

July 11, 2008

To

All Category – I Authorised Dealer Banks

Madam / Sir,

Security for External Commercial Borrowings – Liberalisation

Attention of Authorised Dealer Category – I (AD Category – I) banks is invited to paragraphs 1(A)(vii) and 1(B)(vi) of the Annex to A. P. (DIR Series) Circular No. 5 dated August 1, 2005 relating to creation of charge over security for External Commercial Borrowings (ECB).

2. Under the extant ECB guidelines, the choice of security to be provided to the overseas lender / supplier for securing ECB is left to the borrower. However, creation of charge over immovable assets and financial securities, such as shares, in favour of the overseas lender is subject to Regulation 8 of Notification No. FEMA 21/RB-2000 dated May 3, 2000 and Regulation 3 of Notification No. FEMA 20/RB-2000 dated May 3, 2000, respectively, as amended from time to time. Accordingly, proposals for creation of charge on immovable assets, financial securities and issue of corporate or personal guarantees, on behalf of the borrower in favour of the overseas lender, to secure the ECB under automatic / approval route, are considered by the Reserve Bank.

3. As a measure of rationalisation of the existing procedures, it has been decided to allow AD Category - I banks to convey 'no objection' under the Foreign Exchange Management Act (FEMA), 1999 for creation of charge on immovable assets, financial securities and issue of corporate or personal guarantees in favour of overseas lender / security trustee, to secure the ECB to be raised by the borrower.

4. Before according 'no objection' under FEMA, 1999, AD Category - I banks may ensure and satisfy themselves that (i) the underlying ECB is strictly in compliance with the extant ECB guidelines, (ii) there exists a security clause in the Loan Agreement requiring the borrower to create charge on immovable assets / financial securities / furnish corporate or personal guarantee, (iii) the loan agreement has been signed by both the lender and the borrower, and (iv) the borrower has obtained Loan Registration Number (LRN) from the Reserve Bank.

5. On compliance of the above conditions, AD Category - I banks may convey their 'no objection', under FEMA, 1999 for creation of charge on immovable assets, financial securities and issue of personal or corporate guarantee, subject to the conditions indicated in paragraphs 6(a), 6(b) and 6(c), respectively.

6. (a) Creation of Charge on Immovable Assets

The 'no objection' for creation of charge on immovable assets may be conveyed under FEMA, 1999 either in favour of the lender or the security trustee, subject to the following conditions:

- (i) 'No objection' shall be granted only to a resident ECB borrower.
- (ii) The period of such charge on immovable assets has to be co-terminus with the maturity of the underlying ECB.
- (iii) Such 'no objection' should not be construed as a permission to acquire immovable asset (property) in India, by the overseas lender / security trustee.
- (iv) In the event of enforcement / invocation of the charge, the immovable asset (property) will have to be sold only to a person resident in India and the sale proceeds shall be repatriated to liquidate the outstanding ECB.

(b) Creation of Charge over Financial Securities

AD Category – I banks may convey their 'no objection' under FEMA, 1999 to the resident ECB borrower for pledge of shares of the borrowing company held by promoters as well as in domestic associate companies of the borrower to secure the ECB subject to the following conditions :

- (i) The period of such pledge shall be co-terminus with the maturity of the underlying ECB.
- (ii) In case of invocation of pledge, transfer shall be in accordance with the extant FDI policy.
- (iii) A certificate from the Statutory Auditor of the company that the ECB proceeds have been / will be utilized for the permitted end-use/s.

(c) Issue of Corporate or Personal Guarantee

The 'no objection' to the resident ECB borrower for issue of corporate or personal guarantee under FEMA, 1999 may be conveyed after obtaining -

(i) Board Resolution for issue of corporate guarantee from the company issuing such guarantees, specifying names of the officials authorised to execute such guarantees on behalf of the company or in individual capacity.

(ii) Specific requests from individuals to issue personal guarantee indicating details of the ECB.

(iii) Ensuring that the period of such corporate or personal guarantee is co-terminus with the maturity of the underlying ECB.

7. AD Category – I banks may invariably specify that the 'no objection' is issued from the foreign exchange angle under the provisions of FEMA, 1999 and should not be construed as an approval by any other statutory authority or Government under any other laws / regulations. If further approval or permission is required from any other regulatory / statutory authority or Government under the relevant laws / regulations, the applicant should take the approval of the authority concerned before undertaking the transaction. Further, the 'no objection' should not be construed as regularizing or validating any irregularities, contravention or other lapses, if any, under the provisions of FEMA or any other laws or regulations.

8. These amendments to the ECB guidelines shall come into force with immediate effect, subject to review from time to time.

9. Necessary amendments to the Notification No. FEMA 3/2000-RB dated May 3, 2000, Notification No. FEMA 8/2000-RB dated May 3, 2000, Notification No. FEMA 20/2000-RB dated May 3, 2000 and Notification No. FEMA 21/2000-RB dated May 3, 2000 are being issued separately.

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

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

Yours faithfully,

(Salim Gangadharan)
Chief General Manager-in-Charge

July 31, 2008

To,

All Category – I Authorized Dealer Banks

Madam / Sir,

Project Offices — Foreign Currency Accounts in India

Attention of Authorised Dealer Category – I (AD Category - I) banks is invited to Foreign Exchange Management (Establishment in India of Branch or Office or other Place of Business) Regulations, 2000, notified vide Notification No. FEMA 22/2000-RB dated May 3, 2000, Foreign Exchange Management (Remittance of Assets) Regulations, 2000, notified vide Notification No. FEMA 13/2000-RB dated May 3, 2000, as amended from time to time and A.P. (DIR Series) Circular No. 44 dated May 17, 2005.

2. At present, foreign companies having Project Offices in India are permitted to open only one foreign currency account for each project, subject to the terms and conditions as mentioned in A. P. (DIR Series) Circular No. 44 dated May 17, 2005. With a view to avoid currency exposures, many foreign companies have been approaching the Reserve Bank for permission to open more than one foreign currency account, usually in their home currency and another in US Dollar. It has, therefore, been decided to liberalise the procedure and allow AD Category – I banks to open an additional foreign currency account for each Project Office (established under the general/specific approval of Reserve Bank) subject to the same terms and conditions as applicable to the existing foreign currency account provided that both the foreign currency accounts are maintained with the same AD Category – I bank. The other conditions mentioned in the abovementioned circular shall continue.

3. The above instructions shall come into force with immediate effect.

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

5. Necessary amendments to Foreign Exchange Management (Foreign Currency Accounts by a person resident in India) Regulations, 2000, notified vide Notification No. FEMA 10/2000-RB dated May 3, 2000 are being issued separately.

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

Yours faithfully,

(Salim Gangadharan)
Chief General Manager-in-Charge

August 04, 2008

To

All Category – I Authorised Dealer Banks

Madam / Sir,

Advance Remittance for Import of Rough Diamonds

Attention of Authorised Dealer Category - I (AD Category - I) banks is invited to A. P. (DIR Series) Circular No.34 dated March 02, 2007 in terms of which AD Category - I banks have been permitted to make advance remittance without any limit and without bank guarantee or standby letter of credit, by an importer (other than a Public Sector Company or a Department / Undertaking of the Government of India / State Government/s), for import of rough diamonds into India from the undernoted mining companies, subject to certain conditions :

- i) Diamond Trading Company Pvt. Ltd., UK,
- ii) RIO TINTO, UK,
- iii) BHP Billiton, Australia,
- iv) ENDIAMA, E. P. Angola,
- v) ALROSA, Russia, and
- vi) GOKHARAN, Russia.

2. Based on the recommendations made by the Gems and Jewellery Export Promotion Council (GJEPC), it has been decided to include the undernoted mining companies in addition to the six mining companies listed above.

- (i) RIO TINTO, Belgium, and
- (ii) BHP Billiton, Belgium.

3. The terms and conditions mentioned in A. P. (DIR Series) Circular No. 34 dated March 02, 2007, including submission of report in the format annexed to the above circular, shall remain unchanged.

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

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

Yours faithfully,

(Salim Gangadharan)
Chief General Manager-in-Charge

August 04, 2008

To,

All Category – I Authorised Dealer Banks

Madam / Sir,

Exchange Earner's Foreign Currency (EEFC) Account

Attention of Authorised Dealer Category - I (AD Category – I) banks is invited to paragraph 2 of A. P. (DIR Series) Circular No. 13 dated October 6, 2007, in terms of which all exporters, as a temporary measure, were permitted to earn interest on Exchange Earners' Foreign Currency (EEFC) accounts to the extent of outstanding balances of USD 1 million per exporter. The permission was valid up to October 31, 2008 and was subject to review.

2. The measure has since been reviewed in consultation with the Government of India and it has been decided to withdraw the facility from November 01, 2008. Accordingly, with effect from November 01, 2008, all EEFC accounts shall only be permitted to be opened and maintained in the form of non-interest bearing current 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 is without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

(Salim Gangadharan)
Chief General Manager-in-Charge

August 06, 2008

To

All Category - I Authorised Dealer banks

Madam / Sir,

**Guidelines on trading of Currency Futures
in Recognised Stock / New Exchanges**

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

2. Persons resident in India have a menu of over-the-counter (OTC) products, such as currency forwards, swaps and options for hedging their currency risk. In the context of liberalisation of the capital accounts, as also continued development of the financial markets, it is felt that wider hedging opportunities could enhance the flexibility for the residents to manage their currency risk dynamically. International experiences have also established that the exchange traded currency futures contracts facilitate efficient price discovery, enable better counterparty credit risk management, wider participation, trading of standardized product, reduce transaction costs, etc. Accordingly, as a part of further developing the derivatives market in India and adding to the existing menu of foreign exchange hedging tools available to the residents, it has been decided to introduce currency futures in recognized stock exchanges or new exchanges recognized by the Securities and Exchange Board of India (SEBI) in the country. The currency futures market would function subject to the directions, guidelines, instructions issued by the Reserve Bank and the SEBI, from time to time.

3. Persons resident in India are permitted to participate in the currency futures market in India subject to directions contained in the Currency Futures (Reserve Bank) Directions, 2008 [Notification No.FED.1/DG(SG)-2008 dated August 6, 2008] (Directions) issued by the Reserve Bank of India, a copy of which is annexed (Annex-I).

4. Necessary amendments to Foreign Exchange Management (Foreign Exchange Derivatives Contracts) Regulations, 2000 (Notification No. FEMA.25/RB-2000 dated May 3, 2000) (Regulations) have been notified in the Official Gazette vide G.S.R. No 577(E) dated August 5, 2008, a copy of which is annexed (Annex-II).

5. The above Directions have been issued under Section 45W of the Reserve Bank of India Act, 1934 and the above Regulations have been issued under clause (h) of sub-Section (2) of Section 47 of the Foreign Exchange Management Act, 1999 (42 of 1999).

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

Yours faithfully,

(Salim Gangadharan)
Chief General Manager-In-Charge

[A. P. (DIR Series) Circular No. 05 dated August 06, 2008]

**Currency Futures (Reserve Bank) Directions, 2008
Notification No. FED.1/DG(SG)-2008 dated August 6, 2008**

The Reserve Bank of India having considered necessary in public interest and to regulate the financial system of the country to its advantage, in exercise of its powers conferred by section 45W of the Reserve Bank of India Act, 1934 and of all the powers enabling it in this behalf, hereby gives the following directions to all the persons dealing in currency futures.

1. Short title and commencement of the directions

These directions may be called the Currency Futures (Reserve Bank) Directions, 2008 and they shall come into force with effect from August 6, 2008.

2. Definitions

- (i) Currency Futures means a standardised foreign exchange derivative contract traded on a recognized stock exchange to buy or sell one currency against another on a specified future date, at a price specified on the date of contract, but does not include a forward contract.
- (ii) Currency Futures market means the market in which currency futures are traded.

3. Permission

- (i) Currency futures are permitted in US Dollar - Indian Rupee or any other currency pairs, as may be approved by the Reserve Bank from time to time.
- (ii) Only 'persons resident in India' may purchase or sell currency futures to hedge an exposure to foreign exchange rate risk or otherwise.

4. Features of currency futures

Standardized currency futures shall have the following features:

- a. Only USD-INR contracts are allowed to be traded.
- b. The size of each contract shall be USD 1000.
- c. The contracts shall be quoted and settled in Indian Rupees.
- d. The maturity of the contracts shall not exceed 12 months.

- e. The settlement price shall be the Reserve Bank's Reference Rate on the last trading day.

5. Participants

- (i). No person other than 'a person resident in India' as defined in section 2(v) of the Foreign Exchange Management Act, 1999 (Act 42 of 1999) shall participate in the currency futures market.
- (ii). Notwithstanding sub-paragraph (i), no scheduled bank or such other agency falling under the regulatory purview of the Reserve Bank under the Reserve Bank of India Act, 1934, the Banking Regulation Act, 1949 or any other Act or instrument having the force of law shall participate in the currency futures market without the permission from the respective regulatory Departments of the Reserve Bank. Similarly, for participation by other regulated entities, concurrence from their respective regulators should be obtained.

6. Membership

- i. The membership of the currency futures market of a recognised stock exchange shall be separate from the membership of the equity derivative segment or the cash segment. Membership for both trading and clearing, in the currency futures market shall be subject to the guidelines issued by the SEBI.
- ii. Banks authorized by the Reserve Bank of India under section 10 of the Foreign Exchange Management Act, 1999 as 'AD Category - I bank' are permitted to become trading and clearing members of the currency futures market of the recognized stock exchanges, on their own account and on behalf of their clients, subject to fulfilling the following minimum prudential requirements:
 - a) Minimum net worth of Rs. 500 crores.
 - b) Minimum CRAR of 10 per cent.
 - c) Net NPA should not exceed 3 per cent.
 - d) Made net profit for last 3 years.

The AD Category - I banks which fulfill the prudential requirements should lay down detailed guidelines with the approval of their Boards for trading and clearing of currency futures contracts and management of risks.

- (iii). AD Category - I banks which do not meet the above minimum prudential requirements and AD Category - I banks which are Urban Co-operative banks or State Co-operative banks can participate in the currency futures market only as clients, subject to approval therefor from the respective regulatory Departments of the Reserve Bank.

7. Position limits

- i. The position limits for various classes of participants in the currency futures market shall be subject to the guidelines issued by the SEBI.
- ii. The AD Category - I banks, shall operate within prudential limits, such as Net Open Position (NOP) and Aggregate Gap (AG) limits. The exposure of the banks, on their own account, in the currency futures market shall form part of their NOP and AG limits.

8. Risk Management measures

The trading of currency futures shall be subject to maintaining initial, extreme loss and calendar spread margins and the Clearing Corporations / Clearing Houses of the exchanges should ensure maintenance of such margins by the participants on the basis of the guidelines issued by the SEBI from time to time.

9. Surveillance and disclosures

The surveillance and disclosures of transactions in the currency futures market shall be carried out in accordance with the guidelines issued by the SEBI.

10. Authorisation to Currency Futures Exchanges / Clearing Corporations

Recognized stock exchanges and their respective Clearing Corporations / Clearing Houses shall not deal in or otherwise undertake the business relating to currency futures unless they hold an authorization issued by the Reserve Bank under section 10 (1) of the Foreign Exchange Management Act, 1999.

11. Powers of Reserve Bank

The Reserve Bank may from time to time modify the eligibility criteria for the participants, modify participant-wise position limits, prescribe margins and / or impose specific margins for identified participants, fix or modify any other prudential limits, or take such other actions as deemed necessary in public interest, in the interest of financial stability and orderly development and maintenance of foreign exchange market in India.

(Shyamala Gopinath)
Deputy Governor

[A. P. (DIR Series) Circular No. 05 dated August 06, 2008]

Notification No. FEMA 177 /RB-2008

dated August 01, 2008

**Foreign Exchange Management (Foreign Exchange Derivative Contracts)
(Amendment) Regulations, 2008**

In exercise of the powers conferred by clause (h) of sub-section 2 of Section 47 of the Foreign Exchange Management Act, 1999 (42 of 1999) the Reserve Bank of India makes the following amendments in the Foreign Exchange Management (Foreign Exchange Derivative Contracts) Regulations, 2000, (Notification No. FEMA 25/RB-2000 dated May 3, 2000) namely:-

1. Short Title and Commencement:

- (i) These Regulations may be called the Foreign Exchange Management (Foreign Exchange Derivative Contracts) (Amendment) Regulations, 2008.
- (ii) They shall come in to force from the date of their publication in the Official Gazette.

2. Amendment of the Regulations

In the Foreign Exchange Management (Foreign Exchange Derivative Contracts) Regulations, 2000 (Notification No. FEMA 25/RB-2000 dated May 3, 2000) (hereafter referred to as the principal regulations),

- (i) in regulation 2, after clause (v), the following clause shall be inserted, namely:-
"(va) 'Currency Futures' means a standardised foreign exchange derivative contract traded on a recognized stock exchange to buy or sell one currency against another on a specified future date, at a price specified on the date of contract, but does not include a forward contract."

- (ii) in regulation 3 of the principal regulations, after the words, "foreign exchange derivative contract", the words, "or currency futures" shall be inserted.
- (iii) after regulation 5 of the principal regulations, the following regulation shall be inserted, namely :-

"5A. Permission to a person resident in India to enter into currency futures

A person resident in India may enter into a currency futures in a stock exchange recognized under section 4 of the Securities Contract (Regulation) Act, 1956, to hedge an exposure to risk or otherwise, subject to such terms and conditions as may be set forth in the directions issued by the Reserve Bank of India from time to time."

(Salim Gangadharan)
Chief General Manager-in-Charge

Footnote:-

The principal regulations were published in the Official Gazette vide GSR No.411(E) dated May 8, 2000 in Part II, Section 3, sub-section (i) and subsequently amended vide –

GSR No.756(E) dt. 28.9.2000,
GSR No.264(E) dt. 09.4.2002,
GSR No.579(E) dt. 19.8.2002,
GSR No.222(E) dt. 18.3.2003,
GSR No.532(E) dt. 09.7.2003,
GSR No.880(E) dt. 11.11.2003,
GSR No.881(E) dt. 11.11.2003,
GSR No.750(E) dt. 28.12.2005,
GSR No.222(E) dt. 19.04.2006,
GSR No.223(E) dt. 19.04.2006 and
GSR No.760(E) dt.07.12.2007

<p>Published in the Official Gazette of Government of India - Extraordinary - Part-II, Section 3, Sub-Section (i) dated 05.08.2008 - G.S.R.No.577(E)</p>

August 13, 2008

To,

All Category – I Authorised Dealer Banks

Madam / Sir,

**Export of Goods and Services- Direct Dispatch of Shipping Documents
Realisation and Repatriation of Export Proceeds – Liberalisation**

Attention of Authorised Dealer Category – I (AD Category - I) banks is invited to the paragraph C .7 of A. P. (DIR Series) Circular No.12 dated September 9, 2000, in terms of which AD Category – I banks/exporters have been allowed, in certain cases, to dispatch shipping documents direct to the consignee. All other cases of dispatch of shipping documents by the exporter direct to the consignee are considered by the Reserve Bank on a case to case basis.

2. With view to further liberalise the facilities available to the exporters and to simplify the procedure, it has been decided to allow AD Category - I banks, to regularize cases of dispatch of shipping documents by the exporter direct to the consignee or his agent resident in the country of the final destination of goods, up to USD 1 million or its equivalent, per export shipment, subject to the following conditions:

- a) The export proceeds have been realized in full.
- b) The exporter is a regular customer of AD Category - I bank for a period of at least six months..
- c) The exporter's account with the AD Category – I bank is fully compliant with Reserve Bank's extant KYC / AML guidelines.
- d) The AD Category – I bank is satisfied about the bonafides of the transaction.

3. In case of doubt, the AD Category – I bank may consider filing Suspicious Transaction Report (STR) with FIU_IND (Financial Intelligence Unit in India).

4. The directions for Status Holder Exporters and Units in Special Economic Zones issued vide A. P. (DIR Series) Circular No. 35 dated April 1, 2002 and A. P. (DIR Series) Circular No. 10 dated August 14, 2002, respectively, shall remain unchanged.

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

6. The directions contained in this Circular have been issued under Section 10(4) and 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,

(Salim Gangadharan)
Chief General Manager-in-Charge

August 13, 2008

To,

All Category - I Authorised Dealer Banks

Madam / Sir,

Overseas Direct Investment by Registered Trust / Society

Attention of Authorised Dealer Category - I (AD Category - I) Banks is invited to A. P. (DIR Series) Circular No. 53 dated June 27, 2008, permitting Registered Trusts and Societies engaged in manufacturing / educational sector and satisfying the eligibility criteria prescribed in the Annex to the Circular to make investment in the same sector(s) in a Joint Venture or Wholly Owned Subsidiary outside India, with the prior approval of the Reserve Bank.

2. As a further measure of liberalisation, it has been decided, in consultation with the Government of India, to allow Registered Trusts and Societies which have set up hospital(s) in India to make investment in the same sector(s) in a Joint Venture or Wholly Owned Subsidiary outside India, with the prior approval of the Reserve Bank. Trusts / Societies satisfying the eligibility criteria as prescribed in the Annex to the abovementioned circular may submit the application/s in Form ODI-Part I, through their AD Category - I bank/s to the Reserve Bank for consideration. The other terms and conditions and reporting requirements listed in the above mentioned A.P. (Dir Series) Circular remain unchanged.

3. Necessary amendments to the Foreign Exchange Management (Transfer or Issue of any Foreign Security), Regulations, 2004 notified vide Notification No.FEMA120/RB-2004 dated 7th July 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 Section 10 (4) and 11 (1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and is without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

(Salim Gangadharan)
Chief General Manager-in-Charge

August 21, 2008

To

All Category – I Authorised Dealer Banks

Madam / Sir,

Advance Remittance for Import of Rough Diamonds

Attention of Authorised Dealer Category - I (AD Category - I) banks is invited to A. P. (DIR Series) Circular No.34 dated March 02, 2007 and **A. P. (DIR Series) Circular No.03 dated August 04, 2008**, in terms of which AD Category - I banks have been permitted to make advance remittance without any limit and without bank guarantee or standby letter of credit, by an importer (other than a Public Sector Company or a Department / Undertaking of the Government of India / State Government/s), for import of rough diamonds into India from the under noted mining companies, subject to certain conditions :

- i) Diamond Trading Company Pvt. Ltd., UK,
- ii) RIO TINTO, UK
- iii) BHP Billiton, Australia
- iv) ENDIAMA, E. P. Angola,
- v) ALROSA, Russia,
- vi) GOKHARAN, Russia,
- vii) RIO TINTO, Belgium and
- viii) BHP Billiton, Belgium

2. It is informed that, with effect from August 01, 2008, the name of the Diamond Trading Company Pvt. Ltd. UK has been changed to De Beers UK Limited. Accordingly, the change in the name of the company may be noted by AD Category – I banks. The other terms and conditions mentioned in A. P. (DIR Series) Circular No.03 dated August 04, 2008 shall 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 (FEMA), 1999 (42 of 1999) and is without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

(Salim Gangadharan)
Chief General Manager-in-Charge

RBI/2008-09/134

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

August 21, 2008

To

All Authorised Dealer Category – I Banks

Madam / Sir,

**Foreign Exchange Management Act, 1999-
Advance Remittance for Import of Goods - Liberalisation**

Attention of Authorised Dealer Category – I (AD Category-I) banks is invited to A. P. (DIR Series) Circular No.106 dated June 19, 2003 and A. P. (DIR Series) Circular No.15 dated September 17, 2003, in terms of which –

- (i) AD Category – I banks are permitted to make advance remittance without any limit on behalf of their importer constituents for import of goods [cf paragraph A.6 of A. P. (DIR Series) Circular No.106 dated June 19, 2003].
- (ii) For advance remittance exceeding USD 100,000 or its equivalent, AD Category – I banks are required to obtain an unconditional, irrevocable standby Letter of Credit or a guarantee from an international bank of repute situated outside India or a guarantee of an AD Category – I bank in India, if such a guarantee is issued against the counter guarantee of an international bank of repute situated outside India [cf paragraph A.6 (a) of A. P. (DIR Series) Circular No.106 dated June 19, 2003].
- (iii) In cases where the importer (other than a Public Sector Company or a Department / Undertaking of the Government of India / State Government) is unable to obtain bank guarantee from overseas suppliers and the AD Category – I bank is satisfied about the track record and bonafides of the importer, the requirement of the bank guarantee / standby letter of credit may not be insisted upon for advance remittance up to USD 1,000,000 or its equivalent. AD Category – I banks may frame their own internal guidelines to deal with such cases as per a suitable policy framed by the bank's Board of Directors [cf A. P. (DIR Series) Circular No.15 dated September 17, 2003].

