customer profile, APs (Indian Agents) should take care to seek only such information from the customer, which is relevant to the risk category and is not intrusive. The customer profile is a confidential document and details contained therein should not be divulged for cross selling or any other purposes.

c) For the purpose of risk categorisation, individuals (other than High Net Worth) and entities whose identities and sources of wealth can be easily identified and transactions by whom by and large conform to the known profile, may be categorised as low risk. Customers that are likely to pose a higher than average risk should be categorised as medium or high risk depending on customer's background, nature and location of activity, country of origin, sources of funds and his client profile, *etc.* APs(Indian Agents) should apply enhanced due diligence measures based on the risk assessment, thereby requiring intensive 'due diligence' for higher risk customers, especially those for whom the sources of funds are not clear. Examples of customers requiring enhanced due diligence include (a) nonresident customers; (b) customers from countries that do not or insufficiently apply the FATF standards; (c) high net worth individuals; (d) politically exposed persons (PEPs); (e) non-face to face customers; and (f) those with dubious reputation as per public information available, *etc.*

d) It is important to bear in mind that the adoption of customer acceptance policy and its implementation should not become too restrictive and must not result in denial of cross border inward remittance facilities to general public.

e) With a view to preventing the system of cross border inward money transfer into India from all over the world under the MTSS from being used, intentionally or unintentionally, by criminal elements for money laundering or terrorist financing activities, whenever there is suspicion of money laundering or terrorist financing or when other factors give rise to a belief that the customer does not, in fact, pose a low risk, APs (Indian Agents) should carry out full scale customer due diligence (CDD) before making payment of any remittance.

4.4 Customer Identification Procedure (CIP)

a) The policy approved by the Board of APs (Indian Agents) should clearly spell out the Customer Identification Procedure while making payment to a beneficiary or when the

AP has a doubt about the authenticity/veracity or the adequacy of the previously obtained customer identification data. Customer identification means identifying the customer and verifying his/her identity by using reliable, independent source documents, data or information. APs (Indian Agents) need to obtain sufficient information necessary to establish, to their satisfaction, the identity of each new customer, whether regular or occasional. Being satisfied means that the AP must be able to satisfy the competent authorities that due diligence was observed based on the risk profile of the customer in compliance with the extant guidelines in place. Such risk based approach is considered necessary to avoid disproportionate cost to APs (Indian Agents) and a burdensome regime for the customers. The APs (Indian Agents) should obtain sufficient identification data to verify the identity of the customer and his address/location. For customers that are natural persons, the APs (Indian Agents) should obtain sufficient identification document /s to verify the identity of the customer and his address/location. For customers that are legal persons, the AP (Indian Agent) should (i) verify the legal status of the legal person through proper and relevant documents; (ii) verify that any person purporting to act on behalf of the legal person is so authorised and identify and verify the identity of that person; and (iii) understand the ownership and control structure of the customer and determine who are the natural persons who ultimately control the legal person. Customer identification requirements in respect of a few typical cases, especially, legal persons requiring an extra element of caution are given in paragraph 4.5 below for guidance of APs (Indian Agents). APs (Indian Agents) may, however, frame their own internal guidelines based on their experience of dealing with such persons, their normal prudence and the legal requirements as per established practices. If the AP (Indian Agent) decides to undertake such transactions in terms of the Customer Acceptance Policy, the AP (Indian Agent) should take reasonable measures to identify the beneficial owner(s) and verify his/her/their identity in a manner so that it is satisfied that it knows who the beneficial owner(s) is/are [in view of Government of India Notification dated June 16, 2010 - Rule 9 sub-rule (1A) of PML Rules].

Note: Rule 9(1A) of Prevention of Money Laundering Rules, 2005 requires that every AP (Indian Agent) under MTSS shall identify the beneficial owner and take all reasonable steps to verify his identity. The term "beneficial owner" has been defined as the natural person who ultimately owns or controls a client and/or the person on whose behalf the transaction is being conducted, and includes a person who exercises ultimate effective control over a juridical person. Government of India has since

examined the issue and has specified the procedure for determination of Beneficial Ownership. The procedure as advised by the Government of India is as under:

A. Where the client is a person other than an individual or trust, the AP (Indian Agents) shall identify the beneficial owners of the client and take reasonable measures to verify the identity of such persons, through the following information:

(i) The identity of the natural person, who, whether acting alone or together, or through one or more juridical person, exercises control through ownership or who ultimately has a controlling ownership interest.

Explanation: Controlling ownership interest means ownership of/entitlement to more than 25 percent of shares or capital or profits of the juridical person, where the juridical person is a company; ownership of/entitlement to more than 15% of the capital or profits of the juridical person where the juridical person is a partnership; or, ownership of/entitlement to more than 15% of the property or capital or profits of the juridical person where the juridical person is an unincorporated association or body of individuals.

(ii) In cases where there exists doubt under (i) as to whether the person with the controlling ownership interest is the beneficial owner or where no natural person exerts control through ownership interests, the identity of the natural person exercising control over the juridical person through other means.

Explanation: Control through other means can be exercised through voting rights, agreement, arrangements, etc.

(iii) Where no natural person is identified under (i) or (ii) above, the identity of the relevant natural person who holds the position of senior managing official.

B. Where the client is a trust, the AP (Indian Agent) shall identify the beneficial owners of the client and take reasonable measures to verify the identity of such persons, through the identity of the settler of the trust, the trustee, the protector, the beneficiaries with 15% or more interest in the trust and any other natural person exercising ultimate effective control over the trust through a chain of control or ownership.

C. Where the client or the owner of the controlling interest is a company listed on a stock exchange, or is a majority-owned subsidiary of such a company, it is not necessary to identify and verify the identity of any shareholder or beneficial owner of such companies.

b) Some close relatives, e.g., wife, son, daughter and parents, etc., who live with their husband, father / mother and son / daughter, as the case may be, may find it difficult to undertake transactions with APs (Indian Agents) as the utility bills required for address verification are not in their name. It is clarified, that in such cases, APs (Indian Agents) can obtain an identity document and a utility bill of the relative with whom the prospective customer is living along with a declaration from the relative that the said person (prospective customer) wanting to undertake a transaction is a relative and is staying with him/her. APs (Indian Agents) can use any supplementary evidence such as a letter received through post for further verification of the address. While issuing operational instructions to the branches on the subject, APs (Indian Agents) should keep in mind the spirit of instructions issued by the Reserve Bank and avoid undue hardships to individuals who are, otherwise, classified as low risk customers.

c) APs (Indian Agents) should introduce a system of periodical updation of customer identification data, if there is a continuing relationship.

d) An indicative list of the type of documents / information that may be relied upon for customer identification is given in SECTION-II. It is clarified that permanent correct address, as referred to in SECTION-II means the address at which a person usually resides and can be taken as the address as mentioned in a utility bill or any other document accepted by the AP for verification of the address of the customer. When there are suspicions of money laundering or financing of the activities relating to terrorism or where there are doubts about the adequacy or veracity of previously obtained customer identification data, APs (Indian Agents) should review the due diligence measures including verifying again the identity of the client and obtaining information on the purpose and intended nature of the business relationship, as the case may be. [In view of Government of India Notification dated June 16, 2010- Rule 9 sub-rule (1D) of PML Rules].

e) Payment to Beneficiaries

i) For payment to beneficiaries, the identification documents, as mentioned at SECTION-II, should be verified and a copy retained. The copy of identification documents obtained should contain current and legible photograph of beneficiaries. This shall continue for a period of next six months from the date of this circular, subject to submission of a copy of the identifications documents during every payment. Further, in the event of a beneficiary being discovered to have received funds on the basis of a photo ID which did not sport his/ her photograph, action would also be initiated against the Agent/ Sub Agent. Thereafter, in addition to this, the identification requirements for cash payment to beneficiary shall also include biometric identification of the beneficiary. This stipulation will ultimately be linked to UID when it is fully implemented.

ii) A cap of US \$ 2500 has been placed on individual remittances under the scheme. Amounts up to Rs.50,000 may be paid in cash. Any amount exceeding this limit shall be paid only by means of cheque/D.D. /P.O., *etc.*, or credited directly to the beneficiary's bank account. However, in exceptional circumstances, where the beneficiary is a foreign tourist, higher amounts may be disbursed in cash. Only 30 remittances can be received by a single individual during a calendar year.

4.5 Customer Identification Requirements – Transactions by Politically Exposed Persons (PEPs) - Indicative Guidelines

Politically exposed persons are individuals who are or have been entrusted with prominent public functions in a foreign country, e.g., Heads of States or of Governments, senior politicians, senior government/judicial/military officers, senior executives of state-owned corporations, important political party officials, *etc.* APs (Indian Agents) should gather sufficient information on any person/customer of this category intending to undertake a transaction and check all the information available on the person in the public domain. APs (Indian Agents) should verify the identity of the person and seek information about the source /s of wealth and source /s of funds before accepting the PEP as a customer. The decision to undertake a transaction with a PEP should be taken at a senior level which should be clearly spelt out in the Customer Acceptance Policy. APs (Indian Agents) should also subject such transactions to enhanced monitoring on an ongoing basis. The above norms may also be applied to transactions with the family members or close relatives of PEPs. The above norms may also be applied to customers who become PEPs subsequent to establishment of the business relationship. These instructions are also applicable to transactions where a

PEP is the ultimate beneficial owner. Further, in regard to transactions in case of PEPs, it is reiterated that APs (Indian Agents) should have appropriate ongoing risk management procedures for identifying and applying enhanced CDD to PEPs, customers who are family members or close relatives of PEPs and transactions of which a PEP is the ultimate beneficial owner.

4.6 Monitoring of Transactions

Ongoing monitoring is an essential element of effective KYC procedures. APs (Indian Agents) can effectively control and reduce their risk only if they have an understanding of the normal and reasonable receipt of remittances of the beneficiary so that they have the means of identifying receipts that fall outside the regular pattern of activity. However, the extent of monitoring will depend on the risk sensitivity of the remittance. APs (Indian Agents) should pay special attention to all complex, unusually large receipts and all unusual patterns which have no apparent economic or visible lawful purpose. APs (Indian Agents) may prescribe threshold limits for a particular category of receipts and pay particular attention to the receipts which exceed these limits. High-risk receipts have to be subjected to intense monitoring.

