



**RESERVE BANK OF INDIA
FOREIGN EXCHANGE DEPARTMENT
Central Office
Mumbai 400 001**

RBI/2004/ 95
A.P.(DIR Series) Circular No.77

March 13 , 2004

To

All Authorised Dealers in Foreign Exchange

Madam / Sirs,

Foreign Exchange Management Act, 1999 - Guidelines for Compilation of R-Returns

Attention of Authorised Dealers (ADs) is invited to A.P.(DIR Series) Circular No.76 dated February 3, 2003, in terms of which they are required to submit R-Return (NOSTRO) and R-Return (VOSTRO) in hard copy together with transaction details in (FET-ERS - Version 5.0) in floppy.

2. The R-Return formats have been updated and enclosed as Annexures I (NOSTRO) and IA (VOSTRO). Authorised Dealers may please note the changes involving the deletion of Items Nos. I-H & II-H - Notional sale & Notional purchase and Item No. V - Aggregate Balance in R-Return (NOSTRO). They may also note that on crystallisation/cancellation of Export Bills Purchased/Negotiated/Discounted, the transaction has to be included under Item IC (i)/(ii). The list of revised purpose codes for purchase, sale transactions and also a list of purpose codes to be used for filling up the cover page of R-Return are enclosed as Annexures II,III & IV.

3. It has also been decided to simplify the procedures and documentation formalities in respect of non-import remittances. Accordingly, in consultation with FEDAI, the A-2 form has been modified to incorporate the application form and the declaration in terms of Section 10(5) of FEMA, 1999 and the specimen form is enclosed as Annexure V. The customer will be required to submit only this form in respect of permissible transactions pertaining to individuals up to a limit of USD 5000 as per our AP DIR circular No 55 dated 23 Dec 2003. The AD will fill up the reverse of the form which contains purpose-wise codes. For undertaking transactions under the Liberalised Remittance Scheme of USD 25000 for resident individuals, ADs may be guided by the instructions conveyed in our AP DIR No 64 dated February 4, 2004. As regards other transactions, apart from Form A2 as at Annexure V, the AD may call for additional information and documents as may be required. In respect of regular corporate customers, the bank may like to obtain one-time declaration under FEMA as per the proforma given in Annexure VI. The objective behind these steps is to extend hassle-free service to all customers.

4. Authorised Dealers are required to submit R-Return (NOSTRO) and R-Return (VOSTRO) as per the updated formats in hard copy along with FET-ERS floppy on fortnightly basis with effect from April 1, 2004.

5. The officials of the Authorised Dealers have been imparted training by the Reserve Bank on the new FET-ERS (Version 6.1) package, which has been revised comprehensively incorporating new purpose codes for various foreign exchange transactions. The package containing the new version will be made available / distributed to all ADs by the Bank shortly. Authorised Dealers may please arrange for training the officials of the remaining branches so that the foreign exchange transactions may be reported with new purpose codes through the revised FET-ERS (Version 6.1) from April 1, 2004.

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).

Yours faithfully,

Grace Koshie

Chief General Manager

Encl.: As above