2. With a view of simplifying the procedures, it has been decided to enhance the limit of USD 1,000,000 mentioned in paragraph (iii) above to USD 5,000,000 or its equivalent, with immediate effect.

3. All payments towards advance remittance for imports shall be subject to the following conditions :

a) The importer is a customer of the AD Category – I bank.

b) The customer's account is fully compliant with Reserve Bank's extant KYC / AML guidelines. KYC and due diligence exercise should be done by the AD Category - I banks for the Indian importer entity as well the overseas manufacturer / supplier.

c) The AD Category - I banks should undertake the transactions based on their commercial judgment and after being satisfied about the bonafides of the transactions.

d) Advance payments should be made strictly as per the terms of the sale contract and should be made directly to the account of the manufacturer / supplier concerned.

e) Physical import of goods into India should be made within six months (three years in case of capital goods) from the date of remittance and the importer should give an undertaking to furnish documentary evidence of import, within fifteen days from the close of the relevant period.

f) AD Category – I banks should follow up submission of documentary evidence for import into India.

g) In the event of non-import of goods, AD Category – I banks should ensure that the amount of advance remittance is repatriated to India or is utilised for any other purposes for which release of exchange is permissible under the Act, Rules or Regulations made there under.

5. The other instructions issued vide A. P. (DIR Series) Circular No.106 dated June 19, 2003 and A. P. (DIR Series) Circular No.15 dated September 17, 2003 shall remain unchanged.

6. Advance remittance for import of rough diamonds and import of aircraft/helicopters/other aviation related products shall be governed by the instructions issued vide A. P. (DIR Series) Circular No. 34 dated March 2, 2007, A. P. (DIR Series) Circular No.77 dated June 29, 2007 and A. P. (DIR Series) Circular No. 08 dated August 21, 2008 issued in this regard.

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 Section 10(4) and Section 11 (1) of the Foreign Exchange Management Act 1999 (42 of 1999) and is without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

(Salim Gangadharan)
Chief General Manager-in-Charge

August 21, 2008

To,

All Authorised Dealer Category – I 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. 52 dated June 11, 2008 wherein the rupee value of the special currency basket was indicated as Rs.62.5198 effective from May 23, 2008.

2. AD Category – I banks are advised that a further revision has taken place on August 07, 2008 and accordingly, the rupee value of the special currency basket has been fixed at Rs. 60.4392 with effect from August 12, 2008.

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, 1999 (42 of 1999) and is without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

(Salim Gangadharan)
Chief General Manager-in-Charge

RBI/2008-09/139

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

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

August 22, 2008

To,

All Authorized 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 Authorized Dealer Category-I (AD Category-I) banks is invited to the Memorandum of Instructions for Opening and Maintenance of Rupee / foreign currency Vostro accounts of Non-resident Exchange Houses, issued vide A. P. (DIR Series) Circular No. 28 [A. P. (FL/RL Series) Circular No. 02] dated February 6, 2008.

2. In terms of Para A(4) (ix) of Annex-I to the said circular, the tie-up of an AD Category – I bank with an Exchange House is required to be approved by the Reserve Bank. A cap of 20 on the number of arrangements and 300 on the number of drawee branches has been prescribed by the Reserve Bank as a prudential measure, which may be relaxed by the Reserve Bank subject to the AD Category - I banks having sound risk management systems and on-line monitoring of funds position to avoid concealed overdrafts in the vostro accounts.

3. The instructions have since been reviewed and as a measure of further liberalization it has been decided to permit AD Category – I banks to designate drawee branches under Rupee Drawing Arrangements (RDA) beyond 300, provided such branches are under Core Banking Solution where on-line monitoring of funds position is ensured to avoid concealed overdrafts in vostro accounts, subject to the terms and conditions of Reserve Bank's approval for the tie-up with an Exchange House (EH) and the instructions pertaining to Rupee Drawing Arrangements issued by the Reserve Bank from time to time. The AD Category - I banks should obtain necessary Board approval before increasing the number of drawee branches beyond 300 and inform the Reserve Bank immediately. However, the extant instructions on obtaining prior permission from the Reserve Bank for tie-ups with EHs remain unchanged.

4. The other instructions issued vide the abovementioned circular shall 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 is without prejudice to permissions/ approvals, if any, required under any other law.

Yours faithfully,

(Salim Gangadharan)
Chief General Manager-in-Charge

August 28, 2008

To,

All Authorised Dealer Category – I banks

Madam / Sir,

**Foreign Exchange Management Act, 1999 –
Import of Platinum / Palladium / Rhodium / Silver**

Attention of Authorised Dealer Category – I (AD Category – I) banks is invited to the provisions contained in A. P. (DIR Series) Circular No. 87 dated April 17, 2004 in terms of which AD Category – I banks have been permitted to approve Suppliers' and Buyers' credit (trade credit) up to USD 20 million per import transaction for imports permissible under the Foreign Trade Policy of the DGFT with a maturity period up to one year from the date of shipment (three years in the case of capital goods).

2. The present instructions have been reviewed in the context of recent developments and it has been decided that Suppliers' and Buyers' credit, including the usance period of Letters of Credit opened for import of Platinum, Palladium, Rhodium and Silver should not exceed 90 days from the date of shipment. The revised directions will come into force with immediate effect.

3. AD Category – I banks should ensure that due diligence is undertaken and Know-Your-Customer (KYC) norms and Anti-Money Laundering (AML) guidelines, issued by the Reserve Bank are adhered to while undertaking import of these metals. Further, any large or abnormal increase in the volume of business should be closely examined to ensure that the transactions are bonafide and are not intended for interest / currency arbitrage. All other instructions relating to import of these metals shall continue.

4. The instructions issued for direct import of gold, vide A. P. (DIR Series) Circular No. 2 dated July 9, 2004 shall remain unchanged.

5. AD Category – I banks may bring the contents of this circular to the notice of their constituents and customers concerned including units located in the Special Economic Zone (SEZ), Export Oriented Units, etc.

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,

(Salim Gangadharan)
Chief General Manager in Charge

September 01, 2008

To,

All Authorised Dealer Category - I banks

Madam / Sir,

Direct Receipt of Import Bills / Documents - Liberalisation

Attention of Authorised Dealer Category - I (AD Category - I) banks is invited to A. P. (DIR Series) Circular No.66 dated February 6, 2004, in terms of which AD Category - I banks are permitted to make remittances for imports, where the import bills / documents have been received directly by the importer from the overseas supplier and the value of import bill does not exceed USD 100,000.

2. With a view to liberalizing the procedure, it has been decided to enhance the limit for direct receipt of import bills / documents to USD 300,000. Accordingly, AD Category – I banks may make remittances for imports, where the import bills / documents have been received directly by the importer from the overseas supplier and the value of import bill does not exceed USD 300,000, subject to the following conditions :

- (i) The import would be subject to the prevailing Foreign Trade Policy.
- (ii) The transactions are based on their commercial judgment and they are satisfied about the bonafides of the transactions.
- (iii) The importer is a customer of AD Category – I bank and the customer's account is fully compliant with extant KYC / AML guidelines issued by the Reserve Bank.
- (iv) AD Category - I banks should do the due diligence exercise and should be fully satisfied about the financial standing / status and track record of the importer customer.
- (v) It is customary in that trade to receive import documents directly from the overseas exporter.
- (vi) In case the AD Category – I bank has suspicions about the genuineness of the transaction, it should be reported through the Suspicious Transaction Report (STR) to FIU_IND (Financial Intelligence Unit in India).

3. The instructions for direct receipt of import bills / documents by status holder exporters, as defined under the Foreign Trade Policy, issued in terms of item i.c. of the Annex to A. P. (DIR Series) Circular No.66 dated February 6, 2004 shall remain unchanged. Further, instructions issued vide A. P. (DIR Series) Circular No. 18 dated November 07, 2007 and A. P. (DIR Series) Circular No. 37 dated April 16, 2008 for direct receipt of import bills / documents by non-status holder exporters for import of rough diamonds and rough precious and semi-precious stones shall continue.

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,

(Salim Gangadharan)
Chief General Manager-in-Charge

September 05, 2008

To

All Category - I Authorised Dealer Banks

Madam / Sir,

Overseas Investment – Rationalisation

Attention of the Authorised Dealer Category - I (AD Category - I) banks is invited to Notification No.FEMA120/RB-2004 dated 7th July, 2004 [Foreign Exchange Management (Transfer or Issue of any Foreign Security) Regulations, 2004] (the Notification), as amended from time to time.

2. In terms of Regulation 15 of the Notification *ibid*, an Indian party which has acquired foreign security in terms of Regulations in Part I of the Notification shall receive share certificates or any other document as an evidence of investment in the foreign entity to the satisfaction of the Reserve Bank within six months, or such further period as Reserve Bank may permit, from the date of effecting remittance or the date on which the amount to be capitalised became due to the Indian Party or the date on which the amount due was allowed to be capitalised. The documentary evidence of investment is required to be submitted to the Regional Office concerned of Reserve Bank.

3. With a view to further simplifying the procedure, it has been decided that, henceforth, such share certificates or any other document as an evidence of investment in the foreign entity should not to be submitted to the Reserve Bank. The share certificates or any other document as evidence of investment where share certificates are not issued shall, henceforth, be submitted to and retained by the designated AD Category – I bank, who would be required to monitor the receipt of such documents and satisfy themselves about the bonafides of the documents so received. A certificate to this effect should be submitted by the designated AD Category – I bank to the Reserve Bank along with the APR (Part III of Form ODI) as annexed to AP (Dir Series) Circular No 68 dated June 1, 2007.

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

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

Yours faithfully,

(Salim Gangadharan)
Chief General Manager-in-Charge

September 08, 2008

To,

All Category – I Authorised Dealer banks

Madam / Sir,

**Foreign Exchange Management Act, 1999 –
Advance Remittances for Import of Services**

Attention of all Authorized Dealer Category – I (AD Category – I) banks is invited to paragraph 3 of A. P.(DIR Series) Circular No.65 dated January 6, 2003, in terms of which AD Category – I banks are required to obtain a guarantee from a bank of international repute situated outside India or a guarantee from an AD Category – I bank in India, if such a guarantee is issued against the counter guarantee of a bank of international repute situated outside India for advance remittances exceeding USD 100,000 or its equivalent for import of services into India.

2. With a view to liberalizing the procedure further, it has been decided to raise the limit of USD 100,000 for advance remittance for all admissible current account transactions for import of services without bank guarantee to USD 500,000 or its equivalent. AD Category – I banks may frame their own guidelines to deal with such cases as per the policy approved by the bank's Board of Directors.

3. Where the amount of advance exceeds USD 500,000 or its equivalent, a guarantee from a bank of international repute situated outside India, or a guarantee from an AD Category – I bank in India, if such a guarantee is issued against the counter-guarantee of a bank of international repute situated outside India, should be obtained from the overseas beneficiary.

4. AD Category – I banks should also follow-up to ensure that the beneficiary of the advance remittance fulfils his obligation under the contract or agreement with the remitter in India, failing which, the amount should be repatriated to India.

5. AD Category – I banks may bring the contents of the 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, 1999 (42 of 1999) and is without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

(Salim Gangadharan)
Chief General Manager-in-Charge

September 22, 2008

To

All Category - I Authorised Dealer Banks

Madam / Sir,

External Commercial Borrowings Policy - Liberalisation

Attention of Authorised Dealer Category - I (AD Category - I) banks is invited to the A. P. (DIR Series) Circular No.5 dated August 1, 2005, A. P. (DIR Series) Circular No. 60 dated May 21, 2007, A. P. (DIR Series) Circular No. 4 dated August 7, 2007 and A. P. (DIR Series) Circular No. 43 dated May 29, 2008 relating to External Commercial Borrowings (ECB).

2. Based on a review, it has been decided to modify some aspects of the ECB policy as indicated below:

- (a) At present, borrowers in the infrastructure sector are allowed to avail ECB up to USD 100 million per financial year for Rupee expenditure for permissible end-uses under the Approval Route. Considering the huge funding requirements of the sector, particularly for meeting Rupee expenditure, the existing limit of USD 100 million has been raised to USD 500 million per financial year for the borrowers in the infrastructure sector for Rupee expenditure under the Approval Route. ECBs in excess of USD 100 million for Rupee expenditure should have a minimum average maturity period of 7 years.
- (b) In view of widening of credit spreads in the international financial markets, the all-in-cost ceilings for ECBs are modified as follows:

Average Maturity Period	All-in-Cost ceilings over 6 Months LIBOR*	
	Existing	Revised
Three years and up to five years	200 bps	200 bps
More than five years and up to seven years	350 bps	350 bps
More than seven years	350 bps	450 bps
* for the respective currency of borrowing or applicable benchmark		

3. The amendments to the ECB guidelines will come into force with immediate effect. All other aspects of the ECB policy such as USD 500 million limit per borrower per financial year under the Automatic Route, eligible borrower, recognised lender, end-use of foreign currency expenditure for import of capital goods and overseas investments, average maturity period, prepayment, refinancing of existing ECB and reporting arrangements remain unchanged. The existing limit of USD 50 million for Rupee expenditure under the Approval Route for borrowers other than those in the infrastructure sector also remains unchanged.
4. Necessary amendments to the Foreign Exchange Management (Borrowing or Lending in Foreign Exchange) Regulations, 2000 dated May 3, 2000 are being issued separately.
5. AD Category - I banks may bring the contents of this circular to the notice of their constituents and customers concerned.
6. The directions contained in this circular have been issued under sections 10(4) and 11 (1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and is without prejudice to permissions/approvals, if any, required under any other law.

Yours faithfully,

(Salim Gangadharan)
Chief General Manager-in-Charge

September 23, 2008

To
All Category-I Authorised Dealer Banks

Madam / Sirs,

‘Issue of Foreign Currency Exchangeable Bonds Scheme, 2008’

Attention of Authorised Dealers is invited to the “Issue of Foreign Currency Exchangeable Bonds (FCEB) Scheme, 2008”, notified by the Government of India, Ministry of Finance, Department of Economic Affairs vide Notification G.S.R.89(E) dated February 15, 2008, copy of which is annexed.

2. Accordingly, it has been decided to operationalise the abovementioned Scheme in order to facilitate the issue of FCEB by Indian companies.

3. “Foreign Currency Exchangeable Bond” means a bond expressed in foreign currency, the principal and interest in respect of which is payable in foreign currency, issued by an Issuing Company and subscribed to by a person who is a resident outside India, in foreign currency and exchangeable into equity share of another company, to be called the Offered Company, in any manner, either wholly, or partly or on the basis of any equity related warrants attached to debt instruments. The FCEB may be denominated in any freely convertible foreign currency.

4. **Eligible Issuer** : The Issuing Company shall be part of the promoter group of the Offered Company and shall hold the equity share/s being offered at the time of issuance of FCEB.

5. **Offered Company** : The Offered Company shall be a listed company, which is engaged in a sector eligible to receive Foreign Direct Investment and eligible to issue or avail of Foreign Currency Convertible Bond (FCCB) or External Commercial Borrowings (ECB).

6. **Entities not eligible to issue FCEB** : An Indian company, which is not eligible to raise funds from the Indian securities market, including a company which has been restrained from accessing the securities market by the SEBI shall not be eligible to issue FCEB.

7. **Eligible Subscriber** : Entities complying with the Foreign Direct Investment policy and adhering to the sectoral caps at the time of issue of FCEB can subscribe to FCEB. Prior

approval of Foreign Investment Promotion Board, wherever required under the Foreign Direct Investment policy, should be obtained.

8. Entities not eligible to subscribe to FCEB : Entities prohibited to buy, sell or deal in securities by the SEBI will not be eligible to subscribe to FCEB.

9. End-use of FCEB proceeds:

Issuing Company:

- (i) The proceeds of FCEB may be invested by the issuing company overseas by way of direct investment including in Joint Ventures or Wholly Owned Subsidiaries abroad, subject to the existing guidelines on overseas investment in Joint Ventures / Wholly Owned Subsidiaries.
- (ii) The proceeds of FCEB may be invested by the issuing company in the promoter group companies.

Promoter Group Companies:

Promoter Group Companies receiving investments out of the FCEB proceeds may utilise the amount in accordance with end-uses prescribed under the ECB policy.

10. End-uses not permitted : The promoter group company receiving such investments will not be permitted to utilise the proceeds for investments in the capital market or in real estate in India.

11. All-in-cost : The rate of interest payable on FCEB and the issue expenses incurred in foreign currency shall be within the all-in-cost ceiling as specified by Reserve Bank under the ECB policy.

12. Pricing of FCEB: At the time of issuance of FCEB the exchange price of the offered listed equity shares shall not be less than the higher of the following two:

- (i) The average of the weekly high and low of the closing prices of the shares of the offered company quoted on the stock exchange during the six months preceding the relevant date; and
- (ii) The average of the weekly high and low of the closing prices of the shares of the offered company quoted on a stock exchange during the two week preceding the relevant date.

13. Average Maturity : Minimum maturity of FCEB shall be five years. The exchange option can be exercised at any time before redemption. While exercising the exchange

option, the holder of the FCEB shall take delivery of the offered shares. Cash (Net) settlement of FCEB shall not be permissible.

14. Parking of FCEB proceeds abroad :

The proceeds of FCEB shall be retained and / or deployed overseas by the issuing / promoter group companies in accordance with the policy for the ECB.

It shall be the responsibility of the issuing company to ensure that the proceeds of FCEB are used by the promoter group company only for the permitted end-uses prescribed under the ECB policy. The issuing company should also submit audit trail of the end-use of the proceeds by the issuing company / promoter group companies to the Reserve Bank duly certified by the designated Authorised Dealer bank.

15. Operational Procedure – Issuance of FCEB shall require prior approval of the Reserve Bank under the Approval Route for raising ECB. The Reporting arrangement for FCEB shall be as per extant ECB policy.

16. This Scheme will come into force with immediate effect.

17. Necessary amendments to the Foreign Exchange Management (Borrowing or Lending in Foreign Exchange) Regulations, 2000 dated May 3, 2000 as amended from time to time and Foreign Exchange Management (Transfer or Issue of Any Foreign Security) Regulations, 2004 dated July 7, 2004) as amended from time to time, are being issued separately.

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

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

Yours faithfully,

Salim Gangadharan
Chief General Manager-in-Charge

[A.P.(DIR Series) Circular No.17 dated September 23, 2008]

**MINISTRY OF FINANCE
(DEPARTMENT OF ECONOMIC AFFAIRS)**

New Delhi, the 15th February , 2008.

NOTIFICATION

G.S. R.89(E) – The Central Government hereby notifies the following scheme for facilitating issue of Foreign Currency Exchangeable Bonds by Indian Companies, namely:-

1. **Short title and commencement** - (1) This scheme may be called the Issue of Foreign Currency Exchangeable Bonds Scheme, 2008.

(2) It shall come into force on the date of notification in the Official Gazette.
2. **Definitions** - In this scheme, unless the context otherwise requires, -
 - (a) “Foreign Currency Exchangeable Bond” means a bond expressed in foreign currency, the principal and interest in respect of which is payable in foreign currency, issued by an Issuing Company and subscribed to by a person who is a resident outside India in foreign currency and exchangeable into equity share of another company, to be called the Offered Company, in any manner, either wholly, or partly or on the basis of any equity related warrants attached to debt instruments.
 - (b) “Issuing Company” means an Indian company as defined in the Companies Act, 1956 (1 of 1956), which is eligible to issue Foreign Currency Exchangeable Bond.
 - (c) “Offered Company” means an Indian company as defined in the Companies Act, 1956 (1 of 1956) whose equity share/s shall be offered in exchange of the Foreign Currency Exchangeable Bond.
 - (d) “Promoter Group” has the same meaning as defined in the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000.
3. **Eligibility Conditions and subscription of Foreign Currency Exchangeable Bonds** - (1) The Issuing Company shall be part of the promoter group of the Offered Company and shall hold the equity share/s being offered at the time of issuance of Foreign Currency Exchangeable Bond.

(2) The Offered Company shall be a listed company which is engaged in a sector eligible to receive Foreign Direct Investment and eligible to issue or avail of Foreign Currency Convertible Bond or External Commercial Borrowings.

- (3) An Indian Company, which is not eligible to raise funds from the Indian securities market, including a company which has been restrained from accessing the securities market by the Securities and Exchange Board of India shall not be eligible to issue Foreign Currency Exchangeable Bond.
- (4) The subscriber to the Foreign Currency Exchangeable Bond shall comply with the Foreign Direct Investment policy and adhere to the sectoral caps at the time of issuance of Foreign Currency Exchangeable Bond. Prior approval of Foreign Investment Promotion Board, wherever required under the Foreign Direct Investment policy, should be obtained. Entities prohibited to buy, sell or deal in securities by Securities and Exchange Board of India will not be eligible to subscribe to Foreign Currency Exchangeable Bond.
4. **End-use requirements** - (1) The proceeds of Foreign Currency Exchangeable Bond may be invested by the issuing company in the promoter group companies. The promoter group company receiving such investments shall be required to use the proceeds in accordance with end uses prescribed under the External Commercial Borrowings policy. The promoter group company receiving such investments will not be permitted to utilize the proceeds for investments in the capital market or in real estate in India.
- (2) The proceeds of Foreign Currency Exchangeable Bond may be invested by the issuing company overseas by way of direct investment including in Joint Ventures or Wholly Owned Subsidiaries subject to the existing guidelines on Indian Direct Investment in Joint Ventures or Wholly Owned Subsidiaries abroad.
5. **Operational Procedure** - (1) Prior approval of the Reserve Bank of India shall be required for issuance of Foreign Currency Exchangeable Bond.
- (2) The Foreign Currency Exchangeable Bond may be denominated in any freely convertible foreign currency.
6. **Pricing and Maturity** - (1) The rate of interest payable on Foreign Currency Exchangeable Bond and the issue expenses incurred in foreign currency shall be within the all in cost ceiling as specified by Reserve Bank of India under the External Commercial Borrowings policy.
- (2) At the time of issuance of Foreign Currency Exchangeable Bond the exchange price of the offered listed equity shares shall not be less than the higher of the following two :-
- (i) the average of the weekly high and low of the closing prices of the shares of the offered company quoted on the stock exchange during the six months preceding the relevant date; and
 - (ii) the average of the weekly high and low of the closing prices of the shares of the offered company quoted on a stock exchange during the two week preceding the relevant date.

Explanation:- For the purpose of this sub-scheme, “relevant date” means, the date on when the Board of the issuing company passes the resolution authorizing the issue of Foreign Currency Exchangeable Bond.

(3) The minimum maturity of the Foreign Currency Exchangeable Bond shall be five years for purposes of redemption. The exchange option can be exercised at any time before redemption. While exercising the exchange option, the holder of the Foreign Currency Exchangeable Bond shall take delivery of the offered shares. Cash (Net) settlement of Foreign Currency Exchangeable Bonds shall not be permissible.

7. **Mandatory Requirements :** - (1) The Issuing Company shall comply with the provisions of the Companies Act, 1956 (1 of 1956) and obtain necessary approvals of its Board of Directors and shareholders if applicable. The Offered Company shall also obtain the approval of its Board of Directors in favour of the Foreign Currency Exchangeable Bond proposal of the issuing company.

(2) The Issuing Company intending to offer shares of the offered company under Foreign Currency Exchangeable Bond shall comply with all the applicable provisions of the Securities and Exchange Board of India Act, Rules, Regulations or Guidelines with respect to disclosures of their shareholding in the Offered Company.

(3) The Issuing Company shall not transfer, mortgage or offer as collateral or trade in the offered shares under Foreign Currency Exchangeable Bond from the date of issuance of the Foreign Currency Exchangeable Bond till the date of exchange or redemption. Further, the Issuing Company shall keep the offered shares under Foreign Currency Exchangeable Bond free from all encumbrances from the date of issuance of the Foreign Currency Exchangeable Bond till the date of exchange or redemption.

8. **Retention and deployment of proceeds of Foreign Currency Exchangeable Bond:-** The proceeds of the Foreign Currency Exchangeable Bond shall be retained and/or deployed overseas in accordance with the policy for the proceeds of External Commercial Borrowings.