Every AP (Indian Agent) should set key indicators for such receipts, taking note of the background of the customer, such as the country of origin, sources of funds, the type of transactions involved and other risk factors. APs (Indian Agents) should put in place a system of periodical review of risk categorization of customers and the need for applying enhanced due diligence measures. Such review of risk categorisation of customers should be carried out periodically.

APs (Indian Agents) should exercise ongoing due diligence with respect to the business relationship with every client and closely examine the transactions in order to ensure that they are consistent with their knowledge of the client, his business and risk profile and where necessary, the source of funds [In view of Government of India Notification dated June 16, 2010 -Rule 9, sub-rule (1B)]

APs (Indian Agents) should examine the background and purpose of transactions with persons (including legal persons and other financial institutions) from jurisdictions included in the FATF Statements and countries that do not or insufficiently apply the FATF Recommendations. Further, if the transactions have no apparent economic or visible lawful purpose, the background and purpose of such transactions should, as far

as possible, be examined and written findings together with all the documents should be retained and made available to the Reserve Bank/ other relevant authorities, on request.

4.7 Attempted transactions

Where the AP (Indian Agent) is unable to apply appropriate KYC measures due to non-furnishing of information and /or non-cooperation by the customer, the AP should not undertake the transaction. Under these circumstances, APs should make a suspicious transactions report to FIU-IND in relation to the customer, even if the transaction is not put through.

4.8 Risk Management

a) The Board of Directors of the AP (Indian Agent) should ensure that an effective KYC programme is put in place by establishing appropriate procedures and ensuring effective implementation. It should cover proper management oversight, systems and controls, segregation of duties, training and other related matters. Responsibility should be explicitly allocated within the AP (Indian Agent) for ensuring that the APs' policies and procedures are implemented effectively. APs (Indian Agents) should, in consultation with their Boards, devise procedures for creating risk profiles of their existing and new customers and apply various anti money laundering measures keeping in view the risks involved in a transaction.

b) APs' (Indian Agents) internal audit and compliance functions have an important role in evaluating and ensuring adherence to the KYC policies and procedures. As a general rule, the compliance function should provide an independent evaluation of the AP's (Indian Agent's) own policies and procedures, including legal and regulatory requirements. APs (Indian Agents) should ensure that their audit machinery is staffed adequately with individuals who are well-versed in such policies and procedures. The concurrent auditors should check all cross border inward remittance transactions under MTSS to verify that they have been undertaken in compliance with the anti-money laundering guidelines and have been reported whenever required to the concerned authorities. Compliance on the lapses, if any, recorded by the concurrent auditors should be put up to the Board. A certificate from the Statutory Auditors on the compliance with KYC / AML / CFT guidelines should be obtained at the time of preparation of the Annual Report and kept on record.

4.9 Introduction of New Technologies

APs (Indian Agents) should pay special attention to any money laundering threats that may arise from new or developing technologies including transactions through internet that might favour anonymity and take measures, to prevent their use for money laundering purposes and financing of terrorism activities.

4.10 Combating Financing of Terrorism

a) In terms of PML Rules, suspicious transaction should include *inter alia* transactions which give rise to a reasonable ground of suspicion that these may involve the proceeds of an offence mentioned in the Schedule to the PMLA, regardless of the value involved. APs (Indian Agents) should, therefore, develop suitable mechanism through appropriate policy framework for enhanced monitoring of transactions suspected of having terrorist links and swift identification of the transactions and making suitable reports to the FIU-IND on priority.

b) APs (Indian Agents) are advised to take into account risks arising from the deficiencies in AML/CFT regime of certain jurisdictions, viz., Iran, Uzbekistan, Pakistan, Turkmenistan, Sao Tome and Principe, Democratic People's Republic of Korea (DPRK), Bolivia, Cuba, Ethiopia, Kenya, Myanmar, Sri Lanka, Syria, Turkey and Nigeria, as identified in FATF Statement (www.fatf-gafi.org) issued from time to time, while dealing with individuals from these jurisdictions. In addition to FATF Statements circulated by the Reserve Bank of India from time to time, (latest as on February 14, 2013, circulated vide the A.P. (DIR Series) Circular No. 71 dated January 10, 2013), APs (Indian Agents) should also consider using publicly available information for identifying countries, which do not or insufficiently apply the FATF Recommendations. All APs (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 and give special attention to these cases.

4.11 Principal Officer

a) APs (Indian Agents) should appoint a senior management officer to be designated as Principal Officer. Principal Officer shall be located at the head/corporate office of the AP

and shall be responsible for monitoring and reporting of all transactions and sharing of information as required under the law. The role and responsibilities of the Principal Officer should include overseeing and ensuring overall compliance with regulatory guidelines on KYC/ AML/ CFT issued from time to time and obligations under the Prevention of Money Laundering Act, 2002, as amended by Prevention of Money Laundering (Amendment) Act, 2009, rules and regulations made there under, as amended from time to time. The Principal Officer should also be responsible for developing appropriate compliance management arrangements across the full range of AML/CFT areas (e.g. CDD, record keeping, etc.). He will maintain close liaison with enforcement agencies, APs (Indian Agents) and any other institution which are involved in the fight against money laundering and combating financing of terrorism. To enable the Principal Officer to discharge his responsibilities, it is advised that the Principal Officer and other appropriate staff should have timely access to customer identification data and other CDD information, transaction records and other relevant information. Further, APs (Indian Agents) should ensure that the Principal Officer is able to act independently and report directly to the senior management or to the Board of Directors.

b) The Principal Officer will be responsible for timely submission of CTR and STR to the FIU-IND.

4.12 Maintenance of records of transactions/Information to be preserved/ Maintenance and preservation of records/ Cash and Suspicious Transactions Reporting to Financial Intelligence Unit- India (FIU-IND)

Section 12 of the Prevention of Money Laundering Act (PMLA), 2002, as amended by Prevention of Money Laundering (Amendment) Act, 2009, casts certain obligations on the APs (Indian Agents) in regard to preservation and reporting of transaction information. APs (Indian Agents) are, therefore, advised to go through the provisions of Prevention of Money Laundering Act, (PMLA), 2002, as amended by Prevention of Money Laundering (Amendment) Act, 2009 and the Rules notified there under and take all steps considered necessary to ensure compliance with the requirements of Section 12 of the Act *ibid*.

(i) Maintenance of records of transactions

APs (Indian Agents) should introduce a system of maintaining proper record of transactions prescribed under Rule 3, as mentioned below:

- a. all cash transactions of the value of more than Rupees ten lakh or its equivalent in foreign currency;
- b. all series of cash transactions integrally connected to each other which have been valued below Rupees ten lakh or its equivalent in foreign currency where such series of transactions have taken place within a month and the aggregate value of such transactions exceeds Rupees ten lakh;
- c. all transactions involving receipts by non-profit organisations of value more than Rupees ten lakh or its equivalent in foreign currency [In view of Government of India Notification dated November 12, 2009 - Rule 3, sub-rule (1) clause (BA) of PML Rules];
- d. all cash transactions where forged or counterfeit currency notes or bank notes have been used as genuine and where any forgery of a valuable security or a document has taken place facilitating the transaction; and
- e. All suspicious transactions whether or not made in cash and by way of as mentioned in the Rules.

(ii) Information to be preserved

APs (Indian Agents) are required to maintain all necessary information in respect of transactions referred to in Rule 3 to permit reconstruction of individual transactions including the following information:

- a. the nature of the transaction;
- b. the amount of the transaction and the currency in which it was denominated;
- c. the date on which the transaction was conducted; and
- d. the parties to the transaction.

(iii) Maintenance and Preservation of Records

a) APs (Indian Agents) are required to maintain the records containing information of all transactions including the records of transactions detailed in Rule 3 above. APs (Indian Agents) should take appropriate steps to evolve a system for proper maintenance and preservation of transaction information in a manner that allows data to be retrieved easily and quickly whenever required or when requested by the competent authorities.

Further, APs (Indian Agents) should maintain for at least **ten years** from the date of transaction between the AP and the client, all necessary records of transactions, both with residents and non-residents, which will permit reconstruction of individual transactions (including the amounts and types of currency involved, if any) so as to provide, if necessary, evidence for prosecution of persons involved in criminal activity.

b) APs (Indian Agents) should ensure that records pertaining to the identification of the customer and his address (e.g. copies of documents like passport, driving license, PAN card, voter identity card issued by the Election Commission, utility bills, etc.) obtained while undertaking the transaction, are properly preserved for at least **ten years** from the date of cessation of the business relationship. The identification records and transaction data should be made available to the competent authorities upon request.

c) In paragraph 4.6 of this Circular, APs (Indian Agents) have been advised to pay special attention to all complex, unusual large transactions and all unusual patterns of transactions, which have no apparent economic or visible lawful purpose. It is further clarified that the background including all documents/office records / memoranda pertaining to such transactions and purpose thereof should, as far as possible, be examined and the findings at branch as well as Principal Officer's level should be properly recorded. Such records and related documents should be made available to help auditors in their day-to-day work relating to scrutiny of transactions and also to Reserve Bank/other relevant authorities. These records are required to be preserved for ten years as is required under 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.

(iv) Reporting to Financial Intelligence Unit – India

a) In terms of the PML rules, APs (Indian Agents) are required to report information relating to cash and suspicious transactions to the Director, Financial Intelligence Unit-India (FIU-IND) in respect of transactions referred to in Rule 3 at the following address:

The Director,
Financial Intelligence Unit-India (FIU-IND),
6th Floor, Hotel Samrat,
Chanakypuri, **New Delhi-110021**.
Website - <http://fiuindia.gov.in/>

b) APs (Indian Agents) should carefully go through all the reporting formats. There are altogether four reporting formats, as detailed in SECTION-III, viz. i) Cash Transactions Report (CTR); ii) Electronic File Structure-CTR; iii) Suspicious Transactions Report (STR); and iv) Electronic File Structure-STR. The reporting formats contain detailed guidelines on the compilation and manner/procedure of submission of the reports to FIU-IND. It would be necessary for APs (Indian Agents) to initiate urgent steps to ensure electronic filing of all types of reports to FIU-IND. The related hardware and technical requirement for preparing reports in an electronic format, the related data files and data structures thereof are furnished in the instructions part of the formats concerned.

c) In terms of instructions contained in paragraph 4.3(b) of this Circular, APs (Indian Agents) are required to prepare a profile for each customer based on risk categorisation. Further, vide paragraph 4.6, the need for periodical review of risk categorisation has been emphasized. It is, therefore, reiterated that APs (Indian Agents), as a part of transaction monitoring mechanism, are required to put in place an appropriate software application to throw alerts when the transactions are inconsistent with risk categorization and updated profile of customers. It is needless to add that a robust software throwing alerts is essential for effective identification and reporting of suspicious transactions.

