



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

RBI/ 2004/64

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

February 20, 2004

To

All Authorised Dealers in Foreign Exchange

Madam / Sirs,

**Export of Goods to Russia against Repayment of State Credits
in Rupees – Payment of Agency Commission**

Attention of Authorised Dealers is invited to A.D (MA Series) Circular No.11 dated May 16, 2000 forwarding therewith, inter-alia, a copy of Notification No.GSR 381(E) dated May 3, 2000 regarding Foreign Exchange Management (Current Account Transactions) Rules, 2000. Item 6 of Schedule I thereto prohibits payment of agency commission on exports under Rupee State Credit Route.

2. It has now been decided to permit payment of commission in free foreign exchange for exports of tea and tobacco to Russia against repayment of State Credits upto 10 per cent of the invoice value. Accordingly, Authorised Dealers may permit payment of commission in free foreign exchange upto 10 per cent of invoice value for export of tea and tobacco only.

3. Necessary amendments to the Foreign Exchange Management (Current Account Transactions) Rules, 2000 have since been notified by the Government in the Official Gazette, vide Notification No.G.S.R.397 (E) dated May 1, 2003 (copy enclosed).

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

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

Yours faithfully,

Grace Koshie

Chief General Manager

Encl : As above

MINISTRY OF FINANCE AND COMPANY AFFAIRS
(Department of Economic Affairs)

NOTIFICATION

New Delhi, the 1st May 2003

G.S.R.397(E) – In exercise of the powers conferred by Section 5 and sub-section (1) and clause (a) of Sub-section (2) of Section 46 of the Foreign Exchange Management Act, 1999 (42 of 1999), and in consultation with Reserve Bank, the Central Government having considered it necessary in the public interest, makes the following amendment to the Foreign Exchange Management (Current Account Transactions) Rules, 2000, namely :-

1. **Short title and commencement** (1) These rules may be called the Foreign Exchange Management (Current Account Transaction) (Second Amendment) Rules, 2003.

(2) They shall come into force from the date of their publication in the Official Gazette.

2. In the Foreign Exchange Management (Current Account Transaction) Rules, 2000,

(a) in Schedule 1, for item 6, the following shall be substituted, namely:-

“6 Payment of commission on exports under Rupee State Credit Route, except commission upto 10% of invoice value of exports of tea and tobacco.” ;

(b) in Schedule III, in item 7,

(A) for clause (i), the following clause shall be substituted, namely:-

“(i) exceeding net salary (after deduction of taxes, contribution to provident fund and other deductions) of a person who is resident but not permanently resident in India and –

(a) is a citizen of a foreign State other than Pakistan; or

(b) is a citizen of India, who is on deputation to the office or branch or subsidiary or joint venture in India of such foreign company”,

(B) in the explanation, for the words “employment of”, the words “employment or deputation of” shall be substituted.

(F.No.1/5/EC/2000 Vol.II)

G.S.DUTT,
Joint Secretary

Foot note : The Principal rules were published in the official gazette vide G.S.R.381(E) dated 3rd May, 2000 in part II, Section 3, Sub-section (i) and subsequently amended vide S.O.301(E) dated 30th March, 2001.