9. **Taxation on Exchangeable Bonds** - (1) Interest payments on the bonds, until the exchange option is exercised, shall be subject to deduction of tax at source as per the provisions of sub-section (1) of section 115 AC of the Income Tax Act, 1961 (43 of 1961).

(2) Tax on dividend on the exchanged portion of the bond shall be in accordance with the provisions of sub-section (1) of section 115 AC of the Income Tax Act, 1961 (43 of 1961).

(3) Exchange of Foreign Currency Exchangeable Bonds into shares shall not give rise to any capital gains liable to income-tax in India.

(4) Transfers of Foreign Currency Exchangeable Bonds made outside India by an investor who is a person resident outside India to another investor who is a person resident outside India shall not give rise to any capital gains liable to tax in India.

F. No.4/21 /2006-ECB

Dr. K.P. KRISHNAN

JOINT SECRETARY TO THE GOVERNMENT OF INDIA

September 26, 2008

To,

All Authorised Dealer Category – I Banks

Madam / Sir,

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

Attention of Authorised Dealer Category – I (AD Category – I) banks is invited to A.P. (DIR Series) Circular No. 10 dated August 21, 2008 wherein the rupee value of the special currency basket was indicated as Rs. 60.4392 effective from August 12, 2008.

2. AD Category – I banks are advised that a further revision has taken place on September 12, 2008 and accordingly, the rupee value of the special currency basket has been fixed at Rs.63.0186 with effect from September 17, 2008.
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, 1999 (42 of 1999) and is without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

(Salim Gangadharan)
Chief General Manager-in-charge

September 26, 2008

To

All Category - I Authorised Dealer Banks

Madam / Sir,

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

Export-Import Bank of India (Exim Bank) has concluded an Agreement dated May 15, 2008 with the Government of the Republic of Mozambique making available to the latter, a Line of Credit (LOC) of USD 20 million (USD Twenty million), for financing eligible goods and services including consultancy services from India relating to transfer of water drilling technology and equipment from India to Mozambique. 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 of the value of at least 85 per cent of the contract price shall be supplied by the seller from India, and the remaining 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 26, 2008 and date of execution of Agreement is May 15, 2008. 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 case of project exports and 72 months (May 14, 2014) from the execution date of the Credit Agreement in case of supply contracts .

3. Shipments under the LOC will have to be declared on GR / SDF Forms as per instructions issued by 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 of 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 Exim Bank's office at Centre One, Floor 21, World Trade Centre Complex, Cuffe Parade, Mumbai 400 005 or log on to [www. eximbankindia.in](http://www.eximbankindia.in).

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

Yours faithfully,

(Salim Gangadharan)
Chief General Manager-in-Charge

October 08, 2008

To

All Category - I Authorised Dealer Banks

Madam / Sir,

External Commercial Borrowings Policy - Liberalisation

Attention of Authorised Dealer Category - I (AD Category - I) banks is invited to the A. P. (DIR Series) Circular No.5 dated August 1, 2005, A. P. (DIR Series) Circular No. 4 dated August 7, 2007, A. P. (DIR Series) Circular No. 43 dated May 29, 2008 and A.P. (DIR Series) No. 16 dated September 22, 2008 relating to External Commercial Borrowings (ECB).

2. As per the extant ECB policy, Infrastructure sector is defined as (i) power, (ii) telecommunication, (iii) railways, (iv) road including bridges, (v) sea port and airport (vi) industrial parks and (vii) urban infrastructure (water supply, sanitation and sewage projects).

3. On a review of the ECB policy and to promote the development of the mining, exploration and refinery sectors in the country, it has been decided to expand the definition of Infrastructure sector for the purpose of availing of ECB. Accordingly, the Infrastructure sector would henceforth be defined as (i) power, (ii) telecommunication, (iii) railways, (iv) road including bridges, (v) sea port and airport (vi) industrial parks (vii) urban infrastructure (water supply, sanitation and sewage projects) and (viii) mining, exploration and refining.

4. The expanded definition of Infrastructure sector for the purpose of ECB shall come into force with immediate effect. All other aspects of the ECB policy such as USD 500 million limit per borrower, per financial year under the Automatic Route, eligible borrower, recognised lender, end-use of foreign currency expenditure for import of capital goods and overseas investments, average maturity period, prepayment, refinancing of existing ECB and reporting arrangements shall remain unchanged.

5. Necessary amendments to the Foreign Exchange Management (Borrowing or Lending in Foreign Exchange) Regulations, 2000 dated May 3, 2000 are being notified 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, 1999 (42 of 1999) and is without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

Salim Gangadharan

Chief General Manager-in-Charge

October 14, 2008

To

All Category - I Authorised Dealer Banks

Madam / Sir,

**Exim Bank's Line of Credit of USD 64.07 million
to Myanma Foreign Trade Bank , Myanmar**

Export-Import Bank of India (Exim Bank) has concluded an Agreement dated June 24 ,2008 with the Myanma Foreign Trade Bank , Myanmar making available to the latter, a Line of Credit (LOC) of USD 64.07 million (USD sixty four million seventy thousand) for financing export of eligible goods and services including consultancy services from India relating to financing of three transmission lines namely Thahtay Chaung –Oakshitpin 230KV ; Thahtay Chaung –Thandwe- Maei –Ann 230 KV and Thandwe-Athoke 230 KV to be executed by Power Grid Corporation of India in Myanmar. 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 of the value of at least 85 per cent of the contract price shall be supplied by the Seller from India, and the remaining 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 September 19, 2008 and date of execution of Agreement is June 24,2008 . 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 case of project exports and 72 months (June 23, 2014) from the execution date of the Credit Agreement in case of supply contracts .

3. Shipments under the LOC will have to be declared on GR / SDF Forms as per instructions issued by 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 of 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 realisation 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 Exim Bank's office at Centre One, Floor 21, World Trade Centre Complex, Cuffe Parade, Mumbai 400 005 or log on to [www. eximbankindia. in](http://www.eximbankindia.in).

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

Yours faithfully,

D. Mishra
Chief General Manager

October 14, 2008

To

All Category - I Authorised Dealer Banks

Madam / Sir,

**Exim Bank's Line of Credit of USD 20 million
to Myanmar Foreign Trade Bank , Myanmar**

Export-Import Bank of India (Exim Bank) has concluded an Agreement dated June 24 ,2008 with the Myanmar Foreign Trade Bank ,Myanmar making available to the latter, a Line of Credit (LOC) of USD 20 million (USD twenty million) for financing eligible goods and services including consultancy services from India relating to setting up of an Aluminum Conductor Steel Reinforced (ACSR) wire manufacturing factory , with total annual output capacity of ACSR 10,000 tonnes and galvanized iron wire 4000 tonnes in the Myanmar. 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 of the value of at least 85 per cent of the contract price shall be supplied by the seller from India, and the remaining 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 September 19, 2008 and date of execution of Agreement is June 24,2008 . 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 case of project exports and 72 months (June 23, 2014) from the execution date of the Credit Agreement in case of supply contracts .

3. Shipments under the LOC will have to be declared on GR / SDF Forms as per instructions issued by 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 of 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 Exim Bank's office at Centre One, Floor 21, World Trade Centre Complex, Cuffe Parade, Mumbai 400 005 or log on to [www. eximbankindia. in](http://www.eximbankindia.in).

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

Yours faithfully,

D.Mishra
Chief General Manager

RBI/2008-09/227

A. P. (DIR Series) Circular No. 23

October 15, 2008

To,

All Authorised Dealer Category –I Banks

Madam / Sir,

**Overseas Foreign Currency Borrowings by Authorised Dealer
Banks – Enhancement of limit**

Attention of Authorised Dealer Category - I (AD Category – I) banks is invited to A. P. (DIR Series) Circular No. 81 dated March 24, 2004, in terms of which :

(i) all categories of overseas foreign currency borrowings including existing ECBs, loans and overdrafts from their Head Office, overseas branches and correspondents and overdrafts in Nostro accounts (not adjusted within five days) shall not exceed 25 per cent of their unimpaired Tier I capital as at the close of the previous quarter or USD 10 million (or its equivalent), whichever is higher, and

(ii) overseas borrowings by AD Category – I banks for the purpose of financing export credit in foreign currency, subordinated debt placed by head offices of foreign banks with their branches in India as Tier II capital, capital funds raised/augmented by the issue of innovative perpetual debt instruments and debt capital instruments in foreign currency and any other overseas borrowings with the specific approval of the Reserve Bank would be outside this limit.

2. With a view to providing greater flexibility to AD Category - I banks in seeking access to overseas funds, it has been decided to liberalise this facility further. Accordingly, AD Category - I banks may henceforth borrow funds from their Head Office, overseas branches and correspondents and overdrafts in nostro accounts up to a limit of 50 per cent of their unimpaired Tier I capital as at the close of the previous quarter or USD 10 million (or its equivalent), whichever is higher, as against the existing limit of 25 per cent (excluding borrowings for financing of export credit in foreign currency and capital instruments).

3. All other instructions contained in A. P. (DIR Series) Circular No.81 dated March 24, 2004 remain unchanged.

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

5. Necessary amendments to the Foreign Exchange Management (Borrowing or Lending in Foreign Exchange) Regulations, 2000 (Notification No.FEMA.3/2000-RB dated May 3, 2000) shall be issued separately.

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

Yours faithfully,

(Salim Gangadharan)
Chief General Manager-in-Charge

October 16, 2008

To,

All Authorised Dealer Category – I 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. 18 dated September 26, 2008 wherein the rupee value of the special currency basket was indicated as Rs. 63.0186 effective from September 17, 2008.

2. AD Category – I banks are advised that a further revision has taken place on September 18, 2008 and accordingly, the rupee value of the special currency basket has been fixed at Rs. 65.4398 with effect from September 23, 2008.

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, 1999 (42 of 1999) and is without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

(Salim Gangadharan)
Chief General Manager-in-charge

October 17, 2008

To,

All Authorised Dealer Category –I Banks

Madam / Sir,

Allocation of FII Investment between debt and equity

Attention of Authorised Dealer Category - I (AD Category – I) banks is invited to sub-paragraphs i) & ii) of Paragraph 1 of Schedule 5 to FEMA Notification No.20 dated May 3, 2000, as amended from time to time, in terms of which Foreign Institutional Investors are allowed to purchase, on repatriation basis, dated Government securities/treasury bills, listed non-convertible debentures/bonds, commercial papers issued by an Indian company and units of domestic mutual funds and Security Receipts issued by Asset Reconstruction Companies either directly from the issuer of such securities or through a registered stock broker on a recognized stock exchange in India, provided that :

- (i) the FII shall restrict allocation of its total investment between equity and debt instruments (including dated Government Securities and Treasury Bills in the Indian capital market) in the ratio of 70:30;
- (ii) if the FII desires to invest up to 100 per cent in dated Government Securities including Treasury Bills, non-convertible debentures/bonds issued by an Indian company, it shall form a 100 per cent debt fund and get such fund registered with SEBI; and
- (iii) the total holding by a single FII in each tranche of scheme of Security Receipts shall not exceed 10 per cent of the issue and the total holdings of all FIIs put together shall not exceed 49 per cent of the paid up value of each tranche of scheme of Security Receipts issued by the Asset Reconstruction Companies.

2. In order to accord flexibility to the FIIs to allocate their investments across equity and debt instruments, the Securities and Exchange Board of India (SEBI), in consultation with the Government of India, vide its Circular No IMD/FII & C/33/2007 dated October 16, 2008 has dispensed with the conditions provided in Regulation 15 (2) of the SEBI FII

Regulations pertaining to restrictions of 70: 30 ratio of investments in equity and debt, respectively. Accordingly, it has been decided, to dispense with the existing provisions under FEMA Regulations, as mentioned in proviso (i) above. However, the stipulations made in proviso (iii) in respect of FII holdings in security receipts issued by Asset Reconstruction Companies shall continue.

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

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

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

Yours faithfully,

(Salim Gangadharan)
Chief General Manager-in-Charge

October 22 , 2008.

To

All Category-I Authorised Dealer Banks

Madam / Sirs,

External Commercial Borrowings Policy: Liberalisation

Attention of Authorised Dealer Category-I (AD Category-I) banks is invited to the A. P. (DIR Series) Circular No.5 dated August 1, 2005, A. P. (DIR Series) Circular No. 60 dated May 21, 2007, A. P. (DIR Series) Circular No. 4 dated August 7, 2007 and A. P. (DIR Series) Circular No. 43 dated May 29, 2008, A.P.(DIR Series) Circular No. 16 dated September 22, 2008 and A.P. (DIR Series) Circular No. 20 dated October 8, 2008 relating to External Commercial Borrowings (ECB).

2. Based on a review, it has been decided to modify some aspects of the ECB policy as indicated below:

3. Henceforth, ECB up to USD 500 million per borrower per financial year would be permitted for Rupee expenditure and / or foreign currency expenditure for permissible end - uses under the Automatic Route. Accordingly, the requirement of minimum average maturity period of seven years for ECB more than USD 100 million for Rupee capital expenditure by the borrowers in the infrastructure sector has been dispensed with.

4. In order to further develop the telecom sector in the country, payment for obtaining license/permit for 3G Spectrum will be considered an eligible end - use for the purpose of ECB.

5. At present, ECB proceeds are required to be parked overseas until actual requirement in India and such proceeds can be invested in the following liquid assets (a) deposits or certificate of deposit offered by banks rated not less than AA (-) by Standard and Poor / Fitch IBCA or Aa3 by Moody's; (b) deposits with overseas branch of an AD bank in India; and (c) Treasury bills and other monetary instruments of one year maturity having minimum rating as indicated above. It has now been decided that henceforth the borrowers will be extended the flexibility to either keep these funds off-shore as above or keep it with the overseas branches / subsidiaries of Indian banks abroad or to remit these funds to India for credit to their Rupee accounts with AD Category I banks in India, pending utilisation for permissible end-uses. However, as hitherto, the rupee funds will not be permitted to be used for investment in capital markets, real estate or for inter-corporate lending.

6. In view of the tight liquidity conditions in the International financial markets, it has been decided to rationalize and enhance the all-in-cost ceilings as under:

Average Maturity Period	All-in-Cost ceilings over 6 Months LIBOR*	
	Existing	Revised
Three years and up to five years	200 bps	300 bps
More than five years and up to seven years	350 bps	500 bps
More than seven years	450 bps	

* for the respective currency of borrowing or applicable benchmark.

The all-in-cost ceilings will be reviewed from time to time depending on the conditions in the international financial markets.

7. Keeping in view the risks associated with unhedged foreign exchange exposures of SMEs, a system of monitoring such unhedged exposures by the banks on a regular basis is being put in place.

8. The amendments to the ECB guidelines will come into force with immediate effect. All other aspects of ECB policy such as USD 500 million limit per company per financial year under the Automatic Route, eligible borrower, recognised lender, end-use, average maturity period, prepayment, refinancing of existing ECB and reporting arrangements remain unchanged.

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

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

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

Yours faithfully,

(Salim Gangadharan)
Chief General Manager-in-Charge

October 27 , 2008

To,

All Authorised Dealer Category - I Banks

Madam / Sir,

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

Attention of Authorised Dealer Category-I (AD Category-I) banks is invited to the A. P. (DIR Series) Circular No. 42 dated May 28, 2008 relating to the all-in-cost ceiling of Trade Credits for imports into India.

2. As the domestic importers are experiencing difficulties in raising trade credits within the existing all-in-cost ceiling in view of the tight liquidity conditions in the international credit markets, an enhancement of the all-in-cost ceiling for trade credits was announced in the Mid-term Review of Annual Policy Statement for the Year 2008-09 (para-147). Accordingly, the revised all-in-cost ceiling for Trade Credits will be as under:

Maturity Period	All-in cost ceiling over 6-month LIBOR*	
	Existing	Revised
Up to one year	75 basis points	200 basis points
More than one year up to three years	125 basis points	

* for the respective currency of credit or applicable benchmark

The all-in-cost ceiling will be reviewed from time to time depending on the conditions in the international financial markets.

3. The change in the all-in-cost ceiling will come into force immediately. All other aspects of Trade Credit policy remain unchanged.

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

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

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

Yours faithfully,

(Salim Gangadharan)
Chief General Manager

November 05, 2008

To

All Category - I Authorised Dealer Banks

Madam / Sir,

**Exim Bank's Line of Credit of USD 30 million
to the African Export-Import Bank (Afreximbank)**

Export-Import Bank of India (Exim Bank) has concluded an Agreement dated March 20, 2008 with the African Export-Import Bank (Afreximbank), making available to the latter, a Line of Credit (LOC) of USD 30 million (USD thirty million) to facilitate purchase of capital and engineering goods, industrial manufactures ,consumer durables and services and other items from India by Buyers in any of the Afreximbank's Member States . The goods and services from India for exports under this Agreement are those which are eligible for export under the Foreign Trade Policy of the Government of India and whose purchase may be agreed to be financed by the Exim Bank under this Agreement.

2. The Credit Agreement under the LOC is effective from September 22, 2008 and date of execution of Agreement is March 20, 2008. Under the LOC, the last date for opening of Letters of Credit and Disbursement will be 36 months (September 21,2011) from the scheduled completion date(s) of contract(s) in case of project exports and 42 months (March 21, 2012) from the effective date of the Credit Agreement in case of supply contracts .

3. Shipments under the LOC 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, Reserve Bank may consider, on merit, requests for payment of commission up to a maximum extent of 5 per cent of the f.o.b./ c&f /c.i.f. value in respect of goods exported and which require after sales service. In such cases, commission will have to be paid only by deduction from the invoice of relevant shipment and the reimbursable amount by the Exim Bank to the negotiating bank will be 90 per cent of the f.o.b. / c&f/ c.i.f value minus commission paid. Approval for the payment of commission should be obtained before the relevant shipment is effected. In other cases (i.e. exports not involving after sales service), if required the exporter may use his own resources or utilize balances of his EEFC account for payment of commission in free foreign exchange. Authorised Dealer Category-I (AD Category-I) banks may allow such remittance after realisation 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 or log on to [www. eximbankindia. in](http://www.eximbankindia.in).

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

Yours faithfully,

Salim Gangadharan
Chief General Manager-in-Charge

November 05, 2008

To

All Category - I Authorised Dealer Banks

Madam / Sir,

**Exim Bank's Line of Credit of USD 10.59 million
to Government of Suriname**

Export-Import Bank of India (Exim Bank) has concluded an Agreement dated May 16, 2008 with the Government of Suriname, making available to the latter, a Line of Credit (LOC) of USD 10.59 million (USD ten million five hundred ninety thousand) for financing eligible goods and services including consultancy services from India in connection with purchases from Indian companies Viz. BEL, HAL and Ordinance Factory Board in Suriname. 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 of the value of at least 85 per cent of the contract price shall be supplied by the seller from India, and the remaining 15 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 September 26, 2008 and date of execution of Agreement is May 16, 2008. 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 case of project exports and 72 months (May 15, 2014) from the execution date of the Credit Agreement in case of supply contracts.

3. Shipments under the LOC will have to be declared on GR / SDF Forms as per instructions issued by 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 of 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 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,

Salim Gangadharan

Chief General Manager-in-Charge

November 05, 2008

To

All Category - I Authorised Dealer Banks

Madam / Sir,

**Exim Bank's Line of Credit of USD 100 million
to the Government of the Democratic Socialist Republic of Sri Lanka**

Export-Import Bank of India (Exim Bank) has concluded an Agreement dated July 23, 2008 with the Government of the Democratic Socialist Republic of Sri Lanka making available to the latter, a Line of Credit (LOC) of USD 100 million (USD one hundred million) for upgradation of railway line (Colombo – Matara) in Sri Lanka. 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 of the value of at least 85 per cent of the contract price shall be supplied by the seller from India, and the remaining goods and services (other than consultancy services) may be procured by the seller for the purpose of Eligible Contract from outside India.

2. The Credit Agreement under the LOC is effective from October 3, 2008 and date of execution of Agreement is July 23, 2008. 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 case of project exports and 72 months (July 22, 2014) from the execution date of the Credit Agreement in case of supply contracts.

3. Shipments under the LOC will have to be declared on GR / SDF Forms as per instructions issued by 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 of 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 Exim Bank's office at Centre One, Floor 21, World Trade Centre Complex, Cuffe Parade, Mumbai 400 005 or log on to [www. eximbankindia. in](http://www.eximbankindia.in).

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

Yours faithfully,

Salim Gangadharan
Chief General Manager-in-Charge

November 05, 2008

To

All Category - I Authorised Dealer Banks

Madam / Sir,

**Exim Bank's Line of Credit of USD 25.5 million
to the Government of Cote d'Ivoire**

Export-Import Bank of India (Exim Bank) has concluded an Agreement dated June 18, 2008 with the Government of Cote d'Ivoire making available to the latter, a Line of Credit (LOC) of USD 25.5 million (USD twenty five million five hundred thousand) for financing eligible goods and services including consultancy services from India for (i) Mahatma Gandhi IT and Biotechnology Park (ii) Fisheries Processing Plant and (iii) Coconut Fibre Processing Plant in Cote d'Ivoire. 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 of the value of at least 85 per cent of the contract price shall be supplied by the seller from India, and the remaining 15 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 October 3, 2008 and date of execution of Agreement is June 18, 2008 . 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 case of project exports and 72 months (June 17, 2014) from the execution date of the Credit Agreement in case of supply contracts .

3. Shipments under the LOC will have to be declared on GR / SDF Forms as per instructions issued by 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 of 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 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,

Salim Gangadharan
Chief General Manager-in-Charge

November 05, 2008

To

All Category - I Authorised Dealer Banks

Madam / Sir,

Exim Bank's Line of Credit of USD 33 million
to the Government of Lao People's Democratic Republic (Lao PDR)

Export-Import Bank of India (Exim Bank) has concluded an Agreement dated August 27, 2008 with the Government of Lao People's Democratic Republic, making available to the latter, a Line of Credit (LOC) of USD 33 million (USD thirty three million) for the purpose of financing supply of equipments, goods and services including consultancy services from India for (i) Paksong S/S -Jiangxai 115 KV, double circuit Transmission Line Project ; (ii) Nam Song 7.5 MW Hydropower project and (iii) Equipment for Rural Electrification Phase 2 Project in Lao PDR . 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 of the value of at least 85 per cent of the contract price shall be supplied by the seller from India, and the remaining 15 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 October 14, 2008 and date of execution of Agreement is August 27, 2008. 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 case of project exports and 72 months (August 26, 2014) from the execution date of the Credit Agreement in case of supply contracts.

3. Shipments under the LOC will have to be declared on GR / SDF Forms as per instructions issued by 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 of 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 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,

Salim Gangadharan
Chief General Manager-in-Charge

November 05, 2008

To

All Category - I Authorised Dealer Banks

Madam / Sir,

Exim Bank's Line of Credit of USD 20 million (as 1st tranche of USD 80 million)to the Government of the Republic of Rwanda

Export-Import Bank of India (Exim Bank) has concluded an Agreement dated October 9, 2007 with the Government of the Republic of Rwanda, making available to the latter, a Line of Credit (LOC) of USD 20 million (USD twenty million) for the purpose of financing eligible goods and services including consultancy services from India for the power project to be executed by Bharat Heavy Electricals Limited and Angelique International Ltd. in Rwanda. 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 of the value of at least 85 per cent of the contract price shall be supplied by the seller from India, and the remaining 15 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 October 15, 2008 and date of execution of Agreement is October 9, 2007. 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 case of project exports and 72 months (October 8, 2013) from the execution date of the Credit Agreement in case of supply contracts .

3. Shipments under the LOC will have to be declared on GR / SDF Forms as per instructions issued by 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 of 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 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,

Salim Gangadharan
Chief General Manager-in Charge

November 10, 2008

To

All Category - I Authorised Dealer Banks and Authorised Banks

Madam / Sir,

Foreign Exchange Management (Deposit) Regulations, 2000
Credit to Non Resident (External) Rupee Accounts - Clarification

Attention of Authorised Dealer Category - I (AD Category-I) banks and Authorised Banks is invited to A.P.(DIR Series) Circular No.45 dated May 30, 2008 on the captioned subject. In this connection, it is clarified that AD Category-I banks and authorised banks may credit proceeds of account payee cheques also in addition to demand drafts / bankers' cheques, issued against encashment of foreign currency to the NRE account of the NRI account holder where the instruments issued to the NRE account holder are supported by encashment certificate issued by AD Category-I / Category-II.