4.13 Cash and Suspicious Transaction Reports

A) Cash Transaction Report (CTR)

While detailed instructions for filing all types of reports are given in the instructions part of the related formats, APs (Indian Agents) should scrupulously adhere to the following:

i) The Cash Transaction Report (CTR) for each month should be submitted to the FIU-IND by 15th of the succeeding month. Cash transaction reporting by branches to their controlling offices should, therefore, invariably be submitted on a **monthly** basis

and APs (Indian Agents) should ensure to submit CTR for every month to FIU-IND within the prescribed time schedule.

ii) While filing CTR, details of individual transactions below Rs.50,000 need not be furnished.

iii) CTR should contain only the transactions carried out by the AP on behalf of their customers excluding transactions between the internal accounts of the AP.

iv) A cash transaction report for the AP as a whole should be compiled by the Principal Officer of the AP every month in physical form as per the format specified. The report should be signed by the Principal Officer and submitted to the FIU-IND.

v) In case of Cash Transaction Reports (CTR) compiled centrally by APs (Indian Agents) for the branches at their central data centre level, APs (Indian Agents) may generate centralised Cash Transaction Reports (CTR) in respect of branches under central computerized environment at one point for onward transmission to FIU-IND, provided:

- a. The CTR is generated in the format prescribed by Reserve Bank in Para 4.12(iv)(b) of this Circular.
- b. A copy of the monthly CTR submitted on its behalf to the FIU-IND is available at the branch concerned for production to auditors/inspectors, when asked for.
- c. The instruction on 'Maintenance of records of transactions', 'Information to be preserved' and 'Maintenance and Preservation of records' as contained above in this circular at Para 4.12 (i), (ii) and (iii) respectively are scrupulously followed by the branch.

However, in respect of branches not under central computerized environment, the monthly CTR should be compiled and forwarded by the branch to the Principal Officer for onward transmission to the FIU-IND.

B) Suspicious Transaction Reports (STR)

i) While determining suspicious transactions, APs (Indian Agents) should be guided by definition of suspicious transaction contained in PML Rules, as amended from time to time.

ii) It is likely that in some cases, transactions are abandoned/ aborted by customers on being asked to give some details or to provide documents. It is clarified that APs (Indian Agents) should report all such attempted transactions in STRs, even if not completed by customers, irrespective of the amount of the transaction.

iii) APs (Indian Agents) should make STRs if they have reasonable ground to believe that the transaction, including an attempted transaction, involves proceeds of crime generally irrespective of the amount of transaction and/or the threshold limit envisaged for predicate offences in part B of Schedule of Prevention of Money Laundering Act, (PMLA), 2002, as amended by Prevention of Money Laundering (Amendment) Act, 2009.

iv) The Suspicious Transaction Report (STR) should be furnished within 7 days of arriving at a conclusion that any transaction, including an attempted transaction, whether cash or non-cash, or a series of transactions integrally connected are of suspicious nature. The Principal Officer should record his reasons for treating any transaction or a series of transactions as suspicious. It should be ensured that there is no undue delay in arriving at such a conclusion once a suspicious transaction report is received from a branch or any other office. Such report should be made available to the competent authorities on request.

v) In the context of creating KYC/ AML awareness among the staff and for generating alerts for suspicious transactions, APs (Indian Agents) may consider the following indicative list of suspicious activities.

Some possible suspicious activity indicators are given below:

- Customer is reluctant to provide details / documents on frivolous grounds.
- The transaction is undertaken by one or more intermediaries to protect the identity of the beneficiary or hide their involvement.
- Large amount of remittances.
- Size and frequency of transactions is high considering the normal business of the customer.

The above list is only indicative and not exhaustive.

vi) APs (Indian Agents) should not put any restrictions on payment to beneficiaries where an STR has been made. Moreover, it should be ensured that employees of APs

shall keep the fact of furnishing such information as strictly confidential and there is no **tipping off** to the customer at any level.

4.14 Customer Education/Employees' Training/Employees' Hiring

a) Customer Education

Implementation of KYC procedures requires APs (Indian Agents) to demand certain information from customers which may be of personal nature or which has hitherto never been called for. This can sometimes lead to a lot of questioning by the customer as to the motive and purpose of collecting such information. There is, therefore, a need for APs (Indian Agents) to prepare specific literature/ pamphlets, *etc.*, so as to educate the customer of the objectives of the KYC programme. The front desk staff needs to be specially trained to handle such situations while dealing with customers.

b) Employees' Training

APs (Indian Agents) must have an ongoing employee training programme so that the members of the staff are adequately trained to be aware of the policies and procedures relating to prevention of money laundering, provisions of the PMLA and the need to monitor all transactions to ensure that no suspicious activity is being undertaken under the guise of remittances. Training requirements should have different focuses for frontline staff, compliance staff and staff dealing with new customers. It is crucial that all those concerned fully understand the rationale behind the KYC policies and implement them consistently. The steps to be taken when the staff come across any suspicious transactions (such as asking questions about the source of funds, checking the identification documents carefully, reporting immediately to the Principal Officer, *etc.*) should be carefully formulated by the APs (Indian Agents) and suitable procedure laid down. The APs (Indian Agents) should have an ongoing training programme for consistent implementation of the AML measures.

c) Hiring of Employees

It may be appreciated that KYC norms/AML standards/CFT measures have been prescribed to ensure that criminals are not allowed to misuse the system of money transfer under MTSS. It would, therefore, be necessary that adequate screening mechanism is put in place by APs (Indian Agents) as an integral part of their recruitment/hiring process of personnel to ensure high standards.

Note:- (i) 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. 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 paragraph 4 above. 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. 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.

(ii) The above KYC/ AML/ CFT 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.

Section -II**Customer Identification Procedure Features to be verified and documents that may be obtained from customers****Features**

- Legal name and any other names used
- Correct permanent address

Documents

- (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 (Indian Agent)
- (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 (Indian Agent) will suffice).

Note :- If the address on the document submitted for identity proof by the prospective customer is same as that declared by him/her, the document may be accepted as a valid proof of both identity and address. If the address indicated on the document submitted for identity proof differs from the current address declared by the customer, a separate proof of address should be obtained.

Section-III

List of various reports and their formats

1. Cash Transaction Report (CTR)
2. Electronic File Structure- CTR
3. Suspicious Transaction Report (STR)
4. Electronic File Structure-STR

Note: FIU-IND have now advised that the 'go-live' date is October 20, 2012 and that Authorised Persons, who are Indian agents under MTSS may discontinue submission of reports in CD format after October 20, 2012, using only FINnet gateway for uploading of reports in the new XML reporting format. Any report in CD format received after October 20, 2012 will not be treated as a valid submission by FIU-IND.

Annex-III

Format for Sub Agents of Indian Agents of MTSS

1.	Name of the Sub Agent	
2.	Sub Agent Category (AD Cat-I bank/ AD Cat-II/ Other Scheduled Commercial Bank/ Full Fledged Money Changer/ Department of Posts/ Registered NBFC/ Others)	
3.	Address of the registered/corporate/administrative office with telephone number/s, Fax number/s and e-mail id/s.	
4.	Registered with	
5.	Registration Number	
6.	Details of Registration (papers to be attached as at Annex-IIIa)	
7.	PAN Number (copy as at Annex-IIIa)	
8.	Name/s of Banker/s and Bank Account Number/s (enclosures as at Annex-IIIa)	
9.	Details (Name, Nationality, Residential address, Controlling interest in any other company, PAN Number) of each promoter with more than 10% equity holding	
10.	Paid up capital in Rs. and Number of shares	
11.	Accounts certified by which Chartered Accountant? Details (Enclosures as at Annex-IIIa)	
12.	Whether prosecuted/ convicted for criminal/ economic offence? If yes, particulars thereof (Enclosures as at Annex-IIIa)	
13.	Whether the Sub Agent is solvent as on date	
14.	Details (Name, Designation, Nationality, Residential address, PAN No., Name/s of other company/ies in which the person has held any post, Details of equity shareholding in the company, if any) of Chairman/Managing Director/Director/Chief Executive Officer (Details as at Annex-IIIa)	

Note: With reference to point 9, ownership of the Sub Agent should be detailed up to the last layer of equity holding ending in mentioning the name of the individual/ entity that owns beneficial interest in the company.

Date:

Signature of Chartered Accountant

Place:

Signature of Managing Director

Annex-IIIa : List of Certified copies of Documents to be submitted

1. Certificate of Incorporation
2. Memorandum (up-to-date) and Articles of Association
3. Board resolution for conducting money transfer activities, submission of application and its contents including authorization of an official to make the application.
4. Details of associates, group companies, *etc.*
5. PAN Card/s of the Director/s.
6. Bank Account details and sealed confidential reports from banks.
7. A certificate from Chartered Accountant certifying Net Owned Funds
8. Balance Sheet and P&L A/c statement for the last three years.
9. Business plan for the next three years.
10. Conduct certificate from the local police authorities.
11. Declaration regarding past criminal cases, cases initiated/ pending against the company or its Directors by any law enforcing agencies.
12. Photographs of the Directors and key persons.
13. Information about the management.
14. Shop and establishment certificate/ other municipal certificate.

Annex-IV**Statement showing details of quantum of remittances received through Money Transfer Service Scheme during the quarter ended _____**

Name of the Indian Agent _____

Name of the Overseas Principal	Total quantum of remittances received in US \$	INR equivalent

Note: This statement is required to be submitted to the Regional Office concerned of the Foreign Exchange Department of the Reserve Bank and Foreign Exchange Department, Forex Markets Division, Central Office, Amar Building, Fort, Mumbai-400001 within 15 days from the close of the quarter to which it relates.