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

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

Yours faithfully,

Salim Gangadharan
Chief General Manager-in-Charge

November 10, 2008

To

All Category - I Authorised Dealer Banks

Madam / Sir,

Remittance related to Commodity Derivative Contract
Issuance of Standby Letter of Credit / Bank Guarantee

Attention of Authorised Dealer Category - I (AD Category-I) banks is invited to Regulation 8 of Notification No.FEMA.25/2000-RB dated May 3, 2000 viz. Foreign Exchange Management (Foreign exchange derivative contracts) Regulations, 2000, as amended from time to time, regarding remittance of foreign exchange related to commodity derivative contract undertaken in accordance with the regulations.

2. The Reserve Bank has been receiving requests from banks for issuance of bank guarantee / standby letter of credit, in lieu of making a direct remittance towards payment obligations arising out of commodity derivative transactions entered into by customers with overseas counterparties. With a view to providing greater flexibility to resident entities who have such payment obligations related to commodity derivative contracts, it has been decided that AD Category-I banks may issue guarantees / standby letters of credit to cover these specific payment obligations subject to the conditions / guidelines given in the Annex to this Circular.

3. AD Category-I banks may issue guarantees / standby letters of credit only where the remittance is covered under the delegated authority or under the specific approval granted for overseas commodity hedging by the Reserve Bank.

4. The issuing bank shall have a Board approved policy on the nature and extent of exposures that the bank can take for such transactions and should be part of the credit exposure on the customers. The exposure should also be assigned risk weights, for capital adequacy purposes as per the extant provisions.

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

6. Necessary amendments to the Notification No.FEMA.8/2000-RB dated May 3, 2000 viz. Foreign Exchange Management (Guarantees) Regulations, 2000, is being issued separately.

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

Yours faithfully,

Salim Gangadharan
Chief General Manager-in-Charge

**Conditions / Guidelines for issuance of standby letter of credit /
bank guarantee - commodity hedging transactions**

1. The standby letter of credit / bank guarantee may be issued for the specific purpose of payment of margin money in respect of approved commodity hedging activities of the company.
2. The standby letter of credit / bank guarantee may be issued for an amount not exceeding the margin payments made to the specific counterparty during the previous financial year.
3. The standby letter of credit / bank guarantee may be issued for a maximum period of one year, after marking a lien on the non-funded facility available to the customer (letter of credit / bank guarantee limit).
4. The bank shall ensure that the guidelines for overseas commodity hedging have been duly complied with.
5. The bank shall ensure that broker's month-end reports duly confirmed / countersigned by corporate's financial controller have been submitted.
6. Brokers' month end reports shall be regularly verified by the bank to ensure that all off-shore positions are / were backed by physical exposures.

November 14, 2008

To

All Category - I Authorised Dealer Banks

Madam / Sir,

**Exim Bank's Line of Credit of USD 25 million
to the Government of the Syrian Arab Republic**

Export-Import Bank of India (Exim Bank) has concluded an Agreement dated June 5, 2008 with the Government of the Syrian Arab Republic making available to the latter, a Line of Credit (LOC) of USD 25 million (USD twenty five million) for financing export of goods from India. The goods 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 contract, an amount up to 90% (ninety percent) of the FOB (free on board)/CFR (cost & freight) / CIF (cost, insurance & freight) contract price of the Eligible Contract may be made available to the Government of the Syrian Arab Republic.

2. The Credit Agreement under the LOC is effective from October 27, 2008 and date of execution of Agreement is June 5, 2008. 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 case of project exports and 72 months (June 4, 2014) from the execution date of the Credit Agreement in case of supply contracts.

3. Shipments under the LOC will have to be declared on GR / SDF Forms as per instructions issued by 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 of 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 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,

Salim Gangadharan
Chief General Manager-in-Charge

RBI/2008-09/304
A. P. (DIR Series) Circular No. 37
A. P. (FL/RL Series) Circular No. 02

December 02, 2008

To,

All Authorized 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 Authorized Dealer Category - I (AD Category-I) banks is invited to the Memorandum of Instructions for Opening and Maintenance of Rupee / foreign currency Vostro accounts of Non-resident Exchange Houses, issued vide A. P. (DIR Series) Circular No. 28 [A. P. (FL/RL Series) Circular No. 02] dated February 6, 2008.

2. The existing instructions have been reviewed and modified as under :

(a) In terms of para C 1 (v) of Annex - I to the abovementioned circular, the Exchange House has the responsibility of arranging for the transfer of the sum collected on any particular day to the DDA account. Further, the float period for the funds with DDA account will be decided by the drawee bank in consultation with the Exchange House subject to a maximum of three days.

With a view to give more flexibility to Exchange Houses, the maximum float period has been enhanced from three days to five days.

(b) In terms of para C 2 of Annex - I to the abovementioned circular, under Non-DDA procedure, the Exchange House shall keep a cash deposit of USD equivalent to 15 days drawings on moving average basis in India or abroad. The Exchange House shall also furnish bank guarantee from an international bank of repute for an equivalent amount.

In view of the reduction in time lag between issuance of drafts and payment to the beneficiaries, the period for the collateral requirement has been reduced from 30 days (viz. cash deposit and bank guarantee each for an amount equivalent to 15 days drawings on moving average basis in India or abroad) to 10 days, which can be kept either in the form of cash deposit or a bank guarantee from an international bank of repute.

3. The other instructions issued vide the abovementioned circular shall 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 is without prejudice to permissions/ approvals, if any, required under any other law.

Yours faithfully,

(Salim Gangadharan)
Chief General Manager-in-Charge

December 04, 2008

To,

All Authorised Dealer Category – I 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. 24 dated October 16, 2008 wherein the rupee value of the special currency basket was indicated as Rs. 65.4398 effective from September 23, 2008.

2. AD Category – I banks are advised that a further revision has taken place on November 05, 2008 and accordingly, the rupee value of the special currency basket has been fixed at Rs. 62.5050 with effect from November 10, 2008.

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, 1999 (42 of 1999) and is without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

(Salim Gangadharan)
Chief General Manager-in-charge

December 08, 2008

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 Regulation No. 21 of Part III and Schedule I to the Notification No. FEMA 120 /RB-2004 dated July 7, 2004, as amended from time to time, relating to FCCBs. Attention of AD Category - I banks is also invited to A. P. (DIR Series) Circular No.5 dated August 1, 2005, A. P. (DIR Series) Circular No.60 dated May 21, 2007, A. P. (DIR Series) Circular No. 4 dated August 7, 2007, A. P. (DIR Series) Circular No. 43 dated May 29, 2008, A.P. (DIR Series) No. 16 dated September 22, 2008, A. P. (DIR Series) Circular No.20 dated October 10, 2008 and A. P. (DIR Series) No. 26 dated October 22, 2008 relating to instructions / guidelines in respect of External Commercial Borrowings, which are also applicable, mutatis mutandis, to FCCBs.

2. Under the extant ECB Guidelines, AD Category - I banks are permitted to allow prepayment of ECB up to USD 500 million without prior approval of the Reserve Bank, subject to compliance with the stipulated minimum average maturity period as applicable to the loan. Further, existing ECB can be refinanced by raising a fresh ECB, subject to the conditions that the fresh ECB is raised at a lower all-in-cost and the outstanding maturity of the original ECB is maintained. The existing provisions for prepayment and refinancing will continue, as hitherto.

3. As announced in para 4 (v) of the Press Release 2008:2009/697 dated November 15, 2008, Reserve Bank has been considering proposals, under the approval route, from Indian companies for buyback of their FCCBs, provided the buyback is financed out of their foreign currency resources held in India or abroad and / or out of fresh external commercial borrowing (ECB) raised in conformity with the current ECB norms.

4. As announced in para 12 of the Press Release 2008-2009/842 dated December 6, 2008, the existing policy on the premature buyback of FCCBs has been reviewed and it has been decided to liberalise the procedure and consider applications for buyback of FCCBs by Indian companies, both under the automatic and approval routes, as detailed hereunder:

A. Automatic Route:

The designated AD Category - I banks may allow Indian companies to prematurely buyback FCCBs, subject to compliance with the terms and conditions set out hereunder :

- i) the buyback value of the FCCB shall be at a minimum discount of 15 per cent on the book value;
- ii) the funds used for the buyback shall be out of existing foreign currency funds held either in India (including funds held in EEFC account) or abroad and / or out of fresh ECB raised in conformity with the current ECB norms; and
- iii) where the fresh ECB is co-terminus with the outstanding maturity of the original FCCB and is for less than three years, the all-in-cost ceiling should not exceed 6 months Libor plus 200 bps, as applicable to short term borrowings. In other cases, the all-in-cost for the relevant maturity of the ECB, as laid down in A. P. (DIR Series) No.26 dated October 22, 2008 shall apply.

B. Approval Route:

The Reserve Bank will consider proposals from Indian companies for buyback of FCCBs under the approval route, subject to compliance with the following conditions:

- i) the buyback value of the FCCB shall be at a minimum discount of 25 per cent on the book value;
- ii) the funds used for the buyback shall be out of internal accruals, to be evidenced by Statutory Auditor and designated AD Category – I bank's certificate; and

- iii) the total amount of buyback shall not exceed USD 50 million of the redemption value, per company.

Applications complying with the above conditions may be submitted, together with the supporting documents, through the designated AD Category - I bank, to the Chief General Manager-in-Charge, Reserve Bank of India, Foreign Exchange Department, ECB Division, Central Office, 11th Floor, Central Office Building, Shahid Bhagat Singh Road, Mumbai-400 001, for necessary approval.

5. General Conditions

In addition to the conditions set out above, the following additional conditions shall be applicable for the proposals both under the automatic and approval routes:

- (i) The FCCB should have been issued in compliance with the extant guidelines.
- (ii) The FCCB should have been registered with the Reserve Bank; the LRN number obtained and ECB 2 returns submitted up to date.
- (iii) No proceedings for contravention of FEMA are pending against the company.
- (iv) The right for buyback is vested with the issuer of FCCBs. However, the actual buyback is subject to the consent of the bond holders.
- (v) The FCCBs bought back / repurchased from the holders must be cancelled and should not be re-issued or re-sold.
- (vi) The buyback will not have any effect on the bond holders not opting for the buyback or on the non-participating bond holders of companies opting for the buyback.
- (vii) The Indian company shall open an escrow account with the branch or subsidiary of an Indian bank overseas or an international bank for buying back the FCCBs to ensure that the funds are used only for the buyback.

6. 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, book 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 Chief General Manager-in-Charge, Reserve Bank of India, Foreign Exchange Department, ECB Division, Central Office, 11th Floor, Central Office Building, Shahid Bhagat Singh Road, Mumbai-400 001.

7. This facility will come into force with immediate effect and the entire procedure of buyback should be completed by March 31, 2009.

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

Yours faithfully,

(Salim Gangadharan)
Chief General Manager-in-Charge

December 10, 2008

To

All Authorised Dealers Category I & II and Full Fledged Money Changers

Madam / Sir,

Foreign Exchange Management Act, 1999 –
Foreign Travel – Mode of payment in Rupees

Attention of Authorised Dealers Category I & II and Full Fledged Money Changers (FFMCs) is invited to paragraph A.10 of the Annexure to A. P. (DIR Series) Circular No.19 dated October 30, 2000, in terms of which Authorised Dealers may accept payment in cash up to Rs. 50,000 (Rupees Fifty Thousand only) against sale of foreign exchange for travel abroad (for private visit or for any other purpose). Wherever the sale of foreign exchange exceeds the amount equivalent to Rs.50,000, the payment must be received only by a -

(i) crossed cheque drawn on the applicant's bank account

or

(ii) crossed cheque drawn on the bank account of the firm/company sponsoring the visit of the applicant

or

(iii) Banker's cheque / Pay Order / Demand Draft.

2. With a view to provide flexibility in the mode of payment against sale of foreign exchange, in addition to the payment by Rupees / through crossed cheque / Banker's cheque / Pay order / Demand draft, Authorised Dealers Category I & II and FFMCs may also accept the payments made by the traveller through debit cards / credit cards / prepaid cards for travel abroad (for private visit or for any other purpose) provided -

(i) KYC / AML guidelines are complied with,

(ii) sale of foreign currency / issue of foreign currency travellers' cheques is within the limits (credit / prepaid cards) prescribed by the bank,

(iii) the purchaser of foreign currency / foreign currency travellers' cheque and the credit / debit / prepaid card holder is one and the same person.

3. Authorised Dealers Category I & II and Full Fledged Money Changers may bring the contents of the circular to the notice of their constituents and customers concerned.

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

Yours faithfully,

(Salim Gangadharan)
Chief General Manager-in-Charge

December 10, 2008

To,

All Category - I Authorised Dealer Banks

Madam / Sir,

**Exim Bank's Line of Credit of USD 30 million
to the Government of the Republic of Malawi**

Export-Import Bank of India (Exim Bank) has concluded an Agreement dated May 14, 2008 with the Government of the Republic of Malawi, making available to the latter, a Line of Credit (LOC) of USD 30 million (USD thirty million) for financing eligible goods and services including consultancy services from India for supply of irrigation, storage, tobacco threshing plant and one village – one project in Malawi. 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 of the value of at least 85 per cent of the contract price shall be supplied by the seller from India, and the remaining 15 per cent goods and services (other than consultancy services) may be procured by the seller for the purpose of Eligible Contract from outside India.

2. The Credit Agreement under the LOC is effective from October 31, 2008 and date of execution of Agreement is May 14, 2008. 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 case of project exports and 72 months (May 13, 2014) from the execution date of the Credit Agreement in case of supply contracts.

3. Shipments under the LOC will have to be declared on GR / SDF Forms as per instructions issued by 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 of 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 Exim Bank's office at Centre One, Floor 21, World Trade Centre Complex, Cuffe Parade, Mumbai 400 005 or log on to [www. eximbankindia. in](http://www.eximbankindia.in).

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

Yours faithfully,

(Salim Gangadharan)
Chief General Manager-in-Charge

December 24, 2008

To

All Category - I Authorised Dealer Banks

Madam / Sir,

**Exim Bank's Line of Credit of USD 25 million
to the Government of the Republic of Madagascar**

Export-Import Bank of India (Exim Bank) has concluded an Agreement dated November 14, 2008 with the Government of the Republic of Madagascar making available to the latter, a Line of Credit (LOC) of USD 25 million (USD twenty five million) for financing eligible goods and services including consultancy services from India for two projects viz:- (i) project for rice productivity (\$ 10 million), and (ii) project for fertilizer production (\$15 million) in Madagascar. 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 of the value of at least 85 per cent of the contract price shall be supplied by the seller from India, and the remaining 15 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 December 4, 2008 and date of execution of Agreement is November 14, 2008. 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 case of project exports and 72 months (November 13, 2014) from the execution date of the Credit Agreement in case of supply contracts.

3. Shipments under the LOC will have to be declared on GR / SDF Forms as per instructions issued by 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 of 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 Exim Bank's office at Centre One, Floor 21, World Trade Centre Complex, Cuffe Parade, Mumbai 400 005 or log on to [www. eximbankindia.in](http://www.eximbankindia.in).

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

Yours faithfully,

(D. Mishra)
Chief General Manager

December 26, 2008

To,

All Authorised Dealer Category - I Banks

Madam / Sir,

Settlement system under ACU Mechanism

Attention of Authorised Dealer Category - I (AD Category - I) banks is invited to Article IV (b) and (c) of the General Provisions of Agreement establishing the Asian Clearing Union for channelling transactions through the Asian Clearing Union (ACU) in terms of which, the Asian Monetary Unit is denominated as "ACU Dollar" and Regulations 3 and 5 of Notification No. FEMA 14/2000-RB dated May 3, 2000 [Foreign Exchange Management (Manner of Receipt and Payment) Regulations, 2000], as amended from time to time.

2. In order to facilitate transactions / settlements, effective January 01, 2009, participants in the Asian Clearing Union will have the option to settle their transactions either in ACU Dollar or in ACU Euro. Accordingly, the Asian Monetary Unit (AMU) shall be denominated as 'ACU Dollar' and 'ACU Euro' which shall be equivalent in value to one US Dollar and one Euro, respectively.

3. Further, AD Category – I banks are allowed to open and maintain ACU Dollar and ACU Euro accounts with their correspondent banks in other participating countries. All eligible payments are required to be settled by the concerned banks through these accounts.

4. Necessary amendments to the Foreign Exchange Management (Manner of Receipt and Payment) Regulations, 2000 and Memorandum of Procedure for Channelling Transactions through Asian Clearing Union (ACU) [Memorandum ACM] are being issued separately.

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

Yours faithfully,

(D. Mishra)
Chief General Manager

RBI/2008-09/333
A. P. (DIR Series) Circular No. 44

December 26, 2008

To,

All Authorised Dealer Category – I 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 December 04, 2008 wherein the rupee value of the special currency basket was indicated as Rs. 62.5050 effective from November 10, 2008.

2. AD Category – I banks are advised that a further revision has taken place on November 14, 2008 and accordingly, the rupee value of the special currency basket has been fixed at Rs. 64.9196 with effect from November 19, 2008.

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, 1999 (42 of 1999) and is without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

(D. Mishra)
Chief General Manager

January 02, 2009

To,

All Authorised Dealer Category – I 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. 44 dated December 26, 2008 wherein the rupee value of the special currency basket was indicated as Rs. 64.9196 effective from November 19, 2008.

2. AD Category – I banks are advised that a further revision has taken place on December 18, 2008 and accordingly, the rupee value of the special currency basket has been fixed at Rs. 67.0394 with effect from December 23, 2008.

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, 1999 (42 of 1999) and is without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

(D. Mishra)
Chief General Manager

January 2, 2009

To

All Category-I Authorised Dealer Banks

Madam / Sir,

External Commercial Borrowings (ECB) Policy - Liberalisation

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

2. On a review, it has been decided to modify some aspects of the ECB policy as indicated below :

- (i) As per extant ECB policy, the all-in-cost ceilings for ECBs, in respect of both Automatic as well as Approval routes are as under:

Average Maturity Period	All-in-Cost ceilings over 6 Months LIBOR*
Three years and up to five years	300 bps
More than five years	500 bps

* for the respective currency of borrowing or applicable benchmark.

It has now been decided to dispense with the requirement of all-in-cost ceilings on ECB until June 30, 2009. Accordingly, eligible borrowers, proposing to avail of ECB beyond the permissible all-in-cost ceilings specified above may approach the Reserve Bank under the Approval Route. This relaxation in all-in-cost ceiling will be reviewed in June 2009.

- (ii) In May, 2007, Reserve Bank had withdrawn the exemption accorded to the 'development of integrated township' as a permissible end-use of ECB. It has now been decided to permit corporates, engaged in the development of integrated township, as defined in Press Note 3 (2002 Series) dated January 04, 2002, issued by DIPP, Ministry of Commerce & Industry, Government of India to avail of ECB under the Approval Route. Integrated township, as defined above, includes housing, commercial premises, hotels, resorts, city and regional level urban infrastructure facilities such as roads and bridges, mass rapid transit systems and manufacture of building materials. Development of land and providing allied infrastructure forms an integrated part of township's development. The minimum area to be

developed should be 100 acres for which norms and standards are to be followed as per local bye-laws / rules. In the absence of such bye-laws/rules, a minimum of two thousand dwelling units for about ten thousand population will need to be developed. The policy will be reviewed in June 2009.

(iii) As per the extant ECB policy, Non-Banking Financial Companies (NBFCs) are permitted to avail of ECB for a minimum average maturity period of five years to finance import of infrastructure equipments for leasing to infrastructure projects in India. It has now been decided to allow NBFCs, which are exclusively involved in financing of the infrastructure sector, to avail of ECBs from multilateral / regional financial institutions and Government owned development financial institutions for on-lending to the borrowers in the infrastructure sector under the Approval route. While considering the applications, Reserve Bank will take into account the aggregate commitment of these lenders directly to infrastructure projects in India. The direct lending portfolio of the above lenders vis-à-vis their total ECB lending to NBFCs, at any point of time should not be less than 3:1. AD Category - I banks should obtain a certificate from the eligible lenders to this effect. This facility will be reviewed in June 2009.

(iv) At present, entities in the services sector viz. Hotels, Hospitals and Software sector are allowed to avail of ECB up to USD 100 million per financial year for import of capital goods, under the Approval route. It has now been decided to permit the corporates in the Hotels, Hospitals and Software sectors to avail of ECB up to USD 100 million per financial year, under the Automatic Route, for foreign currency and / or Rupee capital expenditure for permissible end-use. The proceeds of the ECBs should not be used for acquisition of land.

3. The modifications to the ECB guidelines will come into force with immediate effect. All other aspects of ECB policy, such as USD 500 million limit per company per financial year under the Automatic Route, eligible borrower, recognised lender, end-use, all-in-cost ceiling, average maturity period, prepayment, refinancing of existing ECB and reporting arrangements remain unchanged.

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

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

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

Yours faithfully,

(D. Mishra)
Chief General Manager

January 06, 2009

To

All Category - I Authorised Dealer Banks

Madam / Sir,

**Exim Bank's Line of Credit of USD 25 million
to the Government of Ghana**

Export-Import Bank of India (Exim Bank) has concluded an Agreement dated September 02, 2008 with the Government of Ghana making available to the latter, a Line of Credit (LOC) of USD 25 million (USD twenty five million) for financing eligible goods and services including consultancy services from India for three projects viz:- (i) ICT and Good Governance project (US \$ 5 million), (ii) Railway Corridors project (USD \$ 13 million) and (iii) Agro Processing Plant (USD 7 million) in Ghana. 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 of the value of at least 85 per cent of the contract price shall be supplied by the seller from India, and the remaining 15 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 December 18, 2008 and date of execution of Agreement is September 02, 2008. 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 case of project exports and 72 months (September 01, 2014) from the execution date of the Credit Agreement in case of supply contracts.

3. Shipments under the LOC will have to be declared on GR / SDF Forms as per instructions issued by 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 of 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 Exim Bank's office at Centre One, Floor 21, World Trade Centre Complex, Cuffe Parade, Mumbai 400 005 or log on to [www. eximbankindia.in](http://www.eximbankindia.in).

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

Yours faithfully,

(D. Mishra)
Chief General Manager

January 28, 2009

To

All Category - I Authorised Dealer Banks

Madam / Sir,

**Exim Bank's Line of Credit of USD 25 million
to the Government of the Republic of Senegal**

Export-Import Bank of India (Exim Bank) has concluded an Agreement dated September 19, 2008 with the Government of the Republic of Senegal making available to the latter, a Line of Credit (LOC) of USD 25 million (USD twenty five million) for financing eligible goods and services including consultancy services from India for (i) Rural Electrification project (USD 15 million), and (ii) Fishing Industry development project (USD 10 million) in the Republic of Senegal. The goods and services including consultancy services from India for exports under this Agreement are those which are eligible for export under the Foreign Trade Policy of the Government of India and whose purchase may be agreed to be financed by the Exim Bank under this Agreement. Out of the total credit by Exim Bank under this Agreement, the goods and services of the value of at least 85 per cent of the contract price shall be supplied by the seller from India, and the remaining 15 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 2, 2009 and date of execution of Agreement is September 19, 2008. 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 case of project exports and 72 months (September 18 , 2014) from the execution date of the Credit Agreement in case of supply contracts .

3. Shipments under the LOC will have to be declared on GR / SDF Forms as per instructions issued by 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 of 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 Exim Bank's office at Centre One, Floor 21, World Trade Centre Complex, Cuffe Parade, Mumbai 400 005 or log on to [www. eximbankindia. in](http://www.eximbankindia.in).

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

Yours faithfully,

(Salim Gangadharan)
Chief General Manager-in-Charge

January 29, 2009

To

All Category - I Authorised Dealer Banks

Madam / Sir,

**Exim Bank's Line of Credit of USD 29.50 million
to the Government of the Central African Republic**

Export-Import Bank of India (Exim Bank) has concluded an Agreement dated October 23, 2008 with the Government of the Central African Republic making available to the latter, a Line of Credit (LOC) of USD 29.50 million (USD twenty nine million five hundred thousand) for financing eligible goods and services including consultancy services from India for (i) Setting up a modern dry process cement plant of 400 TPD capacity and (ii) procurement of 100 buses for internal transport 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 of the value of at least 85 per cent of the contract price shall be supplied by the seller from India, and the remaining 15 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 December 29, 2008 and date of execution of Agreement is October 23, 2008. 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 case of project exports and 72 months (October 22 , 2014) from the execution date of the Credit Agreement in case of supply contracts.

3. Shipments under the LOC will have to be declared on GR / SDF Forms as per instructions issued by 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 of 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 Exim Bank's office at Centre One, Floor 21, World Trade Centre Complex, Cuffe Parade, Mumbai 400 005 or log on to [www. eximbankindia. in](http://www.eximbankindia.in).

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

Yours faithfully,

(Salim Gangadharan)
Chief General Manager-in-Charge



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

RBI/2008-09/373

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

February 04, 2009

To

All Authorised Dealer Category – I Banks

Madam / Sir,

**Hedging of Freight Risk by domestic oil-refining,
shipping companies and other companies**

Attention of Authorised Dealer Category – I (AD Category – I) banks is invited to Regulation 6 of Notification No. FEMA.25/RB-2000 dated May 3, 2000, as amended from time to time, in terms of which a person resident in India is permitted to enter into a contract in a commodity exchange or market outside India, to hedge price risk in a commodity subject to certain terms and conditions. Further, in terms of A. P.(DIR Series) Circular No. 03, dated July 23, 2005, select AD Category - I banks have been delegated the authority to grant permission to listed companies to hedge commodity price risk in the international commodity exchanges / markets, subject to the conditions mentioned therein.

2. As announced in the Mid-term review of Annual Policy Statement for the Year 2008-09 (Para 146), it has been decided to delegate powers to AD Category - I banks, which have been granted permission by the Reserve Bank to approve commodity hedging, to allow hedging of freight risk by domestic oil-refining companies and shipping companies on the following terms and conditions:

- i) The hedging can be undertaken as plain vanilla Over the Counter (OTC) or exchange traded products in the international market / exchange.
- ii) The exchanges on which the products are purchased must be a regulated entity.
- iii) The maximum tenor permissible will be one year forward.

iv) The basis of underlying exposure is as follows:

(a) In the case of oil refining companies –

(i) The freight hedging will be on the basis of underlying contracts i.e., import/export orders for crude oil/petroleum products. Additionally, AD Category - I banks may permit domestic oil refining companies to hedge their freight risk on anticipated imports of crude oil on the basis of their past performance up to 50 per cent of the volume of actual imports of crude oil during the previous year or 50 per cent of the average volume of imports during the previous three financial years, whichever is higher.

(ii) Contracts booked under the past performance facility will have to be regularized by production of underlying documents during the currency of the hedge. An undertaking may be obtained from the company to this effect.

(b) In the case of shipping companies :-

(i) The hedging will be on the basis of owned / controlled ships of the shipping company which have no committed employment. The quantum of hedge will be determined by the number and capacity of these ships. The same may be certified by a Chartered Accountant to the AD Category - I bank.

(ii) Contracts booked will have to be regularized by production of underlying documents i.e. employment of the ship during the currency of the hedge. An undertaking may be obtained from the company to this effect.

(iii) AD Category - I banks may also ensure that the freight derivatives being entered into by the shipping companies are reflective of the underlying business of the shipping companies.

v). AD Category – I banks should ensure that the entities hedging their freight exposures should have Board approved Risk Management policies which define the overall framework within which derivative transactions should be undertaken and the

risks contained. AD Category - I banks should approve this facility only after ensuring that the sanction of the company's Board has been obtained for the specific activity and also for dealing in overseas exchanges / markets. The Board approval must include explicitly the authority/ies permitted to undertake the transactions, the mark-to-market policy, the counterparties permitted for OTC derivatives, etc. and a list of transactions undertaken should be put up to the Board on a half-yearly basis. The AD Category - I bank must obtain a copy of Risk Management Policy from the company incorporating the above details at the time of permitting the transaction itself and as and when changes made therein.

3. In the case of other companies which are exposed to freight risk, AD Category - I banks may approach the Reserve Bank for permission on behalf of their customers. Applications may be forwarded to the Chief General Manager, Reserve Bank of India, Foreign Exchange Department, Forex Markets Division, Amar Building, 5th floor, Mumbai 400 001.

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

5. AD Category – I banks may bring the contents of the 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,

(Salim Gangadharan)
Chief General Manager-in-Charge



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

RBI/2008-09/383

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

February 13, 2009

To,

All Category – I Authorised Dealer Banks

Madam / Sir,

Opening of Diamond Dollar Accounts – Liberalisation

Attention of Authorised Dealer Category - I (AD Category – I) banks is invited to A. D. (M.A. Series) Circular No. 10 dated May 16, 2000 and Para 4A.19 of the Foreign Trade Policy 2004-2009 regarding the Diamond Dollar Account Scheme in terms of which firms and companies dealing in purchase / sale of rough or cut and polished diamonds / precious metal jewellery plain, minakari and / or studded with / without diamond and / or other stones, with a track record of at least 3 years in import / export of diamonds / coloured gemstones / diamond and coloured gemstones studded jewellery / plain gold jewellery, and having an average annual turnover of Rs 5 crore or above during preceding three licensing years, are allowed to open Diamond Dollar Accounts (DDA). The request for opening of DDA is considered by the Reserve Bank on a case-to-case basis, subject to the provisions of the prevailing Foreign Trade Policy of the Government of India.

2. With a view to liberalising the procedure, it has been decided to delegate powers to AD Category – I banks to permit such firms and companies to open and maintain DDA with AD Category – I banks, subject to the following terms and conditions:

- a. The exporter should comply with the eligibility criteria stipulated in the Foreign Trade Policy of the Government of India, issued from time to time.
- b. The DDA shall be opened in the name of the exporter and maintained in US Dollars only.
- c. The account shall only be in the form of current account and no interest should be paid on the balance held in the account.

- d. No intra-account transfer should be allowed between the DDAs maintained by the account holder.
- e. An exporter firm / company shall be permitted to open and maintain not more than 5 DDAs.
- f. The balances held in the accounts shall be subject to Cash Reserve Ratio (CRR) and Statutory Liquidity Ratio (SLR) requirements.
- g. Exporter firms and companies maintaining foreign currency accounts, excluding EEFC accounts, with banks in India or abroad, are not eligible to open Diamond Dollar Accounts.
- h. The transactions in the DDA would be as under:

Permissible Credits

- Amount of pre-shipment and post-shipment finance availed in US Dollars .
- Realisation of export proceeds from shipments of rough, cut, polished diamonds and diamond studded jewellery.
- Realisation in US Dollars from local sale of rough, cut and polished diamonds.

Permissible Debits

- Payment for import / purchase of rough diamonds from overseas / local sources.
- Payment for purchase of cut and polished diamonds, coloured gemstones and plain gold jewellery from local sources.
- Payment for import/purchase of gold from overseas / nominated agencies and repayment of USD loans availed from the bank.
- Transfer to rupee account of the exporter.

The above transactions are subject to the provisions of the Foreign Trade Policy of Government of India, issued from time to time.

3. The exporter firm / company shall make an application in the format annexed to the AD Category – I bank for opening of the DDA. AD Category - I banks should assess the track record of the firm / company at the end of every licensing year (April-March). In case any firm / company fails to meet the eligibility criteria, the account may be closed immediately.

4. AD Category - I banks shall submit a monthly report to the Chief General Manager-in-Charge, Foreign Exchange Department, Reserve Bank of India, Trade Division, Amar Building, Mumbai – 400001, giving details of the name and address of the firm / company in whose name the Diamond Dollar Account is opened, along with the date of opening / closing the Diamond Dollar Account, by the 10th of the following month to which it relates.

5. Necessary amendments to the Foreign Exchange Management (Foreign Currency Accounts by a Person Resident in India) Regulations, 2000 (Notification No. FEMA. 10/2000-RB dated May 3, 2000) 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, 1999 (42 of 1999) and are without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

-sd/-

(Salim Gangadharan)
Chief General Manager-in-Charge

APPLICATION FOR OPENING DIAMOND DOLLAR ACCOUNT

To,
The Branch Manager
(name & address of bank/branch)

Dear Sir,

We are dealing in purchase / sale of rough or cut and polished diamonds / precious metal jewellery plain, minakari and / or studded with / without diamond and /or other stones, with a track record of at least 3 years in import / export of diamonds / coloured gemstones / diamond and coloured gemstones studded jewellery /plain gold jewellery, and having an average annual turnover of Rs 5 crore or above during preceding three licensing years.

2. We wish to open a current account/s under the Diamond Dollar Account Scheme with your bank in accordance with the provisions of (mention the relevant paragraph) of the Foreign Trade Policy (period e.g. 2004-2009) of the Government of India read with the Handbook of Procedures (mention the relevant Volume No.) issued by Ministry of Commerce & Industry, Government of India.

3. The relevant particulars are furnished below:

1. Name of the Firm / Company :
2. Address of the Registered Office :
3. Principal business :
4. IE Code No. :
5. Annual Turnover of the last three
Years (enclose certificate of CA) :
6. Details of the EEFC account, if any :

4. We confirm that we are not maintaining any foreign currency account, excluding EEFC account, with banks in India or abroad.

5. We declare that we are not maintaining more than 5 DDAs including the one proposed to be opened with your branch.

6. We declare that we are neither on the caution list of exporters of Reserve Bank of India nor on the defaulters list of Export Credit Guarantee Corporation of India Ltd (ECGC).

7. We undertake to abide by the rules of the Diamond Dollar Account Scheme framed / to be framed from time to time and the terms and conditions stipulated for opening and maintenance of the DDA with your bank and any other foreign exchange / foreign trade regulation of Reserve Bank of India / Government of India.

We request you to open a Diamond Dollar Account/s in the name of the firm/company.

(Signature of the Authorized Official of the firm / company)

Name :

Designation :

Seal of firm / company :

Date :

Place :



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

RBI/2008-09/389

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

February 19, 2009

To,

All Authorised Dealer Category – I 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.45 dated January 2, 2009 wherein the rupee value of the special currency basket was indicated as Rs. 67.0394, effective from December 23, 2008.

2. AD Category – I banks are advised that a further revision has taken place on February 3, 2009 and accordingly, the rupee value of the special currency basket has been fixed at Rs.65.0272 with effect from February 6, 2009.

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, 1999 (42 of 1999) and is without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

-sd/-

(Salim Gangadharan)
Chief General Manager-in-charge



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

RBI/2008-09/390

A. P. (DIR Series) Circular No. 53

February 19, 2009

To

All Category - I Authorised Dealer Banks

Madam / Sir,

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

Export-Import Bank of India (Exim Bank) has concluded an Agreement dated October 11, 2008 with the Government of the Republic of Niger making available to the latter, a Line of Credit (LOC) of USD 20 million (USD twenty million) for financing eligible goods and services, including consultancy services from India, for (i) Rehabilitation and Reinforcement of six power stations, (ii) Purchase of three power transformers, and (iii) Rehabilitation as well as erection of power lines between various places in the Republic of Niger. 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 of the value of at least 85 per cent of the contract price shall be supplied by the seller from India, and the remaining 15 percent goods and services (other than consultancy services) may be procured by the seller for the purpose of the Eligible Contract from outside India.

2. The Credit Agreement under the LOC is effective from January 28, 2009 and date of execution of Agreement is October 11, 2008. 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 case of project exports and 72

months (October 10 , 2014) from the execution date of the Credit Agreement in case of supply contracts .

3. Shipments under the LOC will have to be declared on GR / SDF Forms as per instructions issued by 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 of 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 Exim Bank's office at Centre One, Floor 21, World Trade Centre Complex, Cuffe Parade, Mumbai 400 005 or log on to [www. eximbankindia.in](http://www.eximbankindia.in).

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

Yours faithfully,

-sd/-

(Salim Gangadharan)
Chief General Manager-in-Charge



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

RBI/2008-09/393

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

February 26, 2009

To

All Category - I Authorised Dealer Banks

Madam / Sir,

Exim Bank's Line of Credit of USD 14.50 million
to the Government of the Gabonese Republic

Export-Import Bank of India (Exim Bank) has concluded an Agreement dated January 18, 2008 with the Government of the Gabonese Republic, making available to the latter, a Line of Credit (LOC) of USD 14.50 million (USD fourteen million five hundred thousand) for financing export of goods from India in connection with housing project to be set up in the Gabonese Republic. The goods 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 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 January 1, 2009 and date of execution of Agreement is January 18, 2008. 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 the housing project.

3. Shipments under the LOC will have to be declared on GR / SDF Forms as per instructions issued by 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 of 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 Exim Bank's office at Centre One, Floor 21, World Trade Centre Complex, Cuffe Parade, Mumbai 400 005 or log on to [www. eximbankindia. in](http://www.eximbankindia.in).
6. The directions contained in this circular have been issued under sections 10(4) and 11(1) of the Foreign Exchange Management Act (FEMA), 1999 (42 of 1999) and are without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

-sd/-

(Salim Gangadharan)
Chief General Manager-in-Charge



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

RBI/2008-09/394

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

February 26, 2009

To

All Category - I Authorised Dealer Banks

Madam / Sir,

Exim Bank's Line of Credit of USD 15 million
to the Government of Sierra Leone

Export-Import Bank of India (Exim Bank) has concluded an Agreement dated November 14, 2008 with the Government of Sierra Leone making available to the latter, a Line of Credit (LOC) of USD 15 million (USD fifteen million) for financing export of goods from India for development of commercial agriculture which envisages procurement of tractors and connected implements, harvesters, rice threshers, rice mills, maize shellers and pesticide spray equipments, etc. in Sierra Leone. The goods 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 of the value of at least 85 per cent of the contract price shall be supplied by the seller from India, and the remaining 15 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 2, 2009 and date of execution of Agreement is November 14, 2008. 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 case of project exports and 72 months (November 13, 2014) from the execution date of the Credit Agreement in case of supply contracts .

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3. Shipments under the LOC will have to be declared on GR / SDF Forms as per instructions issued by 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 of 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 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,

-sd/-

(Salim Gangadharan)
Chief General Manager-in-Charge



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

RBI/2008-09/395

A. P. (DIR Series) Circular No. 56

February 26, 2009

To

All Category - I Authorised Dealer Banks

Madam / Sir,

**Exim Bank's Line of Credit of USD 10 million
to the Government of the Republic of Gambia**

Export-Import Bank of India (Exim Bank) has concluded an Agreement dated August 8, 2008 with the Government of the Republic of Gambia making available to the latter, a Line of Credit (LOC) of USD 10 million (USD ten million) for financing export of goods from India for financing construction of National Assembly Building Complex in the Republic of Gambia. The goods 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 of the value of at least 85 per cent of the contract price shall be supplied by the seller from India, and the remaining 15 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 2, 2009 and date of execution of Agreement is August 8, 2008. 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 case of project exports and 72 months (August 7, 2014) from the execution date of the Credit Agreement in case of supply contracts .

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3. Shipments under the LOC will have to be declared on GR / SDF Forms as per instructions issued by 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 of 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 Exim Bank's office at Centre One, Floor 21, World Trade Centre Complex, Cuffe Parade, Mumbai 400 005 or log on to [www. eximbankindia. in](http://www.eximbankindia.in).

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

Yours faithfully,

-sd/-

(Salim Gangadharan)
Chief General Manager-in-Charge



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

RBI/2008-09/405

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

A. P. (FL/RL Series) Circular No. 04

March 09, 2009

To,

All Authorised Persons in Foreign Exchange

Madam / Sir,

Memorandum of Instructions governing money changing activities

Attention of Authorised Persons is invited to the Memorandum of Instructions to Authorised Money Changers (AMCs), issued vide A. P. (DIR Series) Circular No. 43 (A.P. (FL Series) Circular No. 1) dated November 12, 2002 and other relevant instructions issued from time to time, Anti-Money Laundering Guidelines (AML Guidelines) for Authorised Money Changers issued vide A. P. (DIR Series) Circular No. 39 (A.P. (FL Series) Circular No. 02) dated June 26, 2006.

2. In view of the growth in money changing activities and issuance of several instructions including AML Guidelines on money changing activities, there was a need to rationalise the existing instructions pertaining to money changing activities. Accordingly, the instructions governing money changing activities issued to AMCs, duly reviewed are enclosed (Annex).

3. Authorised persons may bring the contents of this circular to the notice of their constituents concerned.

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

Yours faithfully,

-sd/-

(Salim Gangadharan)
Chief General Manager-in-Charge

Annex I	<p>A – Guidelines for Licencing and Other Approvals for AMCs</p> <p>B – Guidelines for Grant of Licence for Additional Branches</p> <p>C – Guidelines for appointment of Agents / Franchisees by AD Category I / AD Category II / FFCs</p> <p>D – Guidelines for Renewal of licences of existing FFCs</p> <p>E – Operational Instructions</p> <p>F – AML Guidelines</p> <p>G – Revocation of Licence</p> <p>The revised instructions would be applicable, mutatis mutandis, to Authorised Dealers Category – II (AD Category – II), unless specific instructions to the contrary have been issued. Similarly, other relevant provisions, including the AML Guidelines, would be applicable to both AD Category - I and AD Category - II in respect of their money changing activities.</p>
Annex II	Application form for FFC licence under section 10(1) of FEMA, 1999
Annex III	'Fit and proper' criteria for directors of FFCs / non-bank ADs Category - II
Annex IV	Form RMC-F
Annex V	FLM 1
Annex VI	FLM 2
Annex VII	FLM 3
Annex VIII	FLM 4
Annex IX	FLM 5
Annex X	FLM 6
Annex XI	FLM 7
Annex XII	FLM 8
Annex XIII	RLM 3
Annex XIV	Statement of Purchase transactions of USD 10,000 and above
Annex XV	Statement showing summation of Foreign Currency Account opened in India out of export proceeds of Foreign Currency Notes/ encashed Travellers' Cheques
Annex XVI	Statement of the amount of foreign currency written off during the financial year

[Annex to A. P. (DIR Series) Circular No. 57 dated March 09, 2009]

(A) Guidelines for Licencing and other Approvals for Authorised Money Changers (AMCs)

1. Introduction

Authorised Money Changers (AMCs) are entities authorised by the Reserve Bank under Section 10 of the Foreign Exchange Management Act, 1999. An AMC may either be a Full Fledged Money Changer (FFMC) or a Restricted Money Changer (RMC)*. In addition to Authorised Dealers Category - I (AD Category – I) and Authorised Dealers Category - II (AD Category – II), Full Fledged Money Changers (FFMCs) are authorised by the Reserve Bank to deal in foreign exchange for specified purposes, to widen the access of foreign exchange facilities to residents and tourists while ensuring efficient customer service through competition. FFMCs are authorised to purchase foreign exchange from residents and non-residents visiting India and to sell foreign exchange for certain approved purposes. AD Category – I / AD Category – II / FFMCs may appoint franchisees to undertake purchase of foreign currency. No person shall carry on or advertise that he carries on money changing business unless he is in possession of a valid money changer's licence issued by the Reserve Bank. Any person found undertaking money changing business without a valid licence is liable to be penalised under the Act *ibid*.

**** Note :- The Reserve Bank has since discontinued the Scheme of Restricted Money Changers (RMCs). However, certain RMCs functioning within 10 km from the borders of Pakistan and Bangladesh have been specifically permitted by the Reserve Bank for the time being to operate.***

2. Guidelines for Issuance of FFMC Licence :-

The guidelines for issue of new and renewal of FFMC licence, branch licencing, approval for appointment of agents / franchisees, AML Guidelines for Authorised Persons are given below. These guidelines are indicative and the Reserve Bank may take into account other relevant factors like increase in outreach, location, etc. while considering applications for licences.

(i). Entry Norms

- (i) The applicant has to be a company registered under the Companies Act, 1956.
- (ii) The minimum Net Owned Funds (NOF) required for consideration as FFMC are as follows:

Category	Minimum Net Owned Funds
Single branch FFMC	Rs. 25 lakh
Multiple branch FFMC	Rs. 50 lakh

Note :- The Net Owned Funds of applicants, other than banks, should be calculated as per the following.

(i) **Owned Funds** :- (Paid-up Equity Capital + Free reserves + Credit balance in P & L 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.

(ii) Documentation

Application in the form, as at **Annex - II**, should be submitted to the respective Regional Office of the Foreign Exchange Department of the Reserve Bank under

whose jurisdiction the registered office of the applicant falls, along with the following documents:

- (a) Copy each of the Certificate of Incorporation and Certificate of Commencement of Business of the company.
- (b) Memorandum and Articles of Association containing a provision for undertaking money changing business or an appropriate amendment to this effect filed with the Company Law Board.
- (c) Copy of the latest audited accounts with a certificate from the Statutory Auditors certifying the Net Owned Funds as on the date of application. Copies of the audited Balance Sheet and Profit & Loss Account of the company for the last three years, wherever applicable.
- (d) Confidential Report from the applicant's banker in a sealed cover.
- (e) A declaration to the effect that no proceedings have been initiated by / pending with the Directorate of Enforcement (DoE) / Directorate of Revenue Intelligence (DRI) or any other law enforcing authorities against the applicant company and its directors and that no criminal cases are initiated / pending against the applicant company and its directors.
- (f) A declaration to the effect that proper policy framework on "Know Your Customer" and Anti Money Laundering measures, in accordance with the guidelines issued vide A. P.(DIR Series) Circular No. 18 / A.P.(FL Series) Circular No. 1 dated December 2, 2005, A.P. (DIR Series) Circular No. 39 / A.P. (FL Series) Circular No. 2 dated June 26, 2006 and A.P. (DIR Series) Circular No. 14 / A.P.(FL Series) Circular No. 1 dated October 17, 2007, as amended from time to time, will be put in place on obtaining the approval of the Reserve Bank and before commencement of operations.
- (g) Details of sister / associated concerns operating in the financial sector, like NBFCs, etc.
- (h) A certified copy of the board resolution for undertaking money changing business.

(iii) Basis for Approval

- (i) Since several FFMCS are already functioning, fresh licences will be issued on a selective basis to those who comply with all the licencing

requirements, facilitate an increase in outreach, have locational advantage, like being located in border areas, tourist centers, etc.

(ii) 'Fit and proper' criteria for the applicant FFMCs #

If any DoE / DRI case or any other case by any other law enforcing authorities, is initiated / pending against any company / its directors, the company will not be considered as 'fit and proper' and its application will not be considered for licencing as FFMC.

(# Also applicable to non-bank AD Category - II)

(iii) 'Fit and proper' criteria for directors of FFMCs *

Please see **Annex - III** for the details in this regard.

(* Also applicable to non-bank AD Category - II)

(iv) Clearance by the Empowered Committee

The request for issuance of FFMC licence would be considered by the Regional Office concerned of the Reserve Bank on the basis of the clearance by an Empowered Committee, set up for the purpose.

(v) Reserve Bank's decision in the matter of granting approval or otherwise will be final and binding.

(vi) On obtaining approval from the Reserve Bank, a copy of the registration under Shops & Establishment Act or any other documentary evidence such as rent receipt, copy of lease agreement, etc. should be submitted to the Regional Office concerned of the Reserve Bank before commencement of the business.

(vii) The FFMC should commence its operations within a period of **six months** from the date of issuance of licence and inform the Regional Office concerned of the Reserve Bank.

(viii) New FFMCs should carry out their activities as per the instructions specified in paragraphs (E) and (F) below and other instructions issued by the Reserve Bank from time to time.

[Note:- No fresh authorization will be issued to Urban Cooperative Banks (UCBs) to function as FFMCs].

(B) Guidelines for Grant of Authorisation for Additional Branches :-

1. No FFMC shall carry on money changing business at any additional place of business other than its permanent place of business except with the prior approval of the Reserve Bank. An FFMC which intends to commence money changing business at any additional place of business shall apply in writing to the respective Regional Office of the Foreign Exchange Department under whose jurisdiction the registered office of the applicant falls and the Reserve Bank may approve the additional place of business subject to such conditions as it may think fit.

2. Applications for additional locations (places of business) should be accompanied by the following:-

- (a) Copy of the latest audited accounts with a certificate from the Statutory Auditors regarding the position of Net Owned Funds as on the date of application.
- (b) Confidential Report from the applicant's banker in a sealed cover.
- (c) A declaration to the effect that no proceedings have been initiated / pending by the Directorate of Enforcement (DoE) / Directorate of Revenue Intelligence (DRI) or any other law enforcing authorities against the applicant and its directors and that no criminal cases are initiated / pending against the applicant and its directors. No new branch licence will be issued to any FFMC, against whom any major DoE / DRI case is pending. In minor DoE / DRI pending cases, a decision will be taken by the Reserve Bank on a case by case basis. The categorization of pending DoE / DRI cases as major / minor will be at the discretion of the Reserve Bank and the decision of the Reserve Bank will be final and binding. Where any DoE / DRI case is adjudicated and penalty is imposed, a view will be taken, on the basis of the nature of the offence, provided no fresh DoE / DRI case is instituted.
- (d) A copy of the KYC / AML policy framework of the company.