Annex-V**Statement of Collateral kept by Indian Agents**

Name of the Indian Agent _____

Name of the Overseas Principal	Total quantum of remittances received during the past 6 months in US \$	Amount of collateral held in US \$	Collateral kept in various forms (Foreign Currency Deposit/ Bank Guarantee)	Last review of adequacy of collateral along with observations

Note: This statement as at the end of June and December every year is required to be submitted to the Regional Office concerned of the Foreign Exchange Department of the Reserve Bank and Foreign Exchange Department, Forex Markets Division, Central Office, Amar Building, Fort, Mumbai-400001 within 15 days from the close of the half year to which it relates.



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

RBI/2012-13/439

A.P. (DIR Series) Circular No. 90

March 14, 2013

To

All Category – I Authorised Dealer Banks

Madam / Sir,

**Maintenance of Collateral by Foreign Institutional Investors (FIIs)
for transactions in the cash and F & O segments**

Attention of Authorised Dealer 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 FIIs may offer such securities as permitted by the Reserve Bank from time to time as collateral to the recognized Stock Exchanges in India for their transactions in exchange traded derivative contracts as specified in sub-Regulation 6 of Regulation 5 of the said Notification and [A.P. \(DIR Series\) Circular No. 4 dated July 28, 2006](#) and [A.P. \(DIR Series\) Circular No. 47 dated April 12, 2010](#).

2. On a review, it has been decided in consultation with the Government of India and the Securities and Exchange Board of India (SEBI), to permit FIIs to use, in addition to already permitted collaterals, their investments in corporate bonds as collateral in the cash segment and government securities and corporate bonds as collaterals in the F & O segment. The operational guidelines in this regard will be issued separately by SEBI. With the proposed changes coming into effect, henceforth, FIIs will be eligible to offer government securities/corporate bonds (acquired by FIIs in accordance with provisions of Schedule 5 to Notification No. FEMA 20 dated May 3, 2000), cash and foreign sovereign securities with AAA ratings in both cash and F & O segments.

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,

(Rudra Narayan Kar)
Chief General Manager-in Charge



RESERVE BANK OF INDIA
Mumbai - 400 001

RBI/2012-13/462
A.P. (DIR Series) Circular No. 91

April 1, 2013

To

All Category - I Authorised Dealer Banks

Madam / Sir,

Exim Bank's Line of Credit of USD 42 million
to the Government of the Republic of Cameroon

Export-Import Bank of India (Exim Bank) has concluded an Agreement dated September 14, 2012 with the Government of the Republic of Cameroon, for making available to the latter, a Line of Credit (LOC) of USD 42 million (USD Forty-two million) for financing eligible goods, services, machinery and equipment including consultancy services from India for the purpose of financing Casava Plantation Project in Cameroon. 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 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 08, 2013 and the date of execution of Agreement is September 14, 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 (September 13, 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 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
Mumbai - 400 001

RBI/2012-13/463
A.P. (DIR Series) Circular No. 92

April 1, 2013

To

All Category - I Authorised Dealer Banks

Madam / Sir,

Exim Bank's Line of Credit of USD 5 million
to Banco Exterior De Cuba

Export-Import Bank of India (Exim Bank) has concluded an Agreement dated October 10, 2012 with Banco Exterior De Cuba, for making available to the latter, a Line of Credit (LOC) of USD 5 million (USD Five million) for financing eligible goods, services, machinery and equipment including consultancy services from India for the purpose of setting up of a milk powder processing plant in Camaguey Province of Cuba. 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 February 28, 2013 and the date of execution of Agreement is October 10, 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 (October 09, 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 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

2. The Credit Agreement under the LOC is effective from February 28, 2013 and the date of execution of Agreement is August 23, 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 (August 22, 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 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/2012-13/465

A.P. (DIR Series) Circular No.94

April 01, 2013

To

All Category – I Authorised Dealer Banks

Madam / Sir,

**Foreign investment in India by
SEBI registered FIIs in Government Securities and Corporate Debt**

Attention of Authorized Dealer 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 SEBI registered Foreign Institutional Investors (FIIs) and long term investors may purchase, on repatriation basis Government securities and non-convertible debentures (NCDs) / bonds issued by an Indian company subject to such terms and conditions as mentioned therein and limits as prescribed for the same by RBI and SEBI from time to time.

2. Attention of AD Category-I banks is also invited to [A.P.\(DIR Series\) Circular No.80 dated January 24, 2013](#) in terms of which the present limit for investments by FIIs and long term investors in Government securities is USD 25 billion and for corporate debt is USD 51 billion (including sub-limit of USD 25 billion each for bonds of infrastructure sector and non-infrastructure sector and USD 1 billion for QFIs in non-infrastructure sector).

3. On a review, to simplify the existing limits, it has now been decided to merge the existing debt limits into two broad categories as under:

- (i) **Government Debt limit:** Government securities of USD 25 billion by merging the existing sub-limits under Government securities [(a) USD 10 billion for investment by FIIs in Government securities including Treasury Bills and (b) USD

15 billion for investment In Government dated securities by FIIs and long term investors]; and

(ii) **Corporate Debt Limit:** Corporate debt of USD 51 billion by merging the existing sub-limits of Corporate debt [(a) USD 1 billion for Qualified Foreign Investors (QFIs), (b) USD 25 billion for investment by FIIs and long term investors in non-infrastructure sector and (c) USD 25 billion for investment by FIIs/QFIs/long term investors in infrastructure sector].

4. A summary of revised position is given below:

Instrument/s	Limit	Eligible Investor	Remarks
Government securities including Treasury Bills	USD 25 billion	FIIs, QFIs and Long terms investors registered with SEBI – Sovereign Wealth Funds (SWFs), Multilateral Agencies, Pension/ Insurance/ Endowment Funds, Foreign Central Banks.	Eligible Investors may invest in Treasury Bills only upto USD 5.5 billion within the limit of USD 25 billion.
Eligible instruments as referred to in Schedule 5 of Notification No. FEMA 20 /2000-RB dated 3rd May 2000.	USD 51 billion	FIIs, QFIs, Long terms investors registered with SEBI - SWFs, Multilateral Agencies, Pension/ Insurance/ Endowment Funds, Foreign Central Banks .	Eligible Investors may invest in Commercial Papers only upto USD 3.5 billion within the limit of USD 51 billion.

5. The Non-Resident Indians were not subject to any limit for investment in Government Securities as well as corporate debt. They will continue to be regulated as per extant guidelines.

6. The above changes will come into effect from April 1, 2013. The operational guidelines in this regard will be issued by SEBI.

7. AD Category – I banks may bring the contents of this circular to the notice of their constituents and customers concerned.
8. Reserve Bank of India has since amended the relevant Regulations vide [Notification No. FEMA.272/2013-RB dated March 26, 2013](#), notified vide G.S.R.No.195(E) dated April 01, 2013.
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,

Rudra Narayan Kar
Chief General Manager-in-Charge



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

RBI/2012-13/471

A.P. (DIR Series) Circular No. 95

April 4, 2013

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 November 20, 2012](#) wherein the Rupee value of the Special Currency Basket was indicated as Rs. 75.570411 effective from October 25, 2012.

2. AD Category-I banks are advised that a further revision has taken place on March 13, 2013 and accordingly, the Rupee value of the Special Currency Basket has been fixed at Rs.73.141761 with effect from March 18, 2013.

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/2012-13/ 473

April 5, 2013

A.P. (DIR Series) Circular No. 96

To,

All Authorised Persons

Madam/ Dear Sir,

Memorandum of Instructions governing money changing activities

Please refer to Para E 2(ii) of Annex I of [{A.P.\(DIR Series\) Circular No. 57 \[A.P.\(FL/RL Series\) Circular No.04\] } dated March 09, 2009](#) on the captioned subject.

2. On a review, it has been decided that Authorised Money Changers (AMCs) may sell Indian rupees to foreign tourists /visitors against International Credit Cards / International Debit Cards and should take prompt steps to obtain reimbursement through normal banking channels.
3. All the other instructions contained in A.P.(DIR Series) Circular No. 57 [A.P.(FL/RL Series) Circular No.04] dated March 09, 2009 as amended from time to time 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 Section 10(4) and Section 11(1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and are without prejudice to permission /approvals, if any, required under any other law.

Yours faithfully,

(Rudra Narayan Kar)
Chief General Manager-i-Charge



RESERVE BANK OF INDIA
Mumbai - 400 001

RBI/2012-13/474
A.P. (DIR Series) Circular No.97

April 9, 2013

To

All Category - I Authorised Dealer Banks

Madam / Sir,

Exim Bank's Line of Credit of USD 76.50 million
to the Government of the Republic of Malawi

Export-Import Bank of India (Exim Bank) has concluded an Agreement dated December 13, 2012 with the Government of the Republic of Malawi, for making available to the latter, a Line of Credit (LOC) of USD 76.50 million (USD Seventy six million five hundred thousand) for financing eligible goods, services, machinery and equipment including consultancy services from India for the purpose of a) development of irrigation network under greenbelt initiative; b) setting up of refined sugar processing equipment in Salima under greenbelt initiative; and (c) development of fuel storage facilities in Malawi. 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 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 13, 2013 and the date of execution of Agreement is December 13, 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 (December 12, 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 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/2012-13/475

A.P. (DIR Series) Circular No. 98

April 9, 2013

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.28 dated September 11, 2012](#) and [A.P. \(DIR Series\), Circular No. 58 dated December 14, 2012](#) relating to all-in-cost ceiling of Trade Credits for imports into India.

2. On a review, it has been decided that the all – in – cost ceiling as specified under paragraph 4 of [A.P. \(DIR Series\) Circular No.28 dated September 11, 2012](#) will continue to be applicable till June 30, 2013 and subject to review thereafter. All other aspects of Trade Credit policy remain unchanged.

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,

(Rudra Narayan Kar)
Chief General Manager - in Charge



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

RBI/2012-13/480

A.P. (DIR Series) Circular No.99

April 23, 2013

To,

All Category - I Authorised Dealer Banks

Madam / Sir,

Investment by Navratna Public Sector Undertakings (PSUs), OVL and OIL in unincorporated entities in oil sector abroad

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) Regulations, 2004] (the Notification), as amended from time to time, and [A.P. \(DIR Series\) Circular No. 59 dated May 18, 2007](#) and para 3(i) of [A.P. \(DIR Series\) Circular No. 48 dated June 03, 2008](#) in terms of which Navratna Public Sector Undertakings (PSUs) and ONGC Videsh Ltd (OVL) and Oil India Ltd (OIL) are allowed to invest in overseas unincorporated entities in oil sector (for exploration and drilling for oil and natural gas, etc.), which are duly approved by the Government of India, without any limits under the automatic route.