- (e) Brief write-up on the internal control systems, including internal and external audit.

3. With an objective to have proper distribution of branches of FFMCs in metros and non-metros, the applications for additional offices in metropolitan cities will be considered if the total offices (including proposed offices) of the applicant are in the ratio 1:1 (i.e. the applicant has one non-metropolitan office for every office in a metro). For this purpose, in addition to Mumbai, New Delhi, Chennai and Kolkata, three more cities viz., Bangalore, Hyderabad and Ahmedabad are considered as metropolitan centers. Preference will be given to applications for branches in remote areas of tourist attraction.

4. A copy of the registration under Shops & Establishment Act or any other documentary evidence such as rent receipt, copy of lease agreement, etc. should be submitted to the Regional Office concerned of the Reserve Bank before commencement of business at an additional branch.

5. The FFMC should commence operations of its additional branch within a period of **six months** from the date of issuance of licence and inform the Regional Office concerned of the Reserve Bank.

(C) Guidelines for appointment of Agents / Franchisees by Authorized Dealers Category - I, Authorized Dealers Category - II and FFMCs :-

1. Under the Scheme, the Reserve Bank permits ADs Category - I, ADs Category - II and FFMCs to enter into agency / franchisee agreements at their option for the purpose of carrying on Restricted Money Changing business i.e. conversion of foreign currency notes, coins or travelers' cheques into Rupees.

2. Franchisee

A franchisee can be any entity which has a place of business and a minimum Net Owned Funds of Rs. 10 lakh. Franchisees can undertake only restricted money changing business.

3. Agency / Franchisee Agreement

Franchisers are free to decide on the tenor of the arrangement as also the commission or fee through mutual agreement with the franchisee.

The Agency / Franchisee agreement to be entered into by an AD Category - I / AD Category – II / FFMC should, however, include the following salient features:

(a) The display of exchange rates by the franchisee. Exchange Rate for conversion of foreign currency into Rupees should be the same or close to the daily exchange rate charged by the AD Category – I / AD Category - II / FFMC at its branches.

(b) The foreign currency purchased by the franchisee should be surrendered to the franchiser or any other authorized persons, as may be agreed upon, within 7 working days from the date of purchase.

(c) The maintenance of proper record of transactions by the franchisee.

(d) The on-site inspection of the franchisee by the franchiser at least once a year.

3. Procedure for application

An AD Category - I / AD Category - II / FFMC should apply to the respective Regional Office of the Reserve Bank, in Form RMC-F (**Annex-IV**) for appointment of agents / franchisees under this Scheme. The application should be accompanied by a declaration that while selecting the franchisees adequate due diligence has been carried out and that such entities have undertaken to comply with all the provisions of the franchising agreement and prevailing Reserve Bank regulations regarding money changing. Approval would be granted by the Reserve Bank for the first franchisee arrangement. Thereafter, as and when new agency / franchisee agreements are entered into, these would have to be reported to the Reserve Bank in Form RMC-F (**Annex-IV**) on a post-facto basis, along with similar declaration as indicated above.

4. Due Diligence of Agents / Franchisees

The ADs Category – I / ADs Category – II / FFMCS should undertake the following minimum checks while conducting the due diligence of the agents / franchisees

- existing business activities of the agent / franchisee / its position in the area.
- minimum Net Owned Funds of the agent / franchisee.
- Shop & Establishment / other applicable municipal certification in favour of the agent/ franchisee.
- verification of physical existence of location of the agent / franchisee, where restricted money changing activities will be conducted.
- conduct certificate of the agent / franchisee from the local police authorities.
- declaration regarding past criminal case, if any, cases initiated / pending against the agent / franchisee or its directors / partners by any law enforcing agency, if any.
- PAN Card of the agent / franchisee and its directors / partners.
- photographs of the directors / partners and the key persons of agent / franchisee.

The above checks should be done on a regular basis, at least once in a year. The AD Category – I / AD Category – II / FFMCS should obtain from the agents / franchisees proper documentary evidence confirming the location of the agents / franchisees in addition to personal visits to the site. The AD Category – I / AD Category – II / FFMCS should also obtain a Chartered Accountant's certificate confirming the maintenance of the Net Owned Funds of the agent / franchisee, i.e., Rs. 10 lakh on an ongoing basis.

Note:-The AD Category – I / AD Category – II / FFMCS are advised to discontinue agreements with agents / franchisees who do not meet the revised criteria within three months from the date of issue of this Circular.

5. Selection of Centers

Franchisers are free to select centers for operationalising the Scheme.

6. Training

Franchisers are expected to impart training to the agents / franchisees as regards operations and maintenance of records.

7. Reporting, Audit and Inspection

The franchisers i.e. the ADs Category – I / ADs Category – II / FFCs are expected to put in place adequate arrangements for reporting of transactions by the franchisees to the franchisers on a regular basis (at least monthly). Regular spot audits of all locations of franchisees, at least once in six months, should be conducted by ADs Category – I / ADs Category – II / FFCs. 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 level of the franchisees. A system of annual inspection of the books of the franchisees should also be put in place. The purpose of such inspection is to ensure that the money changing business is being carried out by the franchisees in conformity with the terms of the agreement and prevailing Reserve Bank guidelines and that necessary records are being maintained by the franchisees.

8. Anti Money Laundering / Know Your Customer Guidelines

Franchisees are required to strictly adhere to the AML / KYC guidelines, as applicable to ADs Category – I / ADs Category – II / FFCs.

Note:- No licence for appointment of agents / franchisees will be issued to any FFC / non-bank AD Category - II, against whom any major DoE / DRI / CBI / Police case is pending. In case where any FFC / non-bank AD Category - II has received one-time approval for appointing agents / franchisees and subsequent to the date of approval, any DoE / DRI / CBI / Police case is filed, the FFC / non-bank AD Category - II should not appoint any further agents / franchisees and bring the matter to the

notice of the Reserve Bank immediately. A decision will be taken by the Reserve Bank regarding allowing the FFMC / non-bank AD Category - II to appoint agents / franchisees.

(D) Guidelines for Renewal of licences of existing FFMCs :

1. The applicant should be a company registered under the Companies Act, 1956 having registered / head office within the area of jurisdiction of the office.
2. The Net Owned Funds required are as follows:

Category	Minimum Net Owned Funds
Single branch FFMC	Rs. 25 lakh
Multiple branch FFMC	Rs. 50 lakh

3. Applications for renewal should be submitted along with the documents, mentioned below.
 - (a) Copy of the latest audited accounts with a certificate from the Statutory Auditors regarding the position of Net Owned Funds as on date.
 - (b) Confidential Report from the applicant's banker in a sealed cover.
 - (c) A declaration to the effect that no proceedings have been initiated by/ pending with the Directorate of Enforcement / Directorate of Revenue Intelligence or any other law enforcing authorities against the applicant company and its directors and that no criminal cases are initiated/ pending against the applicant company and its directors.
 - (d) A copy of the KYC / AML policy framework existing in the company.

Note :- An application for the renewal of a money-changer's licence shall be made not later than one month, or such other period as the Reserve Bank may prescribe, before the expiry of the licence. Where a person submits an application for the renewal of his money changer's licence, the licence shall continue in force until the date on which the licence is renewed or the application is rejected, as the case may be. No application for renewal of a money-changer's licence shall be made after the expiry of the licence.

(E) Operational Instructions

1. Bringing in and taking out of Foreign Exchange

(i) Foreign exchange in any form can be brought into India freely without limit provided it is declared on the Currency Declaration Form (CDF) on arrival to the Custom Authorities. When foreign exchange brought in the form of currency notes or travellers' cheques does not exceed US\$ 10,000/- or its equivalent and / or the value of foreign currency notes does not exceed US\$ 5000/- or its equivalent, declaration thereof on CDF is not insisted upon.

(ii) Taking out foreign exchange in any form, other than foreign exchange obtained from an authorized dealer or a money changer is prohibited unless it is covered by a general or special permission of the Reserve Bank. Non-residents, however, have general permission to take out an amount not exceeding the amount originally brought in by them subject to compliance with the provisions of sub-para (i) above.

2. Purchases of Foreign Currency from Public

(i) Authorized Money Changers (AMCs) / franchisees may freely purchase foreign currency notes, coins and travellers cheques from residents as well as non-residents. Where the foreign currency was brought in by declaring on form CDF, the tenderer should be asked to produce the same. The AMC should invariably insist on production of declaration in CDF.

(ii) AMCs may sell Indian Rupees to foreign tourists / visitors against International Credit Cards and take prompt steps to obtain reimbursement through normal banking channels.

3. Encashment Certificate

(a) AMCs may issue certificate of encashment when asked for in cases of purchases from the public. These certificates bearing authorized signatures should be issued on the letter head of the money changer and proper record maintained.

(b) In cases where encashment certificate is not issued, attention of the customers should be drawn to the fact that unspent local currency held by non-residents will be

allowed to be converted into foreign currency only against production of a valid encashment certificate.

4. Purchases from other AMCs and Authorized Dealers

AMCs may purchase from other AMCs and ADs any foreign currency notes, coins and encashed travellers' cheques tendered in the normal course of business. Rupee equivalent of the amount of foreign exchange purchased should be paid only by way of crossed account payee cheque / Demand Draft / Bankers' cheque / Pay order.

5. Sale of foreign exchange

(I) Private Visits

AMCs may sell foreign exchange up to the prescribed ceiling (currently US \$ 10,000) specified in Schedule III to the Foreign Exchange Management (Current Account Transaction) Rules, 2000 during a financial year to persons resident in India for undertaking one or more private visits to any country abroad (except Nepal and Bhutan). Exchange for such private visits will be available on a self-declaration basis to the traveler regarding the amount of foreign exchange availed during a financial year. Foreign nationals permanently resident in India are also eligible to avail of this quota for private visits provided the applicant is not availing of facilities for remittance of his salary, savings, etc. abroad in terms of extant regulations.

(II) Business visits

AMCs may sell foreign exchange to persons resident in India for undertaking business travel or for attending a conference or specialized training or for maintenance expenses of a patient going abroad for medical treatment or check up abroad or for accompanying as attendant to a patient going abroad for medical treatment / check up up to the limits (currently US \$ 25,000 per visit) specified in Schedule III to FEMA (Current Account Transactions) Rules, 2000.

Conditions

- i. The Reserve Bank will not generally, prescribe the documents which should be verified by the AMCs while releasing foreign exchange. In this connection, attention of AMCs is drawn to sub-section (5) of Section 10 of FEMA, 1999.
- ii. In case of issue of travellers' cheques, the traveler should sign the cheques in the presence of an authorized official and the purchaser's acknowledgement for receipt of the travellers' cheques should be held on record.
- iii. AMCs may release foreign exchange for travel purposes on the basis of a declaration given by the traveler regarding the amount of foreign exchange availed of during the financial year.
- iv. AMCs may accept payment in cash up to Rs. 50000/- (Rupees fifty thousand only) against sale of foreign exchange for travel abroad (for private visit or for any other purpose). Wherever the sale of foreign exchange exceeds the amount equivalent to Rs. 50000/-, the payment must be received only by a crossed cheque drawn on the applicant's bank account or crossed cheque drawn on the bank account of the firm / company sponsoring the visit of the applicant or Banker's cheque / Pay Order / Demand Draft. For this purpose, where the rupee equivalent of foreign exchange drawn exceeds Rs. 50000/- either for any single drawal or more than one drawal reckoned together for a single journey visit, it should be paid by cheque / Banker's cheque / Pay Order / Demand Draft . In addition to the payment by Rupees/ through crossed cheque / Banker's cheque / Pay order/ Demand draft, AMCs may also accept the payments made by the traveler through debit cards / credit cards / prepaid cards for travel abroad (for private visit or for any other purpose) provided- (i) KYC / AML guidelines are complied with, (ii) sale of foreign currency / issue of foreign currency travellers' cheques is within the limits (credit / prepaid cards) prescribed by the bank, (iii) the purchaser of foreign currency / foreign currency travellers' cheque and the credit / debit / prepaid card holder is one and the same person.
- v. The sale of foreign currency notes and coins within the overall entitlement of foreign exchange, should be restricted to the limits prescribed by the Reserve Bank from time to time for the country of visit of the traveller.

6. Sales against Reconversion of Indian Currency

AMCs may convert into foreign currency, unspent Indian currency held by non-residents at the time of their departure from India, provided a valid Encashment Certificate is produced.

Note (1) : AMCs may convert at their discretion, unspent Indian currency up to Rs.10,000 in the possession of non-residents if, for bonafide reasons, the person is unable to produce an Encashment Certificate after ensuring that the departure is scheduled to take place within the following seven days.

Note (2) : ADs Category - I and ADs Category - II may provide facility for reconversion of Indian Rupees to the extent of Rs. 50,000/- to foreign tourists (not NRIs) against ATM Receipts based on the following documents.

- Valid Passport and VISA
- Ticket confirmed for departure within 7 days.
- Original ATM slip (to be verified with the original debit/ credit card).

7. Cash Memo

AMCs may issue a cash memo, if asked for, on official letterhead to travellers to whom foreign currency is sold by them. The cash memo may be required for production to emigration authorities while leaving the country.

8. Rates of Exchange

AMCs may put through transactions relating to foreign currency notes and travellers' cheques at rates of exchange determined by market conditions.

9. Display of Exchange Rate Chart

AMCs should display at a prominent place in or near the public counter, a chart indicating the rates for purchase/sale of foreign currency notes and travellers' cheques.

10. Foreign Currency Balances

- i. AMCs should keep balances in foreign currencies at reasonable level and avoid build up of idle balances with a view to speculating on currency movements.
- ii. RMCs / franchisees should surrender foreign currency notes, coins and travellers' cheques purchased to an AD or to an FFMC within seven working days.
- iii. The transactions between authorized dealers, FFMCs and RMCs should, however, be settled by way of account payee crossed cheques / demand drafts. Under no circumstances should settlement be made in cash.

11. Replenishment of Foreign Currency Balances

(i) AMCs may obtain their normal business requirements of foreign currency notes from other AMCs (including RMCs) / authorized dealers in foreign exchange in India, against payment in rupees made by way of account payee crossed cheque / Demand Draft.

(ii) Where AMCs are unable to replenish their stock in this manner, they may make an application to the Forex Markets Division, Foreign Exchange Department, Central Office, Reserve Bank of India, Mumbai through an AD Category - I bank for permission to import foreign currency into India. The import should take place through the designated AD Category - I through whom the application is made.

12. Export / Disposal of surplus Foreign Currency Notes / Travellers' Cheques

AMCs may export surplus foreign currency notes / encashed travellers' cheques to an overseas bank through designated Authorized Dealer Category - I bank in foreign exchange for realization of their value through the latter. FFMCs may also export surplus foreign currency to private money changers abroad subject to the condition that either the realizable value is credited in advance to the AD Category – I bank's nostro account or a guarantee is issued by an international bank of repute covering the full value of the foreign currency notes / coins to be exported.

13. Write-off of fake foreign currency notes

In the event of foreign currency notes purchased being found fake/forged subsequently, AMCs may write- off up to US \$ 2000 per financial year after approval of their Top Management after exhausting all available options for recovery of the amount. Any write-off in excess of the above amount, would require the approval of the Regional Office concerned of the Foreign Exchange Department of the Reserve Bank.

14. Registers and Books of Accounts of Money-changing Business

- i. AMCs shall maintain the following Registers in respect of their money-changing transactions :
 - (a) Daily Summary and Balance Book (Foreign currency notes / coins) in form **FLM 1 (Annex-V)**.
 - (b) Daily Summary and Balance Book (Travellers' cheques) in form **FLM 2 (Annex-VI)**.
 - (c) Register of purchases of foreign currencies from the public in form **FLM 3 (Annex-VII)**.
 - (d) Register of purchases of foreign currency notes / coins from authorized dealers and authorized money changers in form **FLM 4 (Annex-VIII)**.
 - (e) Register of sales of foreign currency notes / coins and foreign currency travellers' cheques to the public in form **FLM 5 (Annex-IX)**.
 - (f) Register of sales of foreign currency notes / coins to authorized dealers / Full Fledged Money Changers / overseas banks in form **FLM 6 (Annex-X)**.
 - (g) Register of travellers' cheques surrendered to authorized dealers / authorized money changers / exported in form **FLM 7 (Annex-XI)**.
- ii. All registers and books should be kept up-to-date, cross-checked and balances verified daily.
- iii. Transactions not pertaining to money changing business of the AMC should not be mixed up with money changing transactions. In other words, the

registers and books of account should show clearly the trail of transactions pertaining to money changing business.

- iv. Separate registers should be maintained for each establishment, if the AMC maintains more than one place of business.

Note :- Inter-branch transfer of foreign currencies should be accounted as stock transfer and not as sales.

15. Submission of Statements to the Reserve Bank

- i. AMCs should submit to the office of the Reserve Bank which has issued the license/unified license, a monthly consolidated statement for all its offices in respect of sale and purchase of foreign currency notes in form **FLM 8 (Annex-XII)** so as to reach not later than the 10th of the succeeding month.
- ii. Similarly RMCs should submit to the office of Reserve Bank under whose jurisdiction they are functioning, a quarterly statement in form **RLM 3 (Annex-XIII)**. The statement duly certified by the AD Category –I / AD Category - II/ FFMC should reach the Reserve Bank not later than the 10th day of the month following the quarter. In case the purchased foreign currencies are surrendered to different authorized dealers / FFMCs, separate quarterly statements should be prepared to facilitate independent certification by each such authorized dealer / FFMC.
- iii. AMCs should submit to the Regional Office concerned of the Foreign Exchange Department, Reserve Bank, a monthly statement indicating details of receipt / purchase of US \$ 10,000 (or its equivalent) and above per transactions in the enclosed format as at **Annex-XIV**, within 10 days of the close of the month. FFMCs / ADs Category - II should include transactions of their franchisees in their statement.
- iv. AMCs should submit a quarterly statement regarding Foreign Currency Account/s maintained in India in their names with AD Category - I to the Regional Office concerned of the Foreign Exchange Department, Reserve Bank as per the format in **Annex-XV**.
- v. An Annual Statement should be submitted by all the AMCs to the respective Regional Offices of the Foreign Exchange Department, Reserve Bank which

have issued the licenses within one month of the financial year-end, giving the details of the amount written off during the financial year, as per the format as at **Annex-XVI**.

16. Inspection of Transactions of AMCs

Section 12(1) of Foreign Exchange Management Act 1999, empowers any officer of Reserve Bank specially authorized in this behalf to inspect the books and accounts and other documents of AMCs. The AMCs should provide all assistance and co-operation to Inspecting Officers in carrying out their inspection. Failure to produce any books of account or other document or to furnish any statement or information or to answer any question relating to the money changing transactions to the Inspecting Officers, shall be deemed to be a contravention of the provisions of the Act *ibid*.

17. Concurrent Audit

(i) AMCs should put in place a system of Concurrent Audit of the transactions undertaken by them.

(ii) 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. Single branch AMCs having turnover of less than USD 100,000 or its equivalent may institute a system of quarterly audit.

(iii) Appointment / selection of concurrent auditors is left to the discretion of the AMCs. The concurrent auditors should check all the transactions of the AMCs and ensure that all the instructions issued by the Reserve Bank from time to time have been complied with. The Statutory Auditors are required to certify that the Concurrent Audit and the internal control systems are working satisfactorily.

18. Temporary Money Changing Facilities

AMCs are authorized to transact money changing business only at the location or locations specifically indicated in the license. If it is intended to provide money changing facilities on a temporary basis on certain special occasions, a separate application should be made for the purpose to the Regional Office concerned of the

Foreign Exchange Department of the Reserve Bank. Full details such as period for which the exchange counter will be operated, volume of business expected, manner of accounting of the transactions, letter from organizers making available venue for the money changing facilities, etc should be submitted.

19. Opening of Foreign Currency Accounts by AMCs

AMCs, with the approval of the respective Regional Offices of the Foreign Exchange Department, may be allowed to open Foreign Currency Accounts in India, by subject to the following conditions:-

- (i) Only one account may be permitted at a particular centre.
- (ii) Only the value of foreign currency notes/ encashed TCs exported through the specific bank and realized can be credited to the account.
- (iii) Balances in the accounts shall be utilized only for settlement of liabilities on account of-
 - (a) TCs sold by the AMCs and
 - (b) Foreign currency notes acquired by the AMCs from AD Category - I banks.
- (iv) No idle balance shall be maintained in the said account.

20. Submission of Balance Sheet and maintenance of NOF

All AMCs are required to submit their annual audited balance sheet to the respective Regional office of the Reserve Bank for the purpose of verification of their net owned fund along-with a certificate from the statutory auditors regarding the NOF as on the date of the balance sheet. As AMCs are expected to maintain the minimum NOF on an ongoing basis, they are required to bring it to the notice of the Reserve Bank immediately along with a detailed time bound plan for restoring the net owned fund to the minimum required level, if there is any erosion in their NOF below the minimum level.

(F) Anti-Money Laundering (AML) Guidelines

1. Money Laundering

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. AML Guidelines

The purpose of prescribing Anti-Money Laundering Guidelines is to prevent the system of Authorised Money Changers (AMCs) engaged in the purchase and / or sale of foreign currency notes / Travellers' cheques from being used for money laundering. Therefore, Anti-Money Laundering (AML) measures should include :

- a. Identification of Customer according to "Know Your Customer" (KYC) norms,
- b. Recognition, handling and disclosure of suspicious transactions,
- c. Appointment of Money Laundering Reporting Officer (MLRO),
- d. Staff Training,
- e. Maintenance of records,
- f. Audit of transactions.

The following paragraphs contain broad guidelines to enable AMCs to formulate and put in place a proper policy framework for AML measures.

3. Know Your Customer (KYC) – Identification of Customers

For purchase of foreign exchange less than US \$ 200 or its equivalent, photocopies of the identification document need not be kept on record. However, full details of the identification document should be maintained.

For encashment of foreign exchange between US \$ 200 and US \$ 2000 or its equivalent, the photocopies of the identification document should be maintained for one year and until completion of statutory audit.

For encashment in excess of US \$ 2000 or its equivalent, the photocopies of the identification document should be maintained for a minimum period of five years.

4. Purchase of Foreign Exchange

a) For encashment of foreign currency notes and / or Travellers' Cheques up to US \$ 500 or its equivalent, production of passport need not be insisted upon and any other suitable document of identification like ration card, driving license, etc. can also be accepted.

b) For verification of the identity of customer for encashment in excess of US \$ 500 or its equivalent, a photo identity document such as passport, driving license, PAN Card, voter identity card issued by the Election Commission, etc. should be obtained

c) Requests for payment of sale proceeds in cash may be acceded to the extent of US \$ 1000 or its equivalent per transaction. All encashment within one month may be treated as single transaction for the purpose. Requests for payment in cash by foreign visitors / Non-Resident Indians may be acceded to the extent of US \$ 3000 or its equivalent. In all other cases, AMCs should make payment by way of 'Account Payee' cheque / demand draft only.

d) Where the amount of forex tendered for encashment by a non-resident or a person returning from abroad exceeds the limits prescribed for Currency Declaration Form (CDF), the AMC should invariably insist for production of declaration in CDF.

5. In all cases of sale of foreign exchange, irrespective of the amount involved, for identification purpose the passport of the customer should be insisted upon. The sale of forex should be made only on personal application and identification. Payment in excess of Rs. 50,000/- towards sale of foreign exchange should be received only by the applicant's crossed cheque / crossed cheque drawn on the bank account of the firm/company sponsoring the visit of the applicant / Banker's cheque / Pay Order / Demand Draft. Such payment can also be received through debit cards/ credit cards/ prepaid cards provided (i) KYC/ AML guidelines are complied with, (ii) sale of foreign currency/ issue of foreign currency travellers' cheques is within the limits (credit/ prepaid cards) prescribed by the bank, (iii) the purchaser of foreign currency/ foreign currency travellers' cheque and the credit/ debit/ prepaid card holder is one and the same person. All purchases by a person within one month may be treated as single transaction for the purpose. Encashment Certificate, wherever required, should also be insisted upon.