2. On a review, it has now been decided that such facility is also extended to the overseas investments in the incorporated JV / WOS in oil sector (for exploration and drilling for oil and natural gas, etc.) by the Navratna Public Sector Undertakings (PSUs) and ONGC Videsh Ltd (OVL) and Oil India Ltd (OIL), which are duly approved by the Government of India, without any limits under the automatic route.

3. All the other terms and conditions prescribed under the Circulars and Notification under reference shall remain un-changed.

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

: 2 :

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



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

RBI/2012-13/481

A.P. (DIR Series) Circular No. 100

April 25, 2013

To

All Category-I Authorised Dealer Banks

Madam / Sir,

Overseas Direct Investments – Clarification

Attention of the Authorised Dealers (AD) is invited to Foreign Exchange Management (Transfer or Issue of any Foreign Security) Regulations, 2004 notified by the Reserve Bank vide [Notification No. FEMA 120/RB-2004 dated July 07, 2004](#) and as amended from time to time.

2. It has been observed that eligible Indian parties are using overseas direct investments (ODI) automatic route to set up certain structures facilitating trading in currencies, securities and commodities. It has come to the notice of the Reserve Bank that such structures having equity participation of Indian parties have also started offering financial products linked to Indian Rupee (e.g. non-deliverable trades involving foreign currency, rupee exchange rates, stock indices linked to Indian market, etc.). It is clarified that any overseas entity having equity participation directly / indirectly shall not offer such products without the specific approval of the Reserve Bank of India given that currently Indian Rupee is not fully convertible and such products could have implications for the exchange rate management of the country. Any incidence of such product facilitation would be treated as a contravention of the extant FEMA regulations and would consequently attract action under the relevant provisions of FEMA, 1999.

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 (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/2012-13/484

A.P. (DIR Series) Circular No. 101

May 2, 2013

To,

All Authorised Persons

Madam/ Dear 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. 70 dated January 10, 2013](#) on risks arising from the deficiencies in AML/CFT regime of certain jurisdiction.

2. Financial Action Task Force (FATF) has updated its Statement on the subject and document 'Improving Global AML/CFT Compliance: on-going process' on February 22, 2013 ([DBOD.AML.No.12913/14.01.001/2012-13 dated March 11, 2013](#)). The statement /document can be accessed from the following URLs also :

<http://www.fatf-gafi.org/documents/documents/fatfpublicstatement22february2013.html> and
<http://www.fatf-gafi.org/topics/high-riskandnon-cooperativejurisdictions/documents/improvingglobalamlcftcomplianceon-goingprocess-22february2013.html>

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-in-Charge



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

RBI/2012-13/485
A.P. (DIR Series) Circular No. 102

May 2, 2013

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

Please refer to our [A.P.\(DIR Series\) Circular No. 71 dated January 10, 2013](#) on risks arising from the deficiencies in AML/CFT regime of certain jurisdictions.

2. Financial Action Task Force (FATF) has updated its Statement on the subject and document 'Improving Global AML/CFT Compliance: on-going process' on February 22, 2013 ([DBOD.AML.No.12913/14.01.001/2012-13 dated March 11, 2013](#)). The statement /document can be accessed from the following URL also:

<http://www.fatf-gafi.org/documents/documents/fatfpublicstatement22february2013.html> and
<http://www.fatf-gafi.org/topics/high-riskandnon-cooperativejurisdictions/documents/improvingglobalamlcftcomplianceon-goingprocess-22february2013.html>

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-in-Charge



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

RBI/2012-13/499

A.P.(DIR Series) Circular No.103

May 13, 2013

To,
All Scheduled Commercial Banks which are
Authorised Dealers in Foreign Exchange

Madam/Sirs

Import of Gold by Nominated Banks/Agencies

Attention of Authorised Persons is invited to [paragraph 97](#) of the Monetary Policy Statement 2013-14 dated May 3, 2013 regarding import of gold. In terms of AD(G.P.Series) circular No.7 dated March 6, 1998 (copy enclosed for ready reference), nominated banks/agencies were permitted to import gold on loan basis, Suppliers Credit/Buyers Credit basis, consignment basis as also on unfixed price basis.

2. The Working Group on Gold (Chairman: Shri K.U.B. Rao) had recommended aligning gold import regulations with rest of the imports for creating a level playing field between gold imports and other imports. Bulk of the gold imported by nominated banks is on consignment basis whereby nominated banks do not have to fund these stocks. To moderate the demand for gold for domestic use, it has been decided to restrict the import of gold on consignment basis by banks, only to meet the genuine needs of exporters of gold jewellery.

3. The above instructions will come into force with immediate effect. ADs may bring the contents of this circular to the notice of their constituents and customers concerned.

4. All other instructions relating to import of gold issued from time to time shall remain unchanged.

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
EXCHANGE CONTROL DEPARTMENT
CENTRAL OFFICE
MUMBAI 400 001**

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

March 6, 1998

To

All Authorised Dealers in Foreign Exchange

Dear Sirs,

Import of Gold by Nominated Banks/Agencies

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

2. (i) Import of Gold on loan basis

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

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

(ii) Import of gold on Suppliers credit/Buyers credit basis

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

(iii) Import of Gold on Consignment basis

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

(iv) Import of gold on unfixed price basis

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

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

Yours faithfully,

(Khizer Ahmed)

Chief General Manager



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

RBI/2012-13/502

A.P. (DIR Series) Circular No. 104

May 17, 2013

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 against pre-operative/pre-incorporation expenses

Attention of Authorised Dealers Category – I banks is invited to Para 3 (II) of [A.P. \(DIR Series\) Circular No. 74 dated June 30, 2011](#) read with [A.P. \(DIR Series\) Circular No. 55 dated December 9, 2011](#), allowing thereby issue of equity shares/ preference shares under the Government route by conversion of import of capital goods, etc., subject to terms and conditions stated therein.

2. On review of the policy, it has now been decided to amend condition at (c) in the aforesaid para. The amended condition is given in the Annex.

3. All the other conditions contained in the A.P. (DIR Series) Circulars No. 74 dated June 20, 2011 and No. 55 dated December 9, 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](#)) have been notified vide [Notification No. FEMA.229/2012-RB dated April 23, 2012](#).

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-in-Charge

Annex

[A. P. (DIR Series) Circular No. 104
dated May 17 , 2013]

c.f. A.P.(DIR Series) Circular No. 74 dated June 30, 2011	Earlier Condition	Revised condition
Para 3(II)(c)	Payments should be made directly by the foreign investor to the company. Payments made through third parties citing the absence of a bank account or similar such reasons will not be eligible for issuance of shares towards FDI; and	Payments should be made by the foreign investor to the company directly or through the bank account opened by the foreign investor as provided under FEMA Regulations; and



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

RBI/2012-13/503

A.P. (DIR Series) Circular No. 105

May 20, 2013

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. 52 dated November 20, 2012](#) extending the enhanced period for realization and repatriation to India, of the amount representing the full value of goods or software exported, from **six months to twelve months** from the date of export. This relaxation was available up to March 31, 2013.

2. The issue has since been reviewed and it has been decided, in consultation with the Government of India, to bring down the above stated realization period from twelve months to **nine months** from the date of export, **with immediate effect**, valid **till September 30, 2013**.

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



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

RBI/2012-13/504

A. P. (DIR Series) Circular No. 106

May 23, 2013

To
All Category - I Authorised Dealer Banks

Madam / Sir,

Liberalised Remittance Scheme for Resident Individuals – Reporting

Attention of all Authorised Dealer Category - I (AD Category - I) banks is invited to [A. P. \(DIR Series\) Circular No.36 dated April 04, 2008](#), in terms of which, AD Category -I banks were required to furnish information on the number of applications received and the total amount remitted under the Liberalised Remittance Scheme (the Scheme), on a monthly basis, in the prescribed format in both hard copy as well as soft copy in Excel format. All AD banks were also advised to submit the monthly statement before 5th of the succeeding month to the Reserve Bank of India.

2. Since October 2008, AD Banks were required to submit the LRS data through the Online Returns Filing System (ORFS) of Reserve Bank, in addition to submitting the same in hard copy.

3. It has now been decided, to collect the data **in soft form only** and to dispense with the submission of hard copies of the monthly statements by the AD banks. Accordingly, with effect from July 01, 2013, AD Category – I banks are required to upload the data (LRS data of June 2013) in ORFS on or before fifth of the following month. **Where there is no data to furnish, AD banks are advised to upload 'nil' figures in the ORFS system.**

4. AD banks can upload the LRS data by accessing ORFS through the URL <https://secweb.rbi.org.in/ORFSMainWeb> as hitherto.

5. In case any clarifications are required, AD banks may send their queries through [e-mail](#) or contact by phone at 22601000 extn:2676 or 22701232 (direct)

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-in-Charge



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

**RBI/2012-13/520
A.P. (DIR Series) Circular No.107**

June 4, 2013

To

All Scheduled Commercial Banks which are
Authorised Dealers (ADs) in Foreign Exchange/ All agencies
nominated for import of gold

Madam/Sir

Import of Gold by Nominated Banks /Agencies

Attention of Authorised Persons is drawn to our [A.P. \(DIR Series\) Circular No. 103 dated May 13, 2013](#) on the captioned subject in terms of which, it was decided to restrict the import of gold on consignment basis by banks, only to meet the genuine needs of the exporters of gold jewellery. It has now been decided to extend the provisions of this circular to all nominated agencies/ premier / star trading houses who have been permitted by Government of India to import gold. Accordingly, any import of gold on consignment basis by both nominated agencies and banks shall now be permissible only to meet the needs of exporters of gold jewellery.

2. It has further been decided that all Letters of Credit (LC) to be opened by Nominated Banks / Agencies for import of gold under all categories will be only on 100 per cent cash margin basis. Further, all imports of gold will necessarily have to be on Documents against Payment (DP) basis. Accordingly, gold imports on Documents against Acceptance (DA) basis will not be permitted. These restrictions will however not apply to import of gold to meet the needs of exporters of gold jewellery.

3. The above instructions will come into force with immediate effect. ADs may bring the contents of this circular to the notice of their constituents and customers concerned. They are also advised to strictly ensure that foreign exchange transactions effected by / for their constituents are compliant with these instructions in letter and spirit.