6. Establishment of business relationship

Relationship with a business entity like a company / firm should be established only after obtaining and verifying suitable documents in support of name, address and business activity such as certificate of incorporation under the Companies Act, 1956, Memorandum of Association and Articles of Association, registration certificate of a firm (if registered), partnership deed, PAN Card, etc. A list of employees who would be authorized to transact on behalf of the company / firm and documents of their identification together with their signatures, should also be called for.

Copies of all documents called for verification should be kept on record.

7. Suspicious Transactions

The AMC must ensure that its staff is vigilant against money laundering transactions at all times. An important part of the AML measures is determining whether a transaction is suspicious or not. A transaction may be of suspicious nature irrespective of the amount involved.

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 cash transactions.
- Size and frequency of transactions is high considering the normal business of the customer.
- Change in the pattern of business transacted.

The above list is only indicative and not exhaustive.

8. Appointment of Money Laundering Reporting Officer (MLRO)

a. An MLRO may be appointed by every AMC for monitoring transactions and ensuring compliance with the AML Guidelines issued by the Reserve Bank from time to time. Any transaction, that appears suspicious, may be put through only after obtaining MLRO's consent. The MLRO will also be responsible for reporting of suspicious transaction/s to the Financial Intelligence Unit (FIU).

b. The MLRO shall have reasonable access to all the necessary information/ documents, which would help him in effective discharge of his responsibilities.

c. The responsibility of the MLRO may include :

- Putting in place necessary controls for detection of suspicious transactions.
- Receiving disclosures related to suspicious transactions from the staff or otherwise.
- Deciding whether a transaction should be reported to the appropriate authorities.
- Training of staff and preparing detailed guidelines / handbook for detection of suspicious transactions.
- Preparing annual reports on the adequacy or otherwise of systems and procedures in place to prevent money laundering and submit it to the Top Management within 3 months of the end of the financial year.

9. Reporting of Suspicious Activity

- To the extent possible, all suspicious transactions should be reported to the MLRO before they are undertaken.
- Full details of all suspicious transactions, whether put through or not, should be reported, in writing, to the MLRO.
- Any transaction which seems suspicious may be undertaken only with prior approval of MLRO.
- If the MLRO is reasonably satisfied that the suspicious transaction has / may have resulted in money laundering, he should make a report to the appropriate authority viz. the FIU.

10. Staff Training

All the managers and staff of the AMC must be 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 money changing. 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 MLRO, etc.) should be carefully formulated by the AMC and suitable procedure laid down. The AMCs should have an ongoing training programme for consistent implementation of the AML measures.

11. Audit / Compliance

The concurrent auditor should check all transactions to verify that they have been done in compliance with the anti-money laundering guidelines and have been reported as required. Compliance on the lapses, if any, recorded by the concurrent auditor should be put up to the Board. A certificate from the Statutory Auditor on the compliance with AML guidelines should be obtained at the time of preparation of the Annual Report and kept on record.

12. Maintenance of records

The following documents should be preserved for a minimum period of five years.

- Records including identification obtained in respect of all transactions.
- Statements / Registers prescribed by the Reserve Bank from time to time.
- All Inspection / Audit / Concurrent Audit Reports.
- Annual reports of the MLRO submitted to the Top Management in terms of paragraph 8 above.
- Details of all suspicious transactions reported in writing or otherwise to the MLRO.
- Details of all transactions involving purchase of foreign exchange against payment in cash exceeding **Indian Rupees 10,00,000** from inter-related persons during one month.
- All correspondence / reports with the appropriate authority in connection with suspicious transactions.
- References from Law Enforcement Authorities, including FIU, should be preserved until the cases are adjudicated and closed.

(G) Revocation of Licence

The Reserve Bank reserves the right to revoke the licence granted to an AMC at any time if the Reserve Bank is satisfied that (a) it is in public interest to do so or (b) the AMC has failed to comply with any condition subject to which the authorisation is granted or has contravened any of the provisions of the Foreign Exchange Management Act, 1999 or any rule, regulation, notification, direction or order made there-under. The Reserve Bank also reserves the right to revoke the authorisation of any of the offices for infringement of any statutory or regulatory provision. The Reserve Bank may at any time vary or revoke any of the existing conditions of a money changer's licence or impose new conditions.

Annex-II

[Annex to A. P. (DIR Series) Circular No. 57 dated March 09, 2009]

(Paragraph (A)(3)(ii) above)

**APPLICATION FORM FOR FPMC LICENCE
UNDER SECTION 10(1) OF FEMA, 1999**

1.	Full name of the applicant	
2.	Address in full	
3.	Name of location/s to where the applicant proposes to conduct Money Changing Business (Please enclose copies of the Licences under Shops and Establishment Act)	
4.	(a) Date of establishment of the company (b) Name/s and address/es of the Directors of the company	
5.	Copy of the certificate of Registration (Certificate of Incorporation & Certificate of Commencement of Business) of the company	
6.	Copy of Memorandum of Association together with a letter indicating the clause which provides for taking up money changer's business.	
7.	Confidential report from the applicant's bank/s in CIR format.	
8.	Net Owned Funds A copy of the latest Audited Balance Sheet of the applicant company together with a certificate from their Statutory Auditors certifying their Net Owned Funds as on the date of application and calculation thereof is to be enclosed.	Rs.
9.	Declaration to the effect that the company and any of its directors are not under investigation/adjudication of any law enforcing agencies, such as DoE/DRI and also that no criminal proceedings filed by Crime Investigation	

	Agencies are pending against the company or any of its directors.	
10.	Undertaking to post competent staff to handle the money changer's business.	
11.	Name, designation of persons authorised to deal in foreign exchange.	
13.	A brief write up of the activities of the applicant/nature of business.	
14.	Whether the applicant had applied earlier for FFMC / RMC licence. If so, the particulars thereof.	
15.	Any other particulars / special reasons the applicant may wish to state in support of the application.	

We undertake that in the conduct of money changing business, we shall at all time abide by the rules/regulations/orders/directions/notifications which Reserve Bank may from time to time issue in this behalf.

Place:

Date:

Signature of the applicant with seal

Enclosures:

1. Bankers' confidential Report
2. Attested copies of audited accounts for the past 3 years.

Note: Single branch FFMCs shall have net owned funds not less than Rs.25 lakhs while FFMCs intending to operate through more than one branch will have to maintain net owned funds not less than Rs.50 lakhs.

[Annex to A. P. (DIR Series) Circular No. 57 dated March 09, 2009]

(Paragraph (A)(3)(iii) above)

'Fit and proper' criteria for directors of FFMCS / non-bank ADs Category - II

(a) The Boards of FFMCS / non-bank ADs Category - II should undertake a process of due diligence to determine the suitability of the person for appointment / continuing to hold appointment as a director on the Board, based upon qualification, expertise, track record, integrity and other 'fit and proper' criteria. For assessing integrity and suitability, factors like criminal record, financial position, civil action initiated to pursue personal debts, refusal of admission to or expulsion from professional bodies, sanctions imposed by regulators or similar bodies, previous questionable business practices, etc. should be considered. The Board of Directors should assess 'fit and proper' status by calling for information by way of self-declaration, verification reports from market, etc. FFMCS / non-bank AD Category - II should obtain necessary information and declaration from the proposed / existing directors for the purpose in Proforma given at the end.

(b) The process of due diligence should be undertaken by the FFMCS / non-bank ADs Category - II at the time of appointment / renewal of appointment.

(c) The Boards of the FFMCS / non-bank ADs Category - II should constitute Nomination Committees to scrutinize the declarations.

(d) Based on the information provided in the signed declaration, Nomination Committees should decide on the acceptance or otherwise and may make references, where considered necessary to the appropriate authority / persons, to ensure their compliance with the requirements indicated.

(e) FFMCS / non-bank ADs Category - II should obtain annually as on 31st March a simple declaration that the information already provided has not undergone change and where there is any change, requisite details are furnished by the directors forthwith.

(f) Further, the candidate should normally not exceed 70 years of age, should not be a Member of Parliament / Member of Legislative Assembly / Member of Legislative Council.

(g) Any change in directors during the year should be reported to the Regional Office concerned of the Foreign Exchange Department, Reserve Bank of India in the Proforma given below.

(h) Comments of respective Departments of the Reserve Bank will be obtained on the operations of an applicant who / whose parent organisation is already licensed / authorised by the Reserve Bank.

Proforma

Information about New Directors / Change of Directors of the FFMC / non-bank AD Category - II

1. Name :
2. Designation :
3. Nationality :
4. Age :
5. Business Address :
6. Residential Address :
7. Educational / professional qualifications :
8. Line of business or vocation :
9. Name/s of other companies in which the person has held the post of Chairman / Managing Director / Director / Chief Executive Officer :
10. (i) Whether associated as promoter, Managing Director, Chairman or Director with any other FFMC / AD Category - II? :
(ii) If yes, the name/s of the company/ies :
11. (i) Whether prosecuted/convicted for any economic offence either in the individual capacity or as a partner / director of any firm / company :

- (ii) If yes, particulars thereof :
12. Experience in money changing business (number of years) :
13. Equity shareholding in the company
- No. of shares :
- Face value :
- Percentage to total equity share capital of the company: :

Signature :	Name :
Date :	Designation :
Place :	(Chief Executive Officer)
	Company :

[Annex to A. P. (DIR Series) Circular No. 57 dated March 09, 2009]

**Form RMC-F
(Paragraph (C)(4) above)**

1.	Name of the AD/ FFMC	
2.	Name and address of the franchisee	Details of locations
	(i)	
	(ii)	
	(iii)	
	Etc.	
3.	Existing business activity of the franchisee	
4.	Net Owned Funds	
5.	Shop & Establishment/ other applicable municipal certification in favour of the franchisee	
6.	Conduct certificate of the franchisee from the local police authorities	
7.	Declaration regarding past criminal case, if any, cases initiated/ pending against the franchisee or its directors/ partners by any law enforcing agency, if any	
8.	PAN Numbers of the franchisee and its directors/ partners	
9.	Arrangements in place to surrender the foreign exchange	
10.	AML, Reporting, Audit and Inspection arrangements	

We declare that while selecting the franchisees adequate due diligence has been carried out and that such entities have undertaken to comply with all the provisions of the franchising agreement/prevailing RBI regulations regarding money changing.

Place:-

Date :-

Authorized Signatory

FLM 1
[Paragraph (E)(14)(i) (a) above]

Daily Summary and Balance Book
 (Foreign Currency notes/coins)

Date: _____

	Pound Sterling	U.S. dollar	Euro	Yen	Other (Pl. specify)
I. Opening Balance					
II. Add: Purchases					
(i) Purchases from the public					
(ii) Purchases from authorized dealers, money-changers and franchisees					
(iii) Import from abroad for replenishment of stock					
Total purchases					
Total (I + II)					
III. Less Sales:					
(i) Sales to public					
(ii) Sales to authorized dealers/ full-fledged money changers					
(iii) Despatched abroad for realization					
Total Sales					
IV. Closing Balance (I + II - III)					

N.B: In cases where forged notes etc. are detected, the closing balance may be adjusted with remarks indicating the amount and the reasons for writing off.

Date: _____

Name: _____

Designation: _____

Annex-VI

[Annex to A. P. (DIR Series) Circular No. 57 dated March 09, 2009]

FLM 2
[Paragraph (E)(14)(i) (b) above]**Daily Summary and Balance Book**
(Travellers' cheques)

Date: _____

	Pound sterling	U.S. dollar	Euro	Yen	Other (Pl. specify)
I. Opening Balance					
II. Add: 1) Purchase from the public 2) Purchases from others (including fresh stock received)					
Total (I + II)					
III. Less :1) Sales to public 2) Surrender to ADs/FFMCs 3) Exports					
IV. Closing Balance (I + II - III)					

Pre-paid cards sold

No.Amount.

Date:

Name: _____

Designation: _____

Note:- Stock register of blank travellers' cheques/ smart cards in various denominations obtained from authorized dealers/ TC issuers/ other agencies for sale to travellers under Basic Travel Quota or for business visit should be maintained and balanced on a daily basis.

Annex-VII

[Annex to A. P. (DIR Series) Circular No. 57 dated March 09, 2009]

FLM 3
[Paragraph (E)(14)(i) (c) above]

Register of purchases of foreign currencies from the public

Date	Sr. No.	Name of the tenderer	Nationality & Full Address	Details of Identification documents	Pound Sterling	U.S. dollar	Euro
1.	2.	3.	4.	5.	6.	7.	8.

Japanese Yen	Others (Pl. specify)	Rate	Rupee Equivalent	Encashment certificate No. and date	Remarks
9.	10.	11.	12.	13.	14.

NOTES: (1) If the money-changer is dealing in a large number of currencies, two or more registers currency-wise or otherwise may be maintained, as convenient.

(2) If travellers cheques are purchased, the prefix, "TC" may be indicated in the amount column.

(3) If more than one currency is purchased from the same tenderer, separate entries may be made.

Date:

Name:_____

Designation:_____

Annex-VIII

[Annex to A. P. (DIR Series) Circular No. 57 dated March 09, 2009]

FLM 4

[Paragraph (E)(14)(i) (d) above]

**Register of purchases of foreign currency notes/coins from
Authorised dealers and authorised money-changers**

Date	Sr. No.	Name and address of the authorised dealer/ authorised money- changers from whom purchased	Currency	Amount	Rate	Rupee equivalent	Remarks
1.	2.	3.	4.	5.	6.	7.	8.

Date:

Name:_____

Designation:_____

Annex-IX

[Annex to A. P. (DIR Series) Circular No. 57 dated March 09, 2009]

FLM 5**[Paragraph (E)(14)(i) (e) above]****Register of sales of foreign currencies to the public**

Date	Sr. No	Name of the tenderer	Nationality & Full Address	Details of Identification Document	Name of the sponsoring Organisation	Country/ies of visit	Purpose of visit	Duration of stay abroad (No. of days)
1.	2.	3.	4.	5.	6.	7.	8.	9.

Particulars of foreign currency notes/coins/TCs/pre-paid cards			Rate	Rupee equivalent	Commission charged, if any	Total amount received		Cash Memo No. & Date	Remarks
Name of currency	Amount in Notes/coins	Amount in TCs/cards				By Cash	By Cheque		
10.	11.	12.	13.	14.	15.	16.	17.	18.	19.

Notes: (1) If the money-changer is dealing in a large number of currencies, two or more registers currency-wise or otherwise may be maintained, as convenient.

(2) If more than one currency is sold, separate entries may be made

(3) The columns 6 and 9 to be filled in case of release of exchange for business purpose.

Date:

Name: _____

Designation: _____

Annex-X

[Annex to A. P. (DIR Series) Circular No. 57 dated March 09, 2009]

FLM 6

[Paragraph (E)(14)(i) (f) above]

Register of sales of foreign currency notes/coins to authorised dealers / full fledged money changers/overseas banks

Date	Sr. No.	Name and address of the authorised dealer/full fledged Money changer/ overseas bank to whom sold	Currency	Amount	Rate	Rupee Equivalent received	Remarks
1.	2.	3.	4.	5.	6.	7.	8.

Note :- Necessary entries in the register should be made before the funds are taken out of the premises, not after delivery of funds.

Date:

Name: _____

Designation: _____

Annex- XI

[Annex to A. P. (DIR Series) Circular No. 57 dated March 09, 2009]

FLM 7**[Paragraph (E)(14)(i) (g) above]****Register of travellers cheques surrendered to authorised dealers/authorised money changers/exported**

Date	Sr. No.	Name and address of the Authorised dealer/authorised money changer/TC issuer/authorised agent to whom sold	Travellers cheque No.(s)	Amount	Rate	Rupee Equivalent received	Remarks
1.	2.	3.	4.	5.	6.	7.	8.

Date:

Name:_____

Designation:_____

Annex- XII

[Annex to A. P. (DIR Series) Circular No. 57 dated March 09, 2009]

FLM 8**(For FFMCS)****(Paragraph (E)(15)(i) above)****Summary statement of purchases and sale of foreign currency notes during
the month of _____ 200****Name and address
of money changer****RBI Licence No. _____**

	USD	GBP	EURO	JPY	Others (Specify)
A. Opening balance					
Purchase of foreign currency notes from					
(a) Public					
(b) RMCs/FFMCs/ADs including imports.					
(c) Agents/Franchisees					
B. Total Purchases (a) + (b) + (c)					
Sales of foreign currency notes under					
(a) BTQ					
(b) Business Visits					
(c) Sales to other FFMCS/ADs including exports					
C. Total Sales [(a) + (b) + (c)]					
Closing balance (A+B - C)					

We hereby certify that the statement is a true and correct account of all transactions undertaken during the month in accordance with the Exchange Control Regulations.

Place:

(Signature of Authorized Official)

Stamp

Name: _____

Date:

Designation _____

FLM 8
(For ADs Category - II)
(Paragraph (E)(15)(i) above)

**Summary statement of purchases and sale of foreign currency notes during
the month of _____ 200**

**Name and address
of the Authorised
Dealer Category-II _____**

RBI Licence No. _____

	USD	GBP	EURO	JPY	Others (Specify)
A. Opening balance					
Purchase of foreign currency notes from					
(a) Public					
(b) RMCs/FFMCs/ADs including imports.					
(c) Agents/Franchisees					
B. Total Purchases (a) + (b) + (c)					
Sales of foreign currency notes under(with purpose codes)					
(a) (i) BTQ /(ii) Private Visits (S0302)					
(b) (i) Business Visits/(ii) Business Travel (S0301)					
(c) Remittance by tour operators / travel agents to overseas agents / principals / hotels(S0306)					
(d) Film shooting(S1101)					
(e) Medical Treatment					

abroad(S0304)					
(f) Disbursement of crew wages(S1401)					
(g) Overseas Education(S0305)					
(h) (i) Fee for participation in global conferences and specialized training / (ii) Remittance for participation in international events / competitions (towards training, sponsorship and prize money)/ (iii) Remittance under educational tie up arrangements with universities abroad/(iv) Remittance towards fees for examinations held in India and abroad and additional score sheets for GRE, TOEFL etc./ (v) Employment and processing, assessment fees for overseas job applications/(vi) Skills / credential assessment fees for intending migrants/(vii) Visa fees /(viii) Processing fees for registration of documents as required by the Portuguese / other Governments/ (ix) Registration / Subscription / Membership fees to					

International Organizations (S1102)					
(h) Emigration Fees (S1202)					
(i) Emigration Consultancy Fees (S1006)					
(k) Sales to other FFMCS/ADs including exports					
C. Total Sales [(a) + (b) + (c) + (d) + (e) + (f) + (g) + (h) + (i) + (j) + (k)]					
Closing balance (A+B - C)					

We hereby certify that the statement is a true and correct account of all transactions undertaken during the month in accordance with the Exchange Control Regulations.

Place:

(Signature of Authorised Official)

Stamp

Name:_____

Designation

Date:_____

Annex- XIII

[Annex to A. P. (DIR Series) Circular No. 57 dated March 09, 2009]

RLM 3**(Paragraph (E)(15)(ii) above)****Statement of foreign currency surrendered to authorized dealers/ full-fledged moneychangers during the quarter ended -----**

Name and address of Restricted Money Changer _____

RBI License No. _____

Name of foreign currency	Opening balance at the beginning of the quarter	Foreign currency purchased	Rupee equivalent	Amount surrendered to authorized dealers/ full fledged money changers in foreign currency	Closing balance at the end of quarter in foreign currency
(1)	(2)	(3)	(4)	(5)	(6)
Pound Sterling	C/N				
	T/C				
US Dollar	C/N				
	T/C				
Euro	C/N				
	T/C				
Japanese Yen	C/N				
	T/C				
Others (Pl. specify)	C/N				
	T/C				

I/We certify that

- (a) the statement accounts for all the purchase transactions undertaken with the customers and surrendered to the authorized dealers/ full-fledged money-changers during the quarter.
- (b) All the above transactions have been effected in accordance with the current Exchange Control regulations ; and
- (c) Encashment certificates have been issued in respect of all purchases from the public (wherever applicable).

Encls: _____

Stamp

(Signature of Authorized Official)

Place:

Name: _____

Designation: _____

Counter Signature of the AD/ FFMC

Note:- Fully utilized CDF received from tenderers should be enclosed with the statement

Annex- XIV

[Annex to A. P. (DIR Series) Circular No. 57 dated March 09, 2009]

(Paragraph (E)(15)(iii) above)

**Statement of Purchase transactions of USD 10,000 and above
for the month of _____**

Date of transaction	Name and address of the person surrendering the foreign currency	Amount
		Currency/ TCs

Signature of Authorized Official
with Seal

Annex- XV

[Annex to A. P. (DIR Series) Circular No. 57 dated March 09, 2009]

(Paragraph (E)(15)(iv) above)

**Statement showing summation of Foreign Currency Account opened in India
out of export proceeds of Foreign Currency Notes / encashed Travellers'
Cheques for the quarter ended _____**

(Value in USD)

Opening Balance in the Account	Value of foreign currency notes/ encashed TCs exported	Amount realized in foreign currency	Of Column 3 amount credited to Foreign Currency Account	Amount remitted to TC issuing organization from TCs sold / Debited for purchase of foreign currency notes from ADs	Maximum balance maintained on any day in the foreign currency account during the quarter	Closing balance in the Foreign Currency Account	Remarks
1.	2.	3.	4.	5.	6.	7.	8.

Certified that the above particulars are correct as per our records.

Name and address of the AD Category - I

Signature of Authorized Official of
the AD Category - I with Seal

Annex- XVI

[Annex to A. P. (DIR Series) Circular No. 57 dated March 09, 2009]

(Paragraph (E)(15)(v) above)

Name of the FPMC/ AD Category - II :

Statement of the amount of foreign currency written off during the financial year ended _____

A. Total amount written-off (in equivalent USD) :-

B. Details of the amount written-off :-

Sr. No.	Date of write-off	Amount of foreign currency (with currency-wise break-up)	On account of *	Approved by FPMC/AD Category-II/ Reserve Bank
1.	2.	3.	4.	5.
		Total :		

* Please indicate whether on account of being found to be fake or forged/ theft/ lost in transit, etc.

Signature of Authorized Official
with Seal



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

RBI/2008-09/411

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

March 13, 2009

To,

All Category - I Authorised Dealer Banks

Madam / Sir,

Buyback / Prepayment of Foreign Currency Convertible Bonds (FCCBs)

Attention of Authorized Dealer Category - I (AD Category - I) banks is invited to the [A. P. \(DIR Series\) Circular No.39](#) dated December 08, 2008 on the captioned subject. In terms of Para 7 of the above circular, the entire procedure of buyback should be completed by the Indian Companies by March 31, 2009.

2. It has been decided to extend the date for completing the entire procedure for buyback of FCCBs from March 31, 2009 to December 31, 2009. Accordingly, the entire procedure of buyback should be completed by December 31, 2009.

3. All the other terms and conditions of buyback / prepayment of FCCBs as mentioned in [A. P. \(DIR Series\) Circular No.39](#) dated December 08, 2008, shall remain unchanged.

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

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

Yours faithfully,

(Salim Gangadharan)
Chief General Manager-in-Charge



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

RBI/2008-09/415

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

March 24, 2009

To,

All Authorised Dealer Category – I 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. 52](#) dated February 19, 2009 wherein the rupee value of the special currency basket was indicated as Rs. 65.0272, effective from February 06, 2009.

2. AD Category – I banks are advised that a further revision has taken place on March 02, 2009 and accordingly, the rupee value of the special currency basket has been fixed at Rs. 67.2425 with effect from March 05, 2009.

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, 1999 (42 of 1999) and is without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully,

-sd/-

(Salim Gangadharan)
Chief General Manager-in-charge



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

RBI/2008-09/421

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

March 26, 2009

To,

All Category – I Authorised Dealer Banks

Madam / Sir,

On-line downloading of GR Forms

Attention of Authorised Dealer Category – I banks is invited to Regulation 3 of [Notification No. FEMA/23](#) dated 3rd May 2000 [Foreign Exchange Management (Export of Goods and Services) Regulations, 2000] as amended from time to time, in terms of which every exporter of goods or software in physical form or through any other form, either directly or indirectly, to any place outside India, other than Nepal and Bhutan, shall furnish to the specified authority, a declaration in one of the forms set out in the Schedule thereto.