4. All other instructions relating to import of gold issued from time to time shall remain unchanged.

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,

(C D Srinivasan)
Chief General Manager



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

RBI/2012-13/527

A.P. (DIR Series) Circular No. 108

June 11, 2013

To,

All Category - I Authorised Dealer Banks

Madam / Sir,

**Export of Goods and Services-
Realization and Repatriation period for units in Special Economic Zones
(SEZ)**

Attention of Authorized Dealer banks is invited to [A. P. \(DIR Series\) Circular No. 91 dated April 1, 2003](#). In terms of provisions of Para A of the said circular, time limit for realization and repatriation of export proceeds, for the exports made by units in Special Economic Zones (SEZs), was done away with.

2. It has now been decided that the units located in SEZs shall realize and repatriate, full value of goods/software/services, to India within a period of **twelve months** from the date of export. Any extension of time beyond the above stipulated period may be granted by Reserve Bank of India, on case to case basis.

3. The above changes will be applicable with immediate effect and shall be valid for one year, subject to review.

4. Necessary amendments to [Notification No.FEMA.23/RB-2000 dated May 3, 2000](#) [Foreign Exchange Management (Export of Goods and Services) Regulations, 2000] have been issued vide [Notification No.FEMA.273/2013-RB dated April 25, 2013](#) and notified vide G.S.R.No.342(E) dated May 29, 2013.

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

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

Yours faithfully,

(C. D. Srinivasan)
Chief General Manager



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

RBI/2012-13/528

A.P. (DIR Series) Circular No. 109

June 11, 2013

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 1 (AD Category – 1) banks is invited to the [A.P. \(DIR Series\) Circular No.35 dated October 14, 2011](#) in terms of which AD Category I banks have been permitted to offer the facility to repatriate export related remittances by entering into standing arrangements with Online Payment Gateway Service Providers (OPGSPs) for export of goods and services for value not exceeding USD 3000 per transaction, subject to the conditions stipulated therein.

2. The present instructions have been reviewed in the context of requests received for suitable enhancement of the value of the transaction from USD 3000. Accordingly, it has now been decided to increase the value per transaction from USD 3000 to USD 10,000 for export related remittances received through OPGSPs. The revised limit 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. Reserve Bank has since amended the Regulations vide [Notification No.FEMA.274/2013-RB dated April 26, 2013](#) and notified vide G.S.R.No.343(E) dated May 29, 2013.

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,

(C.D. Srinivasan)
Chief General Manager



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

RBI/2012-13/529

A.P. (DIR Series) Circular No.110

June 12, 2013

To

All Category - I Authorised Dealer banks

Madam / Sir,

**Foreign Direct Investment –
Reporting of issue / transfer of Shares to/by a FVCI**

Attention of Authorised 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 or Issue of Security by a Person Resident outside India) Regulations, 2000 notified vide [Notification No. FEMA 20 / 2000 -RB dated May 3, 2000](#) (hereinafter referred to as Notification No. FEMA 20), as amended from time to time. Attention of AD Category - I banks is also invited to [A. P. \(DIR Series\) Circular No. 44 dated May 30, 2008](#) and [A.P. \(DIR Series\) Circular No.63 dated April 22, 2009](#).

2. 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.

3. It has been observed that SEBI registered FVCIs making investments in an Indian Company under FDI Scheme in terms of Schedule 1 of Notification No. FEMA.20 / 2000 - RB dated May 3, 2000, as amended from time to time, also report the same transaction under Schedule 6 of the Notification *ibid*, resulting in double reporting of the transaction.

4. It is clarified that wherever a SEBI registered FVCI acquires shares of an Indian company under FDI Scheme in terms of Schedule 1 of Notification No. FEMA 20 / 2000-RB dated May 3, 2000, as amended from time to time, such investments have to be reported in form FC-GPR/FC-TRS only, as applicable. Where the investment is under Schedule 6 of the Notification *ibid*, no FC-GPR/FC-TRS reporting is required. Such transactions would be reported by the custodian bank in the monthly reporting format as prescribed by RBI from time to time. Revised forms FC-GPR and FC-TRS are annexed as ANNEX-I and ANNEX-II, respectively, to this A.P.(DIR Series) Circular.

5. A SEBI registered FVCI while making investment in an Indian company may determine upfront whether the said investment is under FDI or FVCI scheme and report accordingly. For the guidance of FVCI investors, a suitable remark in para 3(4) and 5(a)(4) of form FC-GPR and para 4(4) and para 5(4) of form FC-TRS, has been incorporated, which would read as follows:

'The investment/s made by SEBI registered FVCI is/are under FDI Scheme, in terms of Schedule 1 to Notification No. FEMA 20 dated May 3, 2000.'

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

7. Reserve Bank has since amended the Regulations vide [Notification No.FEMA.266/2013-RB dated March 05, 2013](#) and notified vide G.S.R.No.341(E) dated May 28, 2013.

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,

(Rudra Narayan Kar)
Chief General Manager-in-Charge

**[ANNEX-I to A.P.(DIR Series)
Circular No.110 of 12.06.2013]**

FC-GPR

(To be filed by the company through its Authorised Dealer Category – I bank with the Regional Office of the RBI under whose jurisdiction the Registered Office of the company making the declaration is situated as and when shares/convertible debentures / others are issued to the foreign investor, along with the documents mentioned in item No. 4 of the undertaking enclosed to this form)

Permanent Account Number (PAN) of the investee company given by the Income Tax Department	<table border="1"><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr></table>																		
Date of issue of shares / convertible debentures/others	<table border="1"><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr></table>																		

No.	Particulars	(In Block Letters)
1.	Name	
	Address of the Registered Office	
	State	
	Registration No. given by Registrar of Companies	
	Whether existing company or new company (strike off whichever is not applicable)	Existing company / New company
	If existing company, give registration number allotted by RBI for FDI, if any	
	Telephone	
	Fax	
	e-mail	

2.	Description of the main business activity NIC Code	
	Location of the project and NIC code for the district where the project is located	
	Percentage of FDI allowed as per FDI policy	
	State whether FDI is allowed under Automatic Route or Approval Route (strike out whichever is not applicable)	Automatic Route / Approval Route
3	Details of the foreign investor / collaborator^{1*}	
	Name Address Country Constitution / Nature of the investing Entity [Specify whether 1. Individual 2. Company 3. FII 4. FVCI [#] 5. Foreign Trust 6. Private Equity Fund 7. Pension / Provident Fund 8. Sovereign Wealth Fund (SWF) ² 9. Partnership / Proprietorship Firm 10. Financial Institution 11. NRIs / PIO 12. Others (please specify)] Date of incorporation	

* If there is more than one foreign investor/collaborator, separate Annex may be included for items 3 and 4 of the Form.

² 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.

[#] The investment/s is/are made by FVCI under FDI Scheme in terms of Schedule I to Notification No. FEMA 20/2000-RB dated May 3, 2000.

4	Particulars of Shares / Convertible Debentures /others Issued							
(a)	Nature and date of issue							
		<i>Nature of issue</i>	<i>Date of issue</i>	<i>Number of shares/ convertible debentures/others</i>				
	01	IPO / FPO						
	02	Preferential allotment / private placement						
	03	Rights						
	04	Bonus						
	05	Conversion of ECB						
	06	Conversion of royalty (including lump sum payments)						
	07	Conversion against import of capital goods by units in SEZ						
	08	ESOPs						
	09	Share Swap						
	10	Others (please specify)						
		Total						
(b)	Type of security issued							
	No.	Nature of security	<i>Number</i>	<i>Maturity</i>	<i>Face value</i>	Premium	<i>Issue Price per share</i>	<i>Amount of inflow*</i>
	01	Equity						
	02	Compulsorily Convertible Debentures						
	03	Compulsorily Convertible Preference shares						
	04	Others (please specify)						
		Total						

i) In case the issue price is greater than the face value please give break up of the premium received.
ii) * In case the issue is against conversion of ECB or royalty or against import of capital goods by units in SEZ, a Chartered Accountant's Certificate certifying the amount outstanding on the date of conversion

(c)	Break up of premium	Amount
	Control Premium	
	Non competition fee	
	Others [@]	
	Total	

[@] please specify the nature

(d)	Total inflow (in Rupees) on account of	
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	<p>issue of shares / convertible debentures/others to non-residents (including premium, if any) vide</p> <p>(i) Remittance through AD: (ii) Debit to NRE/FCNR/Escrow A/c with Bank _____ (iii) Others (please specify)</p> <p>Date of reporting of (i) and (ii) above to RBI under Para 9 (1) A of Schedule I to Notification No. FEMA 20 /2000-RB dated May 3, 2000, as amended from time to time.</p>	
(e)	Disclosure of fair value of shares issued**	
	We are a listed company and the market value of a share as on date of the issue is*	
	We are an un-listed company and the fair value of a share is*	

** before issue of shares

*(Please indicate as applicable)

5. Post issue pattern of shareholding									
				Equity		Compulsorily convertible Preference Shares/ Debentures/other s			
Investor category				No. of shares	Amount (Face Value) Rs.	%	No. of shares	Amount (Face Value) Rs.	%
a)	Non-Resident								
	01	Individuals							
	02	Companies							
	03	FIs							
	04	FVCIs [#]							
	05	Foreign Trusts							
	06	Private Equity Funds							
	07	Pension/ Provident Funds							
	08	Sovereign Wealth Funds							
	09	Partnership/ Proprietorship Firms							
	10	Financial Institutions							
	11	NRIs/PIO							
	12	Others (please specify)							
	Sub Total								
b)	Resident								
Total									

[#] The investment/s is/are made by FVCI under FDI Scheme in terms of Schedule I to Notification No. FEMA 20/2000-RB dated May 3, 2000.

DECLARATION TO BE FILED BY THE AUTHORISED REPRESENTATIVE OF THE INDIAN COMPANY: *(Delete whichever is not applicable and authenticate)*

We hereby declare that:

1. We comply with the procedure for issue of shares / convertible debentures as laid down under the FDI scheme as indicated in Notification No. FEMA 20/2000-RB dated 3rd May 2000, as amended from time to time.

2. The investment is within the sectoral cap / statutory ceiling permissible under the Automatic Route of RBI and we fulfill all the conditions laid down for investments under the Automatic Route namely (strike off whichever is not applicable).

a) Shares issued on rights basis to non-residents are in conformity with Regulation 6 of the RBI Notification No FEMA 20/2000-RB dated 3rd May 2000, as amended from time to time.

OR

b) Shares issued are bonus.

OR

c) Shares have been issued under a scheme of merger and amalgamation of two or more Indian companies or reconstruction by way of de-merger or otherwise of an Indian company, duly approved by a court in India.

OR

d) Shares are issued under ESOP and the conditions regarding this issue have been satisfied

3. Shares have been issued in terms of SIA /FIPB approval No. _____ dated _____

4 The foreign investment received and reported now will be utilized in compliance with the provision of a Prevention of Money Laundering Act 2002 (PMLA) and Unlawful Activities(Prevention) Act, 1967 (UAPA). We confirm that the investment complies with the provisions of all applicable Rules and Regulations

5. We enclose the following documents in compliance with Paragraph 9 (1) (B) of Schedule 1 to Notification No. FEMA 20/2000-RB dated May 3, 2000:

- (i) A certificate from our Company Secretary certifying that
 - (a) all the requirements of the Companies Act, 1956 have been complied with;
 - (b) terms and conditions of the Government approval, if any, have been complied with;
 - (c) the company is eligible to issue shares under these Regulations; and

6. Unique Identification Numbers given for all the remittances received as consideration for issue of shares/ convertible debentures/others (details as above), by Reserve Bank.

(* To be signed by Managing Director/Director/Secretary of the Company)

CERTIFICATE TO BE FILED BY THE COMPANY SECRETARY ³ OF THE INDIAN COMPANY ACCEPTING THE INVESTMENT:

(As per Para 9 (1) (B) (i) of Schedule 1 to Notification No. FEMA 20/2000-RB dated May 3, 2000)

In respect of the abovementioned details, we certify the following :

1. All the requirements of the Companies Act, 1956 have been complied with.
2. Terms and conditions of the Government approval, if any, have been complied with.
3. The company is eligible to issue shares / convertible debentures/others under these Regulations.
4. The company has all original certificates issued by AD Category – I banks in India, evidencing receipt of amount of consideration in accordance with paragraph 8 of Schedule 1 to Notification No. FEMA 20/2000-RB dated May 3, 2000.

(Name & Signature of the Company Secretary) (Seal)

FOR USE OF THE RESERVE BANK ONLY:

Registration Number for the FC-GPR:

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Unique Identification Number allotted to the Company at the time of reporting receipt of remittance

R																			
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³ If the company doesn't have full time Company Secretary, a certificate from practicing Company Secretary may be submitted

**[ANNEX-II to A.P.(DIR Series)
Circular No.110 of 12.06.2013]**

Form FC-TRS					
Declaration regarding transfer of shares / compulsorily and mandatorily convertible preference shares (CMCPS) / debentures /others 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 / others 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/others 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 / others 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"> <tr> <td>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)					
	<table border="1"> <tr> <td>Activity</td> <td></td> </tr> </table>	Activity			
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 1. Individual 2. Company 3. FII 4. FVCI [#] 5. Foreign Trust 6. Private Equity Fund 7. Pension/ Provident Fund 8. Sovereign Wealth Fund (SWF ^o) 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 disinvesting entity Specify whether 1. Individual	

[#] The initial investment/s was/were made by FVCI under FDI Scheme in terms of Schedule 1 to Notification No. FEMA.20/2000-RB dated May 3, 2000

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

	2. Company 3. FII 4. FVCI ^{##} 5. Foreign Trust 6. Private Equity Fund 7. Pension/ Provident Fund 8. Sovereign Wealth Fund (SWF ^o) 9. Partnership/ Proprietorship firm 10. Financial Institution 11. NRIs/PIOs 12. Others ⁱ				
	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 /others</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		No. of shares	Percentage	
		Before the transfer			
		After the transfer			
9.	Where the shares / CMCPS /				

^{##} The initial investment/s was/were made by FVCI under FDI Scheme in terms of Schedule 1 to Notification No. FEMA.20/2000-RB dated May 3, 2000.

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

	debentures / others are listed on Stock Exchange	
	Name of the Stock Exchange	
	<i>Price Quoted on the Stock exchange</i>	
	Where the shares / CMCPs / debentures / others are Unlisted	
	Price as per Valuation guidelines*	
	Price as per Chartered Accountants * / ** Valuation report (CA Certificate to be attached)	
<p>Declaration by the transferor / transferee I / We hereby declare that</p> <ol style="list-style-type: none"> The particulars given above are true and correct to the best of my/our knowledge and belief. 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. 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 /others of a company engaged in financial services sector or a sector where general permission is not available. The Sectoral limit under the FDI Policy and the pricing guidelines have been adhered to. <p style="text-align: right;">Signature of the Declarant or his duly authorised agent</p> <p style="text-align: center;">Date: Note:</p> <p><i>In respect of the transfer of shares / compulsorily and mandatorily convertible preference shares / compulsorily and mandatorily convertible debentures/ others 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.</i></p>		

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/ 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 out-flow
(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/2012-13/530

A.P. (DIR Series) Circular No.111

June 12 , 2013

To

All Category – I Authorised Dealer Banks

Madam / Sir,

**Foreign investment in India by SEBI registered Long term investors in
Government dated Securities**

Attention of Authorized Dealer 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 SEBI registered Foreign Institutional Investors (FIIs) and long term investors may purchase, on repatriation basis Government securities and non-convertible debentures (NCDs) / bonds issued by an Indian company subject to such terms and conditions as mentioned therein and limits as prescribed for the same by RBI and SEBI from time to time.

2. Attention of AD Category-I banks is also invited to [A.P.\(DIR Series\) Circular No.94 dated April 1, 2013](#) in terms of which the present limit for investments by FIIs, QFIs and long term investors in Government securities and for corporate debt stood at USD 25 billion and USD 51 billion respectively.

3. On a review, it has now been decided in consultation with Government of India to enhance the limit for foreign investment in Government dated securities with USD 5 billion to USD 30 billion with immediate effect. The enhanced limit of USD 5 billion will be available only for investments in Government dated securities by long term investors registered with SEBI – Sovereign Wealth Funds (SWFs), Multilateral Agencies, Pension/ Insurance/ Endowment Funds, Foreign Central Banks.

4. The operational guidelines in this regard will be issued by SEBI.
5. All other existing conditions for investment in Government securities 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,

(Rudra Narayan Kar)
Chief General Manager-in-Charge



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

RBI/2012-13/537

A.P. (DIR Series) Circular No. 112

June 20, 2013

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.95 dated April 4, 2013](#), wherein the Rupee value of the special currency basket was indicated as Rs.73.141761 effective from March 18, 2013.

2. AD Category-I banks are advised that a further revision has taken place on May 31, 2013 and accordingly, the Rupee value of the special currency basket has been fixed at Rs.75.705663 with effect from June 05, 2013.

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,

(C.D.Srinivasan)
Chief General Manager



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

RBI/2012-13/539

A.P. (DIR Series) Circular No. 113

June 24, 2013

To

All Authorised Dealer Category –I Banks

Madam / Sir

External Commercial Borrowings (ECB) for the low cost affordable housing projects

Attention of Authorized Dealer Category - I (AD Category - I) banks is invited to [A.P. \(DIR Series\) Circular No. 61 dated December 17, 2012](#) on the captioned subject in terms of which ECB for low cost affordable housing projects is allowed as a permissible end-use under the approval route.

2. The policy regarding ECB for the low cost affordable housing projects has been reviewed and it has been decided to modify the guidelines contained in the aforesaid A.P. (DIR Series) Circular as under:

- i. Developers/builders should have a minimum of three (3) year's experience in undertaking residential projects as against five (5) years prescribed earlier and should have good track record in terms of quality and delivery.
- ii. The condition of minimum paid-up capital of not less than INR 50 crore, as per the latest audited balance sheet, for Housing Finance Companies (HFCs) stands withdrawn. However, the condition of the minimum Net Owned Funds (NoF) of Rs. 300 crore for the past three financial years remains unchanged.
- iii. The aggregate limit for ECB under the low cost affordable housing scheme is extended for the financial years 2013-14 and 2014-15 with a ceiling of USD 1 billion in each of the two years, subject to review thereafter.
- iv. The ECB availed of by developers and builders shall be swapped into Rupees for the entire maturity on fully hedged basis.

3. Issue of fixation of spread for on-lending by National Housing bank (NHB):

Interest rate spread to be charged by National Housing Bank (NHB) may be decided by NHB taking into account cost and other relevant factors. NHB shall ensure that interest rate spread for HFCs for on-lending to prospective owners' of individual units under the low cost affordable housing scheme is reasonable.

4. Housing Finance Companies (HFCs) while making the applications, shall

- i. submit a certificate from NHB, the nodal agency, that the availment of ECB is for financing prospective owners of individual units for the low cost affordable housing;
- ii. ensure that cost of such individual units does not exceed Rs. 30 lakh and loan amount does not exceed Rs. 25 lakh;
- iii. ensure that the units financed are having maximum carpet area of 60 square metres; and
- iv. ensure that the interest rate spread charged by the HFCs to the ultimate buyer is reasonable.

5. All other aspects of the scheme mentioned in the aforesaid A.P. (DIR Series) Circular would remain unchanged. Authorised Dealers 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 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

(Rudra Narayan Kar)
Chief General Manager in-Charge



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

RBI/2012-13/543

A.P. (DIR Series) Circular No. 114

June 25, 2013

To, All Authorized Dealer Category - I Banks

Madam / Sir

External Commercial Borrowings (ECB) Policy for 3G spectrum allocation

Attention of Authorized Dealer Category-I (AD Category-I) banks is invited to [A.P. \(DIR Series\) Circular No. 28 dated January 25, 2010](#) relating to External Commercial Borrowings (ECB) for spectrum allocation.