2. At present, GR Forms [to be completed in duplicate for export otherwise than by Post including export of software in physical form i.e. magnetic tapes / discs and paper media] can be obtained by the exporters from the Regional Offices of the Reserve Bank at the cost of Re. 1. As part of simplifying the procedures, it has been decided to make the GR Forms available on-line on the Reserve Bank's website www.rbi.org.in. Accordingly, the exporters have the option to use the GR Forms available on-line as well. While downloading the GR-Forms, the exporter may ensure to use 'Legal' size paper i.e. 8.5 * 14 inches. Further, both the printer (printing preference) and the paper size in the page setup option have to be set to legal size before printing. The GR number will be automatically allotted when the document goes to the print queue.

3. The exporters will continue to have the facility of purchasing the GR Forms from the Regional Offices of the Reserve Bank, as hitherto. However, this facility would be phased out within a period of one year.

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

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

Yours faithfully,

-sd/-

(D. Mishra)

Chief General Manager



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

RBI/2008-09/433

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

April 16, 2009

To

All Category - I Authorised Dealer Banks

Madam / Sir,

Exim Bank's Line of Credit of USD 4.3 million
to the Government of Suriname

Export-Import Bank of India (Exim Bank) has concluded an Agreement dated February 25, 2009 with the Government of Suriname making available to the latter, a Line of Credit (LOC) of USD 4.3 million (USD four million three hundred thousand) for financing export of eligible goods and services including consultancy services, from India for the purpose of financing purchase of ten crash fire tenders from Bharat Earth Movers Limited, India, for the Borrower's country. The goods 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 of the value of at least 85 per cent of the contract price shall be supplied by the seller from India, and the remaining 15 percent goods and services (other than consultancy services) may be procured by the seller for the purpose of Eligible Contract from outside India.

2. The Credit Agreement under the LOC is effective from March 25, 2009 and the date of execution of Agreement is February 25, 2009. 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 case of project exports

and 72 months (February 24, 2015) from the execution date of the Credit Agreement in case of supply contracts .

.

3. Shipments under the LOC will have to be declared on GR / SDF Forms as per instructions issued by 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 of 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 Exim Bank's office at Centre One, Floor 21, World Trade Centre Complex, Cuffe Parade, Mumbai 400 005 or log on to [www. eximbankindia. in](http://www.eximbankindia.in).

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

Yours faithfully,

-sd/-

(Salim Gangadharan)
Chief General Manager-in-Charge



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

RBI/2008-09/438

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

April 20, 2009

To

All Category-I Authorised Dealer Banks

Madam / Sir,

**External Commercial Borrowings Policy – Liberalisation
Issue of Guarantee for operating lease**

Attention of Authorized Dealer Category – I (AD Category –I) banks is invited to [A. P. \(DIR Series\) Circular No. 24 dated March 1, 2002](#), in terms of which AD Category – I banks have been permitted to allow payment of lease rentals, opening of letters of credit towards security deposit, etc. in respect of import of aircraft / aircraft engine / helicopter on operating lease basis subject to conditions mentioned therein. Further, in terms of [A. P. \(DIR Series\) Circular No.01 dated July 11, 2008](#), as a measure of rationalization of the existing procedures, AD Category - I banks have been allowed to convey 'no objection' under the Foreign Exchange Management Act (FEMA), 1999 for creation of charge on immovable assets, financial securities and issue of corporate or personal guarantees in favour of overseas lender / security trustee, to secure the ECB to be raised by the borrower, subject to compliance of prescribed conditions.

2. As a further measure of rationalization, it has been decided to allow AD Category – I banks to convey 'no objection' from the Foreign Exchange Management Act (FEMA), 1999 angle for issue of corporate guarantee in favour of the overseas lessor, for operating lease in respect of import of aircraft / aircraft engine / helicopter.

3. The 'no objection' to the Indian importer for issue of corporate guarantee under FEMA, 1999 may be conveyed after obtaining -

- (i) Board Resolution for issue of corporate guarantee from the company issuing such guarantees, specifying names of the officials authorised to execute such guarantees on behalf of the company.
- (ii) Ensuring that the period of such corporate guarantee is co-terminus with the lease period.

4. AD Category – I banks may invariably specify that the ‘no objection’ is issued only from the foreign exchange angle under the provisions of FEMA, 1999 and should not be construed as an approval by any other statutory authority or Government or any other laws / regulations. If further approval or permission is required from any other regulatory / statutory authority or Government under the relevant laws / regulations, the applicant should take the approval of the authority concerned before undertaking the transaction. Further, the ‘no objection’ should not be construed as regularizing or validating any irregularities, contravention or other lapses, if any, under the provisions of FEMA or any other laws or regulations.

5. This shall come into force with immediate effect and will be subject to review from time to time.

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

7. Necessary amendment to the [Notification No. FEMA 8/2000-RB dated May 3, 2000](#) [Foreign Exchange Management (Guarantees) Regulations, 2000] is being issued separately.

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

Yours faithfully,

Salim Gangadharan

Chief General Manager-in-charge



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

RBI/2008-09/447

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

April 22, 2009

To

All Category-I Authorised Dealer Banks

Madam / Sir,

**Foreign Direct Investment in India -
Transfer of Shares / Preference Shares / Convertible Debentures
by way of Sale - Modified Reporting Mechanism**

Attention of the Authorised Dealer Category – I (AD Category - I) banks is invited to [paragraph 6 of the Annex to A. P. \(DIR Series\) Circular No.16](#) dated October 4, 2004, wherein, it has been stipulated that in case of transfer of shares from a resident to a non-resident / non-resident Indian and vice versa, the transferee / his duly appointed agent is required to approach the investee company to record the transfer in their books along with the certificate in form FC-TRS from the designated AD branch that the remittances have been received by the transferor / payment has been made by the transferee. In addition, the designated AD branch is also required to submit two copies of the form FC-TRS received from their constituents / customers together with the statement of inflows / outflows on account of remittances received / made in connection with transfer of shares, by way of sale, to IBD/FED or the nodal office designated for the purpose by the AD Category – I bank. The IBD/FED or the nodal office of the AD Category – I bank in turn submits a consolidated monthly statement in respect of all the transactions reported by the branches to the Reserve Bank, in the prescribed proforma. Further, it may be noted that in terms of Regulation 2 of [Notification No. FEMA 20/2000-RB](#) dated 3rd May 2000, as amended from time to time, "preference shares" mean compulsorily and mandatorily convertible preference shares and "debenture" means compulsorily and mandatorily convertible debentures.

2. In order to capture the details of investment received by way of transfer of the existing shares / compulsorily and mandatorily convertible preference shares (CMCPS) / debentures [hereinafter referred to as equity instruments], of an Indian company, by way of sale, in a more comprehensive manner, the form FC-TRS has been revised (format in Annex I). Accordingly, the proforma for reporting of inflows / outflows on account of remittances received / made in connection with the transfer of equity instruments by way of sale, submitted by IBD/FED/nodal branch of the AD Category – I bank to the Reserve Bank has also been modified (format in Annex III).

3. The sale consideration in respect of equity instruments purchased by a person resident outside India, remitted into India through normal banking channels, shall be subjected to a KYC check (format in Annex II) by the remittance receiving AD Category – I bank at the time of receipt of funds. In case, the remittance receiving AD Category – I bank is different from the AD Category - I bank handling the transfer transaction, the KYC check should be carried out by the remittance receiving bank and the KYC report be submitted by the customer to the AD Category – I bank carrying out the transaction along with the form FC-TRS.

4. Further, in order to ensure that the form FC-TRS is submitted within a reasonable timeframe, it has been decided that henceforth, the form FC-TRS should be submitted to the AD Category – I bank, within 60 days from the date of receipt of the amount of consideration. The onus of submission of the form FC-TRS within the given timeframe would be on the transferor / transferee, resident in India.

5. In case of transfer of equity instruments where the non-resident acquirer proposes deferment of payment of the amount of consideration, prior approval of the Reserve Bank would be required, as hitherto. Further, in case approval is granted for a transaction, the same should be reported in form FC-TRS, duly certified by the AD Category – I bank, within 60 days from the date of receipt of the full and final amount of consideration.

5. These directions will become operative with immediate effect.

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

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

Yours faithfully,

Salim Gangadharan

Chief General Manager-in-Charge

Annex I

[A. P. (DIR Series) Circular No.63
dated April 22, 2009]

Form FC-TRS		
Declaration regarding transfer of shares / compulsorily and mandatorily convertible preference shares (CMCPS) / debentures 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 by a person resident in India</i></p> <ul style="list-style-type: none">i. Consent Letter duly signed by the seller and buyer or their duly appointed agent and in the latter case the Power of Attorney Document.ii. The shareholding pattern of the investee company after the acquisition of shares by a person resident outside India.iii. Certificate indicating fair value of shares from a Chartered Accountant.iv. Copy of Broker's note if sale is made on Stock Exchange.v. Declaration from the buyer to the effect that he is eligible to acquire shares / compulsorily and mandatorily convertible preference shares / debentures under FDI policy and the existing sectoral limits and Pricing Guidelines have been complied with.vi. Declaration from the FII/sub account to the effect that the individual FII / Sub account ceiling as prescribed has not been breached. <p><i>Additional documents in respect of sale of shares / compulsorily and mandatorily convertible preference shares / debentures 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	Name of the company	
	Address (including e-mail , telephone Number, Fax no)	

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

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

	Constitution / Nature of the disinvesting 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 [†]) 9. Partnership/ Proprietorship firm 10. Financial Institution 11. NRIs/PIOs 12. others)				
	Date and Place of Incorporation				
	Address of the seller (<i>including e-mail, telephone Number Fax no</i>)				
6	Particulars of earlier Reserve Bank / FIPB approvals				
7	Details regarding shares / compulsorily and mandatorily convertible preference shares (CMCPS) / debentures to be transferred				
	<i>Date of the transaction</i>	<i>Number of shares CMCPS / debentures</i>	<i>Face value in Rs.</i>	<i>Negotiated Price for the transfer**in Rs.</i>	<i>Amount of consideration in Rs.</i>
8	Foreign Investments in the company		<i>No of shares</i>		<i>Percentage</i>
		Before the transfer			
		After the transfer			
9	Where the shares / CMCPS / debentures are listed on				

[†] 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.

	Stock Exchange	
	<i>Name of the Stock exchange</i>	
	<i>Price Quoted on the Stock exchange</i>	
	Where the shares / CMCPs / debentures are Unlisted	
	<i>Price as per Valuation guidelines*</i>	
	<i>Price as per Chartered Accountants</i>	
	<i>* / ** Valuation report (CA Certificate to be attached)</i>	

Declaration by the transferor / transferee

I / We hereby declare that :

- 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 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 of the company in terms of the FDI Policy. It is not a transfer relating to shares compulsorily and mandatorily convertible preference shares / debentures 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.

Signature of the Declarant or his duly authorised agent

Date:

Note

In respect of the transfer of shares / compulsorily and mandatorily convertible preference shares / compulsorily and mandatorily convertible debentures 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 from non-resident to resident the declaration has to be signed by the non-resident seller.

Certificate by the AD Branch

It is certified that the application is complete in all respects.

The receipt /payment for the transaction are in accordance with FEMA Regulations / Reserve Bank guidelines.

Signature

Name and Designation of the Officer

Date: Name of the AD Branch

AD Branch Code

Annex II

[A. P. (DIR Series) Circular No.63
dated April 22, 2009]

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 :

Annex III

[A. P. (DIR Series) Circular No 63
dated April 22, 2009]

Proforma

**Statement of inflows/outflows on account of remittance received/made in
connection with transfer of shares / compulsorily and mandatorily convertible
preference shares / debentures, by way of sale**

Category-wise

Part A - NRI/erstwhile OCB

Part B - Foreign National/non-resident incorporated entity

Part C - Foreign Institutional Investors

Inflow - Transfer from resident to non-resident

[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 outflow
(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/2008-09/460

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

April 28, 2009

To

All Category-I Authorised Dealer Banks

Madam / Sir,

External Commercial Borrowings (ECB) Policy - Liberalisation

Attention of Authorised Dealer Category - I (AD Category - I) banks is invited to the [A.P. \(DIR Series\) Circular No. 46 dated January 2, 2009](#) relating to External Commercial Borrowings (ECB) and in terms of Para 2 of the circular, it was decided to dispense with the requirement of all-in-cost ceilings on ECB, under the approval route, until June 30, 2009. Accordingly, eligible borrowers, proposing to avail of ECB beyond the prescribed all-in-cost ceilings could approach the Reserve Bank, under the approval route.

2. As announced in [Para 107 of the Annual Policy Statement 2009-10](#) and considering the continuing pressure on credit spreads in the international markets, it has been decided to extend the relaxation in all-in-cost ceilings, under the approval route, until December 31, 2009. This relaxation will be reviewed in December 2009.

3. The modifications to the ECB guidelines shall come into force with immediate effect. All other aspects of ECB policy, such as USD 500 million limit per company per financial year under the Automatic Route, eligible borrower, recognised lender, end-use, average maturity period, prepayment, refinancing of existing ECB and reporting arrangements remain unchanged.

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

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

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

Yours faithfully

(Salim Gangadharan)
Chief General Manager –in -Charge



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

RBI/2008-09/461

A. P. (DIR Series) Circular No 65

April 28, 2009

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 [A.P.\(DIR Series\) Circular No. 39](#) dated December 8, 2008 and [A.P. \(DIR Series\) Circular No. 58](#) dated March 13, 2009 on the captioned subject. In terms of [Para 4 B of A.P \(DIR Series\) Circular No. 39](#) dated December 8, 2008, Reserve Bank has been considering proposals from Indian companies for buyback of FCCBs out of their internal accruals, under the approval route up to a total amount of USD 50 million of the redemption value per company, subject to a minimum discount of 25 per cent on the book value.

2. As announced in [Para 110 of the Annual Policy Statement 2009-10](#) and keeping in view the benefits accruing to the Indian companies, the current policy has been reviewed and it has been decided to increase the total amount of permissible buyback of FCCBs, out of internal accruals, from USD 50 million of the redemption value per company to USD 100 million, under the approval route by linking the higher amount of buyback to larger discounts. Accordingly, Indian companies may henceforth be permitted to buyback FCCBs up to USD 100 million of the redemption value per company, out of internal accruals, with the prior approval of the Reserve Bank, subject to a:

- i) minimum discount of 25 per cent of book value for redemption value up to USD 50 million;
 - ii) minimum discount of 35 per cent of book value for the redemption value over USD 50 million and up to USD 75 million; and
 - iii) minimum discount of 50 per cent of book value for the redemption value of USD 75 million and up to USD 100 million.
3. All other terms and conditions stipulated in [A.P. \(DIR Series\) Circular No. 39](#) dated December 8, 2008 will continue to be applicable. This facility shall come into force with immediate effect and the entire procedure of buyback should be completed by December 31, 2009 as specified in [A.P. \(DIR Series\) Circular No. 58](#) dated March 13, 2009.
4. AD Category - I banks may bring the contents of this circular to the notice of their constituents and customers concerned.
5. The directions contained in this circular have been issued under sections 10(4) and 11 (1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and is without prejudice to permissions / approvals, if any, required under any other law.

Yours faithfully

(Salim Gangadharan)
Chief General Manager –in - Charge



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

RBI/2008-09/462

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

April 28, 2009

To,

All Category - I Authorised Dealer banks and Authorised Banks

Madam / Sir,

**Foreign Exchange Management (Deposit) Regulations, 2000-
Loans to Non Residents / third party 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 (a), (b), (c) and (d) 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.29](#) dated January 31, 2007 prohibiting banks from granting fresh loans or renewing existing loans in excess of Rs.20 lakh against NR(E)RA and FCNR(B) deposits either to the depositors or third parties. The banks were also advised not to undertake artificial slicing of the loan amount to circumvent the ceiling.

2. As announced in [Para 111 of the Annual Policy Statement 2009-10](#), it has been decided to enhance the 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.

3. Accordingly, the banks may now grant loans against NR(E)RA and FCNR(B) deposits either to the depositors or third parties up to a maximum limit

of Rs.100 lakh. The banks are also advised not to undertake artificial slicing of the loan amount to circumvent the aforesaid ceiling.

4. The above instructions shall come into force with immediate effect.
5. The banks may bring the contents of this circular to the notice of their constituents and customers concerned.
6. The directions contained in this circular have been issued under sections 10(4) and 11 (1) of the Foreign Exchange Management Act, 1999 (42 of 1999) and is without prejudice to permissions/approvals, if any, required under any other law.

Yours faithfully,

(Salim Gangadharan)
Chief General Manager-in-Charge



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

RBI/2008-09/474
A.P. (DIR Series) Circular No.67

May 08, 2009.

To

All Category-I Authorised Dealer Banks

Madam / Sirs,

Exim Bank's Line of Credit of USD 25 million
to the Government of the Republic of Mozambique

Export-Import Bank of India (Exim Bank) has concluded an Agreement dated December 2, 2008 with the Government of the Republic of Mozambique making available to the latter, a Line of Credit (LOC) of USD 25 Million (USD Twenty five million) for financing eligible goods and services including consultancy services from India for IT Park project which will comprise construction of a building and (a) an incubator (b) research and learning center (c) a technology park and administrative facility. 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 of the value of at least 85 per cent of the contract price shall be supplied by the seller from India, and the remaining 15 per cent goods and services (other than consultancy services) may be procured by the seller for the purpose of Eligible Contract from outside India.

2. The Credit Agreement under the LOC is effective from April 13, 2009 and date of execution of Agreement is December 2, 2008. 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 case of project exports

and 72 months (December 1, 2014) from the execution date of the Credit Agreement in case of supply contracts.

3. Shipments under the LOC will have to be declared on GR / SDF Forms as per instructions issued by 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 of his Exchanged 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 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 contain 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,

Salim Gangadharan
Chief General Manager-in-Charge



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

**RBI/2008-09/502
A.P. (DIR Series) Circular No.68**

June 17, 2009.

To

All Category - I Authorised Dealer Banks

Madam / Sir,

**Exim Bank's Line of Credit (LOC) of USD 37.65 million
to the Government of the Republic of Cameroon**

Export-Import Bank of India (Exim Bank) has concluded an Agreement dated April 20, 2009 with the Government of the Republic of Cameroon making available to the latter, a Line of Credit (LOC) of USD 37.65 million (USD thirty seven million six hundred fifty thousand) for financing eligible goods and services including consultancy services from India for (i) Maize Farm Plantation Project (US \$ 18.77 million), which envisages purchase of 100 tractors of 60 hp, 200 tractors of 75 hp, 200 tractors of 90 hp, 500 water cooled irrigation pumps, related agriculture implements, maize shellers, post harvest equipment as well as assembling and fabrication units, and (ii) Rice Farm Plantation Project (US \$ 18.88 million), which envisages purchase of 100 tractors of 60 hp, 400 tractors of 75 hp and connected agriculture implements and harvesting machines to Cameroon . 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 85 per cent of the contract price shall be supplied by the seller from India, and the remaining 15 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 May 29, 2009 and date of execution of Agreement is April 20, 2009. 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 case of project exports and 72 months (April 19, 2015) from the execution date of the Credit Agreement in case of supply contracts .

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. No agency commission is payable under the above LOC. However, if required, the exporter may use his own resources or utilize balances of 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 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,

(D. Mishra)

Chief General Manager



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

RBI/2008-09/503
A.P. (DIR Series) Circular No.69

June 18, 2009.

To

All Category - I Authorised Dealer Banks

Madam / Sir,

**Exim Bank's Line of Credit of USD 166.23 million to the
Government of the Federal Democratic Republic of Ethiopia**

Export-Import Bank of India (Exim Bank) has concluded an Agreement dated January 27, 2009 with the Government of the Federal Democratic Republic of Ethiopia making available to the latter, a Line of Credit (LOC) of USD 166.23 million (USD One hundred sixty six million two hundred and thirty thousand) for financing eligible goods and services including consultancy services from India for development of sugar industry in Federal Democratic Republic of Ethiopia. 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 of the value of at least 85 per cent of the contract price shall be supplied by the seller from India, and the remaining 15 percent goods and services (other than consultancy services) may be procured by the seller for the purpose of Eligible Contract from outside India.

2. The Credit Agreement under the LOC is effective from June 1, 2009 and date of execution of Agreement is January 27, 2009. 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 case of project exports and

72 months (January 26, 2015) from the execution date of the Credit Agreement in case of supply contracts.

3. Shipments under the LOC will have to be declared on GR / SDF Forms as per instructions issued by 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 of 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 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,

D. Mishra

Chief General Manager



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

RBI/2008-09/516

June 30, 2009

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

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.50 dated June 5, 2008, enhancing the period of realisation 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, subject to review after one year.

2. The issue has since been reviewed and it has been decided in consultation with Government of India to extend the above relaxation for a further period of one year i.e. up to June 30, 2010, subject to review.

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

(Salim Gangadharan)
Chief General Manager-in-charge



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

RBI/2008-09/517
A.P. (DIR Series) Circular No.71

June 30, 2009

To

All Category - I Authorised Dealer Banks

Madam / Sir,

External Commercial Borrowings (ECB) Policy

Attention of Authorized Dealer Category - I (AD Category - I) banks is invited to the [A.P. \(DIR Series\) Circular No. 46](#) dated January 2, 2009 relating to External Commercial Borrowings (ECB).

2. On a review, it has been decided to modify some aspects of the ECB policy as indicated below:

(i) ECB for Integrated Township

As per the extant policy, corporates, engaged in the development of integrated township, as defined in Press Note 3 (2002 Series) dated January 04, 2002, issued by DIPP, Ministry of Commerce & Industry, Government of India are permitted to avail of ECB, under the Approval route, until June 2009. On a review of the prevailing conditions, it has been decided to extend the permission up to December 31, 2009, under the Approval route. All other terms and conditions, stipulated in the A.P. (DIR Series) circular referred to above, remain unchanged.

(ii) ECB for NBFC sector

As per the current ECB norms, Non-Banking Finance Companies (NBFCs), which are exclusively involved in financing of the infrastructure sector, are

permitted to avail of ECBs from multilateral / regional financial institutions and Government owned development financial institutions for on-lending to the borrowers in the infrastructure sector under the Approval route, subject, *inter-alia*, to the condition that the direct lending portfolio of these lenders vis-à-vis their total ECB lending to NBFCs, at any point of time, should not be less than 3:1. It has now been decided to dispense with this condition with effect from July 1, 2009. The proposals will, however, continue to be examined by the Reserve Bank under the Approval route, as hitherto.

(iii) ECB for Development of Special Economic Zone

As per the extant guidelines, ECB is permissible for the Infrastructure sector, which is defined as (i) power, (ii) telecommunication, (iii) railways, (iv) road including bridges, (v) sea port and airport, (vi) industrial parks, (vii) urban infrastructure (water supply, sanitation and sewage projects) and (viii) mining, refining and exploration. Further, units in the Special Economic Zone (SEZ) are also permitted to access ECBs for their own requirements. However, ECB is not permissible for the development of SEZ. It has now been decided to allow SEZ developers also to avail of ECB under the Approval route for providing infrastructure facilities, as defined in the ECB policy, within the SEZ. However, ECB shall not be permissible for development of integrated township and commercial real estate within the SEZ.

(iv) Corporates under Investigation

Currently, the ECB policy is not explicit about accessing of ECB by the corporates, which have violated the extant ECB policy and are under investigation by the Reserve Bank and / or Directorate of Enforcement. It is clarified that corporates, which have violated the extant ECB policy and are under investigation by Reserve Bank and / or by Directorate of Enforcement, will not be allowed to access the Automatic route for ECB. Any request by such corporates for ECB will be examined under the Approval route.

3. The modifications to the ECB guidelines will come into force with immediate effect. All other aspects of the ECB policy, such as USD 500 million limit per company per financial year under the Automatic route, eligible borrower, recognised lender, end-use, all-in-cost ceiling, average maturity period, prepayment, refinancing of existing ECB and reporting arrangements remain unchanged.

4. Necessary amendments to the [Notification No.FEMA.3/2000-RB](#) dated May 3, 2000, viz. Foreign Exchange Management (Borrowing or Lending in Foreign Exchange) Regulations, 2000 are being issued separately.

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

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

Yours faithfully,

(Salim Gangadharan)

Chief General Manager-in-charge