2. As per the extant policy, the payment for spectrum allocation may initially be met out of the Rupee resources by the successful bidders, to be refinanced with a long term ECB, under the approval route, subject to the condition that ECB should be raised within 12 months from the date of payment of the final installment to the Government.
3. On a review it has been decided that ECB window for financing 3G spectrum rupee loans, that are still outstanding in telecom operator's books of accounts, will be open upto March 31, 2014.
4. All other aspects of the ECB policy shall remain unchanged. 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

(Rudra Narayan Kar)
Chief General Manager in-Charge



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

RBI/2012-13/544

A.P. (DIR Series) Circular No. 115

June 25, 2013

To,

All Authorized Dealer Category - I Banks

Madam / Sir

Buyback / prepayment of Foreign Currency Convertible Bonds (FCCBs)

Attention of Authorized Dealer Category-I (AD Category-I) banks is invited to [A.P. \(DIR Series\) Circular No. 39 dated December 08, 2008](#), [A.P. \(DIR Series\) Circular No. 75 dated June 30, 2011](#) and [A.P. \(DIR Series\) Circular No. 1 dated July 05, 2012](#) on the captioned subject.

2. Considering the developments in the global financial markets and on a review of the aforesaid scheme, it has been decided that the existing scheme of Buyback / Prepayment of FCCBs under the approval route which expired on March 31, 2013 may be continued till **December 31, 2013** and shall stand discontinued thereafter.

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

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-in-Charge



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

RBI/2012-13/545

A.P. (DIR Series) Circular No. 116

June 25, 2013

To,

All Authorized Dealer Category - I 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 [A.P. \(DIR Series\) Circular No. 113 dated April 24, 2012](#) on the captioned subject.

2. In terms of paragraph 2 (iii) of the aforesaid circular, the ECB for working capital for civil aviation sector should be raised within twelve (12) months from the date of issue of the circular. On a review, it has now been decided that the scheme of availing of ECB for working capital for civil aviation sector will continue till **December 31, 2013**.

3. All other aspects of the ECB policy 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

(Rudra Narayan Kar)
Chief General Manager in-Charge



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

RBI/2012-13/546

A.P. (DIR Series) Circular No. 117

June 25, 2013

To,

All Authorized 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 [A.P. \(DIR Series\) Circular No. 30 dated September 27, 2011](#) on the captioned subject in terms of which Indian companies in the infrastructure sector are allowed to avail of ECB in Renminbi (RMB) under approval route subject to an annual cap of USD one billion pending further review.

2. It has been observed that the facility of ECB in Renminbi (RMB) had remained unused so far. Accordingly, the scheme of ECB in Renminbi has been reviewed and it has been decided that this scheme may be **discontinued from the date of issue of this circular.**

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

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 in-Charge



RESERVE BANK OF INDIA
Mumbai - 400 001

RBI//2012-13/548

A.P. (DIR Series) Circular No.118

June 26, 2013

To

All Authorised Dealer Category - I Banks

Madam / Sir,

Export of Goods and Services – Project Exports

Attention of Authorized Dealers is invited to Para B.7 (i) and C.5 (i) of Memorandum of Instructions on Project and Service Exports (PEM), enclosed to [A. P. \(DIR Series\) Circular No. 32 dated October 28, 2003](#), in terms of which an exporter undertaking Project Exports and Service contracts abroad should submit form DPX1, PEX-1 and TCS-1 to the Approving Authority (AA) i.e. AD Bank/ Exim Bank/ Working Group, within 15 days of entering into contract for grant of post-award approval.

2. On a review, it has been decided to increase the time limit and henceforth the exporter undertaking Project Exports and Service contracts abroad should submit form DPX1, PEX-1 and TCS-1 to the Approving Authority (AA) i. e. AD Bank / Exim Bank / Working Group, within 30 days of entering into contract for grant of post-award approval.

3. All other instructions issued in terms of PEM, notified vide A. P. (DIR Series) Circular No. 32 dated October 28, 2003, shall remain unchanged.

4. Authorized Dealers may bring the contents of this circular to the notice of their exporter 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,

(C. D. Srinivasan)
Chief General Manager



RESERVE BANK OF INDIA
Mumbai - 400 001

RBI/2012-13/552

A.P. (DIR Series) Circular No.119

June 26, 2013

To

All Authorised Dealer Category - I Banks

Madam / Sir,

**External Commercial Borrowings (ECB) Policy – Import of Services,
Technical know-how and License Fees**

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 guidelines, eligible borrowers can raise ECB for investment such as import of capital goods (as classified by DGFT in the Foreign Trade Policy), new projects, modernization / expansion of existing production units in the real sector – industrial sector including small and medium enterprises (SME), infrastructure sector as defined under the ECB policy and entities in service sector viz. hotels, hospitals and software companies.

3. On a review, it has been decided to include import of services, technical know-how and payment of license fees as part of import of capital goods by the companies for the use in the manufacturing and infrastructure sectors as permissible end uses of ECB under the automatic / approval route as the case may be subject to:

(i) there should be a duly signed agreement between the service provider and the borrower company;

(ii) the original invoice raised by the service provider as per the payment schedule in the agreement should be duly certified by the borrower company;

(iii) declaration by the importer that the entire expenditure on import of services will be capitalised;

(iv) declaration by the importer that entire expenditure on import of services forms part of project cost; and

(v) AD category – I bank has to ensure the bonafides of the transaction.

4. The above modifications to the ECB guidelines will come into force with immediate effect. All other aspects of the ECB policy, such as eligible borrower, recognized lender, end-use, all-in-cost ceiling, average maturity period, prepayment, refinancing of existing ECB and reporting arrangements etc. 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

(Rudra Narayan Kar)
Chief General Manager in-Charge



RESERVE BANK OF INDIA
Mumbai - 400 001

RBI//2012-13/553

A.P. (DIR Series) Circular No.120

June 26, 2013

To

All Authorised Dealer Category - I Banks

Madam / Sir,

External Commercial Borrowings (ECB) Policy – Structured Obligations

Attention of Authorised Dealer Category - I (AD Category - I) banks is invited to [A.P. \(DIR Series\) Circular No. 40 dated March 02, 2010](#) and [A.P. \(DIR Series\) Circular No. 28 dated September 26, 2011](#) pertaining to External Commercial Borrowings (ECB) Policy (Structured Obligations).

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

3. On a review, it has been decided that credit enhancement can be provided by eligible non-resident entities to the domestic debt raised through issue of INR bonds/ debentures by all borrowers eligible to raise ECB under the automatic route. It has also been decided to reduce the minimum average maturity of the underlying debt instruments from seven years to three years. Prepayment and call/put options, however, would not be permissible for such capital market

instruments up to an average maturity period of 3 years. All the other terms and conditions mentioned in para 4 (iv), (vi) to (viii) of A.P. (DIR Series) Circular No. 40 dated March 02, 2010 will remain unchanged.

4. On invocation of such credit enhancement, if the guarantor meets the liability and if the same is permissible to be repaid in foreign currency to the eligible non-resident entity, the all-in-cost ceilings, as applicable to the relevant maturity period of the Trade Credit / ECBs as per extant guidelines, would apply to the novated loan.

5. The amended policy will come into force with immediate effect and is subject to review depending on the experiences gained in this regard.

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

7. Necessary amendments to the Foreign Exchange Management (Guarantees) Regulations, 2000 [Notification No. FEMA No. 8/2000-RB dated May 3, 2000](#) have been issued vide [Notification No.FEMA.269/2013-RB dated March 19, 2013](#), notified vide G.S.R.No.329(E) dated May 23, 2013.

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

(Rudra Narayan Kar)
Chief General Manager in-Charge



RESERVE BANK OF INDIA
Mumbai - 400 001

RBI/2012-13/554

A.P. (DIR Series) Circular No.121

June 26, 2013

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 section C of the Annex to [A.P.\(DIR Series\) Circular No. 32 dated December 28, 2010](#) on Comprehensive Guidelines on 'Over the Counter (OTC) Foreign Exchange Derivatives and Overseas Hedging of Commodity Price and Freight Risks' in terms of which FIIs have been permitted to hedge the currency risk on the market value of their entire investment in equity and/or debt in India.

2. Under the provisions of the said section, AD Category I banks are required to verify on a periodical basis that the forward cover outstanding is supported by underlying exposures. In this context, it is clarified that in case an FII intends to hedge the exposure of one of its sub-account holders, (cf paragraph 4 of schedule 2 to [Notification No. FEMA 20 /2000-RB dated 3rd May 2000](#)) it will be required to produce a clear mandate from the sub-account holder in respect of the latter's intention to enter into the derivative transaction. Further, the AD Category I banks shall have to verify the mandate as well as the eligibility of the contract vis-a-vis the market value of the securities held in the concerned sub-account.

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

(Rudra Narayan Kar)
Chief General Manager in-Charge



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

RBI/2012-13/557

A.P. (DIR Series) Circular No. 122

June 27, 2013

To

All Scheduled Commercial Banks which are
Authorised Dealers (ADs) in Foreign Exchange/ All agencies
nominated for import of gold

Madam/Sir

Import of Gold by Nominated Banks /Agencies

Attention of Authorised Persons is drawn to our [A.P. \(DIR Series\) Circular No. 103 dated May 13, 2013](#) & [A.P. \(DIR Series\) Circular No. 107 dated June 04, 2013](#) on the captioned subject in terms of which, it was decided to restrict the import of gold on consignment basis by banks, nominated agencies/ premier / star trading houses who have been permitted by Government of India, to import gold only to meet the genuine needs of the exporters of gold jewellery. Further, it was advised that all Letters of Credit (LC) to be opened by Nominated Banks / Agencies for import of gold under all categories will be only on 100 per cent cash margin basis and imports of gold will necessarily have to be on Documents against Payment (DP) basis. Accordingly, gold imports on Documents against Acceptance (DA) basis will not be permitted.

2. It is clarified that, consequent upon the issue of above instructions, import of gold against suppliers/buyers credit, as also import of gold on unfixed price basis has to necessarily observe the discipline stipulated relating to cash margins and Documents against Payment (DP) basis. In other words, AD Category I Banks are required to ensure that credit in any form or name is not enabled for import of any form of gold. Import of gold on loan basis may, however, continue to be allowed since the scheme envisages that the nominated banks/nominated agencies can

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import gold on loan basis for on-lending only to the exporters of jewellery in sync with the non-applicability of the above restrictions to exporters of gold jewellery.

3. AD Category I Banks are advised to strictly ensure that foreign exchange transactions effected by / for their constituents are compliant with these instructions.

4. All other instructions relating to import of gold issued from time to time shall remain unchanged.

5. The above instructions will come into force with immediate effect. ADs may bring the contents of this circular to the notice of their constituents and customers concerned.

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

Yours faithfully,

(Rudra Narayan Kar)
Chief General Manager-in-